UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission file number: 001-34033

DIGI INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

Delaware	**41-1532464**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
9350 Excelsior Blvd. Suite 700 **Hopkins Minnesota**	**55343**
(Address of principal executive offices)	(Zip Code)

(952) 912-3444
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $.01 per share	DGII	The Nasdaq Stock Market LLC

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

On May 3, 2021, there were 34,029,516 shares of the registrant's $.01 par value Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DIGI INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
Revenue:				
Product	$ 66,924	$ 65,641	$ 129,528	$ 119,888
Service	10,377	7,806	20,919	15,876
Total revenue	77,301	73,447	150,447	135,764
Cost of sales:				
Cost of product	32,495	29,687	60,271	58,178
Cost of service	3,238	3,873	6,475	6,434
Amortization	1,111	1,246	2,225	2,047
Total cost of sales	36,844	34,806	68,971	66,659
Gross profit	40,457	38,641	81,476	69,105
Operating expenses:				
Sales and marketing	15,437	14,556	30,361	26,617
Research and development	11,355	11,532	22,448	21,863
General and administrative	10,134	8,791	24,549	17,346
Restructuring charge	161	38	894	38
Total operating expenses	37,087	34,917	78,252	65,864
Operating income	3,370	3,724	3,224	3,241
Other expense, net:				
Interest income	1	50	1	281
Interest expense	(246)	(1,734)	(648)	(2,166)
Other expense, net	77	89	(115)	(147)
Total other expense, net	(168)	(1,595)	(762)	(2,032)
Income before income taxes	3,202	2,129	2,462	1,209
Income tax expense (benefit)	274	125	(159)	(1,003)
Net income	$ 2,928	$ 2,004	$ 2,621	$ 2,212
Net income per common share:				
Basic	$ 0.09	$ 0.07	$ 0.09	$ 0.08
Diluted	$ 0.09	$ 0.07	$ 0.08	$ 0.07
Weighted average common shares:				
Basic	30,900	28,881	30,129	28,673
Diluted	32,223	29,486	31,436	29,585

The accompanying notes are an integral part of the condensed consolidated financial statements.

DIGI INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
	(in thousands)			
Net income	$ 2,928	$ 2,004	$ 2,621	$ 2,212
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(267)	(2,484)	1,605	176
Comprehensive income (loss)	$ 2,661	$ (480)	$ 4,226	$ 2,388

The accompanying notes are an integral part of the condensed consolidated financial statements.

DIGI INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2021	September 30, 2020
	(in thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 127,189	$ 54,129
Accounts receivable, net	44,108	59,227
Inventories	51,407	51,568
Other current assets	11,727	5,134
Total current assets	234,431	170,058
Property, equipment and improvements, net	13,096	11,507
Operating lease right-of-use assets	16,267	14,334
Intangible assets, net	113,542	121,248
Goodwill	227,533	210,135
Deferred tax assets	962	389
Other non-current assets	1,672	1,011
Total assets	$ 607,503	$ 528,682
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ —	$ 1,972
Accounts payable	18,911	28,067
Accrued compensation	9,705	9,372
Unearned revenue	14,393	7,691
Contingent consideration on acquired business	3,000	4,228
Current portion of operating lease liabilities	2,714	2,527
Other current liabilities	8,138	7,373
Total current liabilities	56,861	61,230
Income taxes payable	1,914	1,958
Deferred tax liabilities	18,150	17,171
Long-term debt	45,541	58,980
Operating lease liabilities	18,842	16,193
Other non-current liabilities	7,043	1,650
Total liabilities	148,351	157,182
Commitments and Contingencies (see Note 15)		
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $.01 par value; 60,000,000 shares authorized; 40,441,838 and 35,512,843 shares issued	404	355
Additional paid-in capital	364,604	279,741
Retained earnings	172,951	170,330
Accumulated other comprehensive loss	(22,212)	(23,817)
Treasury stock, at cost, 6,412,576 and 6,353,094 shares	(56,595)	(55,109)
Total stockholders' equity	459,152	371,500
Total liabilities and stockholders' equity	$ 607,503	$ 528,682

The accompanying notes are an integral part of the condensed consolidated financial statements.

DIGI INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended March 31,	
	2021	2020
	(in thousands)	
Operating activities:		
Net income	$ 2,621	$ 2,212
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of property, equipment and improvements	2,164	2,289
Amortization of intangible assets	7,888	6,564
Stock-based compensation	4,222	3,441
Deferred income tax provision	682	756
Loss on sale of property and equipment	70	—
Change in fair value of contingent consideration	5,772	(128)
Provision for bad debt and product returns	621	108
Provision for inventory obsolescence	1,200	516
Restructuring charge	894	38
Other	(8)	50
Changes in operating assets and liabilities (net of acquisitions)	(4,829)	(28,529)
Net cash provided by (used in) operating activities	21,297	(12,683)
Investing activities:		
Acquisition of businesses, net of cash acquired	(7,095)	(136,098)
Purchase of property, equipment, improvements and certain other intangible assets	(1,287)	(434)
Net cash used in investing activities	(8,382)	(136,532)
Financing activities:		
Proceeds from long-term debt	618	110,000
Payments on long-term debt	(15,625)	(625)
Payments for contingent consideration	(4,200)	—
Proceeds from issuance of stock, net of offering expenses	73,830	—
Proceeds from stock option plan transactions	6,620	4,724
Proceeds from employee stock purchase plan transactions	619	516
Purchases of common stock	(1,865)	(1,684)
Net cash provided by financing activities	59,997	112,931
Effect of exchange rate changes on cash and cash equivalents	148	1,578
Net increase (decrease) in cash and cash equivalents	73,060	(34,706)
Cash and cash equivalents, beginning of period	54,129	92,792
Cash and cash equivalents, end of period	$ 127,189	$ 58,086
Supplemental schedule of non-cash investing and financing activities:		
Transfer of inventory to property, equipment and improvements	$ (1,399)	$ (743)
Contingent consideration recognized related to acquisition of business	$ (8,000)	$ (5,100)
Tenant improvement allowance	$ (1,000)	$ —
Accrual for purchase of property, equipment, improvements and certain other intangible assets	$ (283)	$ —

The accompanying notes are an integral part of the condensed consolidated financial statements.

DIGI INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

(in thousands)	Common Stock Shares	Common Stock Par Value	Treasury Stock Shares	Treasury Stock Value	Additional Paid-In Capital	Retained Earnings	Accum. Other Comprehensive Loss	Total Stockholders' Equity
Balances December 31, 2019	35,226	$ 352	6,431	$ (55,702)	$ 272,393	$ 162,127	$ (22,855)	$ 356,315
Net income	—	—	—	—	—	2,004	—	2,004
Other comprehensive loss	—	—	—	—	—	—	(2,484)	(2,484)
Employee stock purchase plan issuances	—	—	(28)	246	(16)	—	—	230
Taxes paid for net share settlement of share-based payment awards	—	—	6	(107)	—	—	—	(107)
Issuance of stock under stock award plans	138	2	—	—	562	—	—	564
Stock-based compensation expense	—	—	—	—	1,841	—	—	1,841
Balances, March 31, 2020	35,364	$ 354	6,409	$ (55,563)	$ 274,780	$ 164,131	$ (25,339)	$ 358,363
Balances, September 30, 2019	34,608	$ 346	6,367	$ (54,339)	$ 266,567	$ 161,919	$ (25,515)	$ 348,978
Net income	—	—	—	—	—	2,212	—	2,212
Other comprehensive income	—	—	—	—	—	—	176	176
Employee stock purchase plan issuances	—	—	(53)	460	56	—	—	516
Taxes paid for net share settlement of share-based payment awards	—	—	95	(1,684)	—	—	—	(1,684)
Issuance of stock under stock award plans	756	8	—	—	4,716	—	—	4,724
Stock-based compensation expense	—	—	—	—	3,441	—	—	3,441
Balances, March 31, 2020	35,364	$ 354	6,409	$ (55,563)	$ 274,780	$ 164,131	$ (25,339)	$ 358,363
Balances, December 31, 2020	36,090	$ 361	6,412	$ (56,333)	$ 285,536	$ 170,023	$ (21,945)	$ 377,642
Net income	—	—	—	—	—	2,928	—	2,928
Other comprehensive loss	—	—	—	—	—	—	(267)	(267)
Issuance of common stock, net of offering expenses	4,025	40	—	—	73,790	—	—	73,830
Employee stock purchase plan issuances	—	—	(18)	157	128	—	—	285
Taxes paid for net share settlement of share-based payment awards	—	—	19	(419)	—	—	—	(419)
Issuance of stock under stock award plans	327	3	.	—	2,673	—	—	2,676
Stock-based compensation expense	—	—	—	—	2,477	—	—	2,477
Balances, March 31, 2021	40,442	$ 404	6,413	$ (56,595)	$ 364,604	$ 172,951	$ (22,212)	$ 459,152
Balances, September 30, 2020	35,513	$ 355	6,353	$ (55,109)	$ 279,741	$ 170,330	$ (23,817)	$ 371,500
Net income	—	—	—	—	—	2,621	—	2,621
Other comprehensive loss	—	—	—	—	—	—	1,605	1,605
Issuance of common stock, net of offering expenses	4,025	40	—	—	73,790	—	—	73,830
Employee stock purchase plan issuances	—	—	(43)	379	240	—	—	619
Taxes paid for net share settlement of share-based payment awards	—	—	103	(1,865)	—	—	—	(1,865)
Issuance of stock under stock award plans	904	9	—	—	6,611	—	—	6,620
Stock-based compensation expense	—	—	—	—	4,222	—	—	4,222
Balances, March 31, 2021	40,442	$ 404	6,413	$ (56,595)	$ 364,604	$ 172,951	$ (22,212)	$ 459,152

The accompanying notes are an integral part of the condensed consolidated financial statements.

DIGI INTERNATIONAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited condensed consolidated financial statements of Digi International Inc. ("we", "us", "our", "Digi" or "the Company") have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission applicable to interim financial statements. While these financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. These financial statements should be read in conjunction with the financial statement disclosures in our Annual Report on Form 10-K for the year ended September 30, 2020 (the "2020 Financial Statements"). We use the same accounting policies in preparing quarterly and annual financial statements. The quarterly results of operations are not necessarily indicative of the results to be expected for the full year.

As described in Note 9, effective with the reorganization announcement on October 7, 2020, the measure of segment operating income (loss) used by our chief operating decision maker ("CODM") changed. As a result, our disclosed measure of segment operating income (loss) has been updated.

Potential Impacts of COVID-19 on our Business

The impact of the coronavirus ("COVID-19") pandemic continues to unfold. The extent of the pandemic's effect on our operational and financial performance will depend in large part on future developments, which cannot be reasonably estimated at this time. Future developments include the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact both within and outside the jurisdictions where we operate, the impact on governmental programs and budgets, the development of treatments or vaccines, and the timing and level of resumption of widespread economic activity. Due to the inherent uncertainty of the unprecedented and rapidly evolving situation, we are unable to predict with any confidence the likely impact of the COVID-19 pandemic on our future operations. For a more detailed discussion see Part I, Item 1 in our Annual Report on Form 10-K for the year ended September 30, 2020 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of this Form 10-Q.

Recently Issued Accounting Pronouncements

Adopted

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement - Disclosure Framework (Topic 820).* The updated guidance changes the disclosure requirements on fair value measurements. We adopted this standard in the first quarter of fiscal 2021. This standard did not have a material impact on our consolidated financial statements.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The amendments in this update replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses. This update is intended to provide financial statement users with more decision-useful information about expected credit losses. We adopted this standard in the first quarter of fiscal 2021, following the modified-retrospective approach. This standard did not have a material impact on our consolidated financial statements.

2. ACQUISITIONS

Acquisition of Haxiot, Inc.

On March 26, 2021, we acquired Haxiot, Inc. ("Haxiot"), a Dallas-based provider of low power wide area ("LPWA") wireless technology. Due to the timing of the acquisition, the impact of the Haxiot acquisition on our results of operations for the six days in March 2021 is immaterial, so results of operations for March 2021 will be included in our third quarter of fiscal 2021 results within our IoT Products & Services segment.

The terms of the acquisition included an upfront cash payment as well as contingent consideration comprised of future earn-out payments. We funded the closing of the acquisition with $7.1 million of cash on hand. The future earn-out payments are based on revenue performance from Haxiot for the annual periods ending December 31, 2021 and December 31, 2022. The cumulative amount of these earn-outs for the annual periods ending December 31, 2021 and December 31, 2022, will not exceed $3.0 million and $5.0 million, respectively. Due to the timing of the acquisition, the purchase price allocation, including related determinations of fair value and income tax implications, are in process. As a result, we preliminarily recorded $15.1 million of goodwill and accrued the maximum $8.0 million of contingent consideration on our balance sheet as of March 31, 2021.

For tax purposes, this acquisition is treated as a stock acquisition. The goodwill therefore is not deductible. We believe this is a complementary acquisition for us as it significantly enhances our IoT Products & Services segment by enhancing Digi's embedded systems portfolio and immediately extends the company's market reach with a complete LoRaWAN®-based solutions offering.

Costs directly related to the acquisition of $0.2 million incurred in the second quarter of fiscal 2021 have been charged to operations and are included in general and administrative expense in our condensed statements of operations. These acquisition costs include legal, accounting, valuation and investment banking fees.

Acquisition of Opengear, Inc.

On December 13, 2019, we completed our acquisition of Opengear, Inc. ("Opengear"), a New Jersey-based provider of secure IT infrastructure products and software. Opengear results have been included in our condensed consolidated financial statements within our IoT Products & Services segment since the date of acquisition.

During the first quarter of fiscal 2021, we recorded an out-of-period adjustment in connection with the purchase price accounting of Opengear. This balance sheet adjustment resulted in a decrease in fair value of net tangible assets acquired of $1.1 million, a decrease of $0.3 million to non-current deferred tax liability and an increase to goodwill of $0.8 million. Management assessed the impact of this adjustment and believes, after considering both quantitative and qualitative factors, that it is not material to our current or previously issued consolidated financial statements.

The following table summarizes the final fair values of Opengear assets acquired and liabilities assumed as of the acquisition date (in thousands):

Cash	$	148,058
Contingent consideration		5,100
Total	$	153,158

Fair value of net tangible assets acquired	$	18,096
Identifiable intangible assets:		
Customer relationships		79,000
Purchased and core technology		18,100
Trademarks		8,000
Deferred tax liability on identifiable intangible assets		(27,126)
Goodwill		57,088
Total	$	153,158

The Condensed Consolidated Balance Sheet as of March 31, 2021 reflects the final allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition.

3. EARNINGS PER SHARE

The following table is a reconciliation of the numerators and denominators in the net income per common share calculations (in thousands, except per common share data):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Numerator:				
Net income	$ 2,928	$ 2,004	$ 2,621	$ 2,212
Denominator:				
Denominator for basic net income per common share — weighted average shares outstanding	30,900	28,881	30,129	28,673
Effect of dilutive securities:				
Stock options and restricted stock units	1,323	605	1,307	912
Denominator for diluted net income per common share — adjusted weighted average shares	32,223	29,486	31,436	29,585
Net income per common share, basic	$ 0.09	$ 0.07	$ 0.09	$ 0.08
Net income per common share, diluted	$ 0.09	$ 0.07	$ 0.08	$ 0.07

For the three months ended March 31, 2021 and 2020, there were 37,248 and 713,980 potentially dilutive shares, respectively. For the six months ended March 31, 2021 and 2020, there were 37,248 and 592,780 potentially dilutive shares, respectively. These potentially dilutive shares were related to stock options to purchase common shares that were not included in the above computation of diluted earnings per common share since the options' exercise prices were greater than the average market price of our common shares.

4. SELECTED BALANCE SHEET DATA

The following table shows selected balance sheet data (in thousands):

	March 31, 2021	September 30, 2020
Accounts receivable, net:		
Accounts receivable	$ 50,529	$ 65,027
Less allowance for credit losses	2,907	3,778
Less reserve for future credit returns and pricing adjustments	3,514	2,022
Accounts receivable, net	$ 44,108	$ 59,227
Inventories:		
Raw materials	$ 14,478	$ 14,009
Finished goods	36,929	37,559
Inventories	$ 51,407	$ 51,568

5. FAIR VALUE MEASUREMENTS

Financial assets and liabilities are classified in the following fair value hierarchy based on the lowest level input that is significant to the fair value measurement: Level 1 (unadjusted quoted prices in active markets for identical assets or liabilities); Level 2 (observable market inputs, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables provide information by level for financial liabilities that are measured at fair value on a recurring basis (in thousands):

	Total Fair Value at March 31, 2021	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Liabilities:				
Preliminary contingent consideration on acquired business	$ 8,000	$ —	$ —	$ 8,000
Total liabilities measured at fair value	$ 8,000	$ —	$ —	$ 8,000

	Total Fair Value at September 30, 2020	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Liabilities:				
Contingent consideration on acquired business	$ 4,228	$ —	$ —	$ 4,228
Total liabilities measured at fair value	$ 4,228	$ —	$ —	$ 4,228

In connection with our acquisition of Bluenica Corporation ("Bluenica") in October 2015, we agreed to make contingent earn-out payments over a period of up to 4 years, subject to achieving specified revenue thresholds for sales of Bluenica products. We paid the final installment of $2.9 million during the third quarter of fiscal 2020.

In connection with our acquisition of Accelerated Concepts, Inc. ("Accelerated") in January 2018, we agreed to make contingent earn-out payments if specified revenue thresholds for sales of Accelerated products were achieved. We paid the first installment payment of $3.5 million in the third quarter of fiscal 2019. The earn-out period for this acquisition ended on January 22, 2020. We paid the final installment of $2.4 million in the third quarter of fiscal 2020.

In connection with our acquisition of Opengear, we agreed to make contingent payments, based upon certain revenue thresholds (see Note 2 to the condensed consolidated financial statements). We paid the first installment of $0.9 million during the third quarter of fiscal 2020. We paid the final installment of $10.0 million during the second quarter of fiscal 2021.

In connection with our acquisition of Haxiot, we agreed to make contingent earn-out payments, based upon certain revenue thresholds (see Note 2 to the condensed consolidated financial statements). Due to the timing of the acquisition, we recorded a preliminary amount of the contingent consideration of $8.0 million at March 31, 2021 which is subject to change as part of our completion of purchase accounting.

The following table presents a reconciliation of the contingent consideration liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Fair value at beginning of period	$ 10,000	$ 14,766	$ 4,228	$ 5,407
Contingent consideration recognized for acquired business	8,000	(4,000)	8,000	5,100
Contingent consideration payments	(10,000)	—	(10,000)	—
Change in fair value of contingent consideration	—	(387)	5,772	(128)
Fair value at end of period	$ 8,000	$ 10,379	$ 8,000	$ 10,379

The change in fair value of contingent consideration reflects our estimates of the probabilities of achieving the relevant targets and is discounted based on our estimated discount rate. Due to the timing of the acquisition, the fair value of the contingent consideration at March 31, 2021 is preliminary and based on the probability of achieving the specified revenue thresholds at 100% for Haxiot.

6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Amortizable intangible assets were (in thousands):

	March 31, 2021			September 30, 2020		
	Gross carrying amount	Accum. amort.	Net	Gross carrying amount	Accum. amort.	Net
Purchased and core technology	$ 76,517	$ (58,133)	$ 18,384	$ 76,011	$ (55,482)	$ 20,529
License agreements	112	(112)	—	112	(112)	—
Patents and trademarks	23,007	(14,386)	8,621	22,836	(13,535)	9,301
Customer relationships	125,793	(39,376)	86,417	125,500	(34,232)	91,268
Non-compete agreements	600	(480)	120	600	(450)	150
Total	$ 226,029	$ (112,487)	$ 113,542	$ 225,059	$ (103,811)	$ 121,248

Amortization expense was $3.9 million and $4.1 million for the three months ended March 31, 2021 and 2020, respectively, and $7.9 million and $6.6 million for the six months ended March 31, 2021 and 2020, respectively. Amortization expense is recorded on our condensed consolidated statements of operations within cost of sales and in general and administrative expense.

Estimated amortization expense related to intangible assets for the remainder of fiscal 2021 and the five succeeding fiscal years is (in thousands):

2021 (six months)	$ 7,736
2022	$ 14,722
2023	$ 12,518
2024	$ 11,815
2025	$ 8,358
2026	$ 8,126

The changes in the carrying amount of goodwill by reportable segments are (in thousands):

	Six months ended March 31,		
	IoT Products and Services	IoT Solutions	Total
Balance on September 30, 2020	$ 160,365	$ 49,770	$ 210,135
Acquisition	15,095	—	15,095
Adjustment (see Note 2)	846	—	846
Foreign currency translation adjustment	767	690	1,457
Balance at March 31, 2021	$ 177,073	$ 50,460	$ 227,533

Goodwill represents the excess of cost over the fair value of net identifiable assets acquired. Goodwill is quantitatively tested for impairment on an annual basis as of June 30, or more frequently if events or circumstances occur which could indicate impairment. We continue to have two reportable segments, our IoT Products & Services segment and our IoT Solutions segment (see Note 9). Effective with the reorganization announcement on October 7, 2020 (see Note 14), our IoT Products & Services business is now structured to include four operating segments, each with a segment manager: Cellular Routers, Console Servers, OEM Solutions and Infrastructure Management. We have concluded that these operating segments along with our IoT Solutions segment constitute separate reporting units and will be tested individually for impairment. As of March 31, 2021, we have performed a qualitative assessment and concluded that there is no impairment or triggering events.

For our fiscal 2020 annual impairment test we concluded that the IoT Products & Services segment and the IoT Solutions segment constitute separate reporting units for purposes of the ASC 350-20-35 "Goodwill Measurement of Impairment" assessment and both units were tested individually for impairment.

For our quantitative goodwill impairment tests, we determine the estimated fair value of each reporting unit and compare it to the carrying value of the reporting unit, including goodwill. If the carrying amount of a reporting unit is higher than its estimated fair value, then an impairment loss must be recognized for the excess. Fair values for both reporting units were each estimated on a standalone basis using a weighted combination of the income approach and market approach.

6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET (CONTINUED)

The income approach indicates the fair value of a business based on the value of the cash flows the business or asset can be expected to generate in the future. A commonly used variation of the income approach used to value a business is the discounted cash flow (“DCF”) method. The DCF method is a valuation technique in which the value of a business is estimated on the earnings capacity, or available cash flow, of that business. Earnings capacity represents the earnings available for distribution to stockholders after consideration of the reinvestment required for future growth. Significant judgment is required to estimate the amount and timing of future cash flows for each reporting unit and the relative risk of achieving those cash flows.

The market approach indicates the fair value of a business or asset based on a comparison of the business or asset to comparable publicly traded companies or assets and transactions in its industry as well as our prior acquisitions. This approach can be estimated through the guideline company method. This method indicates fair value of a business by comparing it to publicly traded companies in similar lines of business. After identifying and selecting the guideline companies, we make judgments about the comparability of the companies based on size, growth rates, profitability, risk, and return on investment in order to estimate market multiples. These multiples are then applied to the reporting units to estimate a fair value.

Assumptions and estimates to determine fair values under the income and market approaches are complex and often subjective. They can be affected by a variety of factors. These include external factors such as industry and economic trends. They also include internal factors such as changes in our business strategy and our internal forecasts. Changes in circumstances or a potential event could negatively affect the estimated fair values. We will continue to monitor potential COVID-19 industry and demand impacts as this could potentially affect our cash flows and market capitalization. If our future operating results do not meet current forecasts or if we experience a sustained decline in our market capitalization that is determined to be indicative of a reduction in fair value of one or more of our reporting units, we may be required to record future impairment charges for goodwill.

Results of our Fiscal 2020 Annual Impairment Test

As of June 30, 2020, we had a total of $157.1 million of goodwill for the IoT Products & Services reporting unit and $49.6 million of goodwill for the IoT Solutions reporting unit. At June 30, 2020, fair value exceeded the carrying value by more than 10% for both reporting units. Implied fair values for both reporting units were each calculated on a standalone basis using a weighted combination of the income approach and market approach. The implied fair values of each reporting unit were added together to get an indicated value of total equity to which a range of indicated value of total equity was derived. This range was compared to the total market capitalization of $338.2 million as of June 30, 2020. This implied a range of control premiums of 17.0% to 29.1%. This range of control premiums fell below the control premiums observed in the last five years in the communications equipment industry. As a result, the market capitalization reconciliation analysis proved support for the reasonableness of the fair values estimated for each individual reporting unit.

7. INDEBTEDNESS

On March 15, 2021, we entered into an amended and restated credit agreement with BMO Harris Bank N.A. ("BMO"). This agreement provides us with a senior secured credit facility (the "Credit Facility") consisting of a $200 million revolving loan (the "Revolving Loan"). This loan replaced our syndicated senior secured credit agreement with BMO that was entered into on December 13, 2019 and replaced the remaining balance of our term loan with this new revolver. This prior agreement provided us with committed credit facilities ("Prior Credit Facility") totaling $150 million, which included a $50 million term loan and a $100 million revolving loan. We may use the Revolving Loan for working capital, capital expenditures, restricted payments and acquisitions permitted under the agreement.

Borrowings under the Credit Facility bear a variable interest rate of LIBOR plus an applicable margin spread from 1.25% to 3.25%. The amount of the applicable margin spread is a function of our leverage ratio and is reset monthly. In addition to paying interest on the outstanding balance under the Credit Facility, we are required to pay a commitment fee on the non-utilized commitments thereunder which is also reported in interest expense. Our weighted average interest rate at March 31, 2021 was 0.5%.

The additional debt issuance costs in addition to the remaining balance under the Prior Credit Facility totaled $2.6 million and is being amortized using the straight-line method over the term of the loan and reported in interest expense.

The Revolving Loan is due in a lump sum payment at maturity on March 15, 2026. The fair value of the Revolving Loan approximated carrying value at March 31, 2021.

7. INDEBTEDNESS (CONTINUED)

The following table is a summary of our long-term indebtedness at March 31, 2021 (in thousands):

Revolving loan	$	48,118
Total loans		48,118
Less unamortized issuance costs		(2,577)
Less current maturities of long-term debt		—
Total long-term debt, net of current portion	$	45,541

The following table is a summary of future maturities of our aggregate long-term debt at March 31, 2021 (in thousands):

2021 (six months)	$	—
2022		—
2023		—
2024		—
2025		—
2026		48,118
Total long-term debt	$	48,118

Covenants and Security Interest

The agreements governing the Credit Facility contain a number of covenants. Among other thing, these covenants require us to maintain a certain financial ratio (net leverage ratio and minimum fixed charge ratio). At March 31, 2021, we were in compliance with our debt covenants. Amounts borrowed under the Credit Facility are secured by substantially all of our assets.

8. STOCKHOLDERS' EQUITY

Public Offering of Common Stock
During March 2021 we sold 4,025,000 shares of our common stock at a public offering price of $19.50 per share. The shares offered were registered pursuant to a registration statement that we filed with the Securities and Exchange Commission. We received net proceeds of $73.8 million, net of transaction expenses of $0.3 million related to the public offering. We intend to use the proceeds for working capital and general corporate purposes. We may in the future, use the proceeds to acquire or invest in complementary businesses, products and technologies.

9. SEGMENT INFORMATION

We have two reportable segments: IoT Products & Services and IoT Solutions. Effective with the reorganization announcement on October 7, 2020 (see Note 14), our IoT Products & Services business is now structured to include four operating segments, each with a segment manager. There four operating segments include:

- Cellular Routers - box devices (fully enclosed) that provide connectivity typically in a place where the device can be plugged in exclusively using cellular communications.
- Console Servers - similar to cellular routers except they are exclusively for edge computing installations and data center applications exclusively using cellular communications.
- OEM Solutions - Original Equipment Manufacturers ("OEM") will be a chip, rather than a boxed device. This can come in the form of a stand-alone chip, or from a systems-on-module ("SOMs"). While cellular connectivity is used, other communication protocols can be used such as Zigbee, Bluetooth or Radio-Frequency ("RF") based on application.
- Infrastructure Management - includes battery operated, cellular enabled connect sensors as well as other types of console server applications that are more Digi Accelerated Linux ("DAL") based than Console Servers. This operating segment has some products that do not use cellular communications, but a large part of this segment does use cellular communications.

9. SEGMENT INFORMATION (CONTINUED)

The four operating segments have similar qualitative and quantitative factors which allow us to aggregate them under the IoT Products & Services reportable segment. The qualitative factors include similar nature of products and services, production process, type or class of customers and methods used to distribute the products. The quantitative factors include similar operating margins. Our CODM reviews and makes business decisions which includes a primary review of operating income but also includes gross profit. Thus, our measure of segment measure of profit or loss used by our CODM changed. The shared general and administrative costs are now allocated to each operating segment. As a result, our disclosed measure of segment operating income has been updated for all periods presented. The change to the business segment operating income aligns with the update to how the CODM assesses performance and allocates resources for our business segments.

Summary operating results for each of our segments were (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Revenue				
IoT Products & Services	$ 65,632	$ 66,890	$ 127,412	$ 121,503
IoT Solutions	11,669	6,557	23,035	14,261
Total revenue	$ 77,301	$ 73,447	$ 150,447	$ 135,764
Gross Profit				
IoT Products & Services	$ 34,457	$ 35,460	$ 70,136	$ 62,111
IoT Solutions	6,000	3,181	11,340	6,994
Total gross profit	$ 40,457	$ 38,641	$ 81,476	$ 69,105
Operating Income (Loss)				
IoT Products & Services	$ 4,583	$ 8,362	$ 5,852	$ 12,759
IoT Solutions	(1,213)	(4,638)	(2,628)	(9,518)
Total operating income	$ 3,370	$ 3,724	$ 3,224	$ 3,241
Depreciation and Amortization				
IoT Products & Services	$ 3,072	$ 3,338	$ 6,206	$ 5,044
IoT Solutions	1,930	1,898	3,846	3,809
Total depreciation and amortization	$ 5,002	$ 5,236	$ 10,052	$ 8,853

Total expended for property, plant and equipment was (in thousands):

	Six months ended March 31,	
	2021	2020
IoT Products & Services	$ 1,287	$ 407
IoT Solutions*	—	27
Total expended for property, plant and equipment	$ 1,287	$ 434

* Excluded from this amount is $1,399 and $743 of transfers of inventory to property plant and equipment for subscriber assets for the six months ended March 31, 2021 and 2020, respectively.

Total assets for each of our segments were (in thousands):

	March 31, 2021	September 30, 2020
IoT Products & Services	$ 395,413	$ 387,578
IoT Solutions	84,901	86,975
Unallocated*	127,189	54,129
Total assets	$ 607,503	$ 528,682

*Unallocated consists of cash and cash equivalents.

10. REVENUE

Revenue Disaggregation

The following table summarizes our revenue by geographic location of our customers (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
North America, primarily the United States	$ 56,423	$ 57,374	$ 110,441	$ 104,910
Europe, Middle East & Africa	11,690	9,885	22,226	18,401
Rest of world	9,188	6,188	17,780	12,453
Total revenue	$ 77,301	$ 73,447	$ 150,447	$ 135,764

The following table summarizes our revenue by the timing of revenue recognition (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Transferred at a point in time	$ 69,144	$ 66,765	$ 133,332	$ 123,065
Transferred over time	8,157	6,682	17,115	12,699
Total revenue	$ 77,301	$ 73,447	$ 150,447	$ 135,764

Contract Balances

Contract Assets

Contract assets consist of subscriber assets. These subscriber assets relate to fees in certain contracts that we charge our customers so they can begin using equipment. In these cases, we retain the ownership of the equipment that the customer uses. The total net book value of subscriber assets of $2.4 million and $2.0 million as of March 31, 2021 and September 30, 2020, respectively, are included in property, equipment and improvements, net. Depreciation expense for these subscriber assets, which is included in cost of sales, was $0.5 million and $0.3 million for the three months ended March 31, 2021 and March 31, 2020, respectively and $1.0 million and $0.7 million for the six months ended March 31, 2021 and March 31, 2020, respectively. We depreciate the cost of this equipment over its useful life (typically three years).

Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. Customers are invoiced for subscription services in advance on a monthly, quarterly or annual basis. Contract liabilities consist of unearned revenue related to annual or multi-year contracts for subscription services and related implementation fees. These pertain to our IoT Solutions segment and our Digi Remote Manager® services in our IoT Products & Services segment.

Changes in unearned revenue were (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Unearned revenue, beginning of period	$ 13,066	$ 6,802	$ 9,341	$ 5,025
Billings	13,746	9,706	28,013	19,553
Revenue recognized	(10,376)	(7,806)	(20,918)	(15,876)
Unearned revenue, end of period	$ 16,436	$ 8,702	$ 16,436	$ 8,702

Remaining Transaction Price

Transaction price allocated to the remaining performance obligations represents contracted revenue that has not been recognized. This includes unearned revenue and unbilled amounts that will be recognized as revenue in future periods. As of March 31, 2021, approximately $12.8 million of revenue is expected to be recognized from remaining performance obligations for subscription contracts. We expect to recognize revenue on approximately $8.1 million of remaining performance obligations over the next twelve months. Revenue from the remaining performance obligations we expect to recognize over a range of two to seven years.

11. INCOME TAXES

Our income tax benefit was $0.2 million for the six months ended March 31, 2021. Included in this benefit was a net tax benefit discretely related to the six months ended March 31, 2021 of $0.8 million. This benefit primarily was the result of excess tax benefits recognized on stock compensation.

Income tax benefit was $1.0 million for the six months ended March 31, 2020. Included in this benefit was a net tax benefit discretely related to the six months ended March 31, 2020 of $1.1 million. This benefit primarily was the result of excess tax benefits recognized on stock compensation and an adjustment of our state deferred tax rate due to the Opengear acquisition. For the six months ended March 31, 2020, our effective tax rate before items discretely related to the period was less than the U.S. statutory rate. This was primarily due to certain research and development tax credits generated in the U.S.

Our effective tax rate will vary based on a variety of factors. These include our overall profitability, the geographical mix of income before taxes and related statutory tax rate in each jurisdiction, and tax items discretely related to the period, such as settlements of audits. We may record other benefits or expenses in the future that are specific to a particular quarter such as expiration of statutes of limitation, the completion of tax audits, or legislation that is enacted in both U.S. and foreign jurisdictions.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is (in thousands):

Unrecognized tax benefits as of September 30, 2020	$	2,600
Decreases related to:		
Expiration of statute of limitations		(54)
Unrecognized tax benefits as of March 31, 2021	$	2,546

The total amount of unrecognized tax benefits at March 31, 2021 that, if recognized, would affect our effective tax rate was $2.4 million, after considering the impact of interest and deferred benefit items. We expect that the total amount of unrecognized tax benefits will decrease by approximately $0.1 million over the next 12 months.

12. PRODUCT WARRANTY OBLIGATION

The following tables summarize the activity associated with the product warranty accrual (in thousands) and is included on our condensed consolidated balance sheets within current liabilities:

Period		Balance at January 1		Warranties issued		Settlements made		Balance at March 31
Three months ended March 31, 2021	$	965	$	66	$	(108)	$	923
Three months ended March 31, 2020	$	999	$	328	$	(467)	$	860

Period		Balance at October 1		Warranties issued		Settlements made		Balance at March 31
Six months ended March 31, 2021	$	942	$	189	$	(208)	$	923
Six months ended March 31, 2020	$	1,012	$	402	$	(554)	$	860

13. LEASES

All of our leases are operating leases and primarily consist of leases for office space. For any lease with an initial term in excess of twelve months, the related lease assets and lease liabilities are recognized on the condensed consolidated balance sheets as either operating or financing leases at the inception of an agreement where it is determined that a lease exists. We have lease agreements that contain both lease and non-lease components. We have elected to combine lease and non-lease components for all classes of assets. Leases with an initial term of twelve months or less are not recorded on the condensed consolidated balance sheets. Instead we recognize lease expense for these leases on a straight-line basis over the lease term.

Operating lease assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. We generally use a collateralized incremental borrowing rate based

13. LEASES (CONTINUED)

on information available at the commencement date, including the lease term, in determining the present value of future payments. When determining our right-of-use asset, we generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised.

Our leases typically require payment of real estate taxes and common area maintenance and insurance. These components comprise the majority of our variable lease cost and are excluded from the present value of our lease obligations. Fixed payments may contain predetermined fixed rent escalations. We recognize the related rent expense on a straight-line basis from the commencement date to the end of the lease term.

The following table shows the supplemental balance sheet information related to our leases (in thousands):

	Balance Sheet Location	March 31, 2021	September 30, 2020
Assets			
Operating leases	Other non-current assets	$ 16,267	$ 14,334
Total lease assets		$ 16,267	$ 14,334
Liabilities			
Operating leases	Other current liabilities	$ 2,714	$ 2,527
Operating leases	Other non-current liabilities	18,842	16,193
Total lease liabilities		$ 21,556	$ 18,720

The following were the components of our lease cost which is recorded in both cost of goods sold and selling, general and administrative expense (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Operating lease cost	$ 897	$ 815	$ 1,758	$ 1,629
Variable lease cost	251	214	519	237
Short-term lease cost	34	16	66	54
Total lease cost	$ 1,182	$ 1,045	$ 2,343	$ 1,920

The following table presents supplemental information related to operating leases (in thousands):

	Six months ended March 31,	
	2021	2020
Cash paid for amounts included in the measurement of operating lease liabilities	$ 1,784	$ 1,175
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 3,238	$ 593
Non-cash tenant improvement allowance	$ 1,000	$ —

At March 31, 2021 the weighted average remaining lease term of our operating leases was 6.4 years and the weighted average discount rate for these leases was 4.5%.

13. LEASES (CONTINUED)

The table below reconciles the undiscounted cash flows for each of the first five years as well as all the remaining years to the operating lease liabilities recorded on the condensed consolidated balance sheet as of March 31, 2021 (in thousands):

Fiscal year	Amount
Remainder of 2021	$ 1,777
2022	3,368
2023	3,144
2024	2,918
2025	2,821
2026	2,591
Thereafter	9,266
Total future undiscounted lease payments	25,885
Less imputed interest	(4,329)
Total reported lease liability	$ 21,556

14. RESTRUCTURING

Q1 FY2021 Restructuring

On October 7, 2020, our Board of Directors approved a reorganization of our IoT Products & Services business segment. The restructuring plan aligns the business segment's organization around product lines. Under this plan, we recorded a charge of $0.7 million for employee termination charges and eliminated 19 employment positions primarily in the U.S. during the three months ended December 31, 2020. In the second quarter of fiscal 2021 we recorded an additional $0.2 million related to this restructuring.

Below is a summary of the restructuring charges and other activity (in thousands):

	Q1 2021 Restructuring
	Employee Termination Costs
Balance at September 30, 2020	$ —
Restructuring charge	894
Payments	(599)
Foreign currency fluctuation	(39)
Balance at March 31, 2021	$ 256

15. COMMITMENTS AND CONTINGENCIES

Leases

We lease certain of our buildings and equipment under noncancelable lease agreements. Please refer to Note 13 to our condensed consolidated financial statements for additional information.

Litigation

In November 2018, DimOnOff Inc., a company headquartered in Quebec City, Quebec, Canada ("DimOnOff"), which sells control systems in the building automation and street lighting markets sued us and a former distributor from whom DimOnOff purchased certain Digi products. The suit was brought in the Superior Court of the Province of Quebec in the District of Quebec (Canada) and alleges certain Digi products it purchased and incorporated into street lighting systems in a Canadian city were defective causing some of the street lights to malfunction. It alleged damages of just over CAD 1.0 million. During the second quarter of fiscal 2021, the lawsuit was settled and no payment will be made by us. However, we will be providing DimOnOff reduced product pricing on a limited number of products for an amount substantially lower than what was claimed in the lawsuit.

In addition to the matter discussed above, in the normal course of business, we are subject to various claims and litigation. There can be no assurance that any claims by third parties, if proven to have merit, will not materially adversely affect our business, liquidity or financial condition.

16. STOCK-BASED COMPENSATION

Stock-based awards were granted under the 2021 Omnibus Incentive Plan (the "2021 Plan") beginning January 29, 2021. Prior to that date, such awards made in fiscal 2021 were granted under the 2020 Omnibus Incentive Plan (the "2020 Plan"). Upon stockholder approval of the 2021 Plan, we ceased granting awards under the 2020 Plan. Shares subject to awards under the 2020 Plan or any prior plans that are forfeited, canceled, returned to us for failure to satisfy vesting requirements, settled in cash or otherwise terminated without payment also will be available for grant under the 2021 Plan. The authority to grant options under the 2021 Plan and set other terms and conditions rests with the Compensation Committee of the Board of Directors.

The 2021 Plan authorizes the issuance of up to 1,400,000 common shares in connection with awards of stock options, stock appreciation rights, restricted stock, restricted stock units, performance-based full value awards or other stock-based awards. Eligible participants include our employees, our affiliates, non-employee directors of our Company and any consultant or advisor who is a natural person and provides services to us or our affiliates. Options that have been granted under the 2021 Plan typically vest over a four-year period and will expire if unexercised after seven years from the date of grant. Restricted stock unit awards ("RSUs") that have been granted to directors typically vest in one year. RSUs that have been granted to executives and employees typically vest in January over a four-year period. Performance stock unit awards ("PSUs") that have been granted to an executive will vest based on achievement of a cumulative adjusted earnings per share metric measured over a three-year period. Share-based compensation expenses recorded for this performance award is reevaluated at each reporting period based on the probability of achievement of the goal. The 2021 Plan is scheduled to expire on January 28, 2031. Options under the 2021 Plan can be granted as either incentive stock options or non-statutory stock options. The exercise price of options and the grant date price of RSUs and PSUs is determined by our Compensation Committee but will not be less than the fair market value of our common stock based on the closing price as of the date of grant. Upon exercise of options or settlement of vested restricted stock units or performance stock units, we issue new shares of stock. As of March 31, 2021, there were approximately 1,352,093 shares available for future grants under the 2021 Plan.

Cash received from the exercise of stock options was $6.6 million and $4.7 million for the six months ended March 31, 2021 and March 31, 2020, respectively.

Our equity plans and corresponding forms of award agreements generally have provisions allowing employees to elect to satisfy tax withholding obligations through the delivery of shares. When employees make this election, we retain a portion of shares issuable under the award. Tax with withholding obligations otherwise occur by the employee paying cash to us for the withholding. During the six months ended March 31, 2021 and 2020, our employees forfeited 102,588 shares and 95,209 shares, respectively, in order to satisfy respective withholding tax obligations of $1.9 million and $1.7 million.

We sponsor an Employee Stock Purchase Plan as amended and restated as of December 10, 2019, October 29, 2013, December 4, 2009 and November 27, 2006 (the "ESPP"), covering all domestic employees with at least 90 days of continuous service and who are customarily employed at least 20 hours per week. The ESPP allows eligible participants the right to purchase common stock on a quarterly basis at the lower of 85% of the market price at the beginning or end of each three-month offering period. The most recent amendments to the ESPP, ratified by our stockholders on January 29, 2020, increased the total number of shares to 3,425,000 that may be purchased under the plan. ESPP contributions by employees were $0.6 million for the six months ended March 31, 2021 and $0.5 million for the six months ended March 31, 2020. Pursuant to the ESPP, 43,106 and 53,085 common shares were issued to employees during the six months ended March 31, 2021 and March 31, 2020, respectively. Shares are issued under the ESPP from treasury stock. As of March 31, 2021, 668,608 common shares were available for future issuances under the ESPP.

16. STOCK-BASED COMPENSATION (CONTINUED)

The following table shows stock-based compensation expense that is included in the consolidated results of operations (in thousands):

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Cost of sales	$ 89	$ 78	$ 171	$ 142
Sales and marketing	623	629	1,148	1,060
Research and development	293	331	503	625
General and administrative	1,472	803	2,400	1,614
Stock-based compensation before income taxes	2,477	1,841	4,222	3,441
Income tax benefit	(541)	(381)	(906)	(713)
Stock-based compensation after income taxes	$ 1,936	$ 1,460	$ 3,316	$ 2,728

Stock Options

The following table summarizes our stock option activity (in thousands, except per common share amounts):

	Options Outstanding	Weighted Average Exercised Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (1)
Balance at September 30, 2020	3,393	$12.20		
Granted	455	17.59		
Exercised	(588)	11.26		
Forfeited / Canceled	(129)	13.98		
Balance at March 31, 2021	3,131	$13.09	4.1	$ 18,714
Exercisable at March 31, 2021	1,878	$11.40	3.0	$ 14,248

(1) The aggregate intrinsic value represents the total pre-tax intrinsic value, based on our closing stock price of $18.99 as of March 31, 2021, which would have been received by the option holders had all option holders exercised their options as of that date. The intrinsic value of an option is the amount by which the fair value of the underlying stock exceeds its exercise price.

The total intrinsic value of all options exercised during the six months ended March 31, 2021 was $5.1 million and during the six months ended March 31, 2020 was $3.3 million.

The following table shows the weighted average fair value, which was determined based upon the fair value of each option on the grant date utilizing the Black-Scholes option-pricing model and the related assumptions:

	Six months ended March 31,	
	2021	2020
Weighted average per option grant date fair value	$7.42	$6.34
Assumptions used for option grants:		
Risk free interest rate	0.51% - 0.66%	1.47% - 1.73%
Expected term	6.00 years	6.00 years
Expected volatility	44% - 45%	36%
Weighted average volatility	44%	36%
Expected dividend yield	—	—

The fair value of each option award granted during the periods presented was estimated using the Black-Scholes option valuation model that uses the assumptions noted in the above table. Expected volatilities are based on the historical volatility of our stock. We use historical data to estimate option exercise and employee termination information within the valuation model. The expected term of options granted is derived from the vesting period and historical information and represents the period of

16. STOCK-BASED COMPENSATION (CONTINUED)

time that options granted are expected to be outstanding. The risk-free rate used is the zero-coupon U.S. Treasury bond rate in effect at the time of the grant whose maturity equals the expected term of the option.

As of March 31, 2021, the total unrecognized compensation cost related to non-vested stock options was $7.3 million and the related weighted average period over which it is expected to be recognized is approximately 2.9 years.

Non-vested Stock Units

The following table presents a summary of our non-vested restricted stock and performance stock units as of March 31, 2021 and changes during the six months then ended (in thousands, except per common share amounts):

	RSUs		PSUs	
	Number of Awards	Weighted Average Grant Date Fair Value	Number of Awards	Weighted Average Grant Date Fair Value
Nonvested at September 30, 2020	972	$ 13.20	—	$ —
Granted	324	$ 18.73	18	$ 25.15
Vested	(316)	$ 12.90	—	$ —
Canceled	(73)	$ 13.45	—	$ —
Nonvested at March 31, 2021	907	$ 15.26	18	$ 25.15

As of March 31, 2021, the total unrecognized compensation cost related to non-vested stock units was $12.2 million. The related weighted average period over which this cost is expected to be recognized is approximately 1.6 years.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our management's discussion and analysis should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as well as our subsequent reports on Form 10-Q and Form 8-K and any amendments to these reports.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Form 10-Q contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-Looking Statements

The words such as "assume," "believe," "anticipate," "intend," "estimate," "target," "may," "will," "expect," "plan," "potential," "project," "should," or "continue" or the negative thereof or other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. Among other items, these statements relate to expectations of the business environment in which Digi operates, projections of future performance, perceived marketplace opportunities and statements regarding our mission and vision. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions. Among others, these include risks related to the ongoing COVID-19 pandemic and efforts to mitigate the same, risks related to global economic volatility and the ability of companies like us to operate a global business in such conditions, the current supply chain and shipping market pressures that are negatively impacting both manufacturing and distribution timelines as well as operating costs for a wide range of companies globally, the highly competitive market in which our company operates, rapid changes in technologies that may displace products sold by us, declining prices of networking products, our reliance on distributors and other third parties to sell our products, the potential for significant purchase orders to be canceled or changed, delays in product development efforts, uncertainty in user acceptance of our products, the ability to integrate our products and services with those of other parties in a commercially accepted manner, potential liabilities that can arise if any of our products have design or manufacturing defects, our ability to defend or settle satisfactorily any litigation, uncertainty in global economic conditions and economic conditions within particular regions of the world which could negatively affect product demand and the financial solvency of customers and suppliers, the impact of natural disasters and other events beyond our control that could negatively impact our supply chain and customers, potential unintended consequences associated with restructuring, reorganizations or other similar business initiatives that may impact our ability to retain important employees or otherwise impact our operations in unintended and adverse ways, the ability to achieve the anticipated benefits and synergies associated with acquisitions or divestitures and changes in our level of revenue or profitability which can fluctuate for many reasons beyond our control.

These and other risks, uncertainties and assumptions identified from time to time in our filings with the United States Securities and Exchange Commission, including without limitation, our Annual Report on Form 10-K for the year ended September 30, 2020, this filing on Form 10-Q and other filings, could cause our actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. Many of such factors are beyond our ability to control or predict. These forward-looking statements speak only as of the date for which they are made. We disclaim any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, the disclosure of contingent assets and liabilities and the values of purchased assets and assumed liabilities in acquisitions. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

A description of our critical accounting policies and estimates was provided in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

OVERVIEW

We are a leading global provider of business and mission-critical Internet-of-Things ("IoT") connectivity products, services and solutions comprised of two reporting segments: IoT Products & Services and IoT Solutions.

Our IoT Products & Services segment offers products and services that help original equipment manufacturers ("OEMs"), enterprise and government customers create and deploy, secure IoT connectivity solutions. From embedded and wireless modules to console servers, enterprise and industrial routers, we provide customers with a wide variety of communication sub-assemblies and finished products to meet their IoT communication requirements. In addition, the IoT Products & Services segment provides our customers with a device management platform and other professional services to enable customers to capture and manage data from devices they connect to networks.

Our IoT Solutions segment offers wireless temperature and other condition-based monitoring services as well as task management services. These solutions are focused on the following vertical markets: food service, retail, healthcare, transportation/logistics and education. These solutions are marketed as SmartSense by Digi®. We have formed, expanded and enhanced the IoT Solutions segment through four acquisitions.

We compete for customers on the basis of existing and planned product features, service and software application capabilities, company reputation, brand recognition, technical support, alliance relationships, quality and reliability, product development capabilities, price and availability.

On October 7, 2020, our Board of Directors approved a reorganization of our IoT Products & Services business segment. The restructuring plan aligned the business segment's organization around product lines, each with a segment manager. Under this plan, we recorded charges of $0.9 million for employee termination charges and eliminated 19 employment positions primarily in the U.S. during the first half of fiscal 2021. We have grouped our products under the following categories: Cellular Routers, Console Servers, OEM Solutions and Infrastructure Management. Consequently, the measure of segment operating profit used by our chief operating decision maker ("CODM") changed. As a result, our disclosed measure of segment operating income has been updated. For further detail on segment performance, see the Revenue by Segment, Cost of Goods Sold and Gross Profit by Segment and Operating Income sections of this Item 2.

In fiscal 2021, our key operating objectives include:

- continued growth of our SmartSense by Digi® business that is the base of our IoT Solutions segment;
- delivering growth within our IoT Products & Services segment through new product introductions and efforts to grow recurring revenue streams; and
- identification of strategic growth initiatives through acquisition.

We utilize many financial, operational, and other metrics to evaluate our financial condition and financial performance. Below we highlight the metrics for the second quarter of fiscal 2021 that we feel are most important in these evaluations:

- Consolidated revenue increased $3.9 million, or 5.2% in the second quarter of fiscal 2021 compared to the second quarter of fiscal 2020. Product revenue increased by $1.3 million, or 2.0%, in the second quarter of fiscal 2021 compared to the same period a year ago. Services revenue increased by $2.6 million, or 32.9%, in the second quarter of fiscal 2021 compared to the same period a year ago.

- Gross margin decreased as a percentage of revenue to 52.3% in the second quarter of fiscal 2021 as compared to 52.6% in the second quarter of fiscal 2020.

- Net income for the second fiscal quarter of 2021 was $2.9 million, or $0.09 per diluted share. Net income for the second fiscal quarter of 2020 was $2.0 million, or $0.07 per diluted share. Adjusted net income and adjusted net income per share was $8.6 million, or $0.27 per diluted share. In the second fiscal quarter of fiscal 2020, adjusted net income and adjusted net income per share was $7.5 million, or $0.25 per diluted share.

- Adjusted EBITDA for the second fiscal quarter of 2021 was $11.7 million, or 15.1% of total revenue. In the second fiscal quarter of fiscal 2020, Adjusted EBITDA was $10.8 million, or 14.7% of total revenue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Acquisition of Haxiot, Inc.

On March 26, 2021, we acquired Haxiot, Inc. ("Haxiot") a Dallas-based provider of low power wide area ("LPWA") wireless technology. We funded the closing of the acquisition with $7.1 million cash on hand and preliminarily accrued the maximum $8.0 million of contingent consideration on our balance sheet as of March 31, 2021. Due to the timing of the acquisition, the impact of the Haxiot acquisition on our results of operations for the six days in March 2021 is immaterial, so results of operations for March 2021 will be included in our third quarter of fiscal 2021 results within our IoT Products & Services segment.

Public Offering of Common Stock

During the second quarter of fiscal 2021 we sold 4,025,000 shares of our common stock and received net proceeds of $73.8 million.

Amended and Restated Credit Agreement

On March 15, 2021, we entered into an amended and restated credit agreement with BMO Harris Bank N.A. ("BMO"). This agreement provides us with a senior secured credit facility (the "Credit Facility") consisting of a $200 million revolving loan (the "Revolving Loan"). This loan replaced our syndicated senior secured credit agreement with BMO that was entered into on December 13, 2019 and replaced the remaining balance of our term loan with this new revolver.

Potential Impacts of COVID-19 on Our Business and Operations

As is the case with many businesses, the ongoing pandemic and related global economic volatility creates significant uncertainty regarding the nearer term outlook for the markets where we provide products and services. While the rollout of vaccines globally is underway, the pandemic and related economic volatility it triggered still represents a fluid situation that presents a wide and changing range of potential impacts on our own business and those of our customers, vendors and other business partners. As our products and services serve companies across a broad range of industries, in some instances demand has increased or is returning to levels associated with pre-pandemic conditions while others continue to be depressed as a result of the societal impacts of the pandemic. At present, while the rollout of vaccines does show promise of increased societal mobility and economic activity, the duration, severity and impact of the pandemic in various locations globally and the related economic volatility remain unclear.

Present State of Our Operations

During fiscal 2020, we took steps to lower our operating expenses as a result of the pandemic and related economic volatility. We continue to monitor the impacts of COVID-19 on our operations closely. As conditions change we could take steps to increase or decrease expenses as we believe circumstances warrant. Since the start of the pandemic there have not been any material adverse changes to our assets on our balance sheet and, at present, we do not expect there to be material adverse changes. During the first half of fiscal 2021, we reviewed the potential impacts of the COVID-19 pandemic on goodwill and intangible assets and determined there to be no material impact at that time. We also reviewed the potential impacts on future risks to the business as it relates to collections, returns and other business related items. No significant changes to these reserves have been made.

Potential Impacts on Our Supply Chain

To date, travel restrictions and border closures have only had minor impacts on our ability to obtain inventory or manufacture or deliver products or services to our customers. The impacts associated with border closures and travel restrictions related to COVID-19 that we have experienced primarily impacted our IoT Solutions segment and have improved with the passage of time. We continue to monitor restrictions and border closures closely so we are positioned to mitigate the negative impacts of any future restrictions or closures. It is possible, however, that future restrictions or closures could negatively harm our business.

A more recent issue impacting businesses globally that consume electronics components are significant shortages of materials. Also, costs to ship goods, especially internationally, have recently increased significantly. While we believe these issues are related to the pandemic and its economic impacts, the extent to which these issues are directly tied to the pandemic are not entirely clear. Like many companies we have seen expanded lead times and higher costs to obtain necessary components. We also have experienced higher shipping costs. We believe these issues will have some negative impact on our operating results.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

While we are monitoring these issues closely, the exact potential impacts of these issues on our business and operating results are not entirely clear at this time.

Travel restrictions impacting people so far have not materially restrained our ability to assist our customers with on-site installation activities or product troubleshooting. At present, we do not expect impacts on personnel travel to be material to our business operations or financial results. More recently, in fact, we have seen some increase in business related travel as significant numbers of individuals in certain parts of the world are being vaccinated. We have taken steps to restrain and monitor our operating expenses and therefore do not expect such impacts to materially change the relationship between our costs and revenues.

Proactive Efforts to Mitigate the Negative Impacts of COVID-19

Like most companies, we have taken a range of actions with respect to how we operate to assure we comply with government restrictions and guidelines as well as best practices to protect the health and well-being of our employees and our ability to continue operating our business effectively. To date, we have been able to operate our business using these measures and to maintain effectively all internal controls as documented and posted. We also have not experienced challenges in maintaining business continuity and do not expect to incur material expenditures to do so. However, the impacts of the pandemic and efforts to mitigate the same remain fluid and it remains possible that challenges may arise in the future.

CONSOLIDATED RESULTS OF OPERATIONS

The following table sets forth selected information derived from our interim condensed consolidated statements of operations:

	Three months ended March 31,				% incr.	Six months ended March 31,				% incr.
($ in thousands)	2021		2020		(decr.)	2021		2020		(decr.)
Revenue	$ 77,301	100.0 %	$ 73,447	100.0 %	5.2	$ 150,447	100.0 %	$ 135,764	100.0 %	10.8
Cost of sales	36,844	47.7	34,806	47.4	5.9	68,971	45.8	66,659	49.1	3.5
Gross profit	40,457	52.3	38,641	52.6	4.7	81,476	54.2	69,105	50.9	17.9
Operating expenses	37,087	48.0	34,917	47.5	6.2	78,252	52.1	65,864	48.5	18.8
Operating income	3,370	4.3	3,724	5.1	(9.5)	3,224	2.1	3,241	2.4	0.5
Other expense, net	(168)	(0.2)	(1,595)	(2.2)	NM	(762)	(0.5)	(2,032)	(1.5)	NM
Income before income taxes	3,202	4.1	2,129	2.9	50.4	2,462	1.6	1,209	0.9	(103.6)
Income tax expense (benefit)	274	0.4	125	0.2	NM	(159)	(0.1)	(1,003)	(0.7)	NM
Net income	$ 2,928	3.8 %	$ 2,004	2.7 %	46.1	$ 2,621	1.7 %	$ 2,212	1.6 %	18.5

REVENUE BY SEGMENT

	Three months ended March 31,				% incr.	Six months ended March 31,				% incr.
($ in thousands)	2021		2020		(decr.)	2021		2020		(decr.)
Revenue										
IoT Products & Services	$ 65,632	84.9	$ 66,890	91.1	(1.9)	$ 127,412	84.7 %	$ 121,503	89.5 %	4.9
IoT Solutions	11,669	15.1	6,557	8.9	78.0	23,035	15.3	14,261	10.5	61.5
Total revenue	$ 77,301	100.0	$ 73,447	100.0	5.2	$ 150,447	100.0 %	$ 135,764	100.0 %	10.8

IoT Products & Services

IoT Products & Services revenue decreased 1.9% for the three months ended March 31, 2021 as compared to the same period in the prior fiscal year. This primarily was a result of:

- decreased sales of our cellular routers in the government transit sector primarily related to an existing customer in the prior year that was not repeated.

This decrease partially was offset by:

- increased sales within our embedded portfolio attributable to a large increase in demand from a specific medical device customer.

IoT Products & Services revenue increased 4.9% for the six months ended March 31, 2021 as compared to the same period in the prior fiscal year. This primarily was a result of:

- increased sales of our console servers primarily due to incremental revenue from our acquisition of Opengear in December 2019; and
- increased revenue from embedded and Xbee® products.

This increase partially was offset by:

- decreased sales of our cellular routers in the government transit sector primarily related to an existing customer in the prior year that was not repeated this year.

IoT Solutions

IoT Solutions revenue increased 78.0% and 61.5% for the three and six months ended March 31, 2021, respectively, as compared to the same periods in the prior fiscal year. This primarily was a result of:

- new hardware installations with new and existing customers; and
- increased recurring revenue from our subscription services as we service nearly 77,000 sites as of March 31, 2021, compared to nearly 67,000 sites as of December 2020.

COST OF GOODS SOLD AND GROSS PROFIT BY SEGMENT

($ in thousands)	Three months ended March 31, 2021		Three months ended March 31, 2020		Basis point inc. (decr.)	Six months ended March 31, 2021		Six months ended March 31, 2020		Basis point inc. (decr.)
Cost of Goods Sold										
IoT Products & Services	$ 31,175	47.5 %	$ 31,430	47.0 %	50	$ 57,276	45.0 %	$ 59,392	48.9 %	(390)
IoT Solutions	5,669	48.6 %	3,376	51.5 %	(290)	11,695	50.8 %	7,267	51.0 %	(20)
Total cost of goods sold	$ 36,844	47.7 %	$ 34,806	47.4 %	30	$ 68,971	45.8 %	$ 66,659	49.1 %	(330)

($ in thousands)	Three months ended March 31, 2021		Three months ended March 31, 2020		Basis point inc. (decr.)	Six months ended March 31, 2021		Six months ended March 31, 2020		Basis point inc. (decr.)
Gross Profit										
IoT Products & Services	$ 34,457	52.5 %	$ 35,460	53.0 %	(50)	$ 70,136	55.0 %	$ 62,111	51.1 %	390
IoT Solutions	6,000	51.4 %	3,181	48.5 %	290	11,340	49.2 %	6,994	49.0 %	20
Total gross profit	$ 40,457	52.3 %	$ 38,641	52.6 %	(30)	$ 81,476	54.2 %	$ 69,105	50.9 %	330

IoT Product & Services

IoT Products & Services gross profit margin decreased 50 basis points for the three months ended March 31, 2021 as compared to the same period in the prior fiscal year. This decrease primarily was a result of:

- increased material overhead expenses associated with the production and distribution of our products as a result of global supply chain challenges.

IoT Products & Services gross profit margin increased 390 basis points for the six months ended March 31, 2021 as compared to the same period in the prior fiscal year. This increase primarily was a result of:

- incremental gross profit from our console servers due to the Opengear acquisition in December 2019; and
- favorable product mix within our cellular router products.

IoT Solutions

The IoT Solutions gross profit margin increased 290 basis points for the three months ended March 31, 2021 as compared to the same periods in the prior fiscal year. This increase primarily was a result of:

- increased recurring subscription revenue, which typically has higher gross margins.

The IoT Solutions gross profit margin increased 20 basis points for the six months ended March 31, 2021 as compared to the same period in the prior fiscal year. This increase primarily was a result of:

- increased recurring subscription revenue, which typically has higher gross margins.

This was partially offset by:

- increased revenue attributed to hardware product sales, which carry a lower gross margin;
- increased freight and tariff charges in the first half of fiscal 2021; and
- increased remediation and warranty claims in the first quarter of fiscal 2021.

OPERATING EXPENSES

Below is our operating expenses and operating expenses as a percentage of total revenue:

($ in thousands)	Three months ended March 31, 2021		Three months ended March 31, 2020		$ incr. (decr.)	% incr. (decr.)	Six months ended March 31, 2021		Six months ended March 31, 2020		$ incr. (decr.)	% incr. (decr.)
Operating Expenses												
Sales and marketing	$ 15,437	20.0 %	$ 14,556	19.8 %	$ 881	6.1	$ 30,361	20.2 %	$ 26,617	19.6 %	$ 3,744	14.1
Research and development	11,355	14.7 %	11,532	15.7 %	(177)	(1.5)	22,448	14.9 %	21,863	16.1 %	585	2.7
General and administrative	10,134	13.1 %	8,791	12.0 %	1,343	15.3	24,549	16.3 %	17,346	12.8 %	7,203	41.5
Restructuring charge	161	0.2 %	38	— %	123	NM	894	0.6 %	38	— %	856	NM
Total operating expenses	$ 37,087	48.0 %	$ 34,917	47.5 %	$ 2,170	6.2	$ 78,252	52.0 %	$ 65,864	48.5 %	$ 12,388	18.8

NM means not meaningful

The $2.2 million increase in operating expenses in the second quarter of fiscal 2021 from the second quarter of fiscal 2020 primarily was the result of:

- an increase of $1.7 million in compensation related expenses primarily related to additional bonus and commission expense due to increased company performance; and
- increased professional fees primarily associated with merger and acquisition expenses.

This increase partially was offset by:

- a decrease of $0.9 million in travel related expenses as events and travel were restricted due to the pandemic.

The $12.4 million increase in operating expenses in the first half of fiscal 2021 from the first half of fiscal 2020 primarily was the result of:

- an increase of $5.9 million in earn-out expenses primarily as a result of revenue from Opengear exceeding our previous estimate;
- an increase of $5.3 million in compensation related expenses primarily related to incremental salaries from the Opengear acquisition in December 2019, additional commission expense due to increased revenue performance of Opengear in the first quarter of fiscal 2021 and increased employee bonuses due to increased overall company performance; and

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

- other increases primarily related to incremental amortization expenses due to the Opengear acquisition in December 2019, restructuring charges and maintenance agreements;

This increase partially was offset by:

- a decrease of $1.8 million in travel related expenses as events and travel were restricted due to the pandemic.

OPERATING INCOME

Operating income was $3.4 million for the second quarter of fiscal 2021, compared to $3.7 million for the second quarter of fiscal 2020. Operating income was $3.2 million for the both the first half of fiscal 2021 and the first half of fiscal 2020.

IoT Product & Services provided operating income of $4.6 million in the second quarter of fiscal 2021 compared to $8.4 million in the second quarter of fiscal 2020, a decrease of $3.8 million, or 45.2%. IoT Product & Services provided operating income of $5.9 million in the first half of fiscal 2021 compared to $12.8 million in the first half of fiscal 2020, a decrease of $6.9 million, or 54.1%. Drivers for the decrease in operating income for both the quarter and year-to-date periods are described above in the revenue, gross profit and operating expenses details.

IoT Solutions had an operating loss of $1.2 million in the second quarter of fiscal 2021 compared to an operating loss of $4.6 million in the second quarter of fiscal 2020, an improvement of $3.4 million, or 73.8%. IoT Solutions had an operating loss of $2.6 million in the first half of fiscal 2021 compared to an operating loss of $9.5 million in the first half of fiscal 2020, an improvement of $6.9 million, or 72.4%. Drivers for the improvement in operating loss are described above in the revenue, gross profit and operating expenses details.

OTHER EXPENSE, NET

($ in thousands)	Three months ended March 31, 2021		Three months ended March 31, 2020		$ incr. (decr.)	% incr. (decr.)	Six months ended March 31, 2021		Six months ended March 31, 2020		$ incr. (decr.)	% incr. (decr.)
Other expense, net												
Interest income	$ 1	— %	$ 50	0.1 %	$ (49)	(98.0)	$ 1	— %	$ 281	0.2 %	$ (280)	(99.6)
Interest expense	(246)	(0.3)%	(1,734)	(2.4)%	1,488	NM	(648)	(0.4)%	(2,166)	(1.6)%	1,518	(70.1)
Other expense, net	77	0.1 %	89	0.1 %	(12)	(13.5)	(115)	(0.1)%	(147)	(0.1)%	32	(21.8)
Total other expense, net	$ (168)	(0.2)%	$ (1,595)	(2.2)%	$ 1,427	NM	$ (762)	(0.5)%	$ (2,032)	(1.5)%	$ 1,270	NM

NM means not meaningful

Other expense, net, improved $1.4 million and $1.3 million for the three and six months periods ended March 31, 2021, respectively, as compared to the same periods in the prior fiscal year. The improvement was primarily due to the decrease interest expense as we paid down our term loan and paid off our revolving loan under the prior Credit Facility and subsequently in March 2021, refinanced the balance of our term loan with a revolving loan. (see Note 7 to the condensed consolidated financial statements).

INCOME TAXES

See Note 11 to the condensed consolidated financial statements for discussion of income taxes.

NON-GAAP FINANCIAL INFORMATION

This report includes adjusted net income, adjusted net income per diluted share and adjusted earnings before interest, taxes and amortization ("Adjusted EBITDA"), each of which is a non-GAAP financial measure.

We understand that there are material limitations on the use of non-GAAP measures. Non-GAAP measures are not substitutes for GAAP measures, such as net income, for the purpose of analyzing financial performance. The disclosure of these measures does not reflect all charges and gains that were actually recognized by Digi. These non-GAAP measures are not in accordance with, or, an alternative for measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies or presented by us in prior reports. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. We believe that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. We believe these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures. Additionally, Adjusted EBITDA does not reflect our cash expenditures, the cash requirements for the replacement of depreciated and amortized assets, or changes in or cash requirements for our working capital needs.

We believe that providing historical and adjusted net income and adjusted net income per diluted share, respectively, exclusive of such items as reversals of tax reserves, discrete tax benefits, restructuring charges and reversals, intangible amortization, stock-based compensation, other non-operating income/expense, changes in fair value of contingent consideration, acquisition-related expenses and interest expense related to acquisitions permits investors to compare results with prior periods that did not include these items. Management uses the aforementioned non-GAAP measures to monitor and evaluate ongoing operating results and trends and to gain an understanding of our comparative operating performance. In addition, certain of our stockholders have expressed an interest in seeing financial performance measures exclusive of the impact of these matters, which while important, are not central to the core operations of our business. Management believes that Adjusted EBITDA, defined as EBITDA adjusted for stock-based compensation expense, acquisition-related expenses, restructuring charges and reversals, and changes in fair value of contingent consideration is useful to investors to evaluate the Company's core operating results and financial performance because it excludes items that are significant non-cash or non-recurring items reflected in the Condensed Consolidated Statements of Operations. We believe that the presentation of Adjusted EBITDA as a percentage of revenue is useful because it provides a reliable and consistent approach to measuring our performance from year to year and in assessing our performance against that of other companies. We believe this information helps compare operating results and corporate performance exclusive of the impact of our capital structure and the method by which assets were acquired.

Below are reconciliations from GAAP to Non-GAAP information that we feel is important to our business:

Reconciliation of Net Income to Adjusted EBITDA
(In thousands)

	Three months ended March 31,				Six months ended March 31,			
	2021		2020		2021		2020	
		% of total revenue		% of total revenue		% of total revenue		% of total revenue
Total revenue	$ 77,301	100.0 %	$ 73,447	100.0 %	$ 150,447	100.0 %	$ 135,764	100.0 %
Net income	$ 2,928		$ 2,004		$ 2,621		$ 2,212	
Interest expense, net	245		1,684		647		1,885	
Income tax benefit	274		125		(159)		(1,003)	
Depreciation and amortization	5,002		5,236		10,052		8,853	
Stock-based compensation	2,477		1,841		4,222		3,441	
Changes in fair value of contingent consideration	—		(388)		5,772		(129)	
Restructuring charge	161		38		894		38	
Acquisition expense	609		249		624		2,155	
Adjusted EBITDA[(1)]	$ 11,696	15.1 %	$ 10,789	14.7 %	$ 24,673	16.4 %	$ 17,452	12.9 %

(1) Beginning in fiscal 2021, Adjusted EBITDA now excludes changes in fair value of contingent consideration. The prior year presentation has been adjusted to conform to the current year presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Reconciliation of Net Income and Net Income per Diluted Share to
Adjusted Net Income and Adjusted Net Income per Diluted Share
(In thousands, except per share amounts)

	Three months ended March 31,				Six months ended March 31,			
	2021		2020		2021		2020	
Net income and net income per diluted share	$ 2,928	$ 0.09	$ 2,004	$ 0.07	$ 2,621	$ 0.08	$ 2,212	$ 0.07
Amortization	3,927	0.12	4,116	0.14	7,888	0.25	6,564	0.22
Stock-based compensation	2,477	0.08	1,841	0.06	4,222	0.13	3,441	0.12
Other non-operating expense	(77)	—	(89)	—	115	—	147	—
Acquisition expense	609	0.02	249	0.01	624	0.02	2,155	0.07
Changes in fair value of contingent consideration	—	—	(388)	(0.01)	5,772	0.18	(129)	—
Restructuring charge	161	—	38	—	894	0.03	38	—
Interest expense related to acquisition	248	0.01	1,709	0.06	650	0.02	2,125	0.07
Tax effect from the above adjustments (1)	(1,113)	(0.03)	(1,927)	(0.07)	(3,468)	(0.11)	(3,545)	(0.12)
Discrete tax benefits (2)	(512)	(0.02)	(102)	—	(764)	(0.02)	(1,061)	(0.04)
Adjusted net income and adjusted net income per diluted share (3)	$ 8,648	$ 0.27	$ 7,451	$ 0.25	$ 18,554	$ 0.59	$ 11,947	$ 0.40
Diluted weighted average common shares		32,223		29,486		31,436		29,585

(1) The tax effect from the above adjustments assumes an estimated effective tax rate of 18.0% for fiscal 2021 and 20.2% for fiscal 2020 based on adjusted net income.
(2) For the three and six months ended March 31, 2021, discrete tax benefits primarily are a result of excess tax benefits recognized on stock compensation. For the three months ended March 31, 2020, discrete tax benefits were primarily a result of excess tax benefits on stock compensation. For the six months ended March 31, 2020, discrete tax benefits were primarily a result of excess tax benefits on stock compensation and an adjustment of our state deferred tax rate due to the Opengear acquisition.
(3) Adjusted net income per diluted share may not add due to the use of rounded numbers.

LIQUIDITY AND CAPITAL RESOURCES

Historically we have financed our operations and capital expenditures principally with funds generated from operations. Our liquidity requirements arise from our working capital needs, and to a lesser extent, our need to fund capital expenditures to support our current operations and facilitate growth and expansion.

On March 15, 2021, we entered into an amended and restated credit agreement consisting of a $200 million revolving loan. The $47.5 million term loan outstanding from the prior credit agreement was replaced by this new revolving loan along with additional proceeds of $0.6 million for a total of $48.1 million at March 31, 2021. As of March 31, 2021, $151.9 million remained available under the Revolving Loan, which included $10 million available for a letter of credit subfacility and $10 million available under a swingline subfacility, the outstanding amounts of which decrease the available commitment. During the first quarter of fiscal 2021, we repaid the final $15 million of the Revolving Loan under the prior credit agreement. For additional information regarding the terms of our Credit Facility, including the Revolving Loan and its subfacilities, see Note 7 to our condensed consolidated financial statements.

We expect positive cash flows from operations for the foreseeable future. We believe that our current cash and cash equivalents balances, cash generated from operations and our ability to borrow under our credit facility will be sufficient to fund our business operations and capital expenditures for the next twelve months and beyond. As follows, our condensed consolidated statement of cash flows for the six months ended March 31, 2021 and 2020 is summarized:

	Six months ended March 31,	
($ in thousands)	2021	2020
Operating activities	$ 21,297	$ (12,683)
Investing activities	(8,382)	(136,532)
Financing activities	59,997	112,931
Effect of exchange rate changes on cash and cash equivalents	148	1,578
Net increase (decrease) in cash and cash equivalents	$ 73,060	$ (34,706)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Cash flows from operating activities increased $34.0 million primarily as a result of:

- increased changes in operating assets and liabilities (net of acquisitions) of $23.7 million. This primarily was due to a decrease in accounts receivable due to ramped up collections in the current fiscal year in addition to increased accounts receivable in the prior fiscal year; and
- an increase in net income of $0.4 million and non-cash adjustments of $9.9 million. These non-cash adjustments include an accrual for additional earn-out provision and increase depreciation and amortization.

Cash flows from investing activities increased $128.1 million primarily as a result of:

- an increase of $136.1 million related to the purchase of Opengear in the prior fiscal year,
- a partial offset to this decrease was $7.1 million related to the purchase of Haxiot in the current fiscal year and an additional $0.9 million related to purchases of property, equipment, and facilities improvements compared to the prior fiscal year.

Cash flows from financing activities decreased $52.9 million primarily as a result of:

- a decrease of $109.4 related to proceeds of $110.0 long-term debt from the Revolving Loan and Term Loan in the prior fiscal year partially offset by proceeds of $0.6 million from the Revolving Loan in the current fiscal year (see Note 7 to the condensed consolidated financial statements);
- a decrease of $15.0 million related to additional payments on long-term debt;
- a decrease of $4.2 million related to the financing portion of acquisition earn-out payments for the Opengear acquisition; and
- a partial offset to these decreases was an increase of $73.8 million due to the proceeds from issuance of common stock (see Note 8 to the condensed consolidated financial statements) and a $1.8 million increase in proceeds from stock award plans.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations at March 31, 2021:

	Payments due by fiscal period				
($ in thousands)	Total	Less than 1 year	1-3 years	3-5 years	Thereafter
Operating leases	$ 26,221	$ 3,629	$ 6,456	$ 5,575	$ 10,561
Contingent consideration	$ 8,000	$ 3,000	$ 5,000	$ —	$ —
Revolving loan	$ 48,118	$ —	$ —	$ 48,118	$ —
Interest on long-term debt	$ 4,903	$ 981	$ 1,961	$ 1,961	$ —
Total	$ 87,242	$ 7,610	$ 13,417	$ 55,654	$ 10,561

The operating lease agreements included above primarily relate to office space. The table above does not include possible payments for uncertain tax positions. Our reserve for uncertain tax positions, including accrued interest and penalties, was $2.6 million as of March 31, 2021. Due to the nature of the underlying liabilities and the extended time often needed to resolve income tax uncertainties, we cannot make reliable estimates of the amount or timing of future cash payments that may be required to settle these liabilities. The above table also does not include those obligations for royalties under license agreements as these royalties are calculated based on future sales of licensed products and we cannot make reliable estimates of the amount of cash payments.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For information on new accounting pronouncements, see Note 1 to our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to ongoing market risk related to changes in interest rates and foreign currency exchange rates.

INTEREST RATE RISK

We are exposed to market risks related to fluctuations in interest rates on amounts borrowed under the Credit Facility. As of March 31, 2021, we had $48.1 million outstanding under our Revolving Loan. Borrowings under the Credit Facility bear a variable interest rate of LIBOR plus an applicable margin spread from 1.25% to 3.25%. The amount of the applicable margin spread is a function of our leverage ratio and is reset monthly. Based on the balance sheet position for the Revolving Loan at March 31, 2021, the annualized effect of a 25 basis point change in interest rates would increase or decrease our interest expense by $0.1 million. For additional information, see Note 7 to our condensed consolidated financial statements. For our Credit Facility, interest rate changes generally do not affect the fair value of the debt instruments, but do impact future earnings and cash flows, assuming other factors are held constant.

FOREIGN CURRENCY RISK

We are not exposed to foreign currency transaction risk associated with sales transactions as the majority of our sales are denominated in U.S. Dollars. We are exposed to foreign currency translation risk as the financial position and operating results of our foreign subsidiaries are translated into U.S. Dollars for consolidation. We manage our net asset or net liability position for non-functional currency accounts, primarily the U.S. Dollar accounts in our foreign locations to reduce our foreign currency risk. We have not implemented a formal hedging strategy.

A 10% change in the average exchange rate for the Euro, British Pound, Japanese Yen and Canadian Dollar to the U.S. Dollar during the first six months of fiscal 2021 would have resulted in a 0.7% increase or decrease in stockholders' equity due to foreign currency translation.

CREDIT RISK

We have exposure to credit risk related to our accounts receivable portfolio. Exposure to credit risk is controlled through regular monitoring of customer financial status, credit limits and collaboration with sales management and customer contacts to facilitate payment.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2021 that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The disclosure set forth under the heading "Litigation" in Note 15 to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Except as noted below, there have been no material changes in our risk factors from those previously disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended September 30, 2020.

We depend on manufacturing relationships and on limited-source suppliers, and any disruptions in these relationships may cause damage to our customer relationships.

We procure all parts and certain services involved in the production of our products and subcontract most of our product manufacturing to outside firms that specialize in such services. Although most of the components of our products are available from multiple vendors, we have several single-source supplier relationships, either because alternative sources are not available or because the relationship is advantageous to us. Further, the COVID-19 pandemic has created stress on many supply chains globally. This has had some impact on our own ability to procure certain inventory and services. Prior to our first quarter of fiscal 2021 these impacts were generally small and contained. More recently we have seen more significant shortages and higher prices in our ability to procure certain inventory. In addition, shipping costs have recently increased significantly as well. We do expect these shortages and higher costs to have some impact on our business in upcoming quarters, although the severity and duration of the impacts is not clear at this time they could potentially be material. There can be no assurance that our suppliers will be able to meet our future requirements for products and components in a timely fashion. In addition, the availability and cost of many of these components to us is dependent in part on our ability to provide our suppliers with accurate forecasts of our future requirements. Delays or lost revenue could be caused by other factors beyond our control, including late deliveries by vendors of components, or force majeure events such as the ongoing pandemic. As an example of force majeure, a fire in November 2014 disrupted the operations at one of our contract manufacturers in Thailand. If we are required to identify alternative suppliers for any of our required components, qualification and pre-production periods could be lengthy and may cause an increase in component costs and delays in providing products to customers. Any extended interruption in the supply of any of the key components currently obtained from limited sources could disrupt our operations and have a material adverse effect on our customer relationships and profitability.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents the information with respect to purchases made by or on behalf of Digi International Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the second quarter of fiscal 2021:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
January 1, 2021 - January 31, 2021	2,301	$ 18.91	—	$ —
February 1, 2021 - February 28, 2021	16,359	$ 23.01	—	$ —
March 1, 2021 - March 31, 2021	—	$ —	—	$ —
	18,660	$ 22.50	—	$ —

(1) All shares reported were forfeited by employees in connection with the satisfaction of tax withholding obligations related to the vesting of restricted stock units.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description	Method of Filing
1 (a)	Purchase Agreement dated as of March 3, 2021 by and between the Company and Piper Sandler & Co., as representative of the several underwriters named in Schedule I thereto (1)	Incorporated by Reference
3 (a)	Restated Certificate of Incorporation of the Company, as amended (2)	Incorporated by Reference
3 (b)	Amended and Restated By-Laws of the Company (3)	Incorporated by Reference
10 (a)	Amended and Restated Credit Agreement dated as of March 15, 2021 with BMO Harris Bank N.A., as administrative agent and collateral agent, BMO Capital Markets Corp., as joint lead arranger and sole bookrunner, and Silicon Valley bank, as joint lead arranger and syndication agent, and the other lenders from time to time party thereto* (4)	Incorporated by Reference
10 (b)	Form of (Director) Restricted Stock Unit Award Agreement (for grants under Digi International Inc. 2021 Omnibus Incentive Plan)**	Filed Electronically
10 (c)	Form of (Executive) Restricted Stock Unit Award Agreement (for grants under Digi International Inc. 2021 Omnibus Incentive Plan)**	Filed Electronically
10 (d)	Form of (Employee) Restricted Stock Unit Award Agreement (for grants under Digi International Inc. 2021 Omnibus Incentive Plan)**	Filed Electronically
10 (e)	Form of (Executive) Notice of Grant of Stock Options and Option Agreement (for grants under Digi International Inc. 2021 Omnibus Incentive Plan)**	Filed Electronically
10 (f)	Form of (Employee) Notice of Grant of Stock Options and Option Agreement (for grants under Digi International Inc. 2021 Omnibus Incentive Plan)**	Filed Electronically
10 (g)	Form of (Executive) Performance Stock Unit Award Agreement (for grants under Digi International Inc. 2021 Omnibus Incentive Plan)**	Filed Electronically
31 (a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	Filed Electronically
31 (b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer	Filed Electronically
32	Section 1350 Certification	Filed Electronically
101	The following materials from Digi International Inc.'s Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2021, as filed with the Security and Exchange Commission, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income; (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Cash Flows; (v) Condensed Consolidated Statements of Stockholders' Equity; and (vi) the Notes to the Condensed Consolidated Financial Statements.	Filed Electronically
104	The cover page from Digi International Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 is formatted in iXBRL (included in Exhibit 101).	

* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Digi agrees to furnish to the Commission a copy of any omitted schedule upon request.
** Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-Q.

(1) Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on March 5, 2021.
(2) Incorporated by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the year ended September 30, 1993.
(3) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 30, 2020.
(4) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 19, 2021.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGI INTERNATIONAL INC.

Date:	May 7, 2021	By:	/s/ James J. Loch
			James J. Loch
			Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Authorized Officer)

Digi International Inc.
2021 Omnibus Incentive Plan
(Director) Restricted Stock Unit Award Agreement

Digi International, Inc. (the "*Company*"), pursuant to its 2021 Omnibus Incentive Plan (the "*Plan*"), hereby grants an Award of restricted Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Restricted Stock Unit Award Agreement (the "*Agreement*"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, which has been provided to you. To the extent any capitalized term used in this Agreement is not defined, it shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant:	
Number of Restricted Stock Units:	Grant Date:__________, 20__
Vesting Schedule:	
Vesting Date(s)	Number of Stock Units that Vest

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have reviewed these documents and that they set forth the entire agreement between you and the Company regarding the grant to you of the number of Restricted Stock Units specified in the table above.

PARTICIPANT:

DIGI INTERNATIONAL INC.
By:
Title:

Digi International Inc.
2021 Omnibus Incentive Plan
(Director) Restricted Stock Unit Award Agreement
Terms and Conditions

1. **Grant of Restricted Stock Units**. The Company hereby grants to you, subject to the terms and conditions in this Agreement and the Plan, an Award of the number of restricted Stock Units ("*Units*") specified on the cover page of this Agreement, each representing the right to receive one Share of the Company's Stock. The Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured obligation of the Company.

2. **Restrictions on Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than by will or the laws of descent and distribution. Any attempted transfer in violation of this Section 2 shall be of no effect and shall result in the forfeiture of all Units. The Units and your right to receive shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 4 until satisfaction of the vesting conditions set forth in Section 3.

3. **Vesting of Units**.

(a) Scheduled Vesting. If you remain a member of the Board continuously from the Grant Date specified on the cover page of this Agreement, then the Units will vest in the numbers and on the dates specified in the Vesting Schedule on the cover page of this Agreement.

(b) Accelerated Vesting. Vesting of the Units may be accelerated during the term of the Award at the discretion of the Committee in accordance with Section 16.2 of the Plan and under the following circumstances:

(i) Upon a Change in Control, this Award shall become fully vested and exercisable upon the occurrence of the Change in Control.

(ii) In the event the stockholders of the Company approve the complete dissolution or liquidation of the Company, this Award shall vest and become fully exercisable, and will terminate immediately prior to the consummation of any such proposed action.

(c) Change in Control. "*Change in Control*" means one of the following:

(i) any individual, entity or Group (a "*Person*") becomes a "beneficial owner" (as defined in Rule 13d-3 or any successor rule under the Exchange Act), directly or indirectly, of 30% or more of the combined voting power of the Company's voting securities, except that the following shall not constitute a Change in Control: (A) any acquisition or beneficial ownership by the Company or a Subsidiary; (B) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more Subsidiary; (C) any formation of a Group consisting solely of beneficial owners of the Company's voting securities as of the effective date of this Plan, or any repurchase or other acquisition by the Company of its voting securities that causes any Person to become the beneficial owner of 30% or more of the Company's voting securities, in either case so long as such Person does not acquire beneficial ownership of additional Company voting securities after the Person initially became the beneficial owner of 30% or more of the Company's voting securities by one of the means described in this clause (C); or (D) any acquisition of beneficial ownership by any entity with respect to which, immediately following such acquisition, more than 50% of the combined voting power of such entity's then outstanding voting securities is beneficially owned, directly or indirectly, by all or substantially all of the Persons who beneficially owned the Company's voting securities immediately prior to such acquisition in substantially the same proportions as their ownership of the Company's voting securities immediately prior to such acquisition;

(ii) Individuals (A) who are, as of the effective date of the Plan, directors of the Company, or (B) who are elected as a directors of the Company subsequent to the Grant Date and whose initial election, or nomination for initial election by the Company's stockholders, was approved by at least a majority of the then Continuing Directors (collectively, "*Continuing Directors*") cease for any reason to constitute a majority of the members of the Board; or

(iii) The consummation of a Fundamental Change unless, immediately following such Fundamental Change, all or substantially all of the Persons who were the beneficial owners of the Company's voting securities immediately prior to such Fundamental Change beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the surviving or acquiring entity (or its Parent) resulting from such Fundamental Change in substantially the same proportions as their ownership, immediately prior to such Fundamental Change, of the Company's voting securities.

(iv) Notwithstanding the foregoing, to the extent that this Award constitutes a deferral of compensation subject to Code Section 409A, then no Change in Control shall be deemed to have occurred upon an event described in this Section 3(c) unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under Code Section 409A.

4. **Effect of Separation from Service as Director**. Except as otherwise provided in accordance with Section 3(b), if you cease to be a member of the Board prior to the Vesting Date(s) specified on the cover page of this Agreement, you will forfeit all unvested Units.

5. **Settlement of Units**. After any Units vest pursuant to Section 3, the Company shall, as soon as practicable (but no later than 75 days after the date on which such Units vest), cause to be issued and delivered to you, or to your designated beneficiary or estate in the event of your death, one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account you designate, and shall be subject to compliance with all applicable legal requirements, including compliance with the requirements of applicable federal and state securities laws, and shall be in complete satisfaction and settlement of such vested Units.

6. **No Stockholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of the Company's Stock. You will not have any of the rights of a stockholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to you in settlement of the Units as provided in Section 5.

7. **Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations that may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

8. **Choice of Law**. This Agreement will be interpreted and enforced under the laws of the state of Minnesota (without to its conflicts or choice of law principles).

9. **Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

10. **Discontinuance of Service**. This Agreement does not give you a right to continued service with the Company or Affiliate, and the Company or any such Affiliate may terminate your service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

11. **Section 409A of the Code**. The award of Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral specified in Treas. Reg. § 1.409A-l(b)(4).

By signing the cover page of this Agreement, you agree to all the terms and conditions described above and in the Plan document.

Digi International Inc.
2021 Omnibus Incentive Plan
(Executive) Restricted Stock Unit Award Agreement

Digi International, Inc. (the “*Company*”), pursuant to its 2021 Omnibus Incentive Plan (the “*Plan*”), hereby grants an Award of restricted Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Restricted Stock Unit Award Agreement (the “*Agreement*”), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, which has been provided to you. To the extent any capitalized term used in this Agreement is not defined, it shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant:	
Number of Restricted Stock Units:	Grant Date:__________, 20__
Vesting Schedule:	
Vesting Date(s)	Number of Stock Units that Vest

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have reviewed these documents and that they set forth the entire agreement between you and the Company regarding the grant to you of the number of Restricted Stock Units specified in the table above.

PARTICIPANT:	DIGI INTERNATIONAL INC.
	By:
	Title:

Digi International Inc.
2021 Omnibus Incentive Plan
(Executive) Restricted Stock Unit Award Agreement
Terms and Conditions

1. **Grant of Restricted Stock Units**. The Company hereby grants to you, subject to the terms and conditions in this Agreement and the Plan, an Award of the number of restricted Stock Units ("Units") specified on the cover page of this Agreement, each representing the right to receive one Share of the Company's Stock. The Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured obligation of the Company.

2. **Restrictions on Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than by will or the laws of descent and distribution. Any attempted transfer in violation of this Section 2 shall be of no effect and shall result in the forfeiture of all Units. The Units and your right to receive shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 4 until satisfaction of the vesting conditions set forth in Section 3.

3. **Vesting of Units**.

(a) Scheduled Vesting. If you remain employed (which includes other service relationships described in Section 5 of the Plan) by the Company or any of its Affiliates continuously from the Grant Date specified on the cover page of this Agreement, then the Units will vest in the numbers and on the dates specified in the Vesting Schedule on the cover page of this Agreement.

(b) Effect of Change in Control. The following provisions shall apply if a Change in Control (as defined in Section 3(c)) occurs while Units remain outstanding pursuant to this Award.

(1) If the surviving or successor entity (which may include the Company), or such entity's parent corporation, continues, assumes or replaces this Award (with such adjustments as may be required or permitted by Section 17 of the Plan), this Award or its replacement shall remain outstanding and be governed by its terms, including Section 3(b)(3) below. For these purposes, this Award shall be considered assumed or replaced if, in connection with the Change in Control, either (i) the contractual obligations represented by the Award are expressly assumed by the surviving or successor entity (or its parent corporation) with appropriate adjustments to the number and type of securities subject to the Award that preserves the intrinsic value of the Award existing at the time of the Change in Control, or (ii) you have received a comparable equity-based award that preserves the intrinsic value of this Award existing at the time of the Change in Control and contains terms and conditions that are substantially similar to those of this Award.

(2) If and to the extent that this Award is not continued, assumed or replaced in connection with a Change in Control, then all outstanding Units shall fully vest at or immediately prior to the effective time of the Change in Control. The Committee may alternatively provide that this Award shall be canceled at or immediately prior to the effective time of the Change in Control in exchange for a payment to you in an amount equal to the fair market value (as determined in good faith by the Committee) of the consideration that would otherwise be received in the Change in Control transaction by a Company stockholder for the number of Shares for which outstanding Units could then be settled (or, if no consideration would be received by the Company's stockholders in the Change of Control transaction, the fair market value (as determined in good faith by the Committee) of such number of Shares immediately prior to the Change in Control). Payment of any such amount may be made in such form, on such terms and subject to such conditions as the Committee determines in its discretion, which may or may not be the same as the form, terms and conditions applicable to payments to the Company's stockholders in connection with the Change in Control, and may, in the Committee's discretion, include subjecting such payments to escrow or holdback terms comparable to those imposed upon the Company's stockholders under the Change in Control, or calculating and paying the present value of payments that would otherwise be subject to escrow or holdback terms.

(3) If and to the extent that this Award is continued, assumed or replaced under the circumstances described in Section 3(b)(1), and if within 12 months after the Change in Control you experience an Employment Termination Event (as defined in Section 3(d)), then this Award and any outstanding Units shall immediately vest in full.

(c) <u>Change in Control</u>. "*Change in Control*" means one of the following:

(i) any individual, entity or Group (a "*Person*") becomes a "beneficial owner" (as defined in Rule 13d-3 or any successor rule under the Exchange Act), directly or indirectly, of 30% or more of the combined voting power of the Company's voting securities, except that the following shall not constitute a Change in Control: (A) any acquisition or beneficial ownership by the Company or a Subsidiary; (B) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more Subsidiary; (C) any formation of a Group consisting solely of beneficial owners of the Company's voting securities as of the effective date of the Plan, or any repurchase or other acquisition by the Company of its voting securities that causes any Person to become the beneficial owner of 30% or more of the Company's voting securities, in either case so long as such Person does not acquire beneficial ownership of additional Company voting securities after the Person initially became the beneficial owner of 30% or more of the Company's voting securities by one of the means described in this clause (C); or (D) any acquisition of beneficial ownership by any entity with respect to which, immediately following such acquisition, more than 50% of the combined voting power of such entity's then outstanding voting securities is beneficially owned, directly or indirectly, by all or substantially all of the Persons who beneficially owned the Company's voting securities immediately prior to such acquisition in substantially the same proportions as their ownership of the Company's voting securities immediately prior to such acquisition;

(ii) individuals (A) who are, as of the effective date of the Plan, directors of the Company, or (B) who are elected as directors of the Company subsequent to the Grant Date and whose initial election, or nomination for initial election by the Company's stockholders, was approved by at least a majority of the then Continuing Directors (collectively, "*Continuing Directors*") cease for any reason to constitute a majority of the members of the Board; or

(iii) the consummation of a Fundamental Change unless, immediately following such Fundamental Change, all or substantially all of the Persons who were the beneficial owners of the Company's voting securities immediately prior to such Fundamental Change beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the surviving or acquiring entity (or its Parent) resulting from such Fundamental Change in substantially the same proportions as their ownership, immediately prior to such Fundamental Change, of the Company's voting securities.

(iv) Notwithstanding the foregoing, to the extent that this Award constitutes a deferral of compensation subject to Code Section 409A, then no Change in Control shall be deemed to have occurred upon an event described in this Section 3(c) unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under Code Section 409A.

(d) <u>Employment Termination Event</u>. An "*Employment Termination Event*" will be deemed to have occurred upon either: (i) the involuntary termination of your employment for reasons other than Cause (as defined in Section 3(e)), or (ii) the voluntary termination of your employment for Good Reason (as defined in Section 3(f)).

(e) <u>Cause</u>. "*Cause*" means only the following: (i) your indictment or conviction of, or a plea of nolo contendere to, (A) any felony (other than any felony arising out of negligence), or any misdemeanor involving moral turpitude with respect to the Company, or (B) your commission any crime or offense involving dishonesty with respect to the Company; (ii) theft or embezzlement by you of Company property or commission of similar acts involving dishonesty or moral turpitude; (iii) repeated material negligence in the performance of your duties after you have received written notice of the same; (iv) your failure to devote substantially all of your working time and efforts during normal business hours to the Company's business; (v) your knowing engagement in conduct that is materially injurious to the Company; or (vi) your knowingly providing materially misleading information concerning the Company to the Company's Board of Directors, any governmental body or regulatory agency or to any lender or other financing source or proposed financing source of the Company.

(f) Good Reason. "*Good Reason*" means the existence of one or more of the following conditions without your consent, so long as you provided written notice to the Company of the existence of the condition not later than 90 days after the initial existence of the condition and the condition has not been remedied within 30 after receipt of such notice: (i) the failure of the Company to pay any material amount due to you under a prevailing Employment Agreement; (ii) a meaningful diminution, without Cause, as defined above, in your responsibilities or job functions unless approved by you; (iii) a material reduction in your total compensation potential as defined by annual base salary and cash compensation targets; or (iv) your relocation to an office location greater than 50 miles from your office location at the time of a Change in Control.

4. **Effect of Termination of Employment**. Except as otherwise provided in accordance with Section 3(b)(3), if you cease to be employed by the Company or any of its Affiliates prior to the Vesting Date(s) specified on the cover page of this Agreement, you will forfeit all unvested Units.

5. **Settlement of Units**. After any Units vest pursuant to Section 3, the Company shall, as soon as practicable (but no later than 75 days after the date on which such Units vest), cause to be issued and delivered to you, or to your designated beneficiary or estate in the event of your death, one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account you designate, and shall be subject to the tax withholding provisions of Section 6 and compliance with all applicable legal requirements, including compliance with the requirements of applicable federal and state securities laws, and shall be in complete satisfaction and settlement of such vested Units.

6. **Tax Consequences and Withholding**. As a condition precedent to the delivery of Shares in settlement of the Units, you are required to make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the settlement of vested Units. The Company will retain a portion of the Shares that would otherwise be delivered to you in settlement of vested Units, which retained Shares shall have a Fair Market Value equal to the amount required to be withheld, unless you provide notice to the Company prior to the vesting date of the Units that you desire to pay cash or direct the Company (or any Affiliate) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 15 of the Plan. Delivery of Shares upon the vesting of Units is subject to the satisfaction of applicable withholding tax obligations.

7. **No Stockholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of the Company's Stock. You will not have any of the rights of a stockholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to you in settlement of the Units as provided in Section 5.

8. **Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations that may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

9. **Choice of Law**. This Agreement will be interpreted and enforced under the laws of the state of Minnesota (without to its conflicts or choice of law principles).

10. **Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

11. **Discontinuance of Employment**. This Agreement does not give you a right to continued employment with the Company or Affiliate, and the Company or any such Affiliate may terminate your employment at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

12. **Section 409A of the Code**. The award of Units as provided in this Agreement and any issuance of Shares pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral specified in Treas. Reg. § 1.409A-l(b)(4).

By signing the cover page of this Agreement or otherwise accepting this Award in a manner approved by the Company, you agree to all the terms and conditions contained in this Agreement and in the Plan document.

Digi International Inc.
2021 Omnibus Incentive Plan
Restricted Stock Unit Award Agreement

Digi International, Inc. (the "*Company*"), pursuant to its 2021 Omnibus Incentive Plan (the "*Plan*"), hereby grants an Award of restricted Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Restricted Stock Unit Award Agreement (the "*Agreement*"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, which has been provided to you. To the extent any capitalized term used in this Agreement is not defined, it shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant:	
Number of Restricted Stock Units:	Grant Date:__________, 20__
Vesting Schedule:	
Vesting Date(s)	Number of Stock Units that Vest

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have reviewed these documents and that they set forth the entire agreement between you and the Company regarding the grant to you of the number of Restricted Stock Units specified in the table above.

PARTICIPANT:	DIGI INTERNATIONAL INC.
	By:
	Title:

Digi International Inc.
2021 Omnibus Incentive Plan
Restricted Stock Unit Award Agreement
Terms and Conditions

1. **Grant of Restricted Stock Units**. The Company hereby grants to you, subject to the terms and conditions in this Agreement and the Plan, an Award of the number of restricted Stock Units ("*Units*") specified on the cover page of this Agreement, each representing the right to receive one Share of the Company's Stock. The Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured obligation of the Company.

2. **Restrictions on Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than by will or the laws of descent and distribution. Any attempted transfer in violation of this Section 2 shall be of no effect and shall result in the forfeiture of all Units. The Units and your right to receive shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 4 until satisfaction of the vesting conditions set forth in Section 3.

3. **Vesting of Units**.

(a) <u>Scheduled Vesting</u>. If you remain employed (which includes other service relationships described in Section 5 of the Plan) by the Company or any of its Affiliates continuously from the Grant Date specified on the cover page of this Agreement, then the Units will vest in the numbers and on the dates specified in the Vesting Schedule on the cover page of this Agreement.

(b) <u>Effect of Change in Control</u>. The following provisions shall apply if a Change in Control (as defined in Section 3(c)) occurs while Units remain outstanding pursuant to this Award.

(1) If the surviving or successor entity (which may include the Company), or such entity's parent corporation, continues, assumes or replaces this Award (with such adjustments as may be required or permitted by Section 17 of the Plan), this Award or its replacement shall remain outstanding and be governed by its terms. For these purposes, this Award shall be considered assumed or replaced if, in connection with the Change in Control, either (i) the contractual obligations represented by the Award are expressly assumed by the surviving or successor entity (or its parent corporation) with appropriate adjustments to the number and type of securities subject to the Award that preserves the intrinsic value of the Award existing at the time of the Change in Control, or (ii) you have received a comparable equity-based award that preserves the intrinsic value of this Award existing at the time of the Change in Control and contains terms and conditions that are substantially similar to those of this Award.

(2) If and to the extent that this Award is not continued, assumed or replaced in connection with a Change in Control, then all outstanding Units shall fully vest at or immediately prior to the effective time of the Change in Control. The Committee may alternatively provide that this Award shall be canceled at or immediately prior to the effective time of the Change in Control in exchange for a payment to you in an amount equal to the fair market value (as determined in good faith by the Committee) of the consideration that would otherwise be received in the Change in Control transaction by a Company stockholder for the number of Shares for which outstanding Units could then be settled (or, if no consideration would be received by the Company's stockholders in the Change of Control transaction, the fair market value (as determined in good faith by the Committee) of such number of Shares immediately prior to the Change in Control). Payment of any such amount may be made in such form, on such terms and subject to such conditions as the Committee determines in its discretion, which may or may not be the same as the form, terms and conditions applicable to payments to the Company's stockholders in connection with the Change in Control, and may, in the Committee's discretion, include subjecting such payments to escrow or holdback terms comparable to those imposed upon the Company's stockholders under the Change in Control, or calculating and paying the present value of payments that would otherwise be subject to escrow or holdback terms.

(c) Change in Control. "*Change in Control*" means one of the following:

(i) any individual, entity or Group (a "*Person*") becomes a "beneficial owner" (as defined in Rule 13d-3 or any successor rule under the Exchange Act), directly or indirectly, of 30% or more of the combined voting power of the Company's voting securities, except that the following shall not constitute a Change in Control: (A) any acquisition or beneficial ownership by the Company or a Subsidiary; (B) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more Subsidiary; (C) any formation of a Group consisting solely of beneficial owners of the Company's voting securities as of the effective date of the Plan, or any repurchase or other acquisition by the Company of its voting securities that causes any Person to become the beneficial owner of 30% or more of the Company's voting securities, in either case so long as such Person does not acquire beneficial ownership of additional Company voting securities after the Person initially became the beneficial owner of 30% or more of the Company's voting securities by one of the means described in this clause (C); or (D) any acquisition of beneficial ownership by any entity with respect to which, immediately following such acquisition, more than 50% of the combined voting power of such entity's then outstanding voting securities is beneficially owned, directly or indirectly, by all or substantially all of the Persons who beneficially owned the Company's voting securities immediately prior to such acquisition in substantially the same proportions as their ownership of the Company's voting securities immediately prior to such acquisition;

(ii) individuals (A) who are, as of the effective date of the Plan, directors of the Company, or (B) who are elected as directors of the Company subsequent to the Grant Date and whose initial election, or nomination for initial election by the Company's stockholders, was approved by at least a majority of the then Continuing Directors (collectively, "*Continuing Directors*") cease for any reason to constitute a majority of the members of the Board; or

(iii) the consummation of a Fundamental Change unless, immediately following such Fundamental Change, all or substantially all of the Persons who were the beneficial owners of the Company's voting securities immediately prior to such Fundamental Change beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the surviving or acquiring entity (or its Parent) resulting from such Fundamental Change in substantially the same proportions as their ownership, immediately prior to such Fundamental Change, of the Company's voting securities.

(iv) Notwithstanding the foregoing, to the extent that this Award constitutes a deferral of compensation subject to Code Section 409A, then no Change in Control shall be deemed to have occurred upon an event described in this Section 3(c) unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under Code Section 409A.

4. **Effect of Termination of Employment**. If you cease to be employed by the Company or any of its Affiliates prior to the Vesting Date(s) specified on the cover page of this Agreement, you will forfeit all unvested Units.

5. **Settlement of Units**. After any Units vest pursuant to Section 3, the Company shall, as soon as practicable (but no later than 75 days after the date on which such Units vest), cause to be issued and delivered to you, or to your designated beneficiary or estate in the event of your death, one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account you designate, and shall be subject to the tax withholding provisions of Section 6 and compliance with all applicable legal requirements, including compliance with the requirements of applicable federal and state securities laws, and shall be in complete satisfaction and settlement of such vested Units.

6. **Tax Consequences and Withholding**. As a condition precedent to the delivery of Shares in settlement of the Units, you are required to make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the settlement of vested Units. The Company will retain a portion of the Shares that would otherwise be delivered to you in settlement of vested Units, which retained Shares shall have a Fair Market Value equal to the amount required to be withheld, unless you provide notice to the Company prior to the vesting date of the Units

that you desire to pay cash or direct the Company (or any Affiliate) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 15 of the Plan. Delivery of Shares upon the vesting of Units is subject to the satisfaction of applicable withholding tax obligations.

7. **No Stockholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of the Company's Stock. You will not have any of the rights of a stockholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to you in settlement of the Units as provided in Section 5.

8. **Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations that may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

9. **Choice of Law**. This Agreement will be interpreted and enforced under the laws of the state of Minnesota (without to its conflicts or choice of law principles).

10. **Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

11. **Discontinuance of Employment**. This Agreement does not give you a right to continued employment with the Company or Affiliate, and the Company or any such Affiliate may terminate your employment at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

12. **Section 409A of the Code**. The award of Units as provided in this Agreement and any issuance of Shares pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral specified in Treas. Reg. § 1.409A-l(b)(4).

By signing the cover page of this Agreement or otherwise accepting this Award in a manner approved by the Company, you agree to all the terms and conditions contained in this Agreement and in the Plan document.

Notice of Grant of Stock Options and Option Agreement (Executive)	**Digi International Inc.** **ID:** 41-1532464 9350 Excelsior Blvd., Suite 700 Hopkins, MN 55343
[Optionee] **[Address]** **[City, State, County, Zip Code]**	**Option Number:** **Plan: 2021 Omnibus Incentive Plan** **ID:**

Effective [date], Digi International Inc. (the "*Company*"), pursuant to its 2021 Omnibus Incentive Plan (the "*Plan*"), hereby grants to you, the Participant named below, an Award of a Non-Statutory Stock Option to buy [number of shares] shares of common stock of the Company at an exercise price of $[   ] per share. The terms and conditions of this Award are set forth in this Stock Option Award Agreement (the "*Agreement*"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, which has been provided to you. To the extent any capitalized term used in this Agreement is not defined, it shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

The total option price of the shares granted is $[aggregate exercise price]

Shares in each period will become fully vested on the date shown.

Shares	Vest Type	Full Vest	Expiration

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have reviewed these documents and that they set forth the entire agreement between you and the Company regarding your right to purchase shares of the Company's common stock pursuant to this Option.

______________________________	______________________________
Digi International Inc.	Date
______________________________	______________________________
[Optionee]	Date

DIGI INTERNATIONAL INC.
2021 OMNIBUS INCENTIVE PLAN
Stock Option Award Agreement - Terms and Conditions

These are the terms and conditions applicable to the STOCK OPTION AWARD AGREEMENT between Digi International Inc., a Delaware corporation (the "Company"), and the participant (the "Participant") listed on the cover page hereof (the "Cover Page") effective as of the date of award. The Cover Page together with these terms and conditions of this Stock Option Award Agreement constitute the "Stock Option Award Agreement."

WHEREAS, the Company desires to carry out the purposes of its Digi International Inc. 2021 Omnibus Incentive Plan as amended from time to time (the "Plan"), by affording the Participant an opportunity to purchase Stock of the Company, par value $.01 per share (the "Shares"), according to the terms set forth herein and on the Cover Page;

NOW THEREFORE, the Company hereby awards this Option to the Participant under the terms and conditions as follows:

1. **Award of Option.** Subject to the terms of the Plan, the Company hereby awards to the Participant the right and option (the "Option") to purchase the number of Shares specified on the Cover Page, on the terms and conditions hereinafter set forth. The Option is not intended by the Company to be an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. **Purchase Price.** The purchase price of each of the Shares subject to the Option shall be the exercise price per share specified on the Cover Page, which price has been specified in accordance with the Plan and shall not be less than the Fair Market Value (as defined in paragraph 2.1(m) of the Plan) of a Share as of the date of grant.

3. **Option Period.**

(a) Subject to the provisions of paragraphs 5(a), 6(a), 6(b) and 6(c) hereof, the Option shall become exercisable as to the number of Shares and on the dates specified in the exercise schedule on the Cover Page. The exercise schedule shall be cumulative; thus, to the extent the Option has not already been exercised and has not expired, terminated or been canceled, the Participant may at any time, and from time to time, purchase all or any portion of the Shares then purchasable under the exercise schedule.

(b) The Option and all rights to purchase Shares thereunder shall cease on the earliest of:

(i) the expiration date specified on the Cover Page (which date shall not be more than seven years after the date of grant);

(ii) the expiration of the period after the termination of the Participant's employment (as defined in paragraph 6.4 of the Plan) within which the Option is exercisable as specified in paragraph 5(a); or

(iii) the date, if any, fixed for cancellation pursuant to paragraph 6(b) hereof.

Notwithstanding any other provision in this Agreement, in no event may anyone exercise the Option, in whole or in part, after its original expiration date.

4. Manner of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised online with E*Trade at www.etrade.com/stockplans or by such other means as the Committee shall approve. In accordance with present practice, when your Option is awarded, a letter or email will be sent to you from E*Trade with instructions on how to activate your account with E*Trade so that you can view and exercise your Option online. If you are a director or officer of the Company, then you must contact E*Trade Executive Support at 1-800-775-2793 in order to exercise your Option.

5. Exercisability of Option After Termination of Employment.

(a) During the lifetime of the Participant, the Option may be exercised only while the Participant is employed (as defined in paragraph 5 of the Plan) by the Company or a parent or subsidiary thereof, and only if the Participant has been continuously so employed since the date of this Agreement, except that:

(i) if the Participant is not a Non-Employee Director (as defined in paragraph 2.1(r) of the Plan), the Option shall continue to be exercisable for three months after termination of the Participant's employment for any reason other than death, disability or cause, but only to the extent that the Option was exercisable immediately prior to the Participant's termination of employment;

(ii) if the Participant is not a Non-Employee Director, in the event the Participant's employment terminates because the Participant is disabled (within the meaning of Section 22(e)(3) of the Code), the Participant or his or her legal representative may exercise the Option (to the extent specified in paragraph 6(a) of this Agreement) within one year after the termination of the Participant's employment because of such disability;

(iii) if the Participant is not a Non-Employee Director and if the Participant dies while employed, or within three months after his or her termination of employment, the heirs or legatees of the Participant's estate or the person who acquired the right to exercise the Option by bequest or inheritance may exercise the Option (to the extent specified in paragraph 6(a)) of this Agreement within one year after the death of the Participant;

(iv) if the Participant is a Non-Employee Director, the Option shall continue to be exercisable after the Participant's employment ends for the remaining term of the Option, but shall be exercisable only to the extent that the Option was exercisable immediately prior to the end of Participant's employment, except that if the Participant's employment ends because of death or disability, or the Participant dies within three months of his or her employment ending, the Option, whether or not previously exercisable, shall become exercisable to the extent specified in paragraph 6(a) of this Agreement and shall continue to be exercisable after the Participant's employment ends for the remaining term of the Option;

(v) if the Participant's employment terminates due to cause (as defined in paragraph 20.1 of the Plan), the Option and all rights of the Participant hereunder shall terminate immediately; and

(vi) if the Participant's employment terminates after a declaration pursuant to paragraph 6(b) of this Agreement, the Participant may exercise the Option at any time permitted by such declaration.

If, during the term of the Option, the Participant’s status changes to or from that of a Non-Employee Director, the provisions of this paragraph 5(a) shall be applied to the Participant based on the Participant’s status as of the date the Option was awarded.

(b) Neither the transfer of the Participant between any combination of the Company and any Affiliate, nor a leave of absence awarded to the Participant and approved by the Committee, shall be deemed a termination of employment.

6. Acceleration of Option.

(a) Disability or Death. If paragraph 5(a)(ii), 5(a)(iii) or the exception clause of paragraph 5(a)(iv) of this Agreement is applicable, the Option, whether or not previously exercisable, shall become immediately exercisable in full if the Participant shall have been employed continuously by the Company or an Affiliate between the date the Option was granted and the date of such disability or, in the event of death, the date of such Participant’s death.

(b) Dissolution, Liquidation, Merger. In the event of (i) a proposed merger or consolidation of the Company with or into any other corporation, regardless of whether the Company is the surviving corporation, unless appropriate provision shall have been made for the protection of the Option by the substitution, in lieu of the Option, of an option to purchase appropriate voting stock (the “Survivor’s Stock”) of the corporation surviving any such merger or consolidation or, if appropriate, the parent corporation of the Company or such surviving corporation, or, alternatively, by the delivery of a number of shares of the Survivor’s Stock that has a Fair Market Value as of the effective date of such merger or consolidation equal to the product of (A) the excess of (x) the Event Proceeds per Share (as hereinafter defined) covered by the Option as of such effective date, over (y) the Option exercise price per Share, times (B) the number of Shares covered by the Option, or (ii) the proposed dissolution or liquidation of the Company (such merger, consolidation, dissolution or liquidation being herein called an “Event”), the Committee shall declare, at least ten days prior to the actual effective date of an Event, and provide written notice to the Participant of the declaration, that the Option, whether or not then exercisable, shall be canceled at the time of, or immediately prior to the occurrence of, the Event (unless it shall have been exercised prior to the occurrence of the Event) in exchange for payment to the Participant, within ten days after the Event, of cash equal to the amount (if any), for each Share covered by the canceled Option, by which the Event Proceeds per Share (as hereinafter defined) exceeds the exercise price per Share covered by the Option. At the time of the declaration provided for in the immediately preceding sentence, the Option shall immediately become exercisable in full and the Participant shall have the right, during the period preceding the time of cancellation of the Option, to exercise the Option as to all or any part of the Shares covered thereby. The Option, to the extent it shall not have been exercised prior to the Event, shall be canceled at the time of, or immediately prior to, the Event, as provided in the declaration, and this Plan shall terminate at the time of such cancellation, subject to the payment obligations of the Company provided in this paragraph 6(b). For purposes of this paragraph, “Event Proceeds per Share” shall mean the cash plus the fair market value, as determined in good faith by the Committee, of the non-cash consideration to be received per Share by the stockholders of the Company upon the occurrence of the Event.

(c) Change in Control and Employment Termination Event. The Option, whether or not previously exercisable, shall become immediately exercisable in full upon the occurrence of any "Change in Control" that occurs contemporaneously with, or is followed within 12 months of the Change in Control by, an "Employment Termination Event".

A "*Change in Control*" will be deemed to have occurred upon the occurrence of either of the following events:

(i) any person, as defined in Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated pursuant to the Exchange Act), directly or indirectly, of securities of the Company having 25% or more of the voting power in the election of directors of the Company, excluding, however, Participant (or a group of persons, including Participant, acting in concert); or

(ii) the occurrence within any period, commencing immediately after an Annual Meeting of Stockholders and continuing to and including the Annual Meeting of Stockholders occurring on or about the third anniversary date of the commencement of such period, of a change in the Board of Directors of the Company with the result that the Incumbent Members (as defined below) do not constitute a majority of the Company's Board of Directors. The term "Incumbent Members" shall mean the members of the Board on the date of the commencement of such period, provided that any person becoming a director during such period whose election or nomination for election was approved by a majority of the directors who, on the date of such election or nomination for election, comprised the Incumbent Members shall be considered one of the Incumbent Members in respect of such period.

An "*Employment Termination Event*" will be deemed to have occurred upon either: a termination by the Company without Cause or a termination for Good Reason.

For purposes of this subparagraph (c), "*Cause*" means only the following:

(i) indictment or conviction of, or a plea of nolo contendere to, (A) any felony (other than any felony arising out of negligence), or any misdemeanor involving moral turpitude with respect to the Company, or (B) any crime or offense involving dishonesty with respect to the Company;

(ii) theft or embezzlement of Company property or commission of similar acts involving dishonesty or moral turpitude;

(iii) repeated material negligence in the performance of Participant’s duties after the Participant has received written notice of the same;

(iv) Participant’s failure to devote substantially all of his working time and efforts during normal business hours to the Company’s business;

(v) knowing engagement in conduct that is materially injurious to the Company; or

(vi) knowingly providing materially misleading information concerning the Company to the Company’s Board of Directors, any governmental body or regulatory agency or to any lender or other financing source or proposed financing source of the Company.

For purposes of this subparagraph (c), “*Good Reason*” means the existence of one or more of the following conditions without your consent, so long as you provided written notice to the Company of the existence of the condition not later than 90 days after the initial existence of the condition and the condition has not been remedied within 30 after receipt of such notice:

(i) the failure of the Company to pay any material amount due to Participant under a prevailing Employment Agreement;

(ii) a meaningful diminution, without Cause, as defined above, in the responsibilities or job functions of the Participant unless approved by the Participant;

(iii) a material reduction in total compensation potential as defined by annual base salary and cash compensation targets; or

(iv) the relocation of Participant to an office location greater than 50 miles from his/her office location at the time of a Change in Control.

7. Limitation on Transfer. During the lifetime of the Participant, only the Participant or his or her guardian or legal representative may exercise the Option. The Participant shall not assign or transfer the Option otherwise than by will or the laws of descent and distribution, and the Option shall not be subject to pledge, hypothecation, execution, attachment or similar process. Any attempt to assign, transfer, pledge, hypothecate or otherwise dispose of the Option contrary to the provisions hereof, and the levy of any attachment or similar process upon the Option, shall be null and void.

8. Stockholder Rights Before Exercise. The Participant shall have none of the rights of a stockholder of the Company with respect to any share subject to the Option until the share is actually issued to him or her upon exercise of the Option.

9. Adjustment For Changes in Capitalization. The Option is subject to adjustment for changes in capitalization as provided in paragraph 17 of the Plan.

10. Tax Withholding. The parties hereto recognize that the Company or a parent or subsidiary thereof may be obligated to withhold federal and state income taxes and social security or other taxes upon the Participant's exercise of the Option. The Participant agrees that, at the time he or she exercises the Option, if the Company or a parent or subsidiary thereof is required to withhold such taxes, he or she will promptly pay in cash upon demand to the Company, or the parent or subsidiary having such obligation, such amounts as shall be necessary to satisfy such obligation; provided, however, that in lieu of all or any part of such a cash payment, the Committee may, but shall not be required to (or, in the case of an Participant who is a Non-Employee Director (as defined in the Plan), the Committee shall) permit the Participant to elect to cover all or any part of the required withholdings (up to the Participant's minimum required tax withholding rate) through a reduction of the number of Shares delivered to the Participant or through a subsequent return to the Company of shares delivered to the Participant.

11. Interpretation. All decisions and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive upon the Company and the Participant. In the event that there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

12. Discontinuance of Employment. This Agreement shall not give the Participant a right to continued employment with the Company or any parent or subsidiary thereof, and the Company or any such parent or subsidiary thereof employing the Participant may terminate his or her employment and otherwise deal with the Participant without regard to the effect it may have upon him or her under this Agreement.

13. General. The Company shall at all times during the term of this Option reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Agreement. This Agreement shall be binding in all respects on the Participant's heirs, representatives, successors and assigns. Agreement is entered into under the laws of the State of Minnesota and shall be construed and interpreted thereunder.

# Notice of Grant of Stock Options and Option Agreement (Employee)	**Digi International Inc.** **ID:** 41-1532464 9350 Excelsior Blvd., Suite 700 Hopkins, MN 55343
[Optionee] **[Address]** **[City, State, County, Zip Code]**	**Option Number:** **Plan: 2021 Omnibus Incentive Plan** **ID:**

Effective [date], Digi International Inc. (the "*Company*"), pursuant to its 2021 Omnibus Incentive Plan (the "*Plan*"), hereby grants to you, the Participant named below, an Award of a Non-Statutory Stock Option to buy [number of shares] shares of common stock of the Company at an exercise price of $[ ] per share. The terms and conditions of this Award are set forth in this Stock Option Award Agreement (the "*Agreement*"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, which has been provided to you. To the extent any capitalized term used in this Agreement is not defined, it shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

The total option price of the shares granted is $[aggregate exercise price]

Shares in each period will become fully vested on the date shown.

Shares	Vest Type	Full Vest	Expiration

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have reviewed these documents and that they set forth the entire agreement between you and the Company regarding your right to purchase shares of the Company's common stock pursuant to this Option.

Digi International Inc.	Date
[Optionee]	Date

DIGI INTERNATIONAL INC.
2021 OMNIBUS INCENTIVE PLAN
Stock Option Award Agreement - Terms and Conditions

These are the terms and conditions applicable to the STOCK OPTION AWARD AGREEMENT between Digi International Inc., a Delaware corporation (the "Company"), and the participant (the "Participant") listed on the cover page hereof (the "Cover Page") effective as of the date of award. The Cover Page together with these terms and conditions of this Stock Option Award Agreement constitute the "Stock Option Award Agreement."

WHEREAS, the Company desires to carry out the purposes of its Digi International Inc. 2021 Omnibus Incentive Plan as amended from time to time (the "Plan"), by affording the Participant an opportunity to purchase Stock of the Company, par value $.01 per share (the "Shares"), according to the terms set forth herein and on the Cover Page;

NOW THEREFORE, the Company hereby awards this Option to the Participant under the terms and conditions as follows:

1. **Award of Option.** Subject to the terms of the Plan, the Company hereby awards to the Participant the right and option (the "Option") to purchase the number of Shares specified on the Cover Page, on the terms and conditions hereinafter set forth. The Option is not intended by the Company to be an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. **Purchase Price.** The purchase price of each of the Shares subject to the Option shall be the exercise price per share specified on the Cover Page, which price has been specified in accordance with the Plan and shall not be less than the Fair Market Value (as defined in paragraph 2.1(m) of the Plan) of a Share as of the date of grant.

3. **Option Period.**

(a) Subject to the provisions of paragraphs 5(a), 6(a) and 6(b) hereof, the Option shall become exercisable as to the number of Shares and on the dates specified in the exercise schedule on the Cover Page. The exercise schedule shall be cumulative; thus, to the extent the Option has not already been exercised and has not expired, terminated or been canceled, the Participant may at any time, and from time to time, purchase all or any portion of the Shares then purchasable under the exercise schedule.

(b) The Option and all rights to purchase Shares thereunder shall cease on the earliest of:

(i) the expiration date specified on the Cover Page (which date shall not be more than seven years after the date of grant);

(ii) the expiration of the period after the termination of the Participant's employment (as defined in paragraph 6.4 of the Plan) within which the Option is exercisable as specified in paragraph 5(a); or

(iii) the date, if any, fixed for cancellation pursuant to paragraph 6(b) hereof.

Notwithstanding any other provision in this Agreement, in no event may anyone exercise the Option, in whole or in part, after its original expiration date.

4. Manner of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised online with E*Trade at www.etrade.com/stockplans or by such other means as the Committee shall approve. In accordance with present practice, when your Option is awarded, a letter or email will be sent to you from E*Trade with instructions on how to activate your account with E*Trade so that you can view and exercise your Option online. If you are a director or officer of the Company, then you must contact E*Trade Executive Support at 1-800-775-2793 in order to exercise your Option.

5. Exercisability of Option After Termination of Employment.

(a) During the lifetime of the Participant, the Option may be exercised only while the Participant is employed (as defined in paragraph 5 of the Plan) by the Company or a parent or subsidiary thereof, and only if the Participant has been continuously so employed since the date of this Agreement, except that:

(i) if the Participant is not a Non-Employee Director (as defined in paragraph 2.1(r) of the Plan), the Option shall continue to be exercisable for three months after termination of the Participant's employment for any reason other than death, disability or cause, but only to the extent that the Option was exercisable immediately prior to the Participant's termination of employment;

(ii) if the Participant is not a Non-Employee Director, in the event the Participant's employment terminates because the Participant is disabled (within the meaning of Section 22(e)(3) of the Code), the Participant or his or her legal representative may exercise the Option (to the extent specified in paragraph 6(a) of this Agreement) within one year after the termination of the Participant's employment because of such disability;

(iii) if the Participant is not a Non-Employee Director and if the Participant dies while employed, or within three months after his or her termination of employment, the heirs or legatees of the Participant's estate or the person who acquired the right to exercise the Option by bequest or inheritance may exercise the Option (to the extent specified in paragraph 6(a)) of this Agreement within one year after the death of the Participant;

(iv) if the Participant is a Non-Employee Director, the Option shall continue to be exercisable after the Participant's employment ends for the remaining term of the Option, but shall be exercisable only to the extent that the Option was exercisable immediately prior to the end of Participant's employment, except that if the Participant's employment ends because of death or disability, or the Participant dies within three months of his or her employment ending, the Option, whether or not previously exercisable, shall become exercisable to the extent specified in paragraph 6(a) of this Agreement and shall continue to be exercisable after the Participant's employment ends for the remaining term of the Option;

(v) if the Participant's employment terminates due to cause (as defined in paragraph 20.1 of the Plan), the Option and all rights of the Participant hereunder shall terminate immediately; and

(vi) if the Participant's employment terminates after a declaration pursuant to paragraph 6(b) of this Agreement, the Participant may exercise the Option at any time permitted by such declaration.

If, during the term of the Option, the Participant's status changes to or from that of a Non-Employee Director, the provisions of this paragraph 5(a) shall be applied to the Participant based on the Participant's status as of the date the Option was awarded.

(b) Neither the transfer of the Participant between any combination of the Company and any Affiliate, nor a leave of absence awarded to the Participant and approved by the Committee, shall be deemed a termination of employment.

6. Acceleration of Option.

(a) Disability or Death. If paragraph 5(a)(ii), 5(a)(iii) or the exception clause of paragraph 5(a)(iv) of this Agreement is applicable, the Option, whether or not previously exercisable, shall become immediately exercisable in full if the Participant shall have been employed continuously by the Company or an Affiliate between the date the Option was granted and the date of such disability or, in the event of death, the date of such Participant's death.

(b) Dissolution, Liquidation, Merger. In the event of (i) a proposed merger or consolidation of the Company with or into any other corporation, regardless of whether the Company is the surviving corporation, unless appropriate provision shall have been made for the protection of the Option by the substitution, in lieu of the Option, of an option to purchase appropriate voting stock (the "Survivor's Stock") of the corporation surviving any such merger or consolidation or, if appropriate, the parent corporation of the Company or such surviving corporation, or, alternatively, by the delivery of a number of shares of the Survivor's Stock that has a Fair Market Value as of the effective date of such merger or consolidation equal to the product of (A) the excess of (x) the Event Proceeds per Share (as hereinafter defined) covered by the Option as of such effective date, over (y) the Option exercise price per Share, times (B) the number of Shares covered by the Option, or (ii) the proposed dissolution or liquidation of the Company (such merger, consolidation, dissolution or liquidation being herein called an "Event"), the Committee shall declare, at least ten days prior to the actual effective date of an Event, and provide written notice to the Participant of the declaration, that the Option, whether or not then exercisable, shall be canceled at the time of, or immediately prior to the occurrence of, the Event (unless it shall have been exercised prior to the occurrence of the Event) in exchange for payment to the Participant, within ten days after the Event, of cash equal to the amount (if any), for each Share covered by the canceled Option, by which the Event Proceeds per Share (as hereinafter defined) exceeds the exercise price per Share covered by the Option. At the time of the declaration provided for in the immediately preceding sentence, the Option shall immediately become exercisable in full and the Participant shall have the right, during the period preceding the time of cancellation of the Option, to exercise the Option as to all or any part of the Shares covered thereby. The Option, to the extent it shall not have been exercised prior to the Event, shall be canceled at the time of, or immediately prior to, the Event, as provided in the declaration, and this Plan shall terminate at the time of such cancellation, subject to the payment obligations of the Company provided in this paragraph 6(b). For purposes of this paragraph, "Event Proceeds per Share" shall mean the cash plus the fair market value, as determined in good faith by the Committee, of the non-cash consideration to be received per Share by the stockholders of the Company upon the occurrence of the Event.

7. Limitation on Transfer. During the lifetime of the Participant, only the Participant or his or her guardian or legal representative may exercise the Option. The Participant shall not assign or transfer the Option otherwise than by will or the laws of descent and distribution, and the Option shall not be subject to pledge, hypothecation, execution, attachment or similar process. Any attempt to assign, transfer, pledge, hypothecate or otherwise dispose of the Option contrary to the provisions hereof, and the levy of any attachment or similar process upon the Option, shall be null and void.

8. Stockholder Rights Before Exercise. The Participant shall have none of the rights of a stockholder of the Company with respect to any share subject to the Option until the share is actually issued to him or her upon exercise of the Option.

9. Adjustment For Changes in Capitalization. The Option is subject to adjustment for changes in capitalization as provided in paragraph 17 of the Plan.

10. Tax Withholding. The parties hereto recognize that the Company or a parent or subsidiary thereof may be obligated to withhold federal and state income taxes and social security or other taxes upon the Participant's exercise of the Option. The Participant agrees that, at the time he or she exercises the Option, if the Company or a parent or subsidiary thereof is required to withhold such taxes, he or she will promptly pay in cash upon demand to the Company, or the parent or subsidiary having such obligation, such amounts as shall be necessary to satisfy such obligation; provided, however, that in lieu of all or any part of such a cash payment, the Committee may, but shall not be required to (or, in the case of an Participant who is a Non-Employee Director (as defined in the Plan), the Committee shall) permit the Participant to elect to cover all or any part of the required withholdings (up to the Participant's minimum required tax withholding rate) through a reduction of the number of Shares delivered to the Participant or through a subsequent return to the Company of shares delivered to the Participant.

11. Interpretation. All decisions and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive upon the Company and the Participant. In the event that there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

12. Discontinuance of Employment. This Agreement shall not give the Participant a right to continued employment with the Company or any parent or subsidiary thereof, and the Company or any such parent or subsidiary thereof employing the Participant may terminate his or her employment and otherwise deal with the Participant without regard to the effect it may have upon him or her under this Agreement.

13. General. The Company shall at all times during the term of this Option reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Agreement. This Agreement shall be binding in all respects on the Participant's heirs, representatives, successors and assigns. Agreement is entered into under the laws of the State of Minnesota and shall be construed and interpreted thereunder.

Digi International Inc.
2021 Omnibus Incentive Plan
(Executive) Performance Stock Unit Award Agreement

Digi International, Inc. (the "*Company*"), pursuant to its 2021 Omnibus Incentive Plan (the "*Plan*"), hereby grants an Award of Performance Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Performance Stock Unit Award Agreement (the "*Agreement*"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, which has been provided to you. To the extent any capitalized term used in this Agreement is not defined, it shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

<table>
<tr><td colspan="2">Name of Participant:</td></tr>
<tr><td>Target Number of Performance Stock Units ("Target Units"):</td><td>Grant Date:</td></tr>
<tr><td colspan="2">Vesting Schedule: The number of Earned Units determined in accordance with Exhibit A will vest (subject to your continued employment) on each Scheduled Vesting Date. Earned Units will be settled in accordance with the terms of the Agreement.</td></tr>
</table>

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have reviewed these documents and that they set forth the entire agreement between you and the Company regarding the grant to you of the number of Performance Stock Units specified in the table above.

PARTICIPANT:	DIGI INTERNATIONAL INC.
	By:
	Title:

Digi International Inc.
2021 Omnibus Incentive Plan
(Executive) Performance Stock Unit Award Agreement
Terms and Conditions

1. **Grant of Performance Stock Units**. The Company hereby grants to you, subject to the terms and conditions in this Agreement and the Plan, an Award of the target number of Performance Stock Units (“Units”) specified on the cover page of this Agreement, each representing the right to receive one Share of the Company’s Stock. The number of Units that will actually be earned and become eligible to vest pursuant to this Award can be more or less than the Target Units, and will be determined based on the extent to which the Company has satisfied the performance goals set forth in Exhibit A to this Agreement. The Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured obligation of the Company.

2. **Restrictions on Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered other than by will or the laws of descent and distribution. Any attempted transfer in violation of this Section 2 shall be of no force and effect and shall result in the forfeiture of all Units. The Units and your right to receive shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 4 until satisfaction of the vesting conditions set forth in Section 3.

3. **Earning Units and Vesting of Units**.

(a) Earned Units. The number of units you will be deemed to have earned (“Earned Units”) and that are eligible for vesting as of each Scheduled Vesting Date will be determined by the extent to which the Company has satisfied the performance goals for the applicable performance period as set forth in Exhibit A to this Agreement. After the end of each fiscal year of the Company (and no later than 75 days thereafter), the Committee shall certify the performance results for each performance period then ended (each a “Scheduled Vesting Date”). Any Units subject to this Agreement that are not earned by the final Scheduled Vesting Date will be forfeited.

(b) Scheduled Vesting. If you remain employed (which includes other service relationships described in Section 5 of the Plan) by the Company or any of its Affiliates continuously from the Grant Date specified on the cover page of this Agreement to a Scheduled Vesting Date, then the Earned Units will vest on such Scheduled Vesting Date.

(c) Effect of Change in Control. The following provisions shall apply if a Change in Control (as defined in Section 3(d)) occurs while Units remain outstanding pursuant to this Award.

(1) If the surviving or successor entity (which may include the Company), or such entity's parent corporation, continues, assumes or replaces this Award (with such adjustments as may be required or permitted by Section 17 of the Plan), this Award or its replacement shall remain outstanding and be governed by its terms, including Section 3(c)(3) below; provided, however, that this Award shall be deemed earned as to the Target Units for any annual performance period for which the Committee has not yet certified the performance results, without regard to satisfaction of the performance goals set forth on Exhibit A, and such Target Units shall be the "Earned Units" and such Earned Units shall vest on the last day of each such annual performance period. For these purposes, this Award shall be considered assumed or replaced if, in connection with the Change in Control, either (i) the contractual obligations represented by the Award are expressly assumed by the surviving or successor entity (or its parent corporation) with appropriate adjustments to the number and type of securities subject to the Award that preserves the intrinsic value of the Award existing at the time of the Change in Control, or (ii) you have received a comparable equity-based award that preserves the intrinsic value of this Award existing at the time of the Change in Control and contains terms and conditions that are substantially similar to those of this Award.

(2) If and to the extent that this Award is not continued, assumed or replaced in connection with a Change in Control, then the Target Units shall fully vest at or immediately prior to the effective time of the Change in Control. The Committee may alternatively provide that this Award shall be canceled at or immediately prior to the effective time of the Change in Control in exchange for a payment to you in an amount equal to the fair market value (as determined in good faith by the Committee) of the consideration that would otherwise be received in the Change in Control transaction by a Company stockholder for the number of Shares for which outstanding Units could then be settled (or, if no consideration would be received by the Company's stockholders in the Change of Control transaction, the fair market value (as determined in good faith by the Committee) of such number of Shares immediately prior to the Change in Control). Payment of any such amount may be made in such form, on such terms and subject to such conditions as the Committee determines in its discretion, which may or may not be the same as the form, terms and conditions applicable to payments to the Company's stockholders in connection with the Change in Control, and may, in the Committee's discretion, include subjecting such payments to escrow or holdback terms comparable to those imposed upon the Company's stockholders under the Change in Control, or calculating and paying the present value of payments that would otherwise be subject to escrow or holdback terms.

(3) If and to the extent that this Award is continued, assumed or replaced under the circumstances described in Section 3(c)(1), the Award and if within 12 months after the Change in Control you experience an Employment Termination Event (as defined in Section 3(e)), then this Award and any outstanding Units shall immediately vest in full as to the Target Units.

(d) Change in Control. “*Change in Control*” means one of the following:

(i) any individual, entity or Group (a “*Person*”) becomes a “beneficial owner” (as defined in Rule 13d-3 or any successor rule under the Exchange Act), directly or indirectly, of 30% or more of the combined voting power of the Company’s voting securities, except that the following shall not constitute a Change in Control: (A) any acquisition or beneficial ownership by the Company or a Subsidiary; (B) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more Subsidiary; (C) any formation of a Group consisting solely of beneficial owners of the Company’s voting securities as of the effective date of the Plan, or any repurchase or other acquisition by the Company of its voting securities that causes any Person to become the beneficial owner of 30% or more of the Company’s voting securities, in either case so long as such Person does not acquire beneficial ownership of additional Company voting securities after the Person initially became the beneficial owner of 30% or more of the Company’s voting securities by one of the means described in this clause (C); or (D) any acquisition of beneficial ownership by any entity with respect to which, immediately following such acquisition, more than 50% of the combined voting power of such entity’s then outstanding voting securities is beneficially owned, directly or indirectly, by all or substantially all of the Persons who beneficially owned the Company’s voting securities immediately prior to such acquisition in substantially the same proportions as their ownership of the Company’s voting securities immediately prior to such acquisition;

(ii) individuals (A) who are, as of the effective date of the Plan, directors of the Company, or (B) who are elected as directors of the Company subsequent to the Grant Date and whose initial election, or nomination for initial election by the Company’s stockholders, was approved by at least a majority of the then Continuing Directors (collectively, “*Continuing Directors*”) cease for any reason to constitute a majority of the members of the Board; or

(iii) the consummation of a Fundamental Change unless, immediately following such Fundamental Change, all or substantially all of the Persons who were the beneficial owners of the Company’s voting securities immediately prior to such Fundamental Change beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the surviving or acquiring entity (or its Parent) resulting from such Fundamental Change in substantially the same proportions as their ownership, immediately prior to such Fundamental Change, of the Company’s voting securities.

(iv) Notwithstanding the foregoing, to the extent that this Award constitutes a deferral of compensation subject to Code Section 409A, then no Change in Control shall be deemed to have occurred upon an event described in this Section 3(d) unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under Code Section 409A.

(e) Employment Termination Event. An "*Employment Termination Event*" will be deemed to have occurred upon either: (i) the involuntary termination of your employment for reasons other than Cause (as defined in Section 3(f)), or (ii) the voluntary termination of your employment for Good Reason (as defined in Section 3(g)).

(f) Cause. "*Cause*" means only the following: (i) your indictment or conviction of, or a plea of nolo contendere to, (A) any felony (other than any felony arising out of negligence), or any misdemeanor involving moral turpitude with respect to the Company, or (B) your commission any crime or offense involving dishonesty with respect to the Company; (ii) theft or embezzlement by you of Company property or commission of similar acts involving dishonesty or moral turpitude; (iii) repeated material negligence in the performance of your duties after you have received written notice of the same; (iv) your failure to devote substantially all of your working time and efforts during normal business hours to the Company's business; (v) your knowing engagement in conduct that is materially injurious to the Company; or (vi) your knowingly providing materially misleading information concerning the Company to the Company's Board of Directors, any governmental body or regulatory agency or to any lender or other financing source or proposed financing source of the Company.

(g) Good Reason. "*Good Reason*" means the existence of one or more of the following conditions without your consent, so long as you provided written notice to the Company of the existence of the condition not later than 90 days after the initial existence of the condition and the condition has not been remedied within 30 after receipt of such notice: (i) the failure of the Company to pay any material amount due to you under a prevailing Employment Agreement; (ii) a meaningful diminution, without Cause, as defined above, in your responsibilities or job functions unless approved by you; (iii) a material reduction in your total compensation potential as defined by annual base salary and cash compensation targets; or (iv) your relocation to an office location greater than 50 miles from your office location at the time of a Change in Control.

4. **Effect of Termination of Employment**. Except as otherwise provided in accordance with Section 3(c)(3) or this Section 4, if you cease to be employed by the Company or any of its Affiliates prior to any of the Scheduled Vesting Date(s) specified on the cover page of this Agreement, you will forfeit all unvested Units. In the event of your termination of employment due to your death or disability (within the meaning of Section 22(e)(3) of the Code), (i) you or your designated beneficiary will receive any Earned Units for a performance period that concluded prior to your death or disability, and (ii) the Units will remain outstanding until the completion of the performance periods set forth on Exhibit A and a pro-rated portion of the Earned Units for any performance period that concludes after your death or disability shall continue to be eligible to vest and you, or your designated beneficiary or estate in the

event of your death, will receive such pro-rated payout of the Earned Units you would otherwise have received if your employment had continued until the Scheduled Vesting Date. The pro-rated portion shall be determined by multiplying the total number of Earned Units for all performance periods that conclude after your death or disability as determined in accordance with Exhibit A by a fraction, the numerator of which is the number of days you were employed during the applicable performance period, and the denominator of which is the total number of days in the applicable performance period.

5. **Settlement of Units**. After any Units vest pursuant to Section 3, the Company shall, as soon as practicable (but no later than 75 days after the date on which such Units vest), cause to be issued and delivered to you, or to your designated beneficiary or estate in the event of your death, one Share in payment and settlement of each vested Earned Unit. Delivery of the Shares shall be effected by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account you designate, and shall be subject to the tax withholding provisions of Section 6 and compliance with all applicable legal requirements, including compliance with the requirements of applicable federal and state securities laws, and shall be in complete satisfaction and settlement of such vested Units.

6. **Tax Consequences and Withholding**. As a condition precedent to the delivery of Shares in settlement of the Earned Units, you are required to make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the settlement of vested Earned Units. The Company will retain a portion of the Shares that would otherwise be delivered to you in settlement of vested Earned Units, which retained Shares shall have a Fair Market Value equal to the amount required to be withheld, unless you provide notice to the Company prior to the vesting date of the Earned Units that you desire to pay cash or direct the Company (or any Affiliate) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 15 of the Plan. Delivery of Shares upon the vesting of Earned Units is subject to the satisfaction of applicable withholding tax obligations.

7. **No Stockholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of the Company's Stock. You will not have any of the rights of a stockholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to you in settlement of the Units as provided in Section 5.

8. **Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations that may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

9. **Choice of Law**. This Agreement will be interpreted and enforced under the laws of the state of Minnesota (without to its conflicts or choice of law principles).

10. **Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

11. **Discontinuance of Employment**. This Agreement does not give you a right to continued employment with the Company or any of its Affiliates, and the Company or any such Affiliate may terminate your employment at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

12. **Section 409A of the Code**. The award of Units as provided in this Agreement and any issuance of Shares pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral specified in Treas. Reg. § 1.409A-l(b)(4).

By signing the cover page of this Agreement or otherwise accepting this Award in a manner approved by the Company, you agree to all the terms and conditions contained in this Agreement and in the Plan document.

Exhibit No. 31(a)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald E. Konezny, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Digi International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

May 7, 2021

/s/ Ronald E. Konezny
Ronald E. Konezny
President and Chief Executive Officer

Exhibit No. 31(b)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Loch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Digi International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

May 7, 2021

/s/ James J. Loch
James J. Loch
Senior Vice President, Chief Financial Officer and Treasurer

Exhibit No. 32

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Digi International Inc. (the Registrant) on Form 10-Q for the fiscal quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof, each of the undersigned certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

May 7, 2021

/s/ Ronald E. Konezny
Ronald E. Konezny
President and Chief Executive Officer

/s/ James J. Loch
James J. Loch
Senior Vice President, Chief Financial Officer and Treasurer