



FQ3 2022 | Financial Results

August 2022

Safe Harbor Statement

This presentation includes forward looking statements. These statements reflect our expectations about future operating and financial performance as well as our views on potential market opportunities and speak only as of the date of this presentation. Actual results, performance, or developments could differ materially from those expressed or implied by the forward looking statements contained in this presentation as a result of known and unknown risks, uncertainties, and other factors including those identified in the Company's most recent Form 10-K and other subsequent periodic filings with the Securities and Exchange Commission. We make no undertaking to update or refresh any guidance provided in this presentation.

FQ3 2022 Results Set Several New Records

Consolidated

- Revenue up 31% YoY to **\$104 million**
- Annualized recurring revenue (ARR) up 157% YoY to **\$92 million**
- Gross margin up 170 bps YoY to 55.5%
- Adj. EBITDA up 82% YoY to **\$21 million**
- Adj. EPS up 80% YoY to **\$0.45**

Products & Services

- Revenue up 19% YoY to **\$80 million**
- ARR of **\$15 million**, up 17% YoY
- Gross margin of 53.5%, down 160 bps YoY
- Strength in Console Server, Cellular Solutions and OEM Solutions

Solutions

- Revenue up 94% YoY to **\$24 million**
- ARR of **\$77 million**, up 231% YoY
- Gross margin of 62.2%, up 1,530 bps YoY
- Significant contribution from Ventus, acquired in November 2021

Digi Capitalizing on Digital Transformation

Opportunity

- Niche market opportunities in a growing +\$100-billion IoT market. Massive green field*
- Leverage our legacy hardware expertise and profitability to drive faster growing software and service Industrial Internet of Things (IIoT) applications
- Capture the accelerating digital transformation in IIoT

Strategy

- Entire organization focused on hardware enabled ARR. Software and services add customer value and build long-term relationships
- Quick and easy deployment of reliable and secure products in controlled and harsh environments
- New management team hires and organizational structure changes have driven higher revenue growth and profitability

Execution

- Zero to ~\$92 million in ARR in last seven years
- Material margin improvement. GM% from mid-40s to mid-50s and adj. EBITDA margin from high-single-digits to 20%
- Disciplined capital allocation. Proven track record of accretive M&A and smart balance sheet management
- Current management has delivered an annualized return of 17.66% vs. 7.71% for the Russell 2000 Index**

Digi's Margin Performance

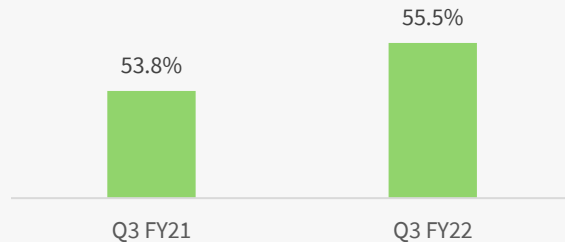
Margin improvement in a challenged supply chain

- En route to sustainable 60% GM
- Supply chain team continues to execute at an extremely high level

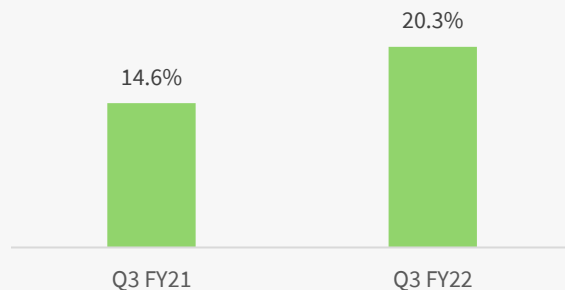
Material profitability improvement

- When ARR grows as a percentage of revenues, margins improve
- ARR carries ~80% gross margins

Gross Margin %



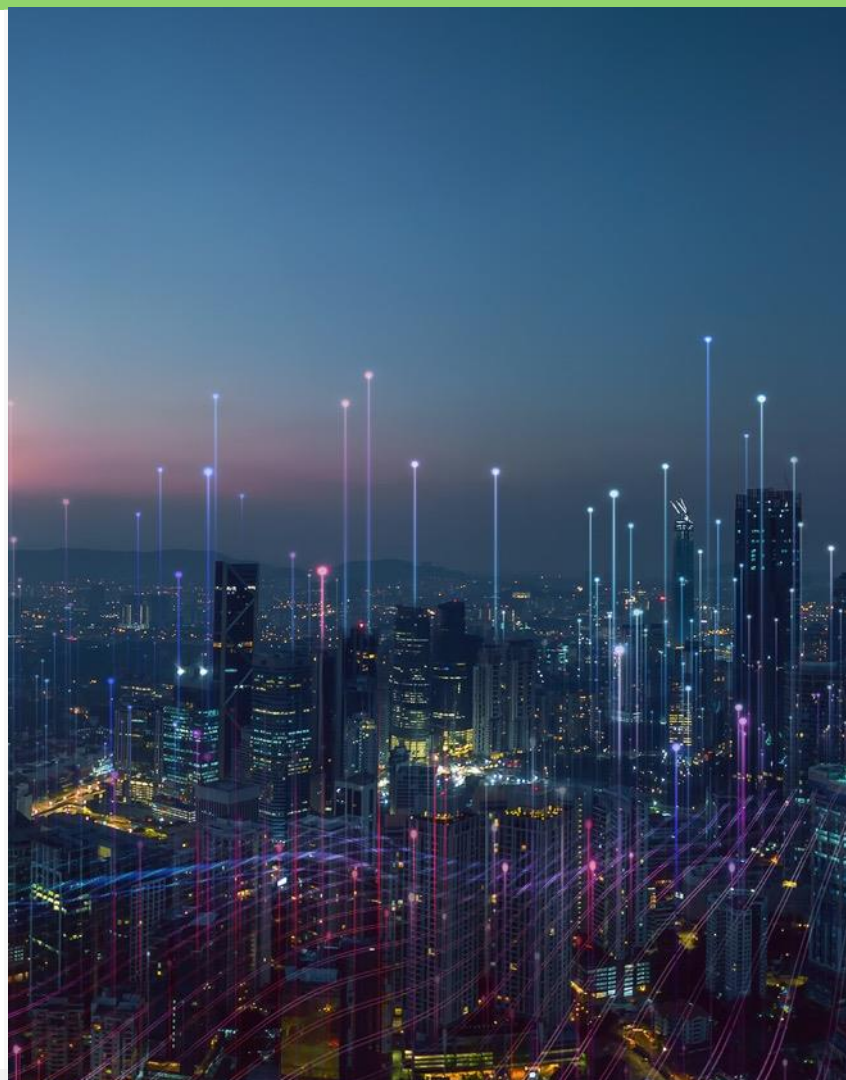
Adj. EBITDA Margin %



Digi's Balance Sheet and Cash Flows

Balance sheet supports growth strategy

- Paid down \$20 million of debt in FQ3 2022.
Will continue to de-lever with free cash flow
- Debt of \$268.7 million
- \$35 million revolver undrawn
- Cash of \$41.5 million as of 6/30/2022



Products & Service Enables Customers' IIoT

Products & Services

Strong performance across product lines

- Strength in Console Server, Cellular Solutions and OEM Solutions
- Return of smart city and mass transit opportunities
- Data center and edge applications remain healthy
- Continued strong demand with visibility into FY23

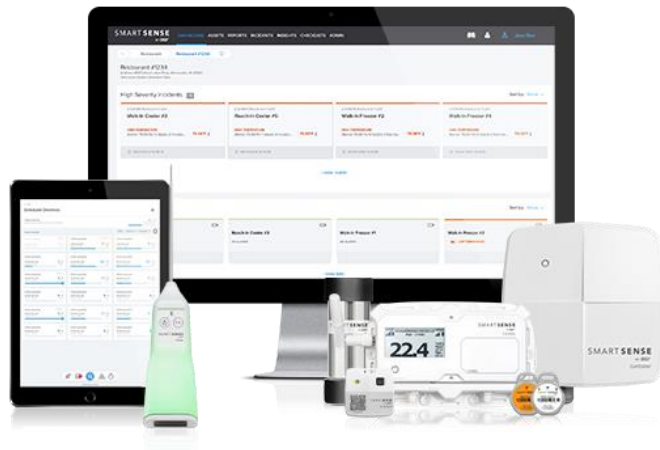


Solutions

Solutions Offers Turnkey Applications

Solutions drives Annualized Recurring Revenues (ARR)

- Strength in healthcare, gaming, and point of sale
- Ventus integration on track with synergies identified
- Accelerating growth through targeted investments



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Ventus
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Digi's Updated Outlook: FQ4 2022 & Beyond

FQ4 2022 Guidance & Beyond *, **

- Revenue between \$98 million and \$102 million, representing 24% to 29% growth YoY
- Non-GAAP EPS of \$0.41 to \$0.44
- Adj. EBITDA of \$19.5 million to \$21.0 million
- Reached \$100M in Quarterly Revenue and continue to target \$100M in ARR and \$100M Annual A-EBITDA within our strategic planning horizon

* We provide earnings guidance on a non-GAAP basis as it is difficult to predict with reasonable certainty items including but not limited to the impact of foreign exchange translation, restructuring, interest and certain tax related events. Given the uncertainty, any of these items could have a significant impact on U.S. GAAP results

** Fourth Fiscal Quarter 2022 results will include the results of Ventus, which was acquired during our first fiscal quarter of 2022



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