



Investor Presentation

November 2022

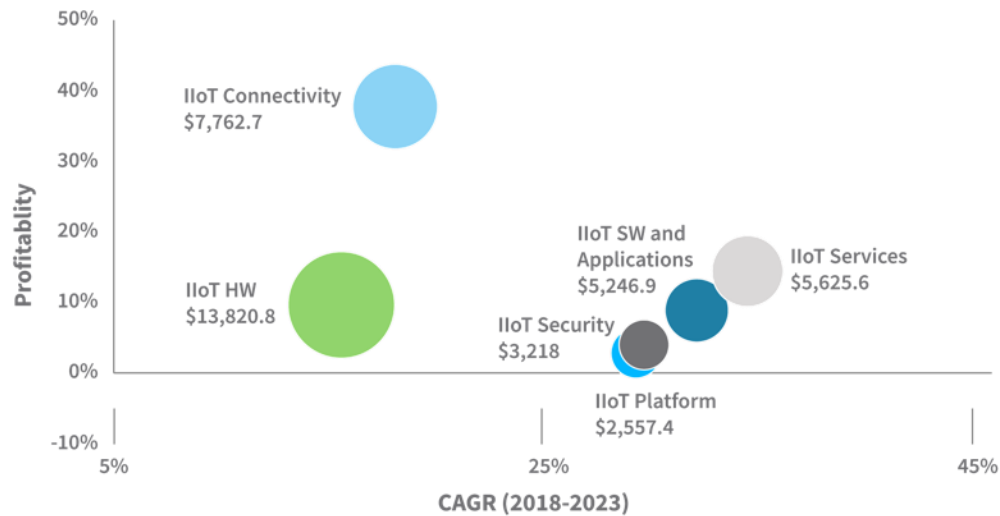
Safe Harbor

This presentation includes forward looking statements. These statements reflect our expectations about future operating and financial performance 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.

Estimates Vary, But IIoT Market is Large and Growing

- Total 2023 market opportunity in excess of \$38B with a CAGR of over 15%
- Longstanding market that has been based on hardware and connectivity is now fueled by faster growing software, applications, and services segments
- Today's profitability driven by foundational HW, but it is expected profitability will expand in faster growing segments

Market Opportunity Map for Industrial IoT, Millions of Dollars



HW = hardware; SW = software
Source: Gartner (August 2019) ID: 379002

Digi Transforms How Businesses Work by Enabling Machine Communications

Solving **MISSION** and **BUSINESS CRITICAL** machine communications challenges in the most **DEMANDING ENVIRONMENTS**

- Customers rely on Digi's expertise, quality and secure products

Differentiated by technical expertise, impeccable service and a commitment to uptime – Digi provides value-added software and services that are enabled by hardware, supported by responsive and knowledgeable resources

- Proven, no-nonsense **SOLUTIONS THAT WORK** — and keep working

DGII

NASDAQ

1985

Year
Founded

~800

Employees
Worldwide

19

Consecutive Years
of Profitability

\$388

Million
FY22 Revenue

>20

A-EBITDA
Margin (%)



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY

2022 Fiscal Fourth Quarter and Full Year Results Set Several New **Records**

FQ4 Results

- Revenue up 34% YoY to **\$106 million**
- Annualized recurring revenue (ARR) up 149% YoY to over **\$94 million**
- Gross margin up 190 bps YoY to 55.8%
- Adj. EBITDA up 82% YoY to **\$22 million**
- Adj. EPS up 80% YoY to **\$0.45**

Full-Year Results

- Revenue up 26% YoY to **\$388 million**
- Gross margin up 170 bps YoY to **55.7%**
- Adj. EBITDA up 65% YoY to **\$79 million**
- Adj. EPS up 54% YoY to **\$1.66**
- Cash of \$35 million and Total Debt of \$250 million
- TTM adj. EBITDA net leverage of ~2.7x

- A reconciliation of the non-GAAP financial information to the most directly comparable GAAP measure is available in our most recent 8-K.
- ARR is the measurement of subscription based revenue recognized as of 9/30/2022 multiplied by 12

Digi's Business Segments



Products & Services: Customer Choice

- Investing in software, service and subscription offerings that provide more valuable solutions and cultivate Annualized Recurring Revenues (ARR)
- A significant portion of segment sales run through a global network of distributors, systems integrators and value added resellers ("VARs"), in addition to our direct sales team

\$81M

FQ4 Revenue

53.7%

FQ4 Gross Margin

>\$14M*

FQ4 ARR

* ARR is the measurement of subscription based revenue recognized as of 9/30/2022 multiplied by 12



XBEE® ZIGBEE



CONNECTCORE® 6UL

Build

- Embedded solutions to help build a custom IoT solution
- Reduces time to market
- Lowers costs and risks



IX20



OM2200

Deploy

- Largely, cellular driven
- Quick deployment and configuration
- Extremely secure
- Data center and edge capabilities



DIGI REMOTE MANAGER

OPENGear LIGHTHOUSE

Manage

- Cloud, private cloud and on-premise software
- Configuration management
- Software updated remotely
- Bandwidth utilization

Broad Vertical Expertise and Success in Products & Services Segment

ENERGY



SMART CITIES/ TRANSPORTATION



HEALTHCARE



AGRICULTURE/ HEAVY MACHINERY



INDUSTRIAL



CONSUMER



Solutions: Ventus and SmartSense

- SmartSense provides automated employee workflow as well as perishable goods condition monitoring services in the Health Care, Food Service and Logistics verticals
- Ventus provides Managed Network as a Service to unmanned kiosks in the Financial Services, Lottery/Gaming, Retail and IIoT verticals

\$25M

FQ4 Revenue

62.7%

FQ4 GM%

\$80M*

FQ4 ARR

Monitor

- Automatically records critical conditions (temp, humidity, air pressure, etc.) where perishable goods are stored
- Leads field workers to record completion of high priority tasks



B SENSOR



Z SENSOR

Communicate

- Bluetooth and Zigbee gateways
- GPS Capable
- High security defense



BZ GATEWAY



B GATEWAY

Manage

- Guides workflow/monitors condition through digital management
- Alerts when out of compliance
- Leverages analytics to drive unique insights



* ARR is the measurement of subscription based revenue recognized as of 9/30/2022 multiplied by 12

Focused Vertical Expertise and Success in Solutions Segment

FOOD SERVICE



Tim Hortons



SUBWAY



HEALTHCARE



Walgreens



Children's
MINNESOTA

Walmart



LOGISTICS



SAFEWAY



VersaCold
LOGISTICS SERVICES

SCHWAN'S
HOME DELIVERY



FINANCIAL SERVICES



FIRST REPUBLIC BANK

TDECU
YOUR CREDIT UNION



FIS



VISA

RETAIL



Cumberland
FARM FRESH

SCHWAN'S
HOME DELIVERY



Schnucks



Reebok

INDUSTRIAL IOT



ADRENALINE



Improving Quality of Revenue Increases Visibility

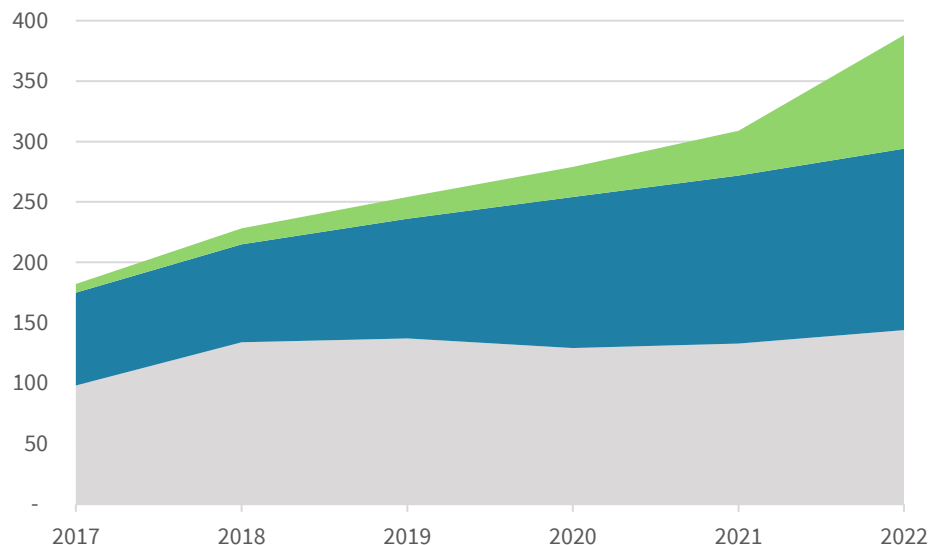
Revenue Categories:

- **Non-Reoccurring:** one time product shipments
- **Reoccurring:** design wins that produce repeated product shipments with ever increasing visibility
- **Recurring:** subscriptions with extended visibility

Revenue Growth and Drivers:

- Recurring revenue has grown from 4% to 24% of total revenues in five years
- Total revenue growth five-year CAGR of 16%: shift to subscription revenue and disciplined acquisitions
- Recurring revenue growth five-year CAGR of 68%: software, services and acquisitions

Revenues
(\$ millions, fiscal years)



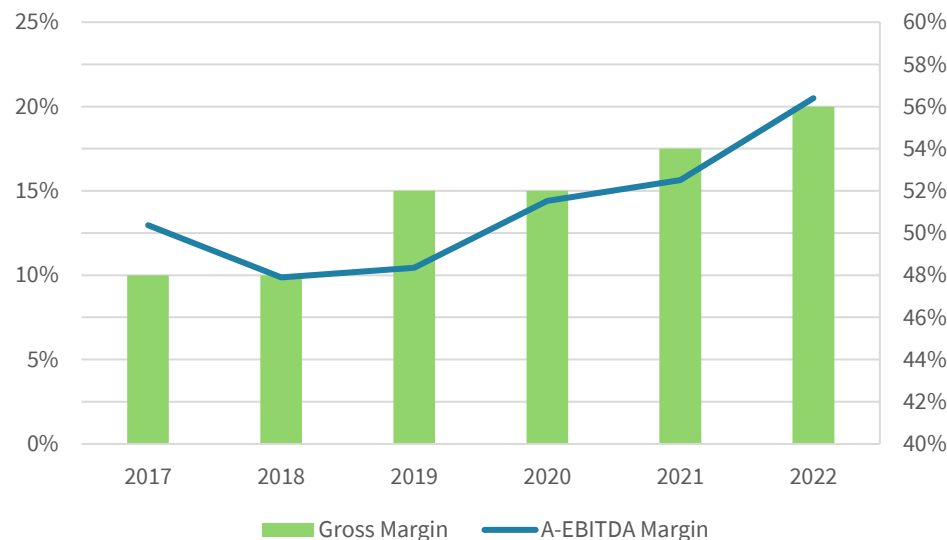
Improved Gross Margins Increase Profits

Gross Margin Dynamics:

- Differentiated offerings with higher margin profiles
- Increase in high margin subscription ARR
- 800 basis point improvement since 2017, approaching 60%

A-EBITDA Margin Dynamics:

- Improvement of 800 basis points since 2017
- Thoughtful management of operating expenses
- Exceeded 20% target in FY2022



Digi's Industrial Internet of Things Investment Highlights



Enormous market opportunity with growth in software and services to connect an array of machines in a touchless world



Robust product portfolio proven to solve mission-critical communications challenges in demanding environments



Broad vertical market expertise and resilient relationships with blue chip customers



Highly experienced leadership team with track record of strong execution and outperformance



Consistent revenue growth and gross margin improvement with recurring revenue outpacing top-line revenue

100 Goals:

- \$100 million in quarterly revenue (exceeded in FQ3 and FQ4 2022)
- \$100 million in annualized recurring revenue (>\$94M in FQ4 2022)
- \$100 million in annualized A-EBITDA (\$22M in FQ4 2022 for annualized A-EBITDA of \$88 million)



Growing profitability and cash generation combined with a durable balance sheet



Connect with Confidence