



Investor Presentation

November 2021

Safe Harbor

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Digi's Industrial Internet of Things Investment Highlights



Massive market opportunity with growth in software and services to connect “things” in a touchless world



Highly experienced leadership team with track record of strong execution



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



History of strong revenue, gross margin, and recurring revenue growth



Vertical market expertise and success with blue chip customers



Increasing profitability and cash generation combines with pristine balance sheet

Estimates Vary, But IIoT Market is Large and Growing

- **Total 2023 market opportunity in excess of \$38B driven by CAGR of over 15%**
- **Building blocks of Hardware (HW) and Connectivity fueling faster growing software, applications, and services segments**
- **Today's profitability centered on building blocks, but profitability will improve in faster growing segments, over time**

Digi Transforms Work by Connecting the World's People and Machines

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

- Reliance on Digi's experience, strength, and quality products

Digi differentiates by providing software and service enabled hardware supported by responsive and knowledgeable resources

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



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY

Strength In Numbers

DGII

NASDAQ

1985

Year
Founded

650+

Employees
Worldwide

16

Consecutive Years
of Profitability

309

Million In
F21 Revenue

15%

Profit
Margins

A green background featuring a network diagram of white nodes and lines. At the bottom, there is a faint image of an industrial refinery or chemical plant. Several circular icons are overlaid on the network, including a Wi-Fi symbol, a bar chart, and a power symbol.

**PRODUCTS &
SERVICES**

**DIGI'S IOT
BUSINESS
SEGMENTS**

A blue-tinted background showing a person's hand holding a tablet computer. The screen of the tablet displays a data visualization, possibly a line graph or a map. The overall scene is slightly blurred, focusing on the text.

SOLUTIONS

IoT Products & Services: Profitable Growth

- Investing in software, service, and subscription providing more valuable solutions that generate Annual Recurring Revenues (ARR)
- A significant portion of segment sales are through a global network of distributors, systems integrators, value added resellers ("VARs") and direct sales

\$264M

FY21 Revenue

55%

FY21 Gross Margin

\$14M

9/30/21 ARR

BUILD

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



XBEE® ZIGBEE



CONNECTCORE® 6UL

DEPLOY

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



IX20



OM2200

MANAGE

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



DIGI REMOTE MANAGER
OPENGEAR LIGHTHOUSE

Broad Vertical Expertise and Success

ENERGY	SMART CITIES/ TRANSPORTATION	HEALTHCARE	AGRICULTURE/ HEAVY MACHINERY	INDUSTRIAL	RETAIL
					
					
					
					
					

A Recognized Market Leader



“Every promise Digi has made, they’ve delivered on – and that’s huge. They have reduced our risk, improved our product, and accelerated our timelines. You can’t ask for much more than that.”

*Erich Hoefflerle
Engineering Manager - Evoqua*



“Digi’s solution was flexible enough to take the data and send it real-time to our cloud environment. Digi also showed it could scale up to support our global footprint.”

*Ezhil Nanjappan
Otis Elevator Director of IoT and Mobility Solutions*

Awards and Recognition



IoT Solutions: Getting and Keeping Sites

- Branded SmartSense, this business provides condition monitoring and digital task management services to ensure the safe and efficient distribution, handling, and storage of food and medicine
- We sell directly to the Health Care, Food Service, and Logistics verticals

~81,000

9/30/2021 Sites Active

80%

Recurring Rev GM%

\$24M

9/30/2021 ARR

MONITOR

- Automatically records key conditions (temp, humidity, air pressure)
- Guide field workers to comply and record key tasks



B SENSOR



Z SENSOR

COMMUNICATE

- Bluetooth and Zigbee gateways
- GPS Capable
- Highly secure



BZ GATEWAY



B GATEWAY

MANAGE

- Guides workflow through digital management
- Alerting when out of compliance
- Leverages analytics to drive unique insights



Vertical Expertise and Success



SUBWAY

taco john's

ASL
Asset Logistics

SCHWAN'S
HOME DELIVERY

Walmart

MERCYHEALTH

ELKHART
COMMUNITY SCHOOLS

MOORE
Public Schools

Cumberland
PARMA

Love's

RaceTrac

SCHWAN'S
HOME DELIVERY

Schnuck's

- Streamline operational checklists
- Monitor hot/cold equipment and inventory
- Fulfill HACCP, FSMA and company policies

- Real-time asset tracking
- Conditions of trailer and shipments
- Eliminate manual logs
- Simplify FSMA compliance

- Protect and keep medicine safe
- Eliminate manual, labor intensive logs
- Compliant with CDC and State Pharmacy Board guidelines

- Save inventory
- Reduce labor costs
- Put food and student safety first
- Exceed HACCP compliance

- Monitor equipment and inventory
- Streamline operational checklists
- Reduce product and labor waste
- Improve food safety

Growing Sites Through Pandemic Shows Value

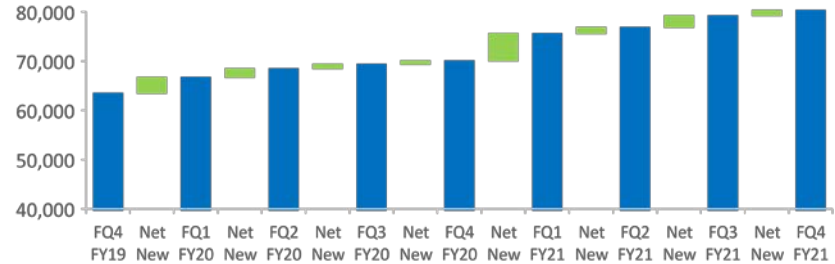
“By implementing IoT throughout the store, your accuracy for temperature monitoring goes through the roof. You know that regular temp checks are being done without having to worry about detracting teammates from taking care of customers.” Vice President, IT



“We are always looking for ways to strengthen our already rigorous quality assurance procedures and safety measures, so we say the value in a continuous remote monitoring system for our refrigerated pharmaceuticals and vaccines. We chose SmartSense because we wanted an experienced partner that shared our commitment to safety.” Manager, Operations



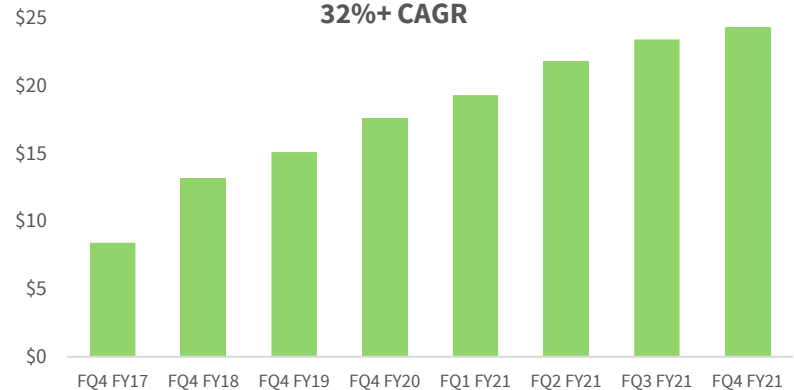
SmartSense Sites



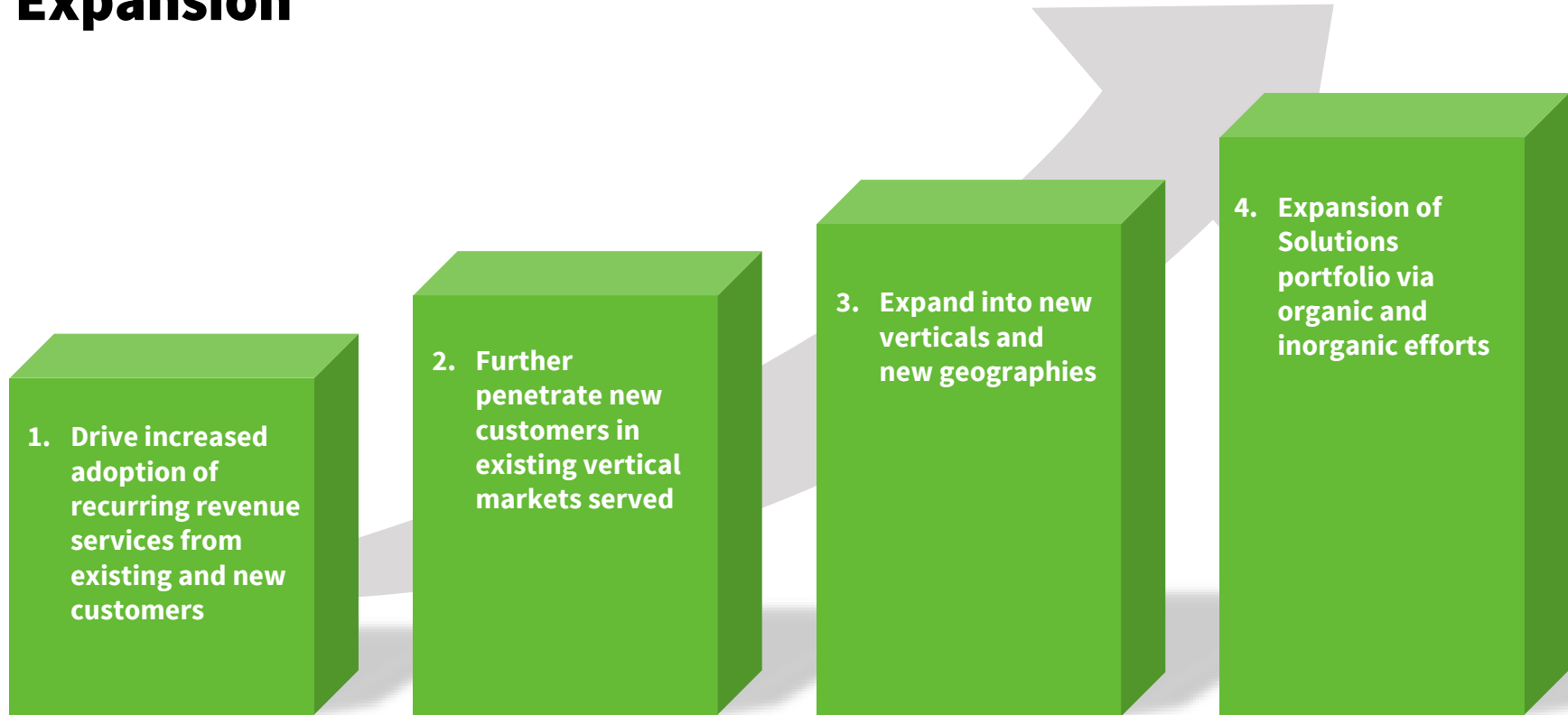
SmartSense ARR

(\$ millions, fiscal year)

32%+ CAGR



Multiple Levers for Long-Term Growth and Market Expansion



Track Record of Successful Acquisitions in Both Business Segments

IoT Products and Services

accelerated
Enterprise LTE
Networking Solutions

opengear
Secure IT
Infrastructure

haxiot
Embedded and Cloud
LORA Solutions

Ctek
Rapid Mentoring
and Control Systems

2015

2016

2017

2018

2019

2021

bluenica
Condition
Monitoring

freshtemp
Task Management and
Condition Monitoring

SMARTEMPS
Condition
Monitoring

TEMPALERT
Task Management and
Condition Monitoring



Ventus
MNaaS

**IoT
Solutions**

Highly Experienced Management Team

	Position	Select Experience
Highly Motivated, Expert Leadership Team	Ron Konezny President and Chief Executive Officer	  
	Jamie Loch SVP, Chief Financial Officer, and Treasurer	 
Significant Experience Working Together	Dave Sampsell VP, Corporate Development, General Counsel & Corporate Secretary	
	Tracy Roberts VP of Technology Services	 
Unrivaled Understanding of the Market	Terry Schneider VP of Supply Chain Management	  
	Justin Schmid General Manager, Cellular Router	 
Strong Track Record of Execution	Kevin Riley President, IoT Solutions	  
	Gary Marks General Manager, Opengear	  
	Steve Ericson General Manager, OEM Solutions	
	Brian Kirkendall General Manager, Infrastructure Management	  

Financial Highlights

-  Sustained track record of revenue growth and profitability
-  Strong growth of and outlook for recurring revenue solutions
-  Capital light business with continued investment in software, edge and cloud
-  Healthy balance sheet and history of cash flow generation

Recurring Revenue Growth Outpacing Top Line Growth

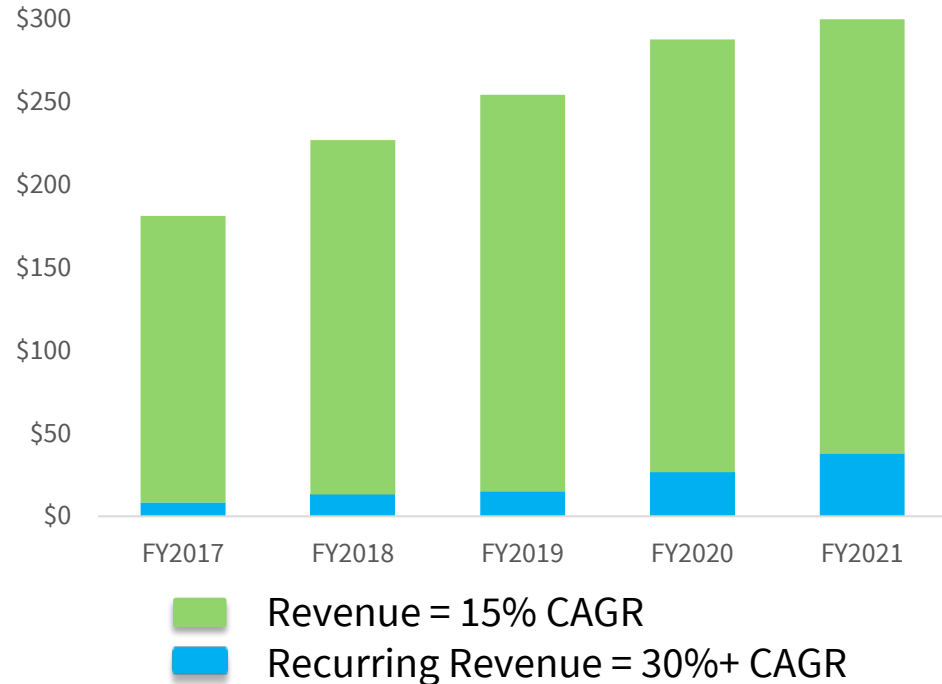
Revenue Growth Drivers:

- Growth of cellular IoT
- Data center and edge deployments
- Solutions growth
- Acquisitions

Recurring Revenue Growth Drivers:

- IoT Products & Services: increase in remote management attach rates, increase in pricing, additional offerings in service and connectivity
- IoT Solutions: increase in new sites, strong (>95%) retention rates, additional business with existing sites

Revenues (\$ millions)



Gross Margins >50%; A-EBITDA Margins >15%

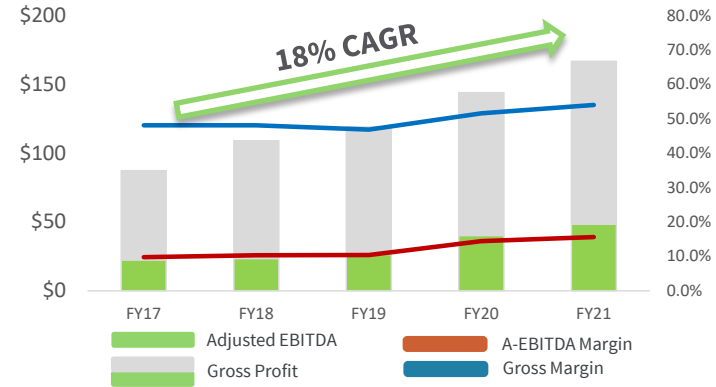
Margin Drivers:

- ↑ Increase of High-Margin Recurring Revenues
- ↑ Opengear Acquisition
- ↑ Increase in IoT Solutions

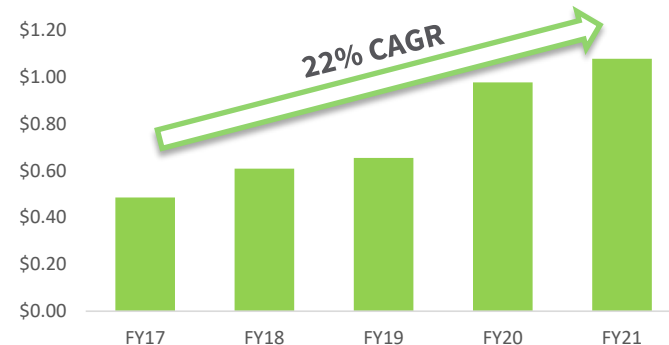
A-EPS Drivers:

- ↑ Revenue Growth
- ↑ Improved Profitability
- ↑ Non-Dilutive Acquisitions

Gross Profit and Adjusted EBITDA



Adjusted EPS



Capital Light, Strong Cash Flow, Strong Balance Sheet

Capital Light:

- Average 3%-4% of revenues in capital expenditures, annually
- Digi owns design, and relies on third party manufacturers
- Investing in software, edge and cloud

Strong Cash Flow:

- Cash ~90% of A-EBITDA
- Generated ~\$52M Cash FY21
- Improving DSO

Strong Balance Sheet:

- <4X Net Debt
- Sensible inventory position
- Low reserves



Connect with Confidence