

**Digi International Inc.**  
**Condensed Consolidated Statement of Operations**  
(In thousands, except per share amounts)  
(Unaudited)

	Three months ended December 31,	
	2005 (A)	2004
Net sales	\$ 33,376	\$ 29,470
Cost of sales (A)	14,010	11,159
Gross profit	19,366	18,311
Operating expenses:		
Sales and marketing (A)	6,752	6,443
Research and development (A)	4,815	4,252
General and administrative (A)	3,242	2,190
Intangibles amortization	1,679	1,325
Total operating expenses	16,488	14,210
Operating income	2,878	4,101
Interest income and other, net	333	190
Income before income taxes	3,211	4,291
Income tax provision	1,028	1,330
Net income	\$ 2,183	\$ 2,961
Net income per common share, basic	\$ 0.10	\$ 0.13
Net income per common share, diluted	\$ 0.09	\$ 0.13
Weighted average common shares, basic	22,781	22,082
Weighted average common shares, diluted	23,486	23,309

(A) Stock-based compensation expense charges due to adopting FAS 123R as of October 1, 2005 are included in the above income statement for the three months ended December 31, 2005 as shown below:

Cost of sales	\$20
Sales and marketing	126
Research and development	127
General and administrative	258
	\$531