

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

| | Three months ended September 30, | | Twelve months ended September 30, | |
|---|----------------------------------|-----------------|-----------------------------------|-----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Net sales | \$ 51,836 | \$ 47,266 | \$ 204,160 | \$ 182,548 |
| Cost of sales (exclusive of amortization of purchased and core technology shown separately below) | 23,793 | 22,353 | 94,702 | 86,266 |
| Amortization of purchased and core technology | 527 | 883 | 2,870 | 4,073 |
| Gross profit | 27,516 | 24,030 | 106,588 | 92,209 |
| Operating expenses: | | | | |
| Sales and marketing | 10,085 | 9,078 | 39,549 | 37,010 |
| Research and development | 8,125 | 7,102 | 31,642 | 27,825 |
| General and administrative | 3,920 | 3,875 | 15,520 | 15,058 |
| Intangibles amortization | 616 | 706 | 2,686 | 2,831 |
| Restructuring | 224 | (116) | 154 | (468) |
| Total operating expenses | 22,970 | 20,645 | 89,551 | 82,256 |
| Operating income | 4,546 | 3,385 | 17,037 | 9,953 |
| Other (expense) income: | | | | |
| Interest income, net | 57 | 50 | 165 | 217 |
| Other (expense) income | (74) | 102 | (687) | 349 |
| Total other (expense) income, net | (17) | 152 | (522) | 566 |
| Income before income taxes | 4,529 | 3,537 | 16,515 | 10,519 |
| Income tax provision | 1,680 | 1,293 | 5,496 | 1,578 |
| Net income | <u>\$ 2,849</u> | <u>\$ 2,244</u> | <u>\$ 11,019</u> | <u>\$ 8,941</u> |
| Net income per common share, basic | <u>\$ 0.11</u> | <u>\$ 0.09</u> | <u>\$ 0.44</u> | <u>\$ 0.36</u> |
| Net income per common share, diluted | <u>\$ 0.11</u> | <u>\$ 0.09</u> | <u>\$ 0.43</u> | <u>\$ 0.36</u> |
| Weighted average common shares, basic | <u>25,540</u> | <u>25,013</u> | <u>25,312</u> | <u>24,865</u> |
| Weighted average common shares, diluted | <u>26,272</u> | <u>25,248</u> | <u>25,819</u> | <u>25,154</u> |