

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,	
	2013	2012	2013	2012
Net sales:				
Product	\$ 44,594	\$ 44,842	\$ 173,078	\$ 180,434
Service	6,775	2,406	22,303	10,124
Total net sales	<u>51,369</u>	<u>47,248</u>	<u>195,381</u>	<u>190,558</u>
Cost of sales:				
Cost of product	21,449	21,100	82,276	84,714
Cost of service	3,957	1,328	12,982	5,507
Total cost of sales	<u>25,406</u>	<u>22,428</u>	<u>95,258</u>	<u>90,221</u>
Gross profit	25,963	24,820	100,123	100,337
Operating expenses:				
Sales and marketing	9,453	8,883	40,513	39,242
Research and development	7,529	7,003	30,327	30,767
General and administrative	5,067	4,380	21,423	18,188
Restructuring charges, net	350	—	313	1,259
Total operating expenses	<u>22,399</u>	<u>20,266</u>	<u>92,576</u>	<u>89,456</u>
Operating income	3,564	4,554	7,547	10,881
Other income (expense), net:				
Interest income	50	72	210	289
Interest expense	(5)	(8)	(42)	(23)
Other income (expense), net	20	(213)	523	(250)
Total other income (expense), net	<u>65</u>	<u>(149)</u>	<u>691</u>	<u>16</u>
Income before income taxes	3,629	4,405	8,238	10,897
Income tax provision	1,582	1,943	2,433	3,282
Net income	<u>\$ 2,047</u>	<u>\$ 2,462</u>	<u>\$ 5,805</u>	<u>\$ 7,615</u>
Net income per common share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>\$ 0.22</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.09</u>	<u>\$ 0.22</u>	<u>\$ 0.29</u>
Weighted average common shares:				
Basic	<u>25,666</u>	<u>25,853</u>	<u>25,956</u>	<u>25,743</u>
Diluted	<u>26,039</u>	<u>26,188</u>	<u>26,237</u>	<u>26,146</u>