

Digi International Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three months ended December 31,	
	2013	2012
Operating activities:		
Net income	\$ 688	\$ 1,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, equipment and improvements	897	848
Amortization of identifiable intangible assets	952	1,071
Stock-based compensation	1,023	955
Excess tax benefits from stock-based compensation	(20)	(28)
Deferred income tax benefit	(506)	(542)
Bad debt/product return provision	22	221
Inventory obsolescence	229	250
Restructuring charges, net	81	—
Other	102	38
Changes in operating assets and liabilities (net of acquisition)	(3,805)	(1,755)
Net cash (used in) provided by operating activities	<u>(337)</u>	<u>2,288</u>
Investing activities:		
Purchase of marketable securities	—	(9,873)
Proceeds from maturities of marketable securities	7,109	17,473
Acquisition of business, net of cash acquired	—	(12,919)
Purchase of property, equipment, improvements and certain other intangible assets	(975)	(1,427)
Net cash provided by (used in) investing activities	<u>6,134</u>	<u>(6,746)</u>
Financing activities:		
Excess tax benefits from stock-based compensation	20	28
Proceeds from stock option plan transactions	2,813	169
Proceeds from employee stock purchase plan transactions	296	248
Purchases of common stock	—	(4,226)
Net cash provided by (used in) financing activities	<u>3,129</u>	<u>(3,781)</u>
Effect of exchange rate changes on cash and cash equivalents	224	3
Net increase (decrease) in cash and cash equivalents	9,150	(8,236)
Cash and cash equivalents, beginning of period	41,320	60,246
Cash and cash equivalents, end of period	<u>\$ 50,470</u>	<u>\$ 52,010</u>
Supplemental schedule of non-cash investing activities:		
Issuance of common stock for business acquisition	<u>\$ —</u>	<u>\$ 6,804</u>