

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

| | Three months ended December 31, | |
|---------------------------------|---------------------------------|-----------------|
| | 2013 | 2012 |
| Net sales: | | |
| Product | \$ 41,989 | \$ 43,043 |
| Service | 5,333 | 3,948 |
| Total net sales | <u>47,322</u> | <u>46,991</u> |
| Cost of sales: | | |
| Cost of product | 20,263 | 20,126 |
| Cost of service | 4,151 | 2,386 |
| Total cost of sales | <u>24,414</u> | <u>22,512</u> |
| Gross profit | 22,908 | 24,479 |
| Operating expenses: | | |
| Sales and marketing | 10,219 | 10,274 |
| Research and development | 7,257 | 7,417 |
| General and administrative | 4,723 | 5,116 |
| Restructuring charges, net | 81 | — |
| Total operating expenses | <u>22,280</u> | <u>22,807</u> |
| Operating income | 628 | 1,672 |
| Other income, net: | | |
| Interest income | 43 | 52 |
| Other income, net | 93 | 124 |
| Total other income, net | <u>136</u> | <u>176</u> |
| Income before income taxes | 764 | 1,848 |
| Income tax provision | 76 | 618 |
| Net income | <u>\$ 688</u> | <u>\$ 1,230</u> |
| Net income per common share: | | |
| Basic | <u>\$ 0.03</u> | <u>\$ 0.05</u> |
| Diluted | <u>\$ 0.03</u> | <u>\$ 0.05</u> |
| Weighted average common shares: | | |
| Basic | <u>25,716</u> | <u>26,188</u> |
| Diluted | <u>26,229</u> | <u>26,434</u> |