

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

	Three months ended June 30,		Nine months ended June 30,	
	2014	2013	2014	2013
Revenue:				
Hardware product	\$ 43,303	\$ 42,330	\$ 125,852	\$ 128,484
Service	4,582	6,494	15,237	15,528
Total revenue	<u>47,885</u>	<u>48,824</u>	<u>141,089</u>	<u>144,012</u>
Cost of sales:				
Cost of hardware product	21,587	20,579	61,862	60,827
Cost of service	4,149	3,525	12,390	9,025
Total cost of sales	<u>25,736</u>	<u>24,104</u>	<u>74,252</u>	<u>69,852</u>
Gross profit	22,149	24,720	66,837	74,160
Operating expenses:				
Sales and marketing	9,859	10,372	30,477	31,060
Research and development	7,253	7,606	21,921	22,798
General and administrative	5,317	4,850	14,659	16,356
Restructuring charges, net	—	—	81	(37)
Total operating expenses	<u>22,429</u>	<u>22,828</u>	<u>67,138</u>	<u>70,177</u>
Operating (loss) income	(280)	1,892	(301)	3,983
Other (expense) income, net:				
Interest income	39	58	132	160
Interest expense	(4)	—	(5)	(37)
Other (expense) income, net	(69)	(59)	45	503
Total other (expense) income, net	<u>(34)</u>	<u>(1)</u>	<u>172</u>	<u>626</u>
(Loss) income before income taxes	(314)	1,891	(129)	4,609
Income tax (benefit) provision	(213)	363	(1,454)	851
Net (loss) income	<u>\$ (101)</u>	<u>\$ 1,528</u>	<u>\$ 1,325</u>	<u>\$ 3,758</u>
Net income per common share:				
Basic	<u>\$ 0.00</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.14</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.14</u>
Weighted average common shares:				
Basic	<u>25,274</u>	<u>25,849</u>	<u>25,545</u>	<u>26,057</u>
Diluted	<u>25,274</u>	<u>26,114</u>	<u>25,965</u>	<u>26,323</u>