

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

	Three months ended September 30,		Year ended September 30,	
	2014	2013	2014	2013
Revenue:				
Hardware product	\$ 46,994	\$ 44,594	\$ 172,846	\$ 173,078
Service	4,618	6,775	19,855	22,303
Total revenue	<u>51,612</u>	<u>51,369</u>	<u>192,701</u>	<u>195,381</u>
Cost of sales:				
Cost of hardware product	23,875	21,449	85,737	82,276
Cost of service	4,090	3,957	16,480	12,982
Total cost of sales	<u>27,965</u>	<u>25,406</u>	<u>102,217</u>	<u>95,258</u>
Gross profit	<u>23,647</u>	<u>25,963</u>	<u>90,484</u>	<u>100,123</u>
Operating expenses:				
Sales and marketing	10,099	9,453	40,576	40,513
Research and development	7,868	7,529	29,789	30,327
General and administrative	5,254	5,067	19,913	21,423
Restructuring charges, net	—	350	81	313
Total operating expenses	<u>23,221</u>	<u>22,399</u>	<u>90,359</u>	<u>92,576</u>
Operating income	<u>426</u>	<u>3,564</u>	<u>125</u>	<u>7,547</u>
Other income, net:				
Interest income	44	50	176	210
Interest expense	—	(5)	(5)	(42)
Other income, net	456	20	501	523
Total other income, net	<u>500</u>	<u>65</u>	<u>672</u>	<u>691</u>
Income before income taxes	<u>926</u>	<u>3,629</u>	<u>797</u>	<u>8,238</u>
Income tax provision (benefit)	<u>500</u>	<u>1,582</u>	<u>(954)</u>	<u>2,433</u>
Net income	<u>\$ 426</u>	<u>\$ 2,047</u>	<u>\$ 1,751</u>	<u>\$ 5,805</u>
Net income per common share:				
Basic	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.22</u>
Diluted	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.22</u>
Weighted average common shares:				
Basic	<u>24,715</u>	<u>25,666</u>	<u>25,345</u>	<u>25,956</u>
Diluted	<u>24,988</u>	<u>26,039</u>	<u>25,730</u>	<u>26,237</u>