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

2014 $2013$ Hardware product         \$ 44,933 \$ 41,989           Service $3,790$ Total revenue $48,723$ Cost of sales: $23,112$ Cost of sales: $23,112$ Cost of service $3,689$ Total cost of sales $26,801$ Cost of service $3,689$ Total cost of sales $21,922$ Gross profit $21,922$ Operating expenses: $21,922$ Sales and marketing $10,792$ Restructuring charges, net $7,562$ Total operating expenses $22,542$ Operating (loss) income $(1,620)$ Operating (loss) income $38$ Other income, net $388$ Interest income $38$ Total other income net $10,792$ Income tax (benefit) provision $(6855)$ Net (loss) income $8$ Net (loss) income $$ (0,01) $ $ 0.03$ Net (loss) income $$ (0,01) $ $ 0.03$ Net (loss) income before income taxes $$ (0,01) $ $ 0.03$			Three months ended December 31,	
Hardware products $44,933$ s $41,989$ Service $3,790$ $5,333$ Total revenue $48,723$ $47,322$ Cost of sales: $23,112$ $20,263$ Cost of sarvice $3,689$ $4,151$ Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $38$ $43$ Other income, net: $ 81$ Interest income net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $8$ $(0.01)$ $8$ Net income per common share: $8aic$ $24,150$ $25,716$ Basic $24,150$ $25,716$		2014	2013	
Service $3,790$ $5,333$ Total revenue $48,723$ $47,322$ Cost of sales: $23,112$ $20,263$ Cost of service $3,689$ $4,151$ Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $21,922$ $22,908$ Sales and marketing $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net       — $811$ Total operating expenses $23,542$ $22,2800$ Operating (loss) income $38,843$ $301$ Other income, net:       1 $116220$ $628$ Other income, net $388$ $93$ $7041$ other income, net $388$ $93$ Total other income, net $4226$ $136$ $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ $668$ $8$ $(0,01)$ $8$ $(0,03)$ $8$ $(0,01)$ $8$ $(0,01)$				
Total revenue $3,130$ $3,332$ Cost of sales: $48,723$ $47,322$ Cost of sales: $23,112$ $20,263$ Cost of service $3,689$ $4,151$ Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net       — $81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Interest income $38$ $43$ Other income, net $388$ $93$ Total other income, net $4266$ $136$ (Loss) income $8(55)$ $76$ Net (loss) income $$(339)$ $$688$ Net (loss) income $$(0,01)$ $$0.03$ Net income per common share: $Basic$ $$(0,01)$ $$0.03$ Basic		\$ 44,9	33 \$ 41,989	
Cost of sales: $(3,12)$ $(1,12)$ Cost of sales: $23,112$ $20,263$ Cost of service $3,689$ $4,151$ Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating loss) income $(1,620)$ $628$ Other income, net: $388$ $93$ Total other income, net $388$ $93$ Total other income, net $4266$ $136$ (Loss) income $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(0,01)$ $$0,03$ Net income per common share: $$$(0,01)$ $$0,03$ Basic $$$(0,01)$ $$0,03$ Weighted average common shares: $$$24,150$ $$25,716$	Service	3,7	90 5,333	
Cost of hardware product $23,112$ $20,263$ Cost of service $3,689$ $4,151$ Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $388$ $93$ Interest income $388$ $93$ Total other income, net $388$ $93$ Income tax (benefit) provision $(1,194)$ $764$ Income tax (benefit) provision $8(339)$ $868$ Net income per common share: $8$ $(0,01)$ $8$ Basic $5$ $(0,01)$ $5$ $0.03$ Weighted average common shares: $8asi$ $24,150$ $25,716$		48,7	23 47,322	
Cost of service $3,689$ $4,151$ Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net— $81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income§ $(339)$ §Net income per common share: $8aic$ $5(001)$ $9,003$ Basic $24,150$ $25,716$	Cost of sales:			
Total cost of sales $26,801$ $24,414$ Gross profit $21,922$ $22,908$ Operating expenses: $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $83(339)$ $$0,031$ Basic $$(0,01)$ $$0,033$ Diluted $$(0,01)$ $$0,033$ Weighted average common shares: $24,150$ $25,716$	Cost of hardware product	23,1	12 20,263	
Gross profit Operating expenses: Sales and marketing $21,922$ $22,908$ Sales and marketing $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net— $81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: Interest income $38$ $93$ Total other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income\$ $(339)$ \$ $688$ Net income per common share: Basic\$ $(0.01)$ \$ $0.03$ Diluted\$ $(0.01)$ \$ $0.03$ Weighted average common shares: Basic $24,150$ $25,716$	Cost of service	3,6	89 4,151	
Operating expenses: $10,792$ $10,219$ Sales and marketing $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $222,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net: $38$ $93$ Total other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net income per common share: $8$ $(0.01)$ $8$ Basic $$(0.01)$ $$0.03$ $$(0.01)$ $$0.03$ Weighted average common shares: $24,150$ $25,716$	Total cost of sales	26,8	24,414	
Sales and marketing $10,792$ $10,219$ Research and development $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income\$ $(339)$ \$Net income per common share: $8$ $(0.01)$ \$Basic\$ $(0.01)$ \$ $0.03$ Diluted\$ $0.01$ \$ $0.03$ Weighted average common shares: $24,150$ $25,716$		21,9	22 22,908	
Research and development $10,72$ $10,72$ Research and daministrative $7,562$ $7,257$ General and administrative $5,188$ $4,723$ Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $$(0.01)$ $$0.03$ Basic $$(0.01)$ $$0.03$ Weighted average common shares: $$24,150$ $25,716$				
General and administrative $1,002$ $1,002$ Restructuring charges, net $5,188$ $4,723$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net $388$ $93$ Total other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net income per common share: $8$ $(0.01)$ $$0.03$ Basic $$(0.01)$ $$0.03$ $$(0.01)$ $$0.03$ Weighted average common shares: $8aic$ $24,150$ $25,716$	-	10,7	92 10,219	
Restructuring charges, net $ 81$ Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: $38$ $43$ Other income, net $388$ $93$ Total other income, net $388$ $93$ Total other income, net $388$ $93$ Total other income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $$(0.01)$ $$(0.03)$ Basic $$(0.01)$ $$(0.03)$ Weighted average common shares: $$24,150$ $25,716$	*	7,5	52 7,257	
Total operating expenses $23,542$ $22,280$ Operating (loss) income $(1,620)$ $628$ Other income, net: Interest income, net $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income§ $(339)$ §Net income per common share: Basic $$(0.01)$ \$ $0.03$ Diluted $$(0.01)$ \$ $0.03$ Weighted average common shares: Basic $24,150$ $25,716$		5,1	4,723	
Operating (loss) income $(1,620)$ $628$ Other income, net: Interest income $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $\$$ $(339)$ $\$$ Net income per common share: Basic $\$$ $(0.01)$ $\$$ Diluted $\$$ $(0.01)$ $\$$ $0.03$ Weighted average common shares: Basic $24,150$ $25,716$			- 81	
Other income, net: Interest income $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $\$$ $(339)$ $\$$ Net income per common share: $\$$ $(0.01)$ $\$$ Basic $\$$ $(0.01)$ $\$$ $0.03$ Weighted average common shares: $\$$ $24,150$ $25,716$		23,5	42 22,280	
Interest income $38$ $43$ Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $$(0.01)$ $$0.03$ Basic $$(0.01)$ $$0.03$ Diluted $$(0.01)$ $$0.03$ Weighted average common shares: $$24,150$ $25,716$	Operating (loss) income	(1,6	20) 628	
Other income, net $388$ $93$ Total other income, net $426$ $136$ (Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $$(0.01)$ $$0.03$ Basic $$(0.01)$ $$0.03$ Weighted average common shares: $$24,150$ $25,716$				
Total other income, net $3300$ (Loss) income before income taxes $426$ $136$ (I,194) $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $$(0.01)$ $$0.03$ Basic $$(0.01)$ $$0.03$ Diluted $$(0.01)$ $$0.03$ Weighted average common shares: $$24,150$ $25,716$			38 43	
(Loss) income before income taxes $(1,194)$ $764$ Income tax (benefit) provision $(855)$ $76$ Net (loss) income $$(339)$ $$688$ Net income per common share: $$(0.01)$ $$0.03$ Basic $$(0.01)$ $$0.03$ Diluted $$(0.01)$ $$0.03$ Weighted average common shares: $24,150$ $25,716$	Other income, net	3	88 93	
Income tax (benefit) provision $(855)$ 76Net (loss) income\$ (339)\$ 688Net income per common share: Basic\$ (0.01)\$ 0.03Diluted\$ (0.01)\$ 0.03Weighted average common shares: Basic24,15025,716	Total other income, net		26 136	
Net (loss) income $$ (339)$ $$ 688$ Net income per common share: Basic $$ (0.01)$ $$ 0.03$ Diluted $$ (0.01)$ $$ 0.03$ Weighted average common shares: Basic $$ 24,150$ $25,716$		(1,1)	94) 764	
Net income per common share: Basic	Income tax (benefit) provision	(8	55) 76	
Basic       \$ (0.01) \$ 0.03         Diluted       \$ (0.01) \$ 0.03         Weighted average common shares:       Basic         Basic       24,150 25,716	Net (loss) income	\$ (3)	39) \$ 688	
Diluted $\frac{3}{5}$ $(0.01)$ $\frac{3}{5}$ $0.03$ Weighted average common shares:       Basic       24,150       25,716	*			
Weighted average common shares:Basic24,15025,716	Basic	\$ (0.	0.03	
Basic 24,150 25,716	Diluted	\$ (0.	01) \$ 0.03	
24,150 25,710	Weighted average common shares:			
Diluted 24,150 26,229	Basic	24,1	50 25,716	
	Diluted	24,1	50 26,229	