

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

	Three months ended March 31,		Six months ended March 31,	
	2014	2013	2014	2013
Revenue:				
Hardware product	\$ 40,560	\$ 43,111	\$ 82,549	\$ 86,154
Service	5,322	5,086	10,655	9,034
Total revenue	<u>45,882</u>	<u>48,197</u>	<u>93,204</u>	<u>95,188</u>
Cost of sales:				
Cost of hardware product	20,012	20,122	40,275	40,248
Cost of service	4,090	3,114	8,241	5,500
Total cost of sales	<u>24,102</u>	<u>23,236</u>	<u>48,516</u>	<u>45,748</u>
Gross profit	21,780	24,961	44,688	49,440
Operating expenses:				
Sales and marketing	10,399	10,414	20,618	20,688
Research and development	7,411	7,775	14,668	15,192
General and administrative	4,619	6,390	9,342	11,506
Restructuring charges, net	—	(37)	81	(37)
Total operating expenses	<u>22,429</u>	<u>24,542</u>	<u>44,709</u>	<u>47,349</u>
Operating (loss) income	(649)	419	(21)	2,091
Other income, net:				
Interest income	50	50	93	102
Interest expense	(1)	(37)	(1)	(37)
Other income, net	21	438	114	562
Total other income, net	<u>70</u>	<u>451</u>	<u>206</u>	<u>627</u>
(Loss) income before income taxes	(579)	870	185	2,718
Income tax (benefit) provision	(1,317)	(130)	(1,241)	488
Net income	<u>\$ 738</u>	<u>\$ 1,000</u>	<u>\$ 1,426</u>	<u>\$ 2,230</u>
Net income per common share:				
Basic	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.06</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ 0.08</u>
Weighted average common shares:				
Basic	<u>25,644</u>	<u>26,138</u>	<u>25,680</u>	<u>26,163</u>
Diluted	<u>26,144</u>	<u>26,476</u>	<u>26,189</u>	<u>26,474</u>