

**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,	
	2015	2014	2015	2014
Revenue:				
Hardware product	\$ 48,108	\$ 40,560	\$ 93,041	\$ 82,549
Service	5,043	5,322	8,833	10,655
Total revenue	<u>53,151</u>	<u>45,882</u>	<u>101,874</u>	<u>93,204</u>
Cost of sales:				
Cost of hardware product	25,498	20,012	48,610	40,275
Cost of service	3,575	4,090	7,264	8,241
Total cost of sales	<u>29,073</u>	<u>24,102</u>	<u>55,874</u>	<u>48,516</u>
Gross profit	24,078	21,780	46,000	44,688
Operating expenses:				
Sales and marketing	10,299	10,399	21,091	20,618
Research and development	7,779	7,411	15,341	14,668
General and administrative	4,540	4,619	9,728	9,342
Restructuring charges, net	518	—	518	81
Total operating expenses	<u>23,136</u>	<u>22,429</u>	<u>46,678</u>	<u>44,709</u>
Operating income (loss)	942	(649)	(678)	(21)
Other income, net:				
Interest income, net	54	49	92	92
Other income, net	1,324	21	1,712	114
Total other income, net	<u>1,378</u>	<u>70</u>	<u>1,804</u>	<u>206</u>
Income (loss) before income taxes	2,320	(579)	1,126	185
Income tax provision (benefit)	874	(1,317)	19	(1,241)
Net income	<u>\$ 1,446</u>	<u>\$ 738</u>	<u>\$ 1,107</u>	<u>\$ 1,426</u>
Net income per common share:				
Basic	<u>\$ 0.06</u>	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.06</u>	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.05</u>
Weighted average common shares:				
Basic	<u>24,492</u>	<u>25,644</u>	<u>24,319</u>	<u>25,680</u>
Diluted	<u>25,273</u>	<u>26,144</u>	<u>24,816</u>	<u>26,189</u>