

Digimarc Corporation  
Consolidated Cash Flow Information  
(in thousands)  
(Unaudited)

	Twelve-Month Information	
	December 31, 2015	December 31, 2014
Cash flows from operating activities:		
Net loss	\$ (17,934)	\$ (15,820)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization and write-off of property and equipment	1,237	974
Amortization and write-off of intangibles	1,196	1,340
Change in allowance for doubtful accounts	(7)	(23)
Stock-based compensation	5,077	5,403
Deferred income taxes	-	2,085
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(64)	1,316
Other current assets	1,124	(1,028)
Other assets	40	192
Accounts payable and other accrued liabilities	125	(635)
Deferred revenue	(534)	(537)
Net cash used in operating activities	<u>(9,740)</u>	<u>(6,733)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,218)	(1,399)
Capitalized patent costs and purchased intellectual property	(895)	(1,190)
Sale or maturity of marketable securities	110,029	78,174
Purchase of marketable securities	<u>(113,105)</u>	<u>(79,971)</u>
Net cash used in investing activities	(5,189)	(4,386)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs	12,896	15,989
Exercise of stock options	1,514	1,487
Purchase of common stock	(2,443)	(2,392)
Cash dividends paid	-	(1,654)
Net cash provided by financing activities	<u>11,967</u>	<u>13,430</u>
Net increase (decrease) in cash and cash equivalents <sup>(2)</sup>	<u>\$ (2,962)</u>	<u>\$ 2,311</u>
Cash, cash equivalents and marketable securities at beginning of period	39,072	34,964
Cash, cash equivalents and marketable securities at end of period	<u>39,186</u>	<u>39,072</u>
(2) Net increase in cash, cash equivalents and marketable securities	<u>\$ 114</u>	<u>\$ 4,108</u>

###