

Digimarc Corporation  
Consolidated Income Statement Information  
(in thousands, except per share amounts)  
(Unaudited)

	Three-Month Information	
	March 31, 2013	March 31, 2012
<b>Revenue:</b>		
Service	\$ 2,929	\$ 3,048
Subscription	1,384	278
License	5,930	13,720
Total revenue	10,243	17,046
<b>Cost of revenue:</b>		
Service	1,403	1,697
Subscription	635	47
License	96	66
Total cost of revenue	2,134	1,810
<b>Gross profit:</b>		
Service	1,526	1,351
Subscription	749	231
License	5,834	13,654
Total gross profit	8,109	15,236
<b>Gross margin:</b>		
Service	52%	44%
Subscription	54%	83%
License	98%	100%
Percentage of gross profit to total revenue	79%	89%
<b>Operating expenses:</b>		
Sales and marketing	1,277	1,007
Research, development and engineering	2,725	1,998
General and administrative	2,186	2,758
Intellectual property	277	319
Total operating expenses	6,465	6,082
<b>Operating income</b>	1,644	9,154
<b>Net loss from joint ventures</b>	-	(1,107)
<b>Other income, net</b>	29	58
<b>Income before income taxes</b>	1,673	8,105
<b>Provision for income taxes</b>	(702)	(3,106)
<b>Net income</b>	\$ 971	\$ 4,999
<b>Earnings per common share:</b>		
<b>Earnings per common share - basic</b>	\$ 0.13	\$ 0.74
<b>Earnings per common share - diluted</b>	\$ 0.13	\$ 0.70
Weighted average common shares outstanding - basic	6,838	6,738
Weighted average common shares outstanding - diluted	7,058	7,140
<b>Cash dividends declared per common share:</b>	\$ 0.11	\$ -