

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

	Three-Month Information	
	March 31, 2014	March 31, 2013
Cash flows from operating activities:		
Net income (loss)	\$ (1,986)	\$ 971
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	231	158
Amortization and write-off of intangibles	308	299
Change in allowance for doubtful accounts	(7)	-
Gain on reversal of contingent merger consideration	-	(190)
Stock-based compensation	1,259	1,092
Deferred income taxes	(509)	(112)
Excess tax benefit from stock-based awards	(72)	-
Changes in operating assets and liabilities:		
Trade accounts receivable, net	1,809	(228)
Other current assets	(699)	(44)
Other assets	84	1
Accounts payable and other accrued liabilities	(317)	(213)
Income taxes payable	3	778
Deferred revenue	(1,484)	832
Net cash provided by (used in) operating activities	<u>(1,380)</u>	<u>3,344</u>
Cash flows from investing activities:		
Purchase of property and equipment	(117)	(86)
Capitalized patent costs	(295)	(228)
Maturity of marketable securities	11,192	23,116
Purchase of marketable securities	<u>(9,266)</u>	<u>(21,933)</u>
Net cash provided by investing activities	1,514	869
Cash flows from financing activities:		
Issuance of common stock	712	-
Purchase of common stock	(850)	(648)
Cash dividends paid	(824)	(801)
Excess tax benefit from stock-based awards	72	-
Net cash used in financing activities	<u>(890)</u>	<u>(1,449)</u>
Net increase (decrease) in cash and cash equivalents ⁽¹⁾	<u>\$ (756)</u>	<u>\$ 2,764</u>
Cash, cash equivalents and marketable securities at beginning of period	34,964	39,056
Cash, cash equivalents and marketable securities at end of period	<u>32,282</u>	<u>40,637</u>
(1) Net increase (decrease) in cash, cash equivalents and marketable securities	<u>\$ (2,682)</u>	<u>\$ 1,581</u>