

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

	Three-Month Information	
	March 31, 2016	March 31, 2015
<b>Revenue:</b>		
Service	\$ 3,250	\$ 3,501
Subscription	1,463	1,716
License	867	772
Total revenue	<u>5,580</u>	<u>5,989</u>
<b>Cost of revenue:</b>		
Service	1,432	1,578
Subscription	662	754
License	96	84
Total cost of revenue	<u>2,190</u>	<u>2,416</u>
<b>Gross profit:</b>		
Service	1,818	1,923
Subscription	801	962
License	771	688
Total gross profit	<u>3,390</u>	<u>3,573</u>
<b>Gross margin:</b>		
Service	56%	55%
Subscription	55%	56%
License	89%	89%
Percentage of gross profit to total revenue	61%	60%
<b>Operating expenses:</b>		
Sales and marketing	2,955	2,090
Research, development and engineering	3,305	3,084
General and administrative	2,170	2,206
Intellectual property	434	367
Total operating expenses	<u>8,864</u>	<u>7,747</u>
<b>Operating loss</b>	(5,474)	(4,174)
<b>Other income, net</b>	<u>46</u>	<u>23</u>
<b>Loss before income taxes</b>	(5,428)	(4,151)
<b>(Provision) benefit for income taxes</b>	(7)	1
<b>Net loss</b>	<u>\$ (5,435)</u>	<u>\$ (4,150)</u>
<b>Earnings (loss) per common share:</b>		
<b>Loss per common share - basic</b>	\$ (0.64)	\$ (0.52)
<b>Loss per common share - diluted</b>	\$ (0.64)	\$ (0.52)
Weighted average common shares outstanding - basic	8,533	7,960
Weighted average common shares outstanding - diluted	8,533	7,960