

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

	Three-Month Information		Six-Month Information	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenue:				
Service	\$ 3,022	\$ 2,609	\$ 5,951	\$ 5,657
Subscription	1,433	317	2,817	595
License	6,015	6,186	11,945	19,906
Total revenue	<u>10,470</u>	<u>9,112</u>	<u>20,713</u>	<u>26,158</u>
Cost of revenue:				
Service	1,432	1,485	2,835	3,182
Subscription	588	45	1,223	92
License	100	53	196	119
Total cost of revenue	<u>2,120</u>	<u>1,583</u>	<u>4,254</u>	<u>3,393</u>
Gross profit:				
Service	1,590	1,124	3,116	2,475
Subscription	845	272	1,594	503
License	5,915	6,133	11,749	19,787
Total gross profit	<u>8,350</u>	<u>7,529</u>	<u>16,459</u>	<u>22,765</u>
Gross margin:				
Service	53%	43%	52%	44%
Subscription	59%	86%	57%	85%
License	98%	99%	98%	99%
Percentage of gross profit to total revenue	80%	83%	79%	87%
Operating expenses:				
Sales and marketing	1,563	970	2,840	1,977
Research, development and engineering	2,822	2,146	5,547	4,144
General and administrative	2,348	2,191	4,534	4,949
Intellectual property	261	291	538	610
Total operating expenses	<u>6,994</u>	<u>5,598</u>	<u>13,459</u>	<u>11,680</u>
Operating income	1,356	1,931	3,000	11,085
Net loss from joint ventures	-	-	-	(1,107)
Other income, net	19	33	48	91
Income before income taxes	1,375	1,964	3,048	10,069
Provision for income taxes	(773)	(748)	(1,475)	(3,854)
Net income	<u>\$ 602</u>	<u>\$ 1,216</u>	<u>\$ 1,573</u>	<u>\$ 6,215</u>
Earnings per common share:				
Earnings per common share - basic	\$ 0.08	\$ 0.17	\$ 0.22	\$ 0.88
Earnings per common share - diluted	\$ 0.08	\$ 0.17	\$ 0.21	\$ 0.84
Weighted average common shares outstanding - basic	6,850	6,737	6,844	6,738
Weighted average common shares outstanding - diluted	7,090	6,993	7,078	6,999
Cash dividends declared per common share:	\$ 0.11	\$ 0.11	\$ 0.22	\$ 0.11