

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

	Six-Month Information	
	June 30, 2014	June 30, 2013
Cash flows from operating activities:		
Net income (loss)	\$ (4,666)	\$ 1,573
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	459	320
Amortization and write-off of intangibles	606	602
Change in allowance for doubtful accounts	(17)	-
Gain on reversal of contingent merger consideration	-	(190)
Stock-based compensation	2,631	2,169
Deferred income taxes	(1,621)	1,406
Changes in operating assets and liabilities:		
Trade accounts receivable, net	2,164	(303)
Other current assets	(1,412)	(271)
Other assets	84	(46)
Accounts payable and other accrued liabilities	(124)	228
Income taxes payable	(167)	24
Deferred revenue	(1,984)	637
Net cash provided by (used in) operating activities	<u>(4,047)</u>	<u>6,149</u>
Cash flows from investing activities:		
Purchase of property and equipment	(579)	(275)
Capitalized patent costs	(561)	(506)
Maturity of marketable securities	32,376	35,474
Purchase of marketable securities	(25,810)	(37,060)
Net cash provided by (used in) investing activities	<u>5,426</u>	<u>(2,367)</u>
Cash flows from financing activities:		
Issuance of common stock	1,176	-
Purchase of common stock	(1,440)	(742)
Cash dividends paid	(1,654)	(1,601)
Net cash used in financing activities	<u>(1,918)</u>	<u>(2,343)</u>
Net increase (decrease) in cash and cash equivalents ⁽¹⁾	<u>\$ (539)</u>	<u>\$ 1,439</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>27,859</u>	<u>42,081</u>
(1) Net increase (decrease) in cash, cash equivalents and marketable securities	<u>\$ (7,105)</u>	<u>\$ 3,025</u>