

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

	Three-Month Information		Nine-Month Information	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenue:				
Service	\$ 3,030	\$ 2,616	\$ 8,981	\$ 8,273
Subscription	1,424	327	4,241	922
License	2,971	5,960	14,916	25,866
Total revenue	7,425	8,903	28,138	35,061
Cost of revenue:				
Service	1,232	1,362	4,067	4,544
Subscription	625	46	1,848	138
License	98	59	294	178
Total cost of revenue	1,955	1,467	6,209	4,860
Gross profit:				
Service	1,798	1,254	4,914	3,729
Subscription	799	281	2,393	784
License	2,873	5,901	14,622	25,688
Total gross profit	5,470	7,436	21,929	30,201
Gross margin:				
Service	59%	48%	55%	45%
Subscription	56%	86%	56%	85%
License	97%	99%	98%	99%
Percentage of gross profit to total revenue	74%	84%	78%	86%
Operating expenses:				
Sales and marketing	1,482	937	4,322	2,914
Research, development and engineering	3,277	2,320	8,824	6,464
General and administrative	2,456	2,282	6,990	7,231
Intellectual property	278	309	816	919
Total operating expenses	7,493	5,848	20,952	17,528
Operating income (loss)	(2,023)	1,588	977	12,673
Net loss from joint ventures	-	-	-	(1,107)
Other income, net	33	48	81	139
Income (loss) before income taxes	(1,990)	1,636	1,058	11,705
(Provision) benefit for income taxes	1,195	(633)	(280)	(4,487)
Net income (loss)	\$ (795)	\$ 1,003	\$ 778	\$ 7,218
Earnings (loss) per common share:				
Earnings (loss) per common share - basic	\$ (0.12)	\$ 0.14	\$ 0.09	\$ 1.02
Earnings (loss) per common share - diluted	\$ (0.12)	\$ 0.14	\$ 0.09	\$ 0.98
Weighted average common shares outstanding - basic	6,860	6,761	6,850	6,745
Weighted average common shares outstanding - diluted	6,860	6,984	7,080	6,997
Cash dividends declared per common share:	\$ 0.11	\$ 0.11	\$ 0.33	\$ 0.22