

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

	Three-Month Information		Twelve-Month Information	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenue:				
Service	\$ 2,650	\$ 2,519	\$ 11,631	\$ 10,792
Subscription	1,350	559	5,591	1,481
License	2,826	6,236	17,742	32,102
Total revenue	6,826	9,314	34,964	44,375
Cost of revenue:				
Service	1,260	1,373	5,327	5,917
Subscription	643	217	2,491	355
License	93	58	387	236
Total cost of revenue	1,996	1,648	8,205	6,508
Gross profit:				
Service	1,390	1,146	6,304	4,875
Subscription	707	342	3,100	1,126
License	2,733	6,178	17,355	31,866
Total gross profit	4,830	7,666	26,759	37,867
Gross margin:				
Service	52%	45%	54%	45%
Subscription	52%	61%	55%	76%
License	97%	99%	98%	99%
Percentage of gross profit to total revenue	71%	82%	77%	85%
Operating expenses:				
Sales and marketing	1,822	913	6,144	3,827
Research, development and engineering	3,450	2,277	12,274	8,741
General and administrative	2,635	2,226	9,624	9,457
Intellectual property	313	329	1,129	1,248
Total operating expenses	8,220	5,745	29,171	23,273
Operating income (loss)	(3,390)	1,921	(2,412)	14,594
Net loss from joint ventures	-	-	-	(1,107)
Other income, net	28	40	109	179
Income (loss) before income taxes	(3,362)	1,961	(2,303)	13,666
(Provision) benefit for income taxes	2,077	(907)	1,796	(5,394)
Net income (loss)	\$ (1,285)	\$ 1,054	\$ (507)	\$ 8,272
Earnings (loss) per common share:				
Earnings (loss) per common share - basic	\$ (0.19)	\$ 0.15	\$ (0.10)	\$ 1.16
Earnings (loss) per common share - diluted	\$ (0.19)	\$ 0.14	\$ (0.10)	\$ 1.12
Weighted average common shares outstanding - basic	6,913	6,791	6,866	6,757
Weighted average common shares outstanding - diluted	6,913	6,966	6,866	6,989
Cash dividends declared per common share:	\$ 0.11	\$ 0.11	\$ 0.44	\$ 0.33