

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

	Three Month Information		Six Month Information	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue:				
Service	\$ 3,148	\$ 3,235	\$ 6,398	\$ 6,736
Subscription	1,494	1,670	2,957	3,386
License	815	893	1,682	1,665
Total revenue	5,457	5,798	11,037	11,787
Cost of revenue:				
Service	1,401	1,497	2,833	3,075
Subscription	594	866	1,256	1,620
License	99	86	195	170
Total cost of revenue	2,094	2,449	4,284	4,865
Gross profit:				
Service	1,747	1,738	3,565	3,661
Subscription	900	804	1,701	1,766
License	716	807	1,487	1,495
Total gross profit	3,363	3,349	6,753	6,922
Gross margin:				
Service	55%	54%	56%	54%
Subscription	60%	48%	58%	52%
License	88%	90%	88%	90%
Percentage of gross profit to total revenue	62%	58%	61%	59%
Operating expenses:				
Sales and marketing	2,856	2,098	5,811	4,188
Research, development and engineering	3,379	3,025	6,684	6,109
General and administrative	1,976	1,980	4,146	4,186
Intellectual property	462	291	896	658
Total operating expenses	8,673	7,394	17,537	15,141
Operating loss	(5,310)	(4,045)	(10,784)	(8,219)
Other income, net	42	32	88	55
Loss before income taxes	(5,268)	(4,013)	(10,696)	(8,164)
(Provision) benefit for income taxes	(15)	1	(22)	2
Net loss	\$ (5,283)	\$ (4,012)	\$ (10,718)	\$ (8,162)
Earnings (loss) per common share:				
Loss per common share - basic	\$ (0.62)	\$ (0.50)	\$ (1.25)	\$ (1.02)
Loss per common share - diluted	\$ (0.62)	\$ (0.50)	\$ (1.25)	\$ (1.02)
Weighted average common shares outstanding - basic	8,587	8,029	8,560	7,995
Weighted average common shares outstanding - diluted	8,587	8,029	8,560	7,995