

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

	Nine-Month Information	
	September 30, 2015	September 30, 2014
Cash flows from operating activities:		
Net loss	\$ (12,631)	\$ (6,651)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and write-off of property and equipment	930	708
Amortization and write-off of intangibles	794	916
Changes in allowance for doubtful accounts	16	(13)
Stock-based compensation	3,857	4,085
Deferred income taxes	-	(2,874)
Changes in operating assets and liabilities:		
Trade accounts receivable	1,842	2,000
Other current assets	(251)	(1,559)
Other assets	66	160
Accounts payable and other accrued liabilities	280	(340)
Deferred revenue	(1,929)	(2,338)
Net cash used in operating activities	<u>(7,026)</u>	<u>(5,906)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(747)	(1,010)
Capitalized patent costs	(646)	(922)
Maturity of marketable securities	79,985	47,961
Purchase of marketable securities	(78,620)	(38,840)
Net cash provided by (used in) investing activities	<u>(28)</u>	<u>7,189</u>
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs	12,896	(124)
Exercise of stock options	1,321	1,319
Purchase of common stock	(1,833)	(1,931)
Cash dividends paid	-	(1,654)
Net cash provided by (used in) financing activities	<u>12,384</u>	<u>(2,390)</u>
Net increase (decrease) in cash and cash equivalents <sup>(2)</sup>	<u>\$ 5,330</u>	<u>\$ (1,107)</u>
Cash, cash equivalents and marketable securities at beginning of period	39,072	34,964
Cash, cash equivalents and marketable securities at end of period	43,037	24,736
(2) Net increase (decrease) in cash, cash equivalents and marketable securities	<u>\$ 3,965</u>	<u>\$ (10,228)</u>

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