

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

	Nine Month Information	
	September 30, 2016	September 30, 2015
Cash flows from operating activities:		
Net loss	\$ (15,916)	\$ (12,631)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization and write-off of property and equipment	1,016	930
Amortization and write-off of intangibles	876	794
Change in allowance for doubtful accounts	-	16
Stock-based compensation	4,162	3,857
Changes in operating assets and liabilities:		
Trade accounts receivable	2,095	1,842
Other current assets	(437)	(251)
Other assets	(56)	66
Accounts payable and other accrued liabilities	680	280
Deferred revenue	(1,407)	(1,929)
Net cash used in operating activities	(8,987)	(7,026)
Cash flows from investing activities:		
Purchase of property and equipment	(1,565)	(747)
Capitalized patent costs	(623)	(646)
Maturity of marketable securities	35,182	27,151
Purchase of marketable securities	(40,817)	(25,786)
Net cash used in investing activities	(7,823)	(28)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs	39,700	12,896
Exercise of stock options	476	1,321
Purchase of common stock	(1,879)	(1,833)
Net cash provided by financing activities	38,297	12,384
Net increase in cash and cash equivalents <sup>(2)</sup>	\$ 21,487	\$ 5,330
Cash, cash equivalents and marketable securities at beginning of period	39,186	39,072
Cash, cash equivalents and marketable securities at end of period	66,308	43,037
(2) Net increase in cash, cash equivalents and marketable securities	\$ 27,122	\$ 3,965

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