

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

	Twelve-Month Information	
	December 31, 2014	December 31, 2013
Cash flows from operating activities:		
Net loss	\$ (15,820)	\$ (507)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	974	742
Amortization and write-off of intangibles	1,340	1,247
Change in allowance for doubtful accounts	(23)	45
Gain on reversal of contingent merger consideration	-	(190)
Stock-based compensation	5,403	4,502
Deferred income taxes	2,085	(715)
Tax benefit (expense) from stock-based awards	-	(855)
Excess tax benefit from stock-based awards	-	(201)
Changes in operating assets and liabilities:		
Trade accounts receivable, net	1,316	(1,667)
Other current assets	(1,028)	(342)
Other assets	192	(404)
Accounts payable and other accrued liabilities	(635)	124
Deferred revenue	(537)	1,694
Net cash provided by (used in) operating activities	<u>(6,733)</u>	<u>3,473</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,399)	(1,644)
Capitalized patent costs and purchased intellectual property	(1,190)	(1,098)
Sale or maturity of marketable securities	78,174	55,627
Purchase of marketable securities	<u>(79,971)</u>	<u>(54,590)</u>
Net cash used in investing activities	(4,386)	(1,705)
Cash flows from financing activities:		
Issuance of common stock, net of issuance costs	15,989	-
Exercise of stock options	1,487	-
Purchase of common stock	(2,392)	(1,822)
Cash dividends paid	(1,654)	(3,202)
Excess tax benefit from stock-based awards	-	201
Net cash provided by (used in) financing activities	<u>13,430</u>	<u>(4,823)</u>
Net increase (decrease) in cash and cash equivalents ⁽¹⁾	<u>\$ 2,311</u>	<u>\$ (3,055)</u>
Cash, cash equivalents and marketable securities at beginning of period	34,964	39,056
Cash, cash equivalents and marketable securities at end of period	<u>39,072</u>	<u>34,964</u>
(1) Net increase (decrease) in cash, cash equivalents and marketable securities	<u>\$ 4,108</u>	<u>\$ (4,092)</u>