

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

	Three-Month Information		Twelve-Month Information	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Revenue:				
Service	\$ 2,868	\$ 2,650	\$ 11,727	\$ 11,631
Subscription	1,843	1,350	6,203	5,591
License	1,152	2,826	7,728	17,742
Total revenue	5,863	6,826	25,658	34,964
Cost of revenue:				
Service	1,270	1,260	5,077	5,327
Subscription	860	643	3,020	2,491
License	83	93	334	387
Total cost of revenue	2,213	1,996	8,431	8,205
Gross profit:				
Service	1,598	1,390	6,650	6,304
Subscription	983	707	3,183	3,100
License	1,069	2,733	7,394	17,355
Total gross profit	3,650	4,830	17,227	26,759
Gross margin:				
Service	56%	52%	57%	54%
Subscription	53%	52%	51%	55%
License	93%	97%	96%	98%
Percentage of gross profit to total revenue	62%	71%	67%	77%
Operating expenses:				
Sales and marketing	2,044	1,822	7,974	6,144
Research, development and engineering	3,262	3,450	13,711	12,274
General and administrative	2,042	2,635	8,972	9,624
Intellectual property	506	313	1,793	1,129
Total operating expenses	7,854	8,220	32,450	29,171
Operating loss	(4,204)	(3,390)	(15,223)	(2,412)
Other income, net	4	28	55	109
Loss before income taxes	(4,200)	(3,362)	(15,168)	(2,303)
(Provision) benefit for income taxes	(4,969)	2,077	(652)	1,796
Net loss	\$ (9,169)	\$ (1,285)	\$ (15,820)	\$ (507)
Earnings (loss) per common share:				
Earnings (loss) per common share - basic	\$ (1.23)	\$ (0.19)	\$ (2.22)	\$ (0.10)
Earnings (loss) per common share - diluted	\$ (1.23)	\$ (0.19)	\$ (2.22)	\$ (0.10)
Weighted average common shares outstanding - basic	7,453	6,913	7,187	6,866
Weighted average common shares outstanding - diluted	7,453	6,913	7,187	6,866
Cash dividends declared per common share:	\$ -	\$ 0.11	\$ 0.22	\$ 0.44