

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

	Three-Month Information	
	March 31, 2015	March 31, 2014
<b>Revenue:</b>		
Service	\$ 3,501	\$ 2,988
Subscription	1,716	1,412
License	772	2,805
Total revenue	<u>5,989</u>	<u>7,205</u>
<b>Cost of revenue:</b>		
Service	1,578	1,414
Subscription	754	649
License	84	83
Total cost of revenue	<u>2,416</u>	<u>2,146</u>
<b>Gross profit:</b>		
Service	1,923	1,574
Subscription	962	763
License	688	2,722
Total gross profit	<u>3,573</u>	<u>5,059</u>
<b>Gross margin:</b>		
Service	55%	53%
Subscription	56%	54%
License	89%	97%
Percentage of gross profit to total revenue	60%	70%
<b>Operating expenses:</b>		
Sales and marketing	2,090	1,879
Research, development and engineering	3,084	3,546
General and administrative	2,206	2,421
Intellectual property	367	534
Total operating expenses	<u>7,747</u>	<u>8,380</u>
<b>Operating loss</b>	(4,174)	(3,321)
<b>Other income, net</b>	<u>23</u>	<u>27</u>
<b>Loss before income taxes</b>	(4,151)	(3,294)
<b>Benefit for income taxes</b>	1	1,308
<b>Net loss</b>	<u>\$ (4,150)</u>	<u>\$ (1,986)</u>
<b>Earnings (loss) per common share:</b>		
<b>Loss per common share - basic</b>	\$ (0.52)	\$ (0.29)
<b>Loss per common share - diluted</b>	\$ (0.52)	\$ (0.29)
Weighted average common shares outstanding - basic	7,960	7,000
Weighted average common shares outstanding - diluted	7,960	7,000
<b>Cash dividends declared per common share:</b>	\$ -	\$ 0.11