

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

	Three Month Information		Twelve Month Information	
	Successor	Successor	Successor	Successor / Predecessor *
	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Twelve Months Ended December 31, 2009	Twelve Months Ended December 31, 2008
Revenue:				
Service	\$ 2,963	\$ 2,419	\$ 10,845	\$ 10,520
License & subscription	2,586	2,232	8,226	9,262
Total revenue	5,549	4,651	19,071	19,782
Cost of revenue:				
Service	1,694	1,358	6,090	5,767
License & subscription	53	70	211	259
Total cost of revenue	1,747	1,428	6,301	6,026
Gross profit:				
Service	1,269	1,061	4,755	4,753
License & subscription	2,533	2,162	8,015	9,003
Total gross profit	3,802	3,223	12,770	13,756
Percentage of gross profit to revenues:				
Service	43%	44%	44%	45%
License & subscription	98%	97%	97%	97%
Percentage of gross profit to total revenue	69%	69%	67%	70%
Operating expenses:				
Sales and marketing	808	764	3,034	3,082
Research and development	1,310	992	4,989	3,843
General and administrative	1,702	1,945	6,452	5,226
Intellectual property	257	184	1,013	1,406
Transitional services	-	(84)	(153)	(280)
Total operating expenses	4,077	3,801	15,335	13,277
Operating income (loss)	(275)	(578)	(2,565)	479
Other income (expense):				
Net loss from joint ventures	(380)	-	(691)	-
Other	83	264	522	1,033
Other income (expense), net	(297)	264	(169)	1,033
Provision for income taxes	(11)	(10)	(23)	(21)
Net income (loss)	\$ (583)	\$ (324)	\$ (2,757)	\$ 1,491
Earnings loss per share:				
Net loss per share - basic	\$ (0.08)	\$ (0.05)	\$ (0.39)	
Net loss per share - diluted	\$ (0.08)	\$ (0.05)	\$ (0.39)	
Weighted average shares outstanding - basic	7,103	7,156	7,140	
Weighted average shares outstanding - diluted	7,103	7,156	7,140	
Pro-forma earnings per share:				
Net income per share - basic			\$	0.21
Net income per share - diluted			\$	0.21
Weighted average shares outstanding - basic				7,143
Weighted average shares outstanding - diluted				7,143

* The financial information presented combines the periods through August 1, 2008, referred to as "carve-out" financial information from Old Digimarc's digital watermarking business, or predecessor, with the period August 2, 2008 through December 31, 2008 for Digimarc, or successor, to arrive at year-to-date totals for comparative purposes. The majority of the prior year operating results benefited from proportional allocations of various shared-services common costs of Old Digimarc.