

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

	Three-Month Information		Twelve-Month Information	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Revenue:				
Service	\$ 3,053	\$ 3,131	\$ 12,395	\$ 12,324
License & subscription	5,872	7,342	23,644	18,826
Total revenue	<u>8,925</u>	<u>10,473</u>	<u>36,039</u>	<u>31,150</u>
Cost of revenue:				
Service	1,775	1,771	6,638	6,464
License & subscription	81	63	299	236
Total cost of revenue	<u>1,856</u>	<u>1,834</u>	<u>6,937</u>	<u>6,700</u>
Gross profit:				
Service	1,278	1,360	5,757	5,860
License & subscription	5,791	7,279	23,345	18,590
Total gross profit	<u>7,069</u>	<u>8,639</u>	<u>29,102</u>	<u>24,450</u>
Percentage of gross profit to revenues:				
Service	42%	43%	46%	48%
License & subscription	99%	99%	99%	99%
Percentage of gross profit to total revenue	79%	82%	81%	78%
Operating expenses:				
Sales and marketing	1,051	1,092	4,336	3,545
Research, development and engineering	1,710	1,636	7,327	5,687
General and administrative	2,839	2,450	9,956	7,864
Intellectual property	268	312	1,094	1,203
Total operating expenses	<u>5,868</u>	<u>5,490</u>	<u>22,713</u>	<u>18,299</u>
Operating income	1,201	3,149	6,389	6,151
Net loss from joint ventures	(784)	(604)	(2,714)	(2,180)
Interest income, net	<u>46</u>	<u>61</u>	<u>195</u>	<u>245</u>
Income before provision for income taxes	463	2,606	3,870	4,216
(Provision) benefit for income taxes	(10)	148	1,786	(42)
Net income	<u>\$ 453</u>	<u>\$ 2,754</u>	<u>\$ 5,656</u>	<u>\$ 4,174</u>
Earnings per share:				
Net income per share - basic	\$ 0.07	\$ 0.38	\$ 0.84	\$ 0.59
Net income per share - diluted	\$ 0.06	\$ 0.35	\$ 0.76	\$ 0.55
Weighted average shares outstanding - basic	6,699	7,190	6,741	7,120
Weighted average shares outstanding - diluted	7,279	7,859	7,430	7,623