

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2024	2023	2024	2023
<b>Revenue:</b>				
Subscription	\$ 5,024	\$ 5,599	\$ 22,418	\$ 18,973
Service	3,634	3,685	16,000	15,878
Total revenue	8,658	9,284	38,418	34,851
<b>Cost of revenue:</b>				
Subscription <sup>(1)</sup>	754	711	2,959	2,975
Service <sup>(1)</sup>	1,490	1,631	6,628	7,252
Amortization expense on acquired intangible assets	1,147	1,113	4,592	4,459
Total cost of revenue	3,391	3,455	14,179	14,686
<b>Gross profit</b>				
Subscription <sup>(1)</sup>	4,270	4,888	19,459	15,998
Service <sup>(1)</sup>	2,144	2,054	9,372	8,626
Amortization expense on acquired intangible assets	(1,147 )	(1,113 )	(4,592 )	(4,459 )
Total gross profit	5,267	5,829	24,239	20,165
<b>Gross profit margin:</b>				
Subscription <sup>(1)</sup>	85 %	87 %	87 %	84 %
Service <sup>(1)</sup>	59 %	56 %	59 %	54 %
Total	61 %	63 %	63 %	58 %
<b>Operating expenses:</b>				
Sales and marketing	4,378	5,639	21,167	22,409
Research, development and engineering	6,336	6,282	26,209	26,577
General and administrative	3,378	4,659	17,073	18,071
Amortization expense on acquired intangible assets	274	265	1,097	1,065
Impairment of lease right of use assets and leasehold improvements	—	—	—	250
Total operating expenses	14,366	16,845	65,546	68,372
<b>Operating loss</b>				
Operating loss	(9,099 )	(11,016 )	(41,307 )	(48,207 )
Other income, net	473	582	2,341	2,452
Loss before income taxes	(8,626 )	(10,434 )	(38,966 )	(45,755 )
Provision for income taxes	(22 )	(139 )	(44 )	(204 )

Net loss	<u>\$ (8,648 )</u>	<u>\$ (10,573 )</u>	<u>\$ (39,010 )</u>	<u>\$ (45,959 )</u>
Loss per share:				
Loss per share — basic	\$ (0.40 )	\$ (0.52 )	\$ (1.83 )	\$ (2.26 )
Loss per share — diluted	\$ (0.40 )	\$ (0.52 )	\$ (1.83 )	\$ (2.26 )
Weighted average shares outstanding — basic	21,480	20,369	21,261	20,322
Weighted average shares outstanding — diluted	21,480	20,369	21,261	20,322

<sup>(1)</sup> Cost of revenue, Gross profit and Gross profit margin for Subscription and Service excludes amortization expense on acquired intangible assets.

**Digimarc Corporation**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
(in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2024	2023	2024	2023
<u>GAAP gross profit</u>	\$ 5,267	\$ 5,829	\$ 24,239	\$ 20,165
Amortization of acquired intangible assets	1,147	1,113	4,592	4,459
Amortization and write-off of other intangible assets	134	140	544	573
Stock-based compensation	143	260	706	1,126
Non-GAAP gross profit	\$ 6,691	\$ 7,342	\$ 30,081	\$ 26,323
Non-GAAP gross profit margin	77 %	79 %	78 %	76 %
<u>GAAP operating expenses</u>	\$ 14,366	\$ 16,845	\$ 65,546	\$ 68,372
Depreciation and write-off of property and equipment	(158 )	(210 )	(728 )	(1,121 )
Amortization of acquired intangible assets	(274 )	(265 )	(1,097 )	(1,065 )
Amortization and write-off of other intangible assets	(35 )	(117 )	(276 )	(393 )
Amortization of lease right of use assets under operating leases	(95 )	(91 )	(358 )	(517 )
Stock-based compensation	(1,947 )	(2,752 )	(9,323 )	(10,032 )
Impairment of lease right of use assets and leasehold improvements	—	—	—	(250 )
Non-GAAP operating expenses	\$ 11,857	\$ 13,410	\$ 53,764	\$ 54,994
<u>GAAP net loss</u>	\$ (8,648 )	\$ (10,573 )	\$ (39,010 )	\$ (45,959 )
Total adjustments to gross profit	1,424	1,513	5,842	6,158
Total adjustments to operating expenses	2,509	3,435	11,782	13,378
Non-GAAP net loss	\$ (4,715 )	\$ (5,625 )	\$ (21,386 )	\$ (26,423 )
<u>GAAP loss per share (diluted)</u>	\$ (0.40 )	\$ (0.52 )	\$ (1.83 )	\$ (2.26 )
Non-GAAP net loss	\$ (4,715 )	\$ (5,625 )	\$ (21,386 )	\$ (26,423 )
Non-GAAP loss per share (diluted)	\$ (0.22 )	\$ (0.28 )	\$ (1.01 )	\$ (1.30 )
<u>Free cash flow</u>				
Cash flows from operating activities	\$ (4,235 )	\$ (5,316 )	\$ (26,572 )	\$ (21,995 )
Purchase of property and equipment	(13 )	(106 )	(212 )	(314 )
Capitalized patent costs	(118 )	(131 )	(431 )	(426 )
Free cash flow	\$ (4,366 )	\$ (5,553 )	\$ (27,215 )	\$ (22,735 )

**Digimarc Corporation**  
**Consolidated Balance Sheet Information**  
(in thousands)  
(Unaudited)

	December 31,	December 31,
	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents <sup>(1)</sup>	\$ 12,365	\$ 21,456
Marketable securities <sup>(1)</sup>	16,365	5,726
Trade accounts receivable, net	6,412	5,813
Other current assets	4,189	4,085
Total current assets	39,331	37,080
Property and equipment, net	1,040	1,570
Intangibles, net	22,191	28,458
Goodwill	8,532	8,641
Lease right of use assets	3,659	4,017
Other assets	1,013	786
Total assets	\$ 75,766	\$ 80,552
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 5,118	\$ 6,672
Deferred revenue	4,020	5,853
Total current liabilities	9,138	12,525
Long-term lease liabilities	5,213	5,994
Other long-term liabilities	56	106
Total liabilities	14,407	18,625
Shareholders' equity:		
Preferred stock	50	50
Common stock	21	20
Additional paid-in capital	415,049	376,189
Accumulated deficit	(350,778 )	(311,768 )
Accumulated other comprehensive loss	(2,983 )	(2,564 )
Total shareholders' equity	61,359	61,927
Total liabilities and shareholders' equity	\$ 75,766	\$ 80,552

---

(1) Aggregate cash, cash equivalents, and marketable securities was \$28.7 million and \$27.2 million at December 31, 2024 and 2023, respectively.

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

	Year Ended	
	December 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net loss	\$ (39,010 )	\$ (45,959 )
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and write-off of property and equipment	728	1,121
Amortization of acquired intangible assets	5,689	5,524
Amortization and write-off of other intangible assets	820	966
Amortization of lease right of use assets under operating leases	358	517
Stock-based compensation	10,029	11,158
Impairment of lease right of use assets and leasehold improvements	—	250
Increase (decrease) in allowance for doubtful accounts	17	20
<b>Changes in operating assets and liabilities:</b>		
Trade accounts receivable	(687 )	(335 )
Other current assets	(128 )	2,200
Other assets	(156 )	299
Accounts payable and other accrued liabilities	(1,608 )	660
Deferred revenue	(1,838 )	1,627
Lease liability and other long-term liabilities	(786 )	(43 )
Net cash provided by (used in) operating activities	(26,572 )	(21,995 )
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(212 )	(314 )
Capitalized patent costs	(431 )	(426 )
Proceeds from maturities of marketable securities	22,555	27,664
Purchases of marketable securities	(33,194 )	(14,363 )
Net cash provided by (used in) investing activities	(11,282 )	12,561
<b>Cash flows from financing activities:</b>		
Issuance of common stock, net of issuance costs	32,218	—
Purchase of common stock	(3,416 )	(2,724 )
Repayment of loans	(37 )	(36 )
Net cash provided by (used in) financing activities	28,765	(2,760 )

Effect of exchange rate on cash	(2 )	52
Net increase (decrease) in cash and cash equivalents	\$ (9,091 )	\$ (12,142 )
Cash, cash equivalents and marketable securities at beginning of period	27,182	52,542
Cash, cash equivalents and marketable securities at end of period	28,730	27,182
Net increase (decrease) in cash, cash equivalents and marketable securities	\$ 1,548	\$ (25,360 )

###