

Digimarc Compensation Philosophy

The philosophy behind Digimarc's compensation program is to support the company's mission, values, and success. Our compensation program is designed to support, reinforce, and align our values, DEI initiatives, business strategy, and operational & financial goals of profitable growth and appreciation of our company's value in the public equity markets.

Digimarc's compensation program is designed to pay all our employees fairly for their performance and contributions. We do this by balancing a wide variety of important internal and external factors aligned to our company culture and values. Compensation and benefits are reviewed against the market annually, at a minimum.

We strive to provide a base salary and restricted stock units that are competitive with the market and compensate above market for outstanding performance. The company uses restricted stock units to incentivize employees that contribute to the strategic goals of the company and drive company value. Performance stock units are used with our Executive team and are awarded based upon delivering established financial and strategic goals. Equity incentive compensation promotes a sense of ownership and reinforces our philosophy that all employees are valued shareholders in the long-term success of the business. In alignment with our company culture, we will strive to communicate openly about the objectives of the company and the design of the compensation program. The compensation process is intended to be fair so that all employees and managers understand the goals and the outcomes of the process.

Digimarc recognizes a fair compensation program is a key component of diversity, equity, and inclusion. We are committed to administering the compensation program in a manner that is transparent, consistent, and free of discrimination. We post salary ranges for new positions and do not ask for previous salary history of our candidates. We promote internal mobility and commit to transparency in how we level and promote our employees.

Component	Purpose
Base Salary	<ul style="list-style-type: none"> • Provide a salary consistent with position's value to the company • Encourage, recognize, and reward performance, career growth and progression • Base salary is only one component of total compensation
Restricted Stock Units	<ul style="list-style-type: none"> • Long-term incentive for employees with restricted stock units at time of hire and opportunity for annual stock refresh • Short-term incentive with quarterly vesting over a four-year period providing guaranteed bonus once restricted stock units have vested • Aligns employee and shareholder interest
Performance Stock Units	<ul style="list-style-type: none"> • Long-term incentive for Executive Team • Shares are awarded based upon delivery of agreed financial and strategic goals • Aligns employee and shareholder interest

Variable Compensation	<ul style="list-style-type: none">• Commissions as it relates to certain identified Sales Positions• Short-Term incentive bonuses for the Executive Team align compensation to annual performance and drive financial and strategic objectives
Benefits	<ul style="list-style-type: none">• Benefits provided by the company are an important part of total compensation• Company-paid benefits may include 401(k) match, paid time off, volunteer day off, donation matching, tuition reimbursements, short term/long term disability, immigration support, health, and life insurance benefits