Company Overview

January 2024

DIGIMARC

Safe Harbor Statement

This presentation includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, which reflect management's current view with respect to future events and performance, including statements regarding: value propositions of applications of Digimarc Watermarking and the Illuminate Platform; the size of the total addressable market and anticipated revenue we could realize from serving those markets; potential applications for and performance of our products and services, and related sources of revenue.

Although we believe these statements to be based on reasonable expectations and beliefs, they are subject to risks and uncertainties which are difficult to predict and, in many instances, are beyond our control. These risks and uncertainties include, but are not limited to, the size and growth of our markets; protection, development and enforcement of our intellectual property portfolio; adoption or endorsement of our technology by leading companies in the retail and consumer products industries or standard-setting bodies or institutions; our future profitability; competition from larger companies or alternative technologies; acceptance in our markets of our revenue models and pricing structures; and the risks detailed in our filings with the U.S. Securities and Exchange Commission from time to time, including the risk factors set forth in Part I, Item 1A of our latest Annual Report on Form 10-K.

We believe that the risk factors specified above and the risk factors identified in Part I, Item 1A of our latest Annual Report on Form 10-K and our other filings with the U.S. Securities and Exchange Commission, among others, could affect our future performance and the liquidity and value of our securities and cause our actual results to differ materially from those expressed or implied by forward-looking statements made by us or on our behalf.

All forward-looking statements made by us or by persons acting on our behalf apply only as of the date of this presentation. We expressly disclaim any obligation to update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this presentation or a change in our views or expectations, or otherwise.

DIGIMARC

Introduction to Digimarc

Driving Digital Transformation with Interactive and Intelligent Digital Twins

Pioneer and global leader in product digitization and digital watermarking, connecting a digital twin to physical and digital items enabling cloud-based solutions to deliver meaningful business value.

Strong Macro Trends Driving New and Existing Commercial Use Cases

Products fill a growing need for authenticity, automation, connectivity, safety, sustainability, and transparency.

Sticky Government Business Relied Upon by a Consortium of Leading Central Banks

25+ years demonstrating we are a trusted partner and can address global challenges at-scale.

High Growth

54% Growth in ARR
from 9/30/22 to 9/30/23

Expanding Margins

85.5% Gross Margins
on Subscription Revenue in Q3'23, up 1,000 basis points from Q3'22

Wide Moats

- ~860 Issued and pending patents
- Proprietary algorithms, trade secrets, and unique technical expertise
- Ecosystem of enabling technologies and partners
- Instance, platform, and industry network effects

DIGIMARC

Product Digitization

Over the last few decades, companies have automated and digitized almost all of their processes and assets, except the ones they sell: their products.

Product digitization via the creation of intelligent and interactive **digital twins** allows companies to grow revenue, reduce costs, increase customer loyalty, improve sustainability, unlock valuable new data, inform new automations, and more.

Digimarc is unique in being able to extend this powerful capability to the digital world, empowering brands to connect consumer engagements across the physical and digital worlds and allowing digital content creators to assert ownership and prove authenticity and provenance of digital assets – critical in an era of generative AI.

Digital twin
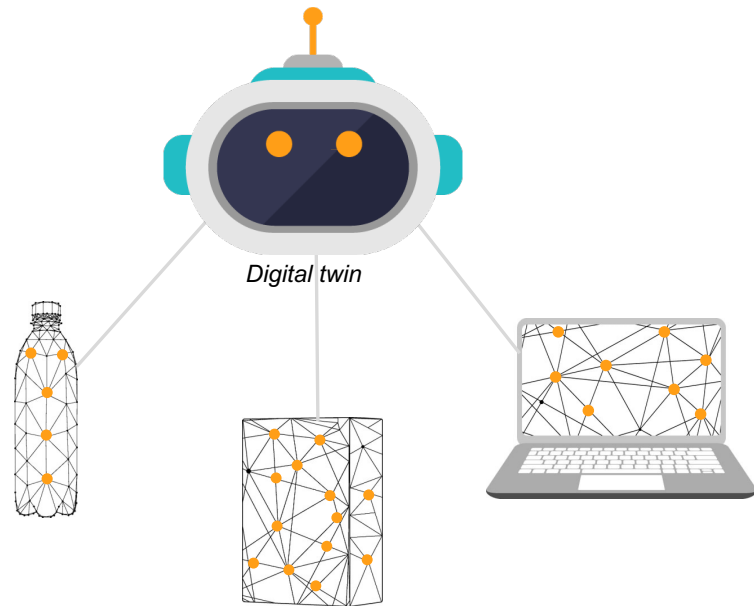
DIGIMARC

Digital Twins: Need a Bridge

Light waves

- A visible code (like QR)
- A digital watermark

Radio waves

- NFC
- RFID

Digital Watermarks: A Differentiated Bridge for Digital Twins

Only the Digimarc Illuminate platform creates our unique digital watermarks, connecting your products to their digital twins and giving them a digital life.

Features

- Covert
- Ubiquitous
- Redundant
- Secure
- Adaptable

Benefits

- Deterministic
- Highly performant
- Standards compatible
- Multipurpose
- Easy implementation, with no disruption to existing workflows or special inks/materials required

COFFEE FOR COFFEE LOVERS

DIGIMARC

Digimarc Illuminate Platform

Scalable SaaS products powered by extensible and enterprise-scale product digitization platform
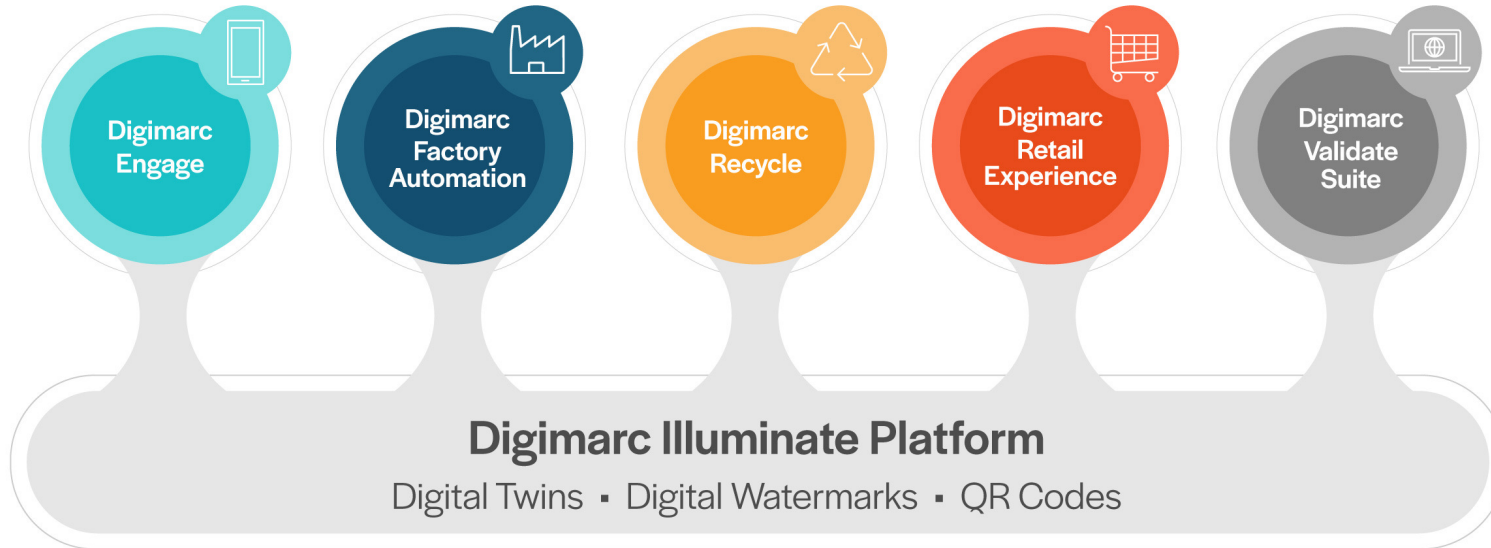
DIGIMARC

Digimarc Illuminate: A Platform for Product Digitization

A single platform to enable your product's digital journey and provide the missing piece you need to complete your company's digital transformation.

Engage with intelligence

Allow products to securely exchange data with — and provide contextually-aware instructions to — digital devices

See everything, achieve anything

Capture every product interaction, allowing you to see everything your products see

Deliver exponential value

As your utilization of our products and platform increases, the value increases, and more intelligence is revealed

Unprecedented scale

Enabling billions of products to work for you while you sleep demands scalability, trustworthiness, and experience. Digimarc has provided large-scale, high-transaction-volume systems for 25+ years

DIGIMARC

Digimarc Engage

Product Overview

Digimarc Engage activates products and multimedia to leverage an interactive, fully owned communications channel directly with consumers. Digimarc delivers dynamic QR codes and hyperlinks that provide contextual redirection capabilities for multiple consumer experiences based on a variety of factors such as time and location or previous behavior. Giving consumers relevant information at the right time results in a better experience and greater brand loyalty. Connecting engagements across the physical and digital worlds in a singular view results in powerful new insights for brands.
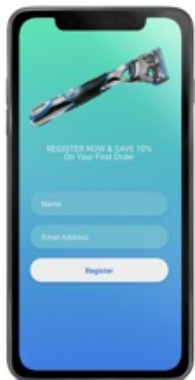
1st Scan:
Drive Registration / Loyalty & Rewards
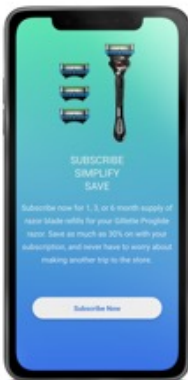
2nd Scan:
Drive Subscription

3rd Scan:
Drive Upsell

✅ Key Features & Benefits

- Advanced contextual and rule-based redirection capability that enables the delivery of relevant and targeted content to consumers based on location, time, and more

- Supports product variants and promotional assets to enable distinct engagement campaigns and powerful marketing optimization

- Digital twins can also support promotional assets (owned and earned) in the digital world, providing a unique and seamless omnichannel experience to consumers and powerful new omnichannel insights to brands

- GS1 Digital Link compliance from a vendor that co-authored the standard, which also contains unique Digimarc IP

- Similarly, Digimarc is actively involved in EU Digital Product Passport standardization working group and has committed to delivering DPP-compliant products

- The security, performance, and privacy that your IT department demands, with a simple experience marketers need

9

Digimarc Factory Automation

Product Overview

Digimarc Factory Automation improves accuracy and reduces waste and inefficiency in production, fulfillment, and distribution facilities by delivering superior automated inspections compared with traditional codes, machine vision systems, or manual human spot checking.

Digimarc Factory Automation in Action
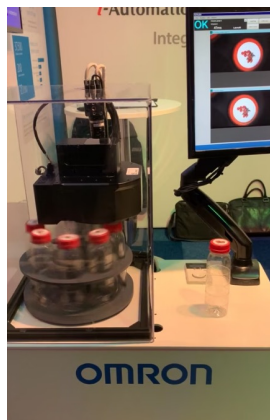
OMRON and Digimarc Factory Automation demo at AIPIA

✓ Key Features & Benefits

- Parts Matching: Automation of anti-mixing quality control checks in manufacturing facilities to prevent incorrect matching of finished product components or mislabeling and recalls

- Packaged Goods Processing: Automation of the processing, sorting, and shipping of packaged goods to fulfill orders from production and fulfillment distribution

- Sustainable Packaging: Remove extraneous packaging necessary when supporting 2D barcodes. For example, removal of shrink sleeves can lead to more sustainable packaging, reduced carbon footprint, and reduced packaging costs

Digimarc Recycle

Product Overview

Digimarc Recycle increases the quality and quantity of recyclate by digitizing products and packaging with digital watermarking technology proven to achieve 99% detection in the toughest conditions. Coupled with consumer engagement capabilities, brands can leverage a direct, digital communications channel. Plus, brands can access a cloud-based record of never-before-seen post-consumption data that provides new insights.

Multi-Year, Multi-Million Contract, First Country Launch, and Government Regulation Updates:

Digimarc Signs Multi-Year, $30 Million-Plus Contract to Protect the Authenticity of High-Value Items and National Recycling Program. The contract marks Digimarc's entry into a new market adjacency by guarding the integrity of a national deposit-return system (DRS) to support increased circularity of food and beverage containers.

France to Be First Country to Launch Digimarc Recycle – selected by the HolyGrail initiative leadership team (driven by AIM – European Brands Association and powered by AEPW), France will become the first country-wide implementation of Digimarc Recycle.

New EU rules to reduce, reuse and recycle: The Environment Committee adopted its proposals to make packaging easier to reuse and recycle, to reduce unnecessary packaging and waste, and to promote the use of recycled content, including Compromise amendments that **shorten the timeline to digital marking.** Regulation is progressing and the inclusion of digital watermarking remains as the chosen technology for material composition identification.

Key Features & Benefits

- Leverage covert digital watermarks for labels, packaging, and substrates

- Lead the industry toward global reduction in plastic waste

- Increase detection accuracy with maximum digital watermark coverage

- Comply with increasing regulations, fees, and taxes

- Measure environmental impact to support sustainability commitments

- Increase the quality and quantity of recycled material through improved product and packaging sortation

- Gain new data insights about the product lifecycle and usage

- Create advanced digital consumer engagement experiences that educate and incentivize recycling activities

Digimarc Retail Experience

Product Overview

Digimarc Retail Experience delivers smarter, connected packaging that supports next-generation retail checkout systems, improved inventory management, advanced consumer engagement experiences, and the collection of powerful first-party data and consumer insights.

Smarter Products Deliver:

- A direct communication channel with shoppers
- Attention at the moment of truth
- Tailored information for every consumer
- Actionable analytics from product interactions
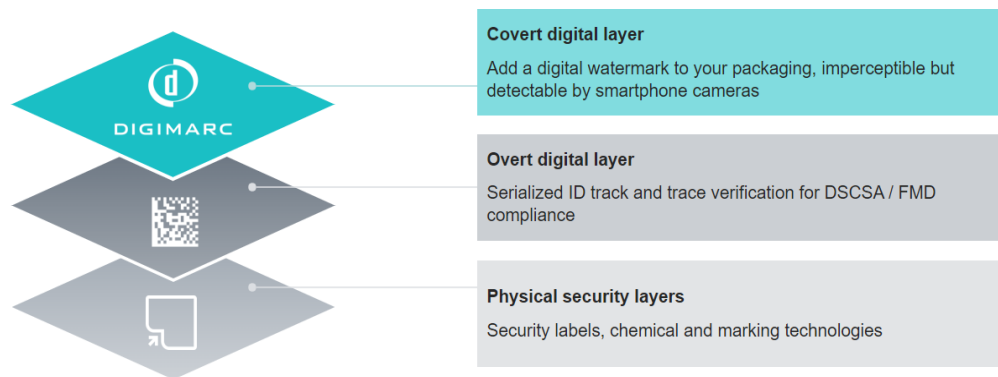- A better shopping experience for consumers

✅ Key Features & Benefits

- Each product is connected to an interactive and intelligent digital twin via a covert digital watermark and/or QR code

- QR codes and covert digital watermarks link shoppers and checkout systems to cloud-based digital twins delivering a more efficient, consumer-friendly shopping experience

- Deliver targeted advanced experiences directly to consumers with context-aware GS1 Digital Link redirections

- Enable valuable insights about consumers and the product's journey by capturing every product interaction with consumers and machines

- Modern camera-based retail checkout and operations compliant

Digimarc Validate (Physical)

Product Overview

Digimarc Validate delivers the ability to generate covert digital watermarks or QR codes and a cloud-based record of product authentication information to provide a digital layer of product protection. Digimarc Validate works in tandem with other security features and integrates seamlessly into existing packaging processes.

Covert digital layer
Add a digital watermark to your packaging, imperceptible but detectable by smartphone cameras

Overt digital layer
Serialized ID track and trace verification for DSCSA / FMD compliance

Physical security layers
Security labels, chemical and marking technologies

Key Features & Benefits

- Protect your products with advanced security features that are difficult to circumvent, including multifactor authentication

- Benefit from greater cost effectiveness compared with analog protections

- Allow brand inspectors, customs agents, and consumers to easily authenticate products from anywhere with a smartphone or digital device

- Access consolidated product authentication and consumer engagement information anytime and anywhere

- Leverage crowdsourced consumer data to proactively identify potential counterfeit

- Build trust by empowering customers to distinguish real products from fakes

- Minimize environmental impact and maintain the recyclability of packaging

- Deliver brand-owned content in a direct-to-consumer communications channel

Digimarc Validate (Digital)

Product Overview

Digimarc Validate provides authenticity and digital copyright protection, more essential than ever in the era of artificial intelligence. Anchored by its powerful and proven covert digital watermarking technology, Digimarc provides a multi-layered system that enables digital content owners to provide an immutable, machine-readable identifier to their digital assets.

Uplevel your standards implementations:

- As a proud member of C2PA, Digimarc Validate works with all C2PA compliant software tools

- By inserting a covert digital watermark into your digital assets, you also enable it to link to a C2PA manifest to display secure, accurate, and up-to-date information no matter where the digital asset is found online

- Digital watermarks are an emerging specification in the C2PA standard

✓ Key Features & Benefits

- Web interfaces, workflow tool integrations, and custom integrations available, allowing you to benefit without disrupting current workflows

- Prove authenticity, ownership, copyright, and provenance with a robust and invisible digital watermark applied to your digital images and audio (video and document protections coming soon) prior to distribution, enabling your digital assets to assert their authenticity and copyright

- Google Chrome browser extension and web search services so you can track your content, identify where it came from, who shared it, and optionally, issue take-down notices or take legal action when necessary

Digimarc GTM Partner Channels

Our partner channel is critical piece of our overall GTM strategy and focus. By combining Digimarc's expertise in product digitization and digital watermarking technologies with our partners' industry and workflow expertise, our customers are provided with a cohesive solution. This is a natural extension of our direct sales efforts and provides a scaling factor for revenue growth.

Examples of Partner Channels

Print/Packaging Partners: Anti-Counterfeit, Consumer Engagement, Deposit Return System, Closed Loop Recycle, and Security Solutions

Creative Agencies: Consumer Engagement

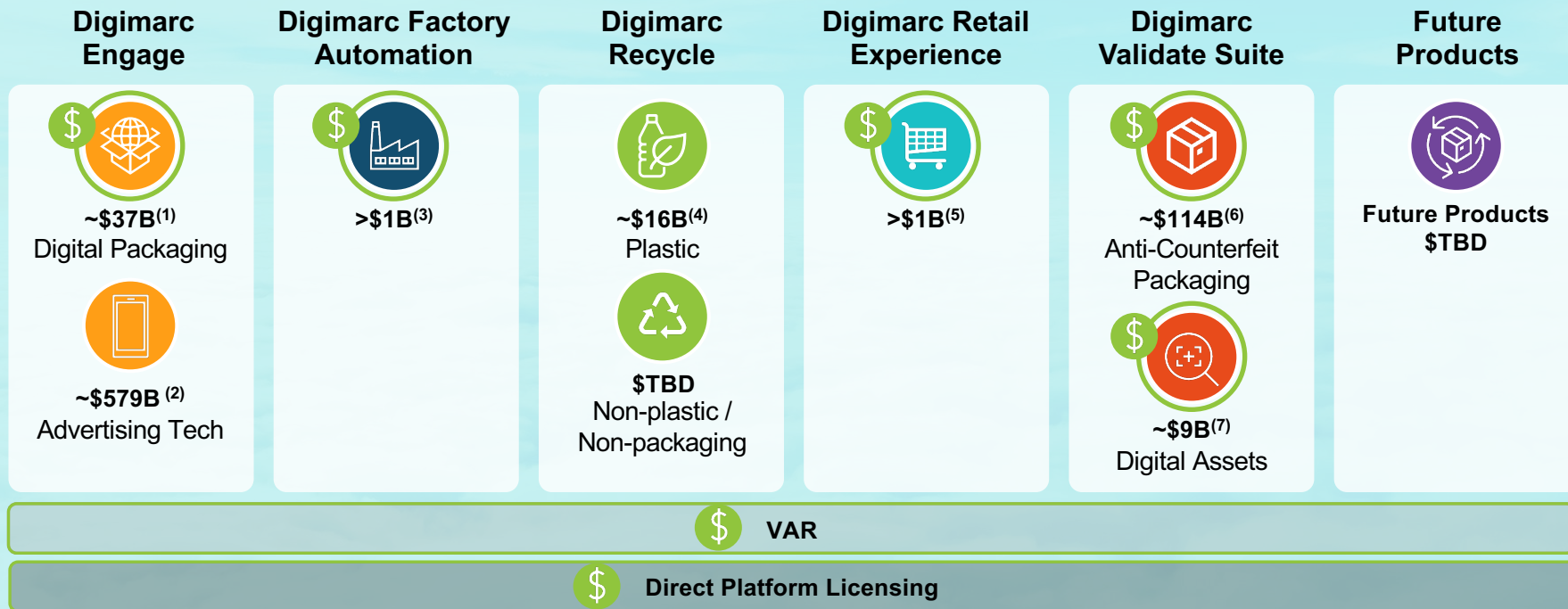**Camera Vendors and Factory Automation System Integrators:** Factory Automation

DIGIMARC

Massive TAM that Continues to Expand

Trillions of products and packages sold every year + trillions of digital assets created every year multiplied by Digimarc's growing number of products = **Massive and ever-expanding TAM**

Digimarc Engage	Digimarc Factory Automation	Digimarc Recycle	Digimarc Retail Experience	Digimarc Validate Suite	Future Products
~$37B [1] Digital Packaging	**>$1B** [3]	**~$16B** [4] Plastic	**>$1B** [5]	**~$114B** [6] Anti-Counterfeit Packaging	**Future Products** **$TBD**
~$579B [2] Advertising Tech		**$TBD** Non-plastic / Non-packaging		**~$9B** [7] Digital Assets	

VAR

Direct Platform Licensing

1. Source: Smithers, The Future of Thermal Printing to 2025, TAM quoted represents 2020 figure projected to 2022 using the stated 4.4% CAGR
2. Source: Global AdTech market worth USD 579.4 billion in 2023, Markets and Markets
3. Source: Q3 2023 Earnings Script
4. Source: New EU environmental taxes TAM is estimated by EU taxation on non-recycled plastic €800 / ton * 26mm ton of total plastic / year generated in EU * 70% non-recycled plastic rate
5. Source: Digimarc Q3 2022 Earnings Script
6. Source: The Economic Impacts of Counterfeiting and Piracy (iccwbo.org)
7. Source: Source: 3.2 billion images and 720,000 hours of video are shared online daily

Example Customers

Walmart

Unilever

patagonia

Netto
Marken-Discount

AstraZeneca

Sealed Air

AVERY DENNISON

mcc
Premium Label Solutions

RESOURCE
LABEL GROUP

P&G

L'ORÉAL

RALPH LAUREN

reckitt

MoëtHennessy

Hirt&Carter

WestRock

Currency Counterfeit Deterrence System

Background

For over 25 years, Digimarc has partnered with a consortium of central banks to help deter the counterfeiting of banknotes by providing a platform of technological excellence and trust.

Challenge

Build an ever-advancing system to defend against the dramatic rise of digitally-based counterfeiting and the proliferation of digital technologies.

Result

Successful, large-scale use of our technology, resulting in a 25+ year deployment, validating that we are a trusted and effective in our ability to deploy complex solutions at a global level.

Status

Digimarc takes great pride in this vital program in partnership with our deeply-valued customers, the central banks. Our long-standing relationship was recently renewed to run through 2029.

The Central Bank Counterfeit Deterrence Group and Digimarc Corporation Extend Agreement

" *Digimarc's unique technology helps protect billions of banknotes in circulation globally and provides decoding software in billions of endpoints* "

DIGIMARC

Financial Update

DIGIMARC

Financial Snapshot

Q3'23 Results

$19.6MM ARR (1)
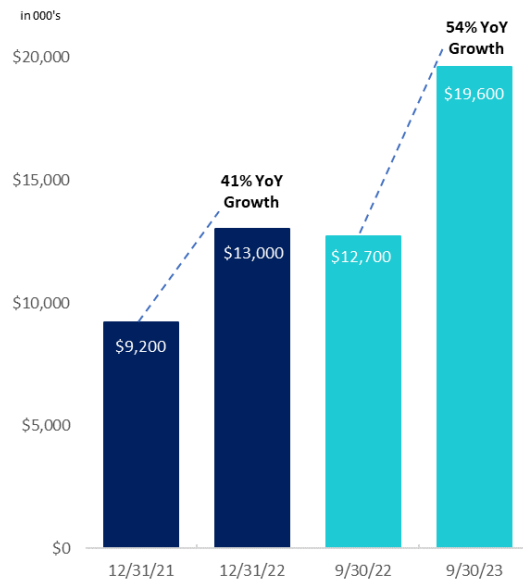54% YoY ARR growth

19% YoY Growth
in Commercial Subscription Revenue

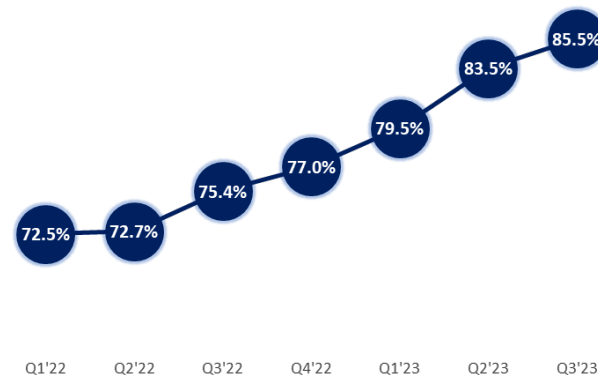**85.5%** Gross Margins (2)
on Subscription Revenue

$33.3MM Cash & Investments

$0.0MM Debt

Accelerating YoY Growth in ARR (1)

in 000's

41% YoY Growth

54% YoY Growth

54% YoY Growth

12/31/21	12/31/22	9/30/22	9/30/23
$9,200	$13,000	$12,700	$19,600

Expanding Subscription Gross Margins (2)

Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
72.5%	72.7%	75.4%	77.0%	79.5%	83.5%	85.5%

(1)   Annual Recurring Revenue (ARR) is a company performance metric calculated as the aggregation of annualized subscription fees from all our commercial contracts as of the measurement date.
(2)   Subscription gross margins exclude amortization expense on acquired intangible assets from the EVRYTHNG acquisition.

DIGIMARC

Commercial and Government Business

Commercial Business Model

- High growth, high margin opportunity
- Platform and product volume-based annual subscription fees
- 90%+ expected incremental gross margins on subscriptions
- Integration, consulting, and support services

Government Business Model

- Fees for services are adjusted annually for inflation
- 60%+ gross margins on combined services and subscriptions
- Digimarc owns all IP for commercial purposes
- Multi-year budgeting visibility

Revenue Summary ($'s in 000's)	FYE 12/31/21	FYE 12/31/22	YTD 9/30/22	YTD 9/30/23
Commercial Revenue:				
Subscription	$10,314	$13,832	$10,033	$12,474
Service	$1,808	$2,056	$1,851	$849
Total Commercial	$12,122	$15,888	$11,884	$13,323
Government Revenue:				
Subscription	$1,200	(1) $1,387	(1) $1,088	$900
Service	$13,198	$12,922	$10,007	$11,344
Total Government	$14,398	$14,309	$11,095	$12,244
Total Revenue	**$26,520**	**$30,197**	**$22,979**	**$25,567**

(1) Included a one-time license fee

DIGIMARC

Digimarc: Investment Highlights

Strong tailwinds given alignment with macro trends

Diverse but connected use cases provide massive TAM opportunity and opportunity for easy cross sell and upsell

Continued expansion of subscription gross margins to best-in-class levels

High growth commercial business opportunities augmented by synergistic direct/channel GTM strategies

IP Portfolio of ~860 patents + patent applications just one layer of our extremely wide competitive moats

Decades of success with world's leading central banks provides high-margin, steady revenue stream and validates trustworthiness and scalability
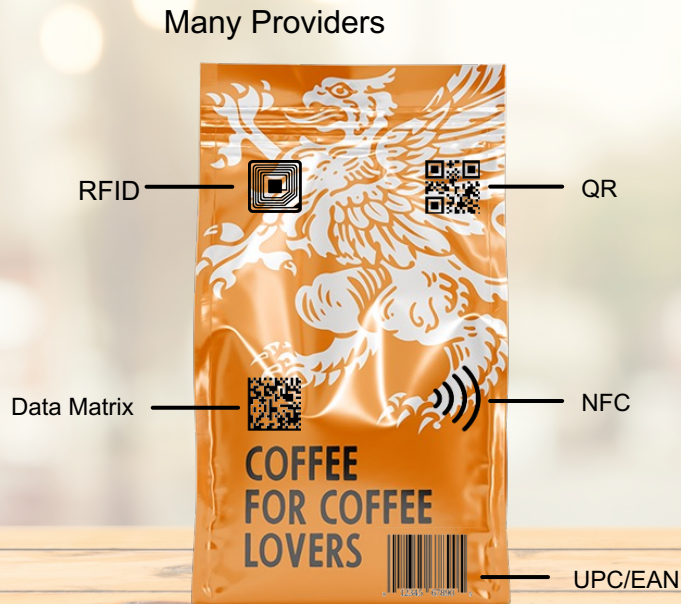
DIGIMARC

DIGIMARC

Thank You

DIGIMARC

More on Digital Watermarking

DIGIMARC

What is Digital Watermarking?

- Our cornerstone technology is the science of "hiding" information about an item in the item itself

- There are two principal components to digital watermarking: encoding (hiding) the signal and decoding (discovering) the signal

- Anything that is digital, digitally processed, or made from something digitally processed, can be watermarked

- Uniquely versatile: can be applied to both physical and digital items

Image Processing

Cryptography

Color Science & Print Technology

Communication Theory

Information Theory

Signal Processing

Disciplines of Digital Watermarking

DIGIMARC

Digital Watermarks – A Differentiated Identification Technology

Many Providers

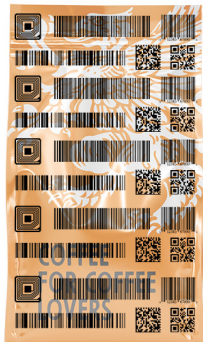One Provider

RFID

QR

Data Matrix

NFC

UPC/EAN

COFFEE FOR COFFEE LOVERS

For use cases that require *covert, ubiquitous, redundant, secure* and/or *adaptable* attributes, Digimarc digital watermarks are either the best choice or the *only* choice.

DIGIMARC

How is Digimarc Applied in Print?
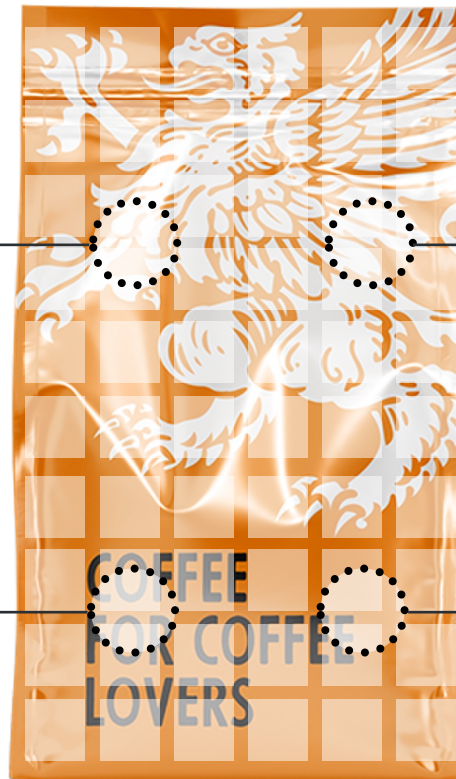

Looks Like This

Performs Like This

Thumbnail-size tile

Pieces of multiple tiles can be combined to recover a signal

Encoder software applies tiles to graphics over entire surface

- Uses existing pixels
- No special inks
- No special printing process

Exaggerated view for illustration purposes

COFFEE FOR COFFEE LOVERS

DIGIMARC

How is Digimarc Applied in Substrate?

Looks Like This

Performs Like This

Thumbnail-size tile

Pieces of multiple tiles can be combined to recover a signal

µm- (micron) height topological variations embedded via molds or lasers

- Uses existing substrate
- No special materials
- No special manufacturing process or tools

Exaggerated view for illustration purposes

DIGIMARC

Recent Digimarc Awards

Fortune 2023 Change the World List

Fast Company's 2023 World Changing Ideas

AIM 2023 Case Study Competition Winner

Best of Show: Package Innovation

Worldstar Winner 2021: Packaging Materials and Components

Top Supplier Retail 2020

Best Packaging — Quality Design Category

Solar Impulse Foundation Efficient Solutions

Emmy® Award for Technology & Engineering

DIGIMARC