Company Overview

May 2023
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.
Driving Digital Transformation by Giving Products a Voice

Global leader in product digitization, delivering business value across industries through unique identifiers and cloud-based solutions.

Strong Macro Trends Driving New and Existing Commercial Use Cases

Products fill a growing need for trust, authenticity, safety, transparency, efficiency, and sustainability.

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

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

High Growth

85% Bookings Growth in Commercial from FY'21 to 'FY'22

Strong Margins

75% Gross Margins on Subscription Revenue in FY'22

Wide Moats

- ~900 Issued and Pending Patents
- Proprietary algorithms, trade secrets, and unique technical expertise
- Ecosystem of enabling technologies and partners
- Instance, Platform, and Industry Network Effects
Product Digitization with the Digimarc Illuminate Platform

**Digital Watermarks:** delivers a unique covert, redundant, and secure identification tag that can be applied to products, packaging, labels, images, and much more

**Digital Twins:** represent physical products in the Digimarc Illuminate platform, instructing and capturing product interactions when and where they occur

**Item-Level Identification:** enables identification of every product and object at the batch, lot, regional or individual item level

**Centralized Traceability:** provides traceability data from a variety of disparate production, supply chain, distribution, fulfillment and inventory management systems

**Closed System Security:** features permissions and rights management tools that enable better management of business, partners, and data
Products

Digimarc Engage
Digimarc Recycle
Digimarc Validate
Digimarc Retail Experience

Digimarc Illuminate Platform
Digital Watermarks / QR Codes and Product Cloud
Unlock individual or mass direct communications channel connecting brands and consumers.

**Features:**

- Serialized QR code generation and other symbology support
- Native camera scanning (no app required)
- Dashboard views of current and historical consumer engagement data
- Contextual and rule-based redirection capability
- GS1 Digital Link support

**Digimarc Engage** activates products and media to deliver an interactive communications channel directly to consumers.

Adding QR codes to your product packaging enables consumers to scan for more information.

Combined with cloud-based rules, brands can deliver contextually-relevant content based on time, location, and more.
Digimarc Recycle

Increase the recyclability of products and packaging with unique digital watermarks.

Features:

- Digital watermarks for labels and packaging (2D) and substrates (3D)
- Cloud-based record of current and historical recycling information
- Recycling instructions for consumers with QR codes
- No special inks or printing processes required
- No additives or special manufacturing processes required

Digimarc Recycle activates products and packaging with unique digital watermarks to improve accuracy and performance in recycling facilities.

Consumer engagement capabilities deliver a direct, digital communications channel with consumers.

And a cloud-based record of recycling information provides new insights.
Digimarc Recycle: Validated in Industry Trials and Government Regulation

The Digital Watermarks Initiative HolyGrail 2.0 – driven by AIM (European Brands Association), powered by AEPW

With an average detection rate of 99%, results from the recently completed semi-industrial trials clearly demonstrate that Digimarc’s technology performs exceptionally well across all tested categories of plastic packaging material in conditions representing routine industrial operations. Even in harsher conditions – with higher belt speed and severe soiling and crushing – Digimarc digital watermarks maintained their performance.

The Circular Plastics Taskforce assessed the effectiveness of Digimarc Recycle in optimizing the sortation of flexible plastic packaging in Canada and demonstrated a 99% accuracy rate for films and flexibles, no matter the type of material used, the form factor, or the type of comingled waste. The CPT concluded that Digimarc technology works to sort films and flexibles accurately and efficiently on a SKU-level (deterministic) basis.

The Packaging and Packaging Waste Regulation by the European Commission, as part of the European Green Deal, includes a requirement that material composition of packaging must be identified by means of digital marking technologies.
Digimarc Validate

Protect product authenticity to ensure real products are in the right place.

Features:
• 1D and 2D identification symbology compatibility, including multifactor authentication
• In-field evidence capturing capabilities, including photo and note attachments
• Cloud-based record of current and historical authentication information
• Consumer-facing authentication with native camera scanning
• Contextual and rule-based redirection capability
• GS1 Digital Link support
• In-person and remote scanning

Digimarc Validate delivers exclusive, covert digital watermarks or QR codes, and a cloud-based record of product authentication information.

Consumer engagement capabilities provide a direct, digital communications channel with consumers.
Leverage covert digital watermarks to support advanced retail technology systems.

**Features:**

- Suite of Digimarc digital watermarking and quality control tools
- Robust product data management with bulk uploads and APIs
- QR code and other digital tag support
- Full support for GS1 Digital Link
- Context and rule-based redirections, enabling brands to link to existing content such as SmartLabel® pages or build new web experiences with our powerful redirections
- Dashboards delivering real-time insights and analytics from product interactions

**Digimarc Retail Experience** helps brands meet the evolving needs of retail partners and consumers.

*Brands can now cost-effectively adapt to meet heightened expectations for an easier, frictionless shopping experience through product digitization.*
Value-Added Resellers: Leveraging the Power of the Platform

- Printing and packaging suppliers help brands address challenges from counterfeiting and supply chain transparency to consumer engagement and product provenance by leveraging the power of the Digimarc Illuminate platform.
- Product digitization requires specialized expertise and dedicated resources that extend beyond the existing capacity of most packaging and print suppliers.
- Digimarc’s value-added resellers (VAR) program augments a printing and packaging company’s existing expertise to develop the types of digital solutions their customer’s demand.
Massive TAM of ~$167B Continues to Expand

**Digital Packaging: ~$37B**
(CPG, food & beverage, healthcare, logistics)

**Anti-Counterfeit Packaging: ~$114B**
($1.9T of global counterfeit and pirated goods)

**Plastic Recycling: ~$16B**
(EU tax surcharge on non-recycled plastic)

**Other Use Case Opportunities: TBD**
(Full pipeline of future product candidates)

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1. Source: Smithers. *The Future of Thermal Printing to 2025*. TAM quoted represents 2020 figure projected to 2022 using the stated 4.4% CAGR.

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.
Customers

Walmart
AstraZeneca
Unilever
Patagonia
Ralph Lauren
Moët Hennessy
P&G
PUMA
L’Oréal
Mowi
WestRock
Sealed Air
Netto
Avery Dennison
Currency Counterfeit Deterrence System

Background
For over 24 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 20+ 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 over a billion endpoints"
Financial Update
**Financial Snapshot: FY'22 vs FY'21(1)**

- **85% Growth** in Commercial 1st Year Bookings
- **$30.2MM Revenue** (14% Revenue growth)
- **31% Growth** in Commercial Revenue
- **75% Gross Margin** (2) on Subscription Revenue
- **$52.5MM Cash & Investments**
- **$0.0MM Debt**

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(1) Financial results include the financial results of EVRYTHNG post the acquisition closing on January 3, 2022 and reflect the wind-down of the Piracy Intelligence product effective January 1, 2022.

(2) Gross margins exclude $4.4MM of amortization expense on acquired intangible assets from the EVRYTHNG acquisition.
Commercial Business

Value Proposition

- Global leader in product digitization, delivering business value across industries through unique identifiers and cloud-based solutions

Commercialization Strategy

- Direct sales of an ever-expanding portfolio of Digimarc products with diverse but connected use cases; provides immediate value while enabling future cross sell and upsell opportunities
- Top retailers and brands: Walmart, P&G, Unilever, AstraZeneca, Ralph Lauren, Patagonia, Puma, Moet Hennessy, L'Oreal and Netto Marken-Discount
- Channel sales of Digimarc Illuminate to Value-Added Resellers provides scalable/low OpEx revenue generation while enabling future VAR/Direct cross sell and upsell opportunities
- Select VARs: Avery Dennison, Sealed Air, WestRock

Revenue Streams & Cost Structure

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

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<th>FY'20</th>
<th>FY'21</th>
<th>FY'22</th>
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<tr>
<td>Total Revenue</td>
<td>$9,327</td>
<td>$12,122</td>
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<td>Growth</td>
<td>4%</td>
<td>30%</td>
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<td>Subscription</td>
<td>$8,709</td>
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<td>Growth</td>
<td>2%</td>
<td>18%</td>
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<tr>
<td>Services</td>
<td>$618</td>
<td>$1,808</td>
<td>$2,056</td>
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<tr>
<td>Growth</td>
<td>36%</td>
<td>193%</td>
<td>14%</td>
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Government Business

Value Proposition
• Globally-deployed banknote anti-counterfeiting system

Customer Relationships
• Consortium of leading Central Banks
  o 24-year relationship
  o Contract, renewed two years early, runs through end of 2029

Revenue Streams & Cost Structure
• Fees for services adjusted annually for inflation
• 60%+ margins on combined services and subscriptions
• Digimarc owns all IP for commercial purposes
• Multi-year budgeting visibility
• Growth drivers: more issuers, technological progress, new threats

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<tbody>
<tr>
<td>Total Revenue</td>
<td>$14,663</td>
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<tr>
<td>Growth</td>
<td>5%</td>
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<td>Subscription</td>
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<tr>
<td>Growth</td>
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<tr>
<td>Services</td>
<td>$13,263</td>
<td>$13,198</td>
<td>$12,922</td>
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<tr>
<td>Growth</td>
<td>4%</td>
<td>0%</td>
<td>-2%</td>
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Digimarc Platform: Transformative Product Digitization Technology

**Investment Highlights**

- Decades of success with world's leading Central Banks provides high-margin, steady revenue stream and validates trustworthiness and scalability
- IP Portfolio of ~900 patents + patent applications center a concentric circles of wide moats
- High growth commercial business opportunities augmented by synergistic direct/channel GTM strategies
- A reinvigorated transformation strategy – new focus, new platform capabilities, new talent, new product roadmap
- Diverse but connected use cases provide massive TAM opportunity and opportunity for easy cross sell and upsell
- Strong tailwinds given alignment with macro trends
Thank You
More on Digital Watermarking
What is Digital Watermarking?

- Our flagship 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 digitally processed, or made from something digitally processed, can be watermarked
- Uniquely versatile: can be applied to both physical & digital items
Digital Watermarks – A Differentiated Identification Technology

For use cases that require **covert, ubiquitous, redundant, and/or secure** attributes, Digimarc Watermarks are either the best choice or the **only** choice.
How is Digimarc Applied in Print?

Looks Like This

Performs Like This

Encoder software applies tiles to graphics over entire surface

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

Thumbnail-size tile

Pieces of multiple tiles can be combined to recover a signal

Exaggerated view for illustration purposes
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