

Digital River, Inc.**Third Quarter Results**

(Unaudited, in thousands, except per share amounts)

Condensed Consolidated Balance Sheets

	As of	
	<u>September 30, 2003</u>	<u>December 31, 2002</u>
<u>Assets</u>		
Current assets		
Cash and investments	\$ 123,983	\$ 40,801
Other current assets	9,091	12,204
Total current assets	<u>133,074</u>	<u>53,005</u>
Property and equipment, net	15,174	15,637
Goodwill, intangibles and other assets	<u>29,717</u>	<u>27,051</u>
Total assets	<u>\$ 177,965</u>	<u>\$ 95,693</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities		
Accounts payable	\$ 40,748	\$ 31,126
Deferred revenue	2,907	1,865
Accrued payroll and other liabilities	<u>11,057</u>	<u>5,516</u>
Total current liabilities	54,712	38,507
Stockholders' equity	<u>123,253</u>	<u>57,186</u>
Total liabilities and stockholders' equity	<u>\$ 177,965</u>	<u>\$ 95,693</u>

Condensed Consolidated Statements of Operations

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenue	\$ 26,748	\$ 18,872	\$ 74,112	\$ 56,289
<u>Costs and expenses:</u>				
Direct cost of services	861	559	2,742	1,730
Network and infrastructure	3,286	2,998	9,089	8,520
Sales and marketing	9,895	7,854	28,145	24,269
Product research and development	2,447	2,764	7,429	9,327
General and administrative	2,472	1,807	6,741	5,130
Litigation and other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Earnings before interest, taxes, depreciation and amortization	7,787	2,890	19,966	4,813
Depreciation and amortization	1,899	1,486	5,139	4,296
Amortization of acquisition related costs	<u>1,411</u>	<u>1,356</u>	<u>3,878</u>	<u>4,556</u>
Earnings (loss) from operations	4,477	48	10,949	(4,039)
Interest income	<u>264</u>	<u>50</u>	<u>581</u>	<u>259</u>
Net earnings (loss)	<u>\$ 4,741</u>	<u>\$ 98</u>	<u>\$ 11,530</u>	<u>\$ (3,780)</u>
Net earnings (loss) per share - basic	<u>\$ 0.16</u>	<u>\$ 0.00</u>	<u>\$ 0.40</u>	<u>\$ (0.14)</u>
Net earnings (loss) per share - diluted	<u>\$ 0.14</u>	<u>\$ 0.00</u>	<u>\$ 0.36</u>	<u>\$ (0.14)</u>
Weighted average shares outstanding - basic	30,392	26,823	28,742	26,655
Weighted average shares outstanding - diluted	34,608	29,054	32,279	26,655

Note: Earnings before interest, taxes, depreciation and amortization ("EBITDA") is a non-GAAP financial measure. The presentation of this measure should be considered in addition to, not as a substitute, or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP.

Digital River, Inc.

Pro Forma Reconciliations

Unaudited, in thousands, except per share amounts

	Three months ended September 30,		Nine months ended September 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Pro Forma Financial Reconciliations:</u>				
Net earnings (loss) per GAAP	\$ 4,741	\$ 98	\$ 11,530	\$ (3,780)
Add back amortization of acquisition related costs	<u>1,411</u>	<u>1,356</u>	<u>3,878</u>	<u>4,556</u>
Pro Forma earnings	<u>\$ 6,152</u>	<u>\$ 1,454</u>	<u>\$ 15,408</u>	<u>\$ 776</u>
Pro Forma net earnings per share - diluted	<u>\$ 0.18</u>	<u>\$ 0.05</u>	<u>\$ 0.48</u>	<u>\$ 0.03</u>
Pro Forma weighted average shares outstanding - diluted	34,608	29,054	32,279	28,864

Segment EBITDA Reconciliations:

	Three Months Ended			Nine Months Ended		
	<u>Software Segment</u>	<u>E-Business Segment</u>	<u>Consolidated</u>	<u>Software Segment</u>	<u>E-Business Segment</u>	<u>Consolidated</u>
<u>For the Period Ended September 30, 2003</u>						
Revenue	\$ 23,490	\$ 3,258	\$ 26,748	\$ 63,198	\$ 10,914	\$ 74,112
Allocated Expenses	<u>15,456</u>	<u>3,505</u>	<u>18,961</u>	<u>42,483</u>	<u>11,663</u>	<u>54,146</u>
EBITDA	<u>\$ 8,034</u>	<u>\$ (247)</u>	<u>\$ 7,787</u>	<u>\$ 20,715</u>	<u>\$ (749)</u>	<u>\$ 19,966</u>

Note: Earnings before interest, taxes, depreciation and amortization ("EBITDA") is a non-GAAP financial measure. The presentation of this measure should be considered in addition to, not as a substitute, or superior to, operating income, cash flows, or other measures of financial performance prepared in accordance with GAAP.

