UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-35958

DIGITAL TURBINE, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**22-2267658**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
110 San Antonio Street, Suite 160, Austin, TX	**78701**
(Address of Principal Executive Offices)	**(Zip Code)**

(512) 387-7717

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, Par Value $0.0001 Per Share	**APPS**	**The Nasdaq Stock Market LLC (NASDAQ Capital Market)**
(Title of Class)	**(Trading Symbol)**	**(Name of Each Exchange on Which Registered)**

Securities registered under Section 12(g) of the Exchange Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☐

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold on the NASDAQ Capital Market on September 30, 2020 was $2,818,538,255.

As of June 8, 2021, the Company had 93,315,883 shares of its common stock, $0.0001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's definitive Proxy Statement for the Annual Meeting of Stockholders or amendments to Form 10-K, which the registrant will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report, is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

Digital Turbine, Inc.

ANNUAL REPORT ON FORM 10-K
FOR THE PERIOD ENDED March 31, 2021

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PART I

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Information included in this Annual Report on Form 10-K (the “Annual Report" or "Form 10-K”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts included in this Form 10-K, regarding our strategy, future operations, future financial position, projected expenses, prospects, plans, and objectives of management are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from our future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “future,” “plan,” or “project” or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that any projections or other expectations included in any forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors, including but not limited to:

- a decline in general economic conditions nationally and internationally;
- decreased market demand for our products and services;
- market acceptance and brand awareness of our products;
- risks associated with indebtedness;
- ability to comply with financial covenants in outstanding indebtedness;
- the ability to protect our intellectual property rights;
- impact of any litigation or infringement actions brought against us;
- competition from other providers and products based on pricing and other activities;
- risks and costs in product development;
- the potential for unforeseen or underestimated cash requirements or liabilities;
- risks associated with adoption of our products among existing customers and adoption of our platform and time to revenue with new customers (including the impact of possible delays with major partners in the roll-out of mobile phones and other devices deploying our products and other factors out of our control);
- risks associated with delays in major mobile phone and other device launches, or the failure of such launches to achieve the scale and customer adoption that either we or the market may expect;
- the impact of currency exchange rate fluctuations on our reported GAAP financial statements;
- the challenges, given the Company’s comparatively small size, to expand the combined Company's global reach, accelerate growth, and create a scalable business model that drives EBITDA (as well as Adjusted EBITDA);
- varying and often unpredictable levels of orders;
- the challenges inherent in technology development necessary to maintain the Company’s competitive advantage, such as adherence to release schedules, costs and time required for finalization, and gaining market acceptance in new products;
- technology management risk as the Company needs to adapt to the complex specifications of different partners and the management of a complex technology platform, given the Company's relatively limited resources;
- inability to raise capital to fund continuing operations;
- changes in government regulation;
- volatility in the price of our common stock and ability to satisfy exchange continued-listing requirements;
- rapid and complex changes occurring in the mobile device marketplace,
- risks and uncertainties associated with the successful integration of our acquisitions of Triapodi Ltd., AdColony Holding AS, and Fyber N.V.;
- risks associated with the failure or inability to pay the future consideration due in the AdColony and Fyber acquisitions;
- challenges and risks associated with our rapid growth by acquisitions and resulting significant demands on our management and our infrastructure;
- challenges and risks associated with our global operations and related business, political, regulatory, operational, financial and economic risks as a result of our global operations;
- risks and uncertainties associated with the realization of the anticipated benefits of the aforementioned acquisitions; and
- other risks described in the risk factors in Item 1A of this Form 10-K under the heading “Risk Factors.”

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, our actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned. Except as required by applicable law, we do not undertake any obligation to update any forward-looking statements made in this Annual Report. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends.

Unless the context otherwise indicates, the use of the terms "we," "our," "us," "Digital Turbine," "DT," or the "Company" refer to the collective businesses and operations of Digital Turbine, Inc. through its operating and wholly-owned subsidiaries Digital Turbine USA, Inc. ("DT USA"), Digital Turbine (EMEA) Ltd. ("DT EMEA"), Digital Turbine Australia Pty Ltd ("DT APAC"), Digital Turbine Singapore Pte. Ltd. ("DT Singapore"), Digital Turbine Luxembourg S.a.r.l. ("DT Luxembourg"), Digital Turbine Germany, GmbH ("DT Germany"), Digital Turbine Media, Inc. ("DT Media"), Mobile Posse, Inc. ("Mobile Posse"), Triapodi Ltd, and Triapodi Inc. (collectively, "Appreciate").

ITEM 1. BUSINESS

Current Operations

Digital Turbine, Inc., through its subsidiaries, simplifies content discovery and delivers it directly to mobile devices. Its on-device media platform powers frictionless application and content discovery, user acquisition and engagement, operational efficiency, and monetization opportunities. Through March 31, 2021, Digital Turbine's technology platform has been adopted by over 35 mobile operators and device original equipment manufacturers ("OEMs") and has delivered more than 5.3 billion application preloads for tens of thousands of advertising campaigns. The Company operates this business as one operating and reportable segment - Media Distribution, which was previously referred to as the operating segment O&O (which refers to operators and OEMs) and the reportable segment Advertising.

As the Company's suite of product offerings expands, both organically and through acquisitions, we believe that this renaming of our reporting and operating segment better reflects the way management views the business. There are no changes or historical differences to product offerings and financial information that were referred to as the Advertising segment in prior periods. While advertising, in general, remains a focus of our Media Distribution segment, we feel that this change in name more accurately conveys to the reader what we do for our customers and partners.

The Company's Media Distribution business consists of products and services that simplify the discovery and delivery of mobile applications and content media for consumers.

- Application Media represents the portion of the business where our platform delivers apps to end users through partnerships with carrier networks and OEMs. Application Media optimizes revenues by using developed technology to streamline, track, and manage app install demand from hundreds of application developers across various publishers, carriers, OEMs, and devices.

- Content Media represents the portion of the business where our platform presents news, weather, sports, and other content directly within the native device experience (e.g., as the start page in the mobile browser, a widget, on unlock, etc.) through partnerships with carrier networks and OEMs. Content Media optimizes revenue by a combination of:

    - Programmatic Ad Partner Revenue – advertising within the content media that's sold on an ad exchange at a market rate (CPM - Cost Per Thousand);

    - Sponsored Content – sponsored content media from 3rd party content providers, presented similarly to an ad, that is monetized when a recommended story is viewed (CPC – Cost Per Click);

    - Editorial Content – owned or licensed media, presented similarly to an ad, that is monetized when the media is clicked on (CPC - Cost Per Click).

With global headquarters in Austin, Texas and offices in Durham, North Carolina; San Francisco, California; Arlington, Virginia; São Paulo, Brazil; Mexico City, Mexico; Mumbai, India; Singapore; and Tel Aviv, Israel, Digital Turbine's solutions are available worldwide. For additional information, please visit www.digitalturbine.com.

Acquisitions

The Company recently completed the below-described acquisitions of Appreciate, AdColony, and Fyber in order to help execute on its expressed strategy of becoming a leading end-to-end solution for mobile brand acquisition, advertising, and monetization.

Mobile Posse, Inc. On February 28, 2020, the Company completed the acquisition of Mobile Posse. The acquisition of Mobile Posse is consistent with the Company's strategy to provide a comprehensive media and advertising solution for operator and OEM partners while enriching the mobile experience for end users by delivering relevant media rich content to their fingertips. The addition of Mobile Posse's offerings will provide synergies and options for our partners and advertisers. The Company's suite of offerings continue to focus on promoting higher user engagement and boosting advertising revenue for mobile operators and OEMs. See Note “Acquisitions” to the consolidated financial statements in Item 8 of this Annual Report for more information.

Appreciate. On March 1, 2021, DT EMEA entered into a Share Purchase Agreement with Triapodi Ltd., an Israeli company (d/b/a Appreciate), the stockholder representative, and the stockholders of Appreciate pursuant to which DT EMEA acquired, on March 2, 2021, all of the outstanding capital stock of Appreciate in exchange for total consideration of $20.0 million in cash. In connection with the acquisition, under the terms of the Purchase Agreement, DT EMEA entered into bonus arrangements to pay up to $6.0 million in retention bonuses and performance bonuses to the founders and certain other employees of Appreciate. Appreciate is a programmatic mobile advertising demand-side platform ("DSP") company headquartered in Israel. Appreciate’s platform collaborates closely with mobile measurement partners (“MMPs”), exchanges, advertisers, and other partners to programmatically provide a transparent ecosystem designed to optimize user acquisition and ROI for the mobile advertisers utilizing its platform. Deploying Appreciate's technology expertise across Digital Turbine’s global scale and reach should further benefit partners and advertisers that are a part of the combined Company’s platform.

AdColony Holding AS. On April 29, 2021, DT Media completed the acquisition of AdColony Holding AS, a Norway company (“AdColony”), pursuant to a Share Purchase Agreement with AdColony and Otello Corporation ASA, a Norway company and the sole shareholder of AdColony (“Otello”). DT Media acquired all of the outstanding capital stock of AdColony in exchange for an estimated total consideration in the range of $350.0 million to $375.0 million, to be paid as follows: (1) $100.0 million in cash paid at closing (which was subject to customary closing purchase price adjustments), (2) $100.0 million in cash to be paid six months after closing, and (3) an estimated earn-out in the range of $150.0 million to $175.0 million, to be paid in cash, based on AdColony achieving certain future target net revenues, less associated cost of goods sold, over a twelve-month period ending on December 31, 2021 (the “Earn-Out Period”). Under the terms of the earn-out, DT Media would pay Otello a certain percentage of actual net revenues (less associated cost of goods sold) of AdColony depending on the extent to which AdColony achieves certain target net revenues (less associated cost of goods sold) over the Earn-Out Period. The earn-out payment will be made following the expiration of the Earn-Out Period. The Company paid the closing amount and intends to pay the remainder of the purchase price with a combination of available cash on hand and borrowings under its existing senior credit facility along with future capital financing. AdColony is a leading mobile advertising platform servicing advertisers and publishers with a reach of more than 1.5 billion monthly global users. AdColony’s proprietary video technologies and rich media formats are widely viewed as a best-in-class technology delivering third-party verified viewability rates for well-known global brands.

Fyber, N.V. On May 25, 2021, the Company and DT Media completed the initial closing of the acquisition of 523,553,108 shares, representing approximately 95.1% of the outstanding voting shares (the “Majority Fyber Shares”) of Fyber N.V., a public limited liability company registered with the Netherlands Chamber of Commerce Business Register (“Fyber”), pursuant to a Sale and Purchase Agreement between Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst (collectively, the “Seller”), the Company, and DT Luxembourg. The Seller transferred and delivered 400,000,000 shares of the Majority Fyber Shares to DT Media on the closing date and will deliver the remaining 123,553,108 shares of the Majority Fyber Shares to DT Media in June 2021. The remaining approximately 4.9% of the shares in Fyber (the “Minority Fyber Shares”) are widely held by other shareholders of Fyber (the “Minority Fyber Shareholders”).

DT Media acquired the Majority Fyber Shares in exchange for an estimated aggregate consideration of up to $600.0 million, consisting of (i) $150.0 million in cash, which was subject to adjustments for certain items including the amount of cash consideration to be paid to the Minority Fyber Shareholders for the Minority Fyber Shares, paid at the closing of the acquisition, (ii) 3,216,935 newly issued shares of common stock of the Company equal in value to $235.0 million (based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date), issued at the closing of the acquisition, (iii) 2,599,653 newly issued shares of common stock of the Company equal in value to $165.0 million (based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date), to be issued in June 2021 after the receipt by the Company of a tax exemption certificate from the Israel Tax Authority, and (iv) contingent upon Fyber's net revenues being equal or higher than $100.0 million for the 12-month earn-out period ending on March 31, 2022, as determined in the manner set forth in the Sale and Purchase Agreement, a certain number of shares of Company common stock, which will be newly-issued to the Seller at the end of the earn-out period, and under certain circumstances, an amount of cash, which value of such shares and cash in aggregate will not exceed $50.0 million (subject to set-off against certain potential indemnification claims against the Seller). The Company paid the cash closing amount on the closing date, and intends to pay the remainder of the cash consideration for the acquisition with a combination of available cash on hand, borrowings under the Company's senior credit facility, and proceeds from future capital financings.

Fyber is a leading mobile advertising monetization platform empowering global app developers to optimize profitability through quality advertising. Fyber's proprietary technology platform and expertise in mediation, real-time bidding, advanced analytics tools, and video combine to deliver publishers and advertisers a highly valuable app monetization solution.

Pursuant to certain German law on public takeovers, following the closing, the Company is obligated to make a public tender offer to the Minority Fyber Shareholders to acquire from them the Minority Fyber Shares. The tender offer will be subject to certain minimum price rules under German law. The timing and the conditions of the tender offer, including the consideration offered to the Minority Fyber Shareholders in connection with the tender offer, will be subsequently determined by the Company pursuant to the applicable Dutch and German takeover laws. The Company anticipates completing the tender offer during the second fiscal quarter 2022.

Information about Discontinued Operations

On April 29, 2018, the Company entered into two distinct disposition agreements with respect to selected assets owned by our subsidiaries.

DT APAC and DT Singapore (together, "Pay Seller"), each wholly owned subsidiaries of the Company, entered into an Asset Purchase Pay Agreement (the "Pay Agreement"), dated as of April 23, 2018, with Chargewave Ptd Ltd ("Pay Purchaser") to sell certain assets (the "Pay Assets") owned by the Pay Seller related to the Company's Direct Carrier Billing business. The Pay Purchaser is principally owned and controlled by Jon Mooney, an officer of the Pay Seller. At the closing of the asset sale, Mr. Mooney was no longer employed by the Company or Pay Seller. As consideration for this asset sale, Digital Turbine is entitled to receive certain license fees, profit sharing and equity participation rights as outlined in the Company's Form 8-K filed May 1, 2018 with the Securities and Exchange Commission (the "SEC"). The transaction was completed in July 2018. With the sale of these assets, the Company exited the segment previously referred to as the Content business.

DT Media (the "A&P Seller"), a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement (the "A&P Agreement"), dated as of April 28, 2018, with Creative Clicks B.V. (the "A&P Purchaser") to sell business relationships with various advertisers and publishers (the "A&P Assets") related to the Company's Advertising and Publishing ("A&P") business. As consideration for this asset sale, we are entitled to receive a percentage of the gross profit, as defined by the A&P Agreement, derived from these customer agreements for a period of three years as outlined in the Company's Form 8-K filed May 1, 2018 with the SEC. The transaction was completed in June 2018. With the sale of these assets, the Company exited the segment of its Advertising business previously referred to as the A&P business.

These dispositions have allowed the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus.

As a result of these dispositions, the results of operations from our Content reporting segment and A&P business within the Media Distribution reporting segment, previously referred to as the Advertising reporting segment, are reported as “Net loss from discontinued operations, net of taxes” and the related assets and liabilities are classified as “held for disposal" in the consolidated financial statements in Item 8 of this Annual Report. The Company has recast prior period amounts presented within this Annual Report to provide visibility and comparability. All discussion herein, unless otherwise noted, refers to our remaining operating segment after the dispositions, the Media Distribution business. See Note “Discontinued Operations” to the consolidated financial statements in Item 8 of this Annual Report.

Information about Segment and Geographic Revenue

As a result of the dispositions, the Company now manages its business in one operating segment, the Media Distribution business, which is presented as one reportable segment: Media Distribution. Information about segment and geographic revenue is set forth in Note "Segment and Geographic Information" to our consolidated financial statements under Item 8 of this Annual Report.

Media Distribution Business

The Company's Media Distribution business is an advertiser solution for unique and exclusive carrier and OEM inventory, which is comprised of our core platform and other recurring and life-cycle products, features, and professional services delivered on this platform.

Our technology platform enables mobile operators and OEMs to control, manage, and monetize devices through application installation at the time of activation and over the life of a mobile device through a variety of offerings, allowing mobile operators to personalize the application activation experience for customers and monetize their home screens via revenue share agreements such as: Cost-Per-Install (CPI), Cost-Per-Placement (CPP), Cost-Per-Action (CPA) with third-party advertisers; or via Per-Device-License Fees (PDL) agreements which allow operators and OEMs to leverage the platform, products, and features for a structured fee. There are several different delivery methods available to operators and OEMs on first boot of the device: Wizard, Silent, or Software Development Kit ("SDK"). We also provide additional platform monetization options, outside of our core application delivery technology, that monetize user actions over the life-cycle of a device by delivering targeted media-rich advertising content to the end-user. Additional products and features are available throughout the life-cycle of the device that provide operators and OEMs an opportunity for additional revenue streams. The Company has launched its platform with mobile operators and OEMs in North America, Latin America, Europe, Asia Pacific, India and Israel.

Competition

The distribution of applications; media content; and the development, distribution and sale of mobile products and services is a highly competitive business. We compete for advertising partners on the basis of positioning, brand, quality and price. We compete for carrier and manufacturer placement based on these factors, as well as historical performance. We compete for platform deployment contracts with other media distribution platform companies. We also compete for experienced and talented employees.

Digital Turbine has internally-developed solutions for operators and OEMs including device application management solutions, programmatic advertising and targeted media delivery, and other value added services. Our platform is a patent-pending media distribution solution that enables operators and OEMs to pre-install and manage applications from a single web interface as well as generate additional revenue streams over the life of a device.

Our primary competition for traditional application distribution comes from the Google Play application store. Broadly, our media distribution platform faces competition from existing operator solutions built internally, as well as companies providing application and content media products and services, such as: Facebook, Snapchat, IronSource, WPP, Omnicom, Criteo, QuinStreet, InMobi, Cheetah Mobile, Baidu, Tremor International, Magnite, Brightcove, Applovin, and others. These companies can be both customers for Digital Turbine products, as well as competitors in certain cases. We compete with smaller competitors, but the more material competition is internally-developed operator solutions and specific media distribution solutions built in-house by OEMs and wireless operators. Some of our existing wireless operators could make a strategic decision to develop their own solutions rather than continue to use our suite of products, which could be a material source of competition. And finally, although we do not see any competition from larger Enterprise application players such as IBM, Citrix, Oracle, or MobileIron, it is possible they could decide to compete against our platform.

Product Development

Our product development expenses consist primarily of salaries and benefits for employees working on campaign management, creating, developing, editing, programming, performing quality assurance, obtaining carrier certification and deploying our products across various mobile phone carriers and on our internal platforms. We devote substantial resources to the development, technology support, and quality assurance of our products. Total product development costs incurred for the fiscal years ended March 31, 2021, 2020, and 2019 were $20.1 million, $12.0 million, and $10.9 million, respectively.

Intellectual Property

We consider our trademarks, copyrights, trade secrets, patent and other intellectual property rights, including those in our know-how and the software code of our proprietary technology, to be, in the aggregate, material to our business. We protect our intellectual property rights by relying on federal and state statutory and common law rights, foreign laws where applicable, as well as contractual restrictions.

As of March 31, 2021, we have 6 U.S. patents and 3 U.S. patent applications related to different components of our platform. In addition, we own and use trademarks and service marks on or in connection with our proprietary technology and related services, including both unregistered common law marks and issued trademark registrations.

We design, test and update our products, services and websites regularly, and we have developed our proprietary solutions in-house. Our know-how is an important element of our intellectual property. The development and management of our platform requires sophisticated coordination among many specialized employees. We take steps to protect our know-how, trade secrets and other confidential information, in part, by entering into confidentiality agreements with our employees, consultants, developers and vendors who have access to our confidential information, and generally limiting access to and distribution of our confidential information.

We intend to pursue additional intellectual property protection to the extent we believe it would advance our business objectives and maintain our competitive position.

Contracts with Customers

We have both exclusive and non-exclusive carrier and OEM agreements. Our agreements with advertisers are generally non-exclusive. Our carrier and OEM agreements for our Advertising business are multi-year agreements, with terms that are generally longer than one to two years. In addition, some carrier agreements provide that the carrier can terminate the agreement early and, in some instances, at any time without cause, which could give them the ability to renegotiate economic or other terms. The agreements generally do not obligate the carriers to market or distribute any of our products or services. In many of these agreements, we warrant that our products do not violate community standards, do not contain libelous content, do not contain material defects or viruses, and do not violate third-party intellectual property rights and we indemnify the carrier for any breach of a third-party's intellectual property. Most of our sales are made either directly to application developers, advertising agencies representing application developers or through advertising aggregators.

We generally have numerous advertisers who represent a significant level of business. Coupled with advertiser concentration, we distribute a significant level of advertising through one operator. If such advertising clients or this operator decided to materially reduce or discontinue its use of our platform, it could cause an immediate and significant decline in our revenue and negatively affect our results of operations and financial condition.

With respect to customer revenue concentration, during the fiscal year ended March 31, 2021, no single customer represented more than 10% of net revenues. During the fiscal year ended March 31, 2020, one major customer, Oath Inc., a subsidiary of Verizon Communications, represented 15.3% of net revenues. During the fiscal year ended March 31, 2019, one major customers, Oath Inc., a subsidiary of Verizon Communications, represented 28.6% of net revenues.

With respect to partner revenue concentration, the Company partners with mobile carriers and OEMs to deliver applications on our platform through the carrier network. During the fiscal year ended March 31, 2021, T-Mobile US Inc., including Sprint and other subsidiaries, a carrier partner, generated 26.4%, AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 22.3%, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 18.5%, and America Movil, primarily through its subsidiary Tracfone Wireless Inc., a carrier partner, generated 10.8% of our net revenues. During the fiscal year ended March 31, 2020, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 37.3%, AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 30.0%, and America Movil, primarily through its subsidiary Tracfone Wireless Inc., a carrier partner, generated 10.7% of our net revenues. During the fiscal year ended March 31, 2019, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 45.9% and AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 38.7% of our net revenues.

Business Seasonality

Our revenue, cash flow from operations, operating results and other key operating and financial measures may vary from quarter to quarter due to the seasonal nature of advertiser spending. For example, many advertisers (and their agencies) devote a disproportionate amount of their budgets to the fourth quarter of the calendar year to coincide with increased holiday spending. We expect our revenue, cash flow, operating results and other key operating and financial measures to fluctuate based on seasonal factors from period to period and expect these measures to be generally higher in the third and fourth fiscal quarters than in prior quarters.

People and Culture

We believe the strength of our workforce is critical to our success as we strive to become a more inclusive and diverse technology company. As of March 31, 2021, we employed 280 full-time employees. Our key human capital management objectives are to attract, retain, and develop the talent we need to deliver on our commitment to offer and deliver exceptional products and services. Examples of our key programs and initiatives that are focused to achieve these objectives include:

Total Compensation and Benefits. Our guiding principles are anchored on the goals of being able to attract, incentivize, and retain talented employees. We believe in economic security for all employees and have adopted a living wage policy. All employees are eligible for performance bonuses of at least 10% of base salary, which can be paid out significantly higher based on performance. In addition, each employee receives a new-hire long-term incentive stock option grant and an annual long-term incentive stock option grant. We also provide our employees twelve weeks of paid short-term disability at 100% of base pay, which includes parental leave.

Inclusion and Diversity. We take great pride in our diversity and inclusion. We seek a diverse and inclusive work environment and transparently measure our progress to ensure that our employee populations are reflective of the communities in which we reside. We evaluate all of our people practices, particularly in talent acquisition and pay equity. We benchmark our demographics to our industry, both at an overall level and a professional category level (VPs and above, directors, managers, individual contributors, and administrative), and note that we are either at the high end or exceed the benchmark in every diversity category.

Culture and Values. We have adopted our culture values of Hustle, Results, Accountability, Global, Freedom and Laugh to help create and foster a culture where every employee is empowered, engaged and trusted to be their best at work. We sponsor and support our Community Action Teams, which is an employee-led program designed to create purposeful action to build a stronger and better-connected team. The Community Action Teams have helped drive meaningful advancements in on-boarding, cross-functional understanding, a mentoring program, and a Digital Turbine Gives campaign where employees volunteer in the community over a six-week period on an annual basis.

Workplace Flexibility. As part of our “Freedom” value, and before the COVID-19 pandemic drove a shift to remote work, we established a workplace strategy to provide more flexible work options to enable employees to work from the location and with the schedule they desire. As a result, we had process, culture, and technology in place that allowed us to seamlessly pivot to a fully remote workforce following the onset of the COVID-19 pandemic. As a result of the shift to fully remote work, we provided an allowance of up to one thousand dollars for each employee for home office set-up or personal expenses such as tutoring or caregiving services. We also re-purposed computers for employees who required more devices to support remote learning for dependents.

Government Regulation

We are subject to a variety of laws and regulations in the United States and abroad that involve matters central to our business. These laws and regulations involve matters including privacy, data use, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, consumer protection, taxation, anti-corruption and political law compliance, and securities law compliance. In particular, we are subject to federal, state, and foreign laws regarding privacy and protection of people's data. Foreign data protection, privacy, and other laws and regulations can impose different obligations or be more restrictive than those in the United States. Refer to “Item 1A. Risk Factors” for further discussion of government regulations and the associated risks.

History of Digital Turbine, Inc.

The Company was originally incorporated in the State of Delaware on November 6, 1998. In January 2015, the Company changed its name to Digital Turbine, Inc. and its NASDAQ ticker symbol to APPS.

In March 2015, the Company, through a wholly-owned subsidiary, acquired Appia, Inc., which was renamed Digital Turbine Media, Inc. and is referred to in this Form 10-K as “DT Media.”

In February 2020, the Company acquired all of the capital stock of Mobile Posse, Inc ("Mobile Posse").

On March 1, 2021, Digital Turbine, through its subsidiary DT EMEA, an Israeli company and wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with Appreciate, the stockholder representative, and the stockholders of Appreciate, pursuant to which DT EMEA acquired, on March 2, 2021, all of the outstanding capital stock of Appreciate.

Subsequently to the fiscal year ended March 31, 2021, in connection with the Company’s strategy to be a leading end-to-end solution for mobile brand acquisition, advertising, and monetization, the Company completed the acquisition of AdColony on April 29, 2021 and the acquisition of Fyber on May 25, 2021.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at http://www.digitalturbine.com generally when such reports are available on the SEC website. The contents of our website are not incorporated into this Annual Report on Form 10-K.

The public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. Current investors and potential investors should consider carefully the risks and uncertainties described below together with all other information contained in this Form 10-K before making investment decisions with respect to our common stock. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause the Company’s actual results of operations and financial condition to vary materially from past, or from anticipated future, results of operations and financial condition. If any of the following risks actually occurs, our business, financial condition, results of operations and our future growth prospects would be materially and adversely affected. Under these circumstances, the trading price and value of our common stock could decline, resulting in a loss of all or part of your investment. The risks and uncertainties described in this Form 10-K are not the only ones facing us. Additional risks and uncertainties of which we are not presently aware, or that we currently consider immaterial, may also affect our business operations.

Past financial performance should not be considered to be a reliable indicator of future performance, and current and potential investors should not use historical trends to anticipate results or trends in future periods.

Risk Factors Summary

Our business operations are subject to numerous risks and uncertainties, including those outside our control, that could cause our business, financial condition, or operating results to be harmed, including risks regarding the following:

General Risks

- The markets for our products and services are rapidly evolving and may decline or experience limited growth.
- We may not achieve or sustain profitability in the future.
- We have a limited operating history for our current portfolio of assets.
- The failure to successfully integrate our recent acquisitions may adversely affect our future results.
- The failure to pay the future consideration due in the AdColony and Fyber acquisitions could have a material adverse effect.
- Growth may place significant demands on our management and our infrastructure.
- Our operations are global in scope, and we face added business, political, regulatory, operational, financial and economic risks as a result of our international operations.
- Our financial results could vary significantly from quarter to quarter and are difficult to predict.
- If we are unsuccessful in establishing and increasing awareness of our brand and recognition of our products and services, our operating results and financial condition could be harmed.
- Our business is dependent on the continued growth in usage of smartphones and other mobile connected devices.
- If mobile connected devices, their operating systems or content distribution channels develop in ways that prevent advertising or content from being delivered to their users, our ability to grow our business will be impaired.
- If we fail to deliver our products and services ahead of the commercial launch of new mobile handset models, our sales may suffer.
- We may be unable to develop and introduce in a timely way new products or services, and our products and services may have defects, which could harm our brand.
- If we fail to maintain and enhance our capabilities for our offerings to a broad array of mobile operating systems, our sales could suffer.
- We may be subject to legal liability associated with providing mobile and online services.
- Our business is dependent on our ability to maintain and scale our infrastructure, and any significant disruption in our service could damage our reputation, result in a potential loss of customers and adversely affect our financial results.
- Our products, services and systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.
- We rely upon third-party data centers and providers of cloud-based infrastructure to host our platform. Any disruption in the operations of these third-party providers could adversely affect our business.
- Our business is highly dependent on decisions and developments in the mobile device industry.
- Our business may depend in part on our ability to collect and use location-based information about mobile connected device users.
- We do not have long-term agreements with advertiser clients, and we may be unable to retain key clients, attract new clients or replace departing clients with clients that can provide comparable revenue.
- Our business practices with respect to data could give rise to liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection.
- Our business may involve the use, transmission and storage of confidential information, and the failure to properly safeguard such information could result in significant reputational harm and monetary damages.
- System security risks and cyber-attacks could disrupt our internal operations or information technology services provided to customers.

Advertising Risks

- Our revenues may fluctuate significantly based on mobile device sell-through, over which we have no control.
- Our growth and monetization on mobile devices depend upon effective operation with mobile operating systems, networks, and standards that we do not control as we are largely an Android-based technology provider.
- We currently rely on wireless carriers and OEMs to distribute our products and services and thus to generate much of our revenues. The loss of or a change in any of these significant carrier relationships could cause us to lose access to their subscribers and thus materially reduce our revenues.
- The mobile advertising business is an intensely competitive industry, and we may not be able to compete successfully.
- The Company’s advertising business depends on our ability to collect and use data to deliver applications, and any limitation on the collection and use of this data could significantly diminish the value of the Company’s services.

Risks Related to Our Market

- If we fail to develop and publish new products and services that achieve market acceptance, our sales would suffer.
- The strategic direction of the Company's businesses is developing and not completely proven or certain.

Risks Relating to Our Industry

- Wireless technologies are changing rapidly, and we may not be successful in working with these new technologies.
- The complexity of and incompatibilities among mobile handsets may require us to use additional resources for the development of our products and services.
- If wireless subscribers do not continue to use their mobile handsets to access mobile content and other applications, our business growth and future revenues may be adversely affected.
- A shift of technology platform by wireless carriers and mobile handset manufacturers could lengthen the development period for our offerings, increase our costs, and cause our offerings to be published later than anticipated.
- Our business depends on the growth and maintenance of wireless communications infrastructure.
- Actual or perceived security vulnerabilities in devices or wireless networks could adversely affect our revenues.

Risks Related to Our Management, Employees, and Acquisitions

- Our business and growth may suffer if we are unable to hire and retain key talent, who are in high demand.
- The acquisition of other technologies could result in operating difficulties, dilution, and other harmful consequences.
- Changes to financial accounting standards could make it more expensive to issue stock options to employees, which would increase compensation costs and might cause us to change our business practices.

Risks Related to Potential Liability, Our Intellectual Property, and Our Content

- If we do not adequately protect our intellectual property rights, it may be possible for third parties to obtain and improperly use our intellectual property and our competitive position may be adversely affected.
- Third parties may sue us for intellectual property infringement, which, if successful, may disrupt our business and could require us to pay significant damage awards.
- Our business in countries with a history of corruption and transactions with foreign governments, including with government owned or controlled wireless carriers, increase the risks associated with our international activities.
- Government regulation of our marketing methods could restrict our ability to adequately advertise and promote our content, products and services available in certain jurisdictions.

Risks Relating to Our Common Stock and Capital Structure

- The Company has secured and unsecured indebtedness, which could limit our financial flexibility.
- To service our debt and fund our other capital requirements, we will require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.
- The market price of our common stock is likely to be highly volatile and subject to wide fluctuations, and you may be unable to resell your shares at or above the current price.
- The sale of securities by us in any equity or debt financing, or the issuance of new shares related to an acquisition, could lower the market price for our common stock.

<u>Risks Related to Our Business</u>

General Risks

The markets for our products and services are rapidly evolving and may decline or experience limited growth.

The industry in which we operate is characterized by rapid technological change, new features, tools, solutions and strategies, evolving legal and regulatory requirements, changing customer needs and a dynamic competitive market. Our future success will depend in large part on the continued growth of our markets and our ability to improve and expand our products and services to respond quickly and effectively to this growth.

The opportunities provided by apps, mobile advertising and other engagement touchpoints in mobile devices are still relatively new, and our customers, which include advertisers, app developers, advertising networks, wireless carriers and OEMs, may not recognize the need for, or benefits of, some or all of our products and services. Moreover, they may decide to adopt alternative products and services to satisfy some portion of their business needs.

If we fail to deliver timely releases of products that are ready for use, release a new version, service, tool or update, or respond to new offerings by competitors, or if new technologies emerge that are able to deliver competitive products or services more efficiently, more conveniently or more securely than our products and services, then our position in our markets could be harmed, and we could lose customers, which would adversely affect our business and results of operations.

Further, we must be able to keep pace with rapid regulatory changes in order to compete successfully in our markets. Our revenue growth depends on our ability to respond to frequently changing data protection regulations, policies and user demands and expectations, which will require us to incur additional costs to implement. The regulatory landscape in this industry is rapidly shifting, and we may become subject to new regulations that restrict our operations or materially and adversely affect our business, financial condition, and results of operations.

Our ability to succeed within the markets that our products and services address and continue to be profitable in the future depends upon a number of factors, including the cost, performance and perceived value associated with our individual products and services. Significant time, resources and expertise are required in order to build the technology that can deliver automated, high-quality user growth and monetization, while meeting user expectations for tailored experiences and relevant advertising.

The markets for our products and services could fail to grow significantly or there could be a reduction in demand for our products or services as a result of a lack of customer acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If our markets do not continue to experience growth or if the demand for our products and services decreases, then our business, financial condition and results of operations could be materially and adversely affected.

We have a history of net losses, may incur substantial net losses in the future, and may not achieve or sustain profitability in the future.

We expect to continue to increase expenses as we implement initiatives designed to continue to grow our business, including, among other things, the development and marketing of new products and services, further international and domestic expansion, expansion of our infrastructure, development of systems and processes, acquisition of content, and general and administrative expenses associated with being a public company. If our revenues do not increase at a level to offset these expected increases in operating expenses, we will incur losses and will not be profitable. Our revenue growth in past periods should not be considered indicative of our future performance. In fact, in future periods, our revenues could decline as they have in past years. Accordingly, we may not be able to achieve profitability in the future.

If there are delays in the distribution of our products or if we are unable to successfully negotiate with advertisers, application developers, carriers, mobile operators or OEMs or if these negotiations cannot occur on a timely basis, we may not be able to generate revenues sufficient to meet the needs of the business in the foreseeable future or at all.

We have a limited operating history for our current portfolio of assets, which may make it difficult to evaluate our business.

Evaluation of our business and our prospects must be considered in light of our limited operating history and the risks and uncertainties encountered by companies in our stage of development. As a developing company in the emerging mobile application industry, we face increased risks, uncertainties, expenses and difficulties. To address these risks and uncertainties, we must do the following:

- maintain our current, and develop new, wireless carrier, OEM, application developer and advertiser relationships, in both international and domestic markets;
- retain or improve our current revenue-sharing arrangements;
- continue to develop new high-quality products and services that achieve significant market acceptance;
- continue to develop and upgrade our technology;
- continue to enhance our information processing systems;
- increase the number of end users of our products and services;
- execute our business and marketing strategies successfully;

- respond to competitive developments; and
- attract, integrate, retain and motivate qualified talent.

We may be unable to accomplish one or more of these objectives, which could cause our business to suffer. In addition, accomplishing many of these efforts may be very expensive, which could adversely impact our operating results and financial condition.

The failure to successfully integrate the business and operations of our recent acquisitions in the expected time frame may adversely affect our future results.

We recently completed the acquisitions of Triapodi Ltd. (d/b/a Appreciate) ("Appreciate") on March 2, 2021 and AdColony Holding AS ("AdColony") on April 29, 2021 and Fyber N.V. ("Fyber") on May 25, 2021. We believe the acquisitions of Appreciate, AdColony, and Fyber will result in certain benefits, including providing vertical integrations integral to achieving the Company's strategic goal of being a powerful, best-in-class, end-to-end solution for mobile brand acquisition, advertising, and monetization. To realize these anticipated benefits, however, the businesses of Appreciate, AdColony, and Fyber must be successfully integrated. The success of the acquisitions will depend on our ability to realize these anticipated benefits from integrating all three businesses. The acquisitions may fail to realize the anticipated benefits for a variety of reasons, including the following:

- failure to harmonize the full vertical operations;
- failure to successfully take advantage of revenue growth opportunities;
- failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the complementary offerings;
- the burden of integrating three businesses simultaneously on talent and systems;
- potential difficulties integrating and harmonizing operations and other key functions;
- failure to successfully scale and grow human and system resources to meet the demands of a larger international organization;
- the loss of key employees; and
- failure to combine product offerings quickly and effectively.

The integration may result in additional and unforeseen expenses or delays. If we are unable to successfully integrate the business and operations of our recent acquisitions, or if there are delays in integrating the businesses, the anticipated benefits of the acquisitions may not be realized or may take longer to realize than expected.

The failure to pay the future consideration due in the AdColony and Fyber acquisitions could have a material adverse effect.

Under the terms of the Share Purchase Agreement for the acquisition of AdColony, we must pay $100.0 million in cash on or before October 29, 2021 and an earn-out payment estimated between $150.0 million to $175.0 million in cash following December 31, 2021. In addition, under the terms of the Sale and Purchase Agreement for the acquisition of Fyber, we must pay the tender offer consideration in cash and a potential earn-out payment of up to $50.0 million, which may be paid in shares of our common stock or, under certain circumstances, in cash. In order to fund the future cash payments due in respect of the AdColony and Fyber acquisitions, we will need to use cash flows from operations and borrowings under our existing revolving credit facility and may need to access the capital markets. If our cash flows and borrowings under our revolving credit facility are not available for any reason, we would be forced to seek funds from the capital markets. We may not be able to effect any such monies on commercially reasonable terms or at all and, even if successful, we might not raise sufficient funds to meet such payment obligations. Any such event would have a material adverse effect on our financial condition and business.

Growth may place significant demands on our management and our infrastructure.

In recent years, we have significantly grown the scale of our business. In addition, we recently consummated the acquisitions of Appreciate, AdColony, and Fyber. The growth and expansion of our business places significant strain on our management and our operational and financial resources. As we expand our product and service offerings and the usage of our platform grows, we will need to devote additional resources to improving its capabilities, features and functionality, and scaling our business, IT, financial, operating and administrative systems. There can be no assurance that we will appropriately allocate our resources in a manner that results in increased revenue or other growth in our business. Any failure of or delay in these efforts could result in impaired performance and reduced customer satisfaction, which would hurt our revenue growth and our reputation. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. Even if we are successful in our expansion and integration efforts, they will be expensive and complex and require the dedication of significant management time and attention. We may also suffer inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion and integration of and improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could harm our business, financial condition and results of operations.

Our growth has placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. Continued growth could strain our ability to:

- develop and improve our operational, financial and management controls;
- enhance our reporting systems and procedures;
- recruit, train and retain highly skilled talent;
- maintain our quality standards; and
- maintain branded content owner, wireless carrier and end-user satisfaction.

Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, operating results and financial condition would be harmed.

Our operations are global in scope, and we face added business, political, regulatory, operational, financial, and economic risks as a result of our international operations and distribution, any of which could increase our costs and hinder our growth.

Our operations are global in scope, with operations, sales presence and customers in multiple countries. We are continuing to adapt to and develop strategies to address global markets, but we cannot assure you that such efforts will be successful. We expect that our global activities will continue to grow for the foreseeable future as we continue to pursue opportunities in existing and new global industries, which will require the dedication of management attention and financial resources.

We expect international sales and growth to continue to be an important component of our revenues and operations. Risks affecting our international operations include:

- challenges caused by distance, language and cultural differences;
- multiple and conflicting laws and regulations, including complications due to unexpected changes in these laws and regulations;
- the burdens of complying with a wide variety of foreign laws and regulations;
- higher costs associated with doing business internationally;
- difficulties in staffing and managing international operations;
- greater fluctuations in sales to end users and through carriers in developing countries, including longer payment cycles and greater difficulty collecting accounts receivable;
- protectionist laws and business practices that favor local businesses in some countries;
- foreign tax consequences;
- foreign exchange controls that might prevent us from repatriating income earned in outside the United States;
- price controls;
- the servicing of regions by many different carriers;
- imposition of public sector controls;
- political, economic and social instability, including relating to the current European sovereign debt crisis;
- restrictions on the export or import of technology;
- trade and tariff restrictions;

- variations in tariffs, quotas, taxes and other market barriers; and
- difficulties in enforcing intellectual property rights in countries other than the United States.

In addition, developing user interfaces that are compatible with other languages or cultures can be expensive. As a result, our ongoing international expansion efforts may be more costly than we expect. Further, expansion into developing countries subjects us to the effects of regional instability, civil unrest and hostilities, and could adversely affect us by disrupting communications and making travel more difficult. These risks could harm our international expansion efforts, which, in turn, could materially and adversely affect our business, operating results and financial condition.

Our financial results could vary significantly from quarter to quarter and are difficult to predict.

Our revenues and operating results could vary significantly from quarter to quarter because of a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. In addition, we are not able to predict our future revenues or results of operations. We base our current and future expense levels on our internal operating plans and sales forecasts, and our operating costs are to a large extent fixed. As a result, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect financial results for that quarter. Individual products and services, and carrier and OEM relationships, represent meaningful portions of our revenues and margins in any quarter.

In addition to other risk factors discussed in this section, factors that may contribute to the variability of our results include:

- the number of new products and services released by us and our competitors;
- the timing of release of new products and services by us and our competitors, particularly those that may represent a significant portion of revenues in a period;
- the popularity of new products and services, and products and services released in prior periods;
- changes in prominence of deck placement for our leading products and those of our competitors;
- the timing of charges related to impairments of goodwill, and intangible assets;
- changes in pricing policies by us, our competitors, our vendors or our carriers and other distributors;
- changes in the mix of direct versus indirect advertising sales, which have varying margin profiles;
- changes in the mix of CPI, CPP, CPA, and license fee sales, which have varying revenue and margin profiles;
- the seasonality of our industry;
- fluctuations in the size and rate of growth of overall consumer demand for mobile products and services;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- our success in entering new geographic markets;
- decisions by one or more of our partners and/or customers to terminate our business relationship(s);
- foreign exchange fluctuations;
- accounting rules governing recognition of revenue;
- general economic, political and market conditions and trends;
- the timing of compensation expense associated with equity compensation grants; and
- decisions by us to incur additional expenses for product and service development.

As a result of these and other factors, including seasonality attributable to the holiday seasons, our operating results may not meet the expectations of investors or public market analysts who choose to follow our company. Our failure to meet market expectations would likely result in decreases in the trading price of our common stock.

Placement of our products and services, or the failure of the market to accept our products and services, would likely adversely impact our revenues and thus our operating results and financial condition.

Wireless carriers provide a limited selection of products that are accessible to their subscribers through their mobile handsets. The inherent limitation on the volume of products available on the handset is a function of the screen size of handsets and carriers' perceptions of the depth of menus and numbers of choices end users will generally utilize. If carriers choose to give our products less favorable placement or reduce our slot count on the phone, our products may be less successful than we anticipate, our revenues may decline and our business, operating results and financial condition may be materially harmed. In addition, if carriers or other participants in the market favor another competitor's products over our products, or opt not to enable and implement our technology to unify operating systems, our future growth could suffer and our revenues could be negatively affected.

If we are unsuccessful in establishing and increasing awareness of our brand and recognition of our products and services or if we incur excessive expenses promoting and maintaining our brand or our products and services, our potential revenues could be limited, our costs could increase, and our operating results and financial condition could be harmed.

We believe that establishing and maintaining our brand is critical to retaining and expanding our existing relationships with wireless carriers, OEMs, application developers and advertisers as well as developing new relationships. Promotion of the Company's brands will depend on our success in providing high-quality products and services. Similarly, recognition of our products and services by users will depend on our ability to develop engaging products and quality services to maintain existing, and attract new, business relationships and users. However, our success will also depend, in part, on the services and efforts of third parties, over which we have little or no control. For instance, if our carriers fail to provide high levels of service, our end users' ability to access our products and services may be interrupted, which may adversely affect our brand. If end users, carriers, OEMs, advertisers and application developers do not perceive our offerings as high-quality or if we introduce new products and services that are not favorably received by our end users, carriers, OEMs, advertisers and application developers, then we may be unsuccessful in building brand recognition and brand loyalty in the marketplace. In addition, globalizing and extending our brand and recognition of our products and services will be costly and will involve extensive management time to execute successfully. Further, the markets in which we operate are highly competitive and some of our competitors already have substantially more brand name recognition and greater marketing resources than we do. If we fail to increase brand awareness and consumer recognition of our products and services, our potential revenues could be limited, our costs could increase and our business, operating results and financial condition could suffer.

Our business is dependent on the continued growth in usage of smartphones, tablets, and other mobile connected devices.

Our business depends on the continued proliferation of mobile connected devices, such as smartphones and tablets, which can connect to the Internet over a cellular, wireless or other network, as well as the increased consumption of content through those devices. Consumer usage of these mobile connected devices may be inhibited for a number of reasons, such as:

- inadequate network infrastructure to support advanced features beyond just mobile web access;
- users' concerns about the security of these devices;
- inconsistent quality of cellular or wireless connection;
- unavailability of cost-effective, high-speed Internet service;
- changes in network carrier pricing plans that charge device users based on the amount of data consumed; and
- new technology which is not compatible with our products and offerings.

For any of these reasons, users of mobile connected devices may limit the amount of time they spend on these devices and the number of applications or amount of content they download on these devices. If user adoption of mobile connected devices and consumer consumption of content on those devices do not continue to grow, our total addressable market size may be significantly limited, which could compromise our ability to increase our revenue and our ability to become profitable.

If mobile connected devices, their operating systems, or content distribution channels, including those controlled by our competitors, develop in ways that prevent advertising or content from being delivered to their users, our ability to grow our business will be impaired.

A portion of our business model depends upon the continued demand for mobile advertising on connected devices, as well as the major operating systems that run on them and the number of applications that are downloaded onto them.

The design of mobile devices and operating systems is controlled by third parties, upon whom we do not have any influence. These parties frequently introduce new devices, and from time-to-time they may introduce new operating systems or modify existing ones. Network carriers may also affect the ability of users to download applications or access specified content on mobile devices.

In some cases, the parties that control the development of mobile connected devices and operating systems include companies that we regard as our competitors. For example, Google controls the Android™ platform operating system. If our mobile software platform were unable to work on these operating systems, either because of technological constraints or because the developer of these operating systems wishes to impair our ability to provide ads on the operating system, our ability to generate revenue could be significantly harmed.

If we fail to deliver our products and services ahead of the commercial launch of new mobile handset models, our sales may suffer.

Our business is dependent, in part, on the commercial sale of smartphone handsets. We do not control the timing of these handset launches. Some new handsets are sold by carriers with certain of our products and applications pre-loaded, and many end users who use our services do so after they purchase their new handsets to experience the new features of those handsets. Some of our products require handset manufacturers give us access to their handsets prior to commercial release. If one or more major handset manufacturers were to cease to provide us access to new handset models prior to commercial release, we might be unable to introduce compatible versions of our products and services for those handsets in coordination with their commercial release, and we might not be able to make compatible versions for a substantial period following their commercial release. If, because of launch delays, we miss the opportunity to sell products and services when new handsets are shipped or our end users upgrade to a new handset, or if we miss the key holiday selling period, either because the introduction of a new handset is delayed or we do not deploy our products and services in time for seasonal increases in handset sales, our revenues would likely decline and our business, operating results and financial condition would likely suffer.

We may be unable to develop and introduce in a timely way new products or services, and our products and services may have defects, which could harm our brand.

The planned timing and introduction of new products and services are subject to risks and uncertainties. Unexpected technical, operational, deployment, distribution or other problems could delay or prevent the introduction of new products and services, which could result in a loss of, or delay in, revenues or damage to our reputation and brand. If any of our products or services is introduced with defects, errors or failures, we could experience decreased sales, loss of end users, damage to our carrier relationships, damage to our advertiser and application developer relationships, and damage to our reputation and brand. In addition, new products and services may not achieve sufficient market acceptance to offset the costs of development, particularly when the introduction of a product or service is substantially later than a planned “day-and-date” launch, which could materially harm our business, operating results and financial condition.

If we fail to maintain and enhance our capabilities for our offerings to a broad array of mobile operating systems, our attractiveness to wireless carriers, equipment manufacturers, advertisers, and application developers will be impaired and our sales could suffer.

Changes to our design and development processes to address new features or functions of mobile operating systems or networks might cause inefficiencies that might result in more labor-intensive software integration processes. In addition, we anticipate that in the future we will be required to update existing and new products and applications to a broader array of mobile operating systems. If we utilize more labor intensive processes, our margins could be significantly reduced and it might take us longer to integrate our products and applications to additional mobile operating systems. This, in turn, could harm our business, operating results and financial condition.

A majority of our revenues are currently being derived from a limited number of wireless carriers, advertisers, and application developers. If any one of these customers were to terminate their agreement with us or if they were unable to fulfill their payment obligations, our financial condition and results of operations would suffer.

If any of our primary customers were to terminate their commercial relationship with us or if they are unable to fulfill their payment obligations to us under our agreements with them, our revenues could decline significantly and our financial condition will be harmed.

We may be subject to legal liability associated with providing mobile and online services.

We provide a variety of products and services that enable carriers, manufacturers, application developers, advertisers, and users to engage in various mobile and online activities both domestically and internationally. The law relating to the liability of providers of these mobile and online services and products for such activities is still unsettled and constantly evolving in the U.S. and internationally. Claims have been threatened and have been brought against us in the past for breaches of contract, copyright or trademark infringement, tort or other theories based on the provision of these products and services. In addition, we are and have been and may again in the future be subject to domestic or international actions alleging that certain content we have generated or third-party content that we have made available within our services violates laws in domestic and international jurisdictions. We may be subject to claims concerning these products, services, or content by virtue of our involvement in marketing, branding, broadcasting, or providing access to them, even if we do not ourselves host, operate, provide, own, or license these products, services, or content. While we routinely insert indemnification provisions into our contracts with these parties, such indemnities to us, when obtainable, may not cover all damages and losses suffered by us and our customers from covered products and services. In addition, recorded reserves and/or insurance coverage may be exceeded by unexpected results from such claims which directly impacts profits. Defending such actions could be costly and involve significant time and attention of our management and other resources, may result in monetary liabilities or penalties, and may require us to change our business in an adverse manner.

Our business is dependent on our ability to maintain and scale our infrastructure, including our employees and third parties, and any significant disruption in our service could damage our reputation, result in a potential loss of customers, and adversely affect our financial results.

Our reputation and ability to attract, retain, and serve customers is dependent upon the reliable performance of our products and services and the underlying infrastructure, both internal and from third-party providers. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to our business. If our products and services are unavailable, or if they do not load as quickly as expected, customers may not use our products as often in the future, or at all. If our customer base grows, we will need an increasing amount of infrastructure, including network capacity, to continue to satisfy the needs of our customers. It is possible that we may fail to effectively scale and grow our infrastructure to accommodate these increased demands. In addition, our business may be subject to interruptions, delays, or failures resulting from earthquakes, adverse weather conditions, other natural disasters, power loss, terrorism, ineffective business execution, epidemics, pandemics, or other catastrophic events.

A substantial portion of our network infrastructure is provided by third parties. Any disruption or failure in the services we receive from these providers could harm our ability to handle existing or increased traffic and could significantly harm our business. Any financial or other difficulties these providers face may adversely affect our business, and we exercise little control over these providers, which increases our vulnerability to problems with the services they provide.

Our products, services, and systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.

Our products, services and systems rely on software, including software developed or maintained internally and/or by third parties, that is highly technical and complex. In addition, our products, services and systems depend on the ability of such software to transfer, store, retrieve, process, and manage large amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors, bugs, or vulnerabilities. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for customers and marketers who use our products, delay product introductions or enhancements, result in measurement or billing errors, or compromise our ability to protect the data of our users and/or our intellectual property. Any errors, bugs, or defects discovered in the software on which we rely could result in damage to our reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect our business and financial results.

We rely upon third-party data centers and providers of cloud-based infrastructure to host our platform. Any disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could materially and adversely affect our business, financial condition, and results of operations.

We currently serve our customers from data centers in the United States and other locations worldwide, which are operated by a third-party cloud hosting provider. We use various third-party cloud hosting providers, such as Amazon Web Services ("AWS"), to provide cloud infrastructure for our platform. Our platform relies on the operations of this infrastructure. Customers need to be able to access, send requests and receive communication from our platform at any time, without interruption or degradation of performance. In addition, our platform depends on the ability of these data centers and cloud infrastructure to allow for our customers' configuration, architecture, features and interconnection specifications and to secure the information stored in these data centers. Any limitation on the capacity of our data centers or cloud infrastructure could impede our ability to onboard new customers or expand the usage of our existing customers, host our platform or serve our customers, which could materially and adversely affect our business, financial condition and results of operations. In addition, any incident affecting our data centers or cloud infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks and other similar events beyond our control could negatively affect the cloud-based portion of our platform. A prolonged service disruption affecting our data centers or cloud-based services for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or incur additional costs under our customer and partner agreements or otherwise harm our business. We may also incur significant costs for using alternative providers or taking other actions in preparation for, or in response to, events that damage the third-party hosting services we use.

In the event that our service agreements relating to our data centers or cloud infrastructure are terminated or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our platform, loss of revenue from revenue-share and usage-based solutions, as well as significant delays and additional expense in arranging or creating new facilities and services or re-architecting our platform for deployment on a different data center provider or cloud infrastructure service provider, which could materially and adversely affect our business, financial condition and results of operations.

The Company's business is highly dependent on decisions and developments in the mobile device industry over which the Company has no control.

The Company's ability to maintain and grow its business will be impaired if mobile connected devices, mobile operating systems, networks, standards and content distribution channels, which are run by operating system providers and app stores including those controlled by the primary competitors of the Company, develop in ways that prevent the Company's products and services from being delivered to their users.

The Company's business model will depend upon the continued compatibility of its mobile advertising platform with most mobile connected devices, as well as the major operating systems that run on them and the thousands of apps that are downloaded onto them.

The design of mobile devices and operating systems is controlled by third parties. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers, such as Verizon, AT&T, Sprint, as well as other domestic and global operators, as well as OEMs, such as Samsung, may also affect the ability of users to download apps or access specified content on mobile devices. The Company also has some relationships with various other mobile carriers with relationships that are specific and subject to contractual performance which may not be achieved.

In some cases, the parties that control the development of mobile connected devices and operating systems include companies that the Company would regard as its most significant competitors. For example, Apple controls two of the most popular mobile devices, the iPhone® and the iPad®, as well as the iOS operating system that runs on them. Apple also controls the App Store for downloading apps that run on Apple® mobile devices. Similarly, Google controls the Google Play and Android™ platform operating system. If the Company's mobile advertising platform were unable to work on these devices or operating systems, either because of technological constraints or because a maker of these devices or developer of these operating systems wished to impair the Company's ability to place or provide ads on them or its ability to fulfill advertising space, or inventory, from developers whose apps are distributed through their controlled channels, the Company's ability to maintain and grow its business will be impaired, and the Company's results of operations and financial condition would be adversely affected, perhaps materially.

The parties that control these operating systems frequently introduce new technology, and from time to time, they may introduce new operating systems or modify existing ones. Further, the Company and its customers are also subject to the policies, practices, guidelines, certifications and terms of service of such parties' platforms on which we and our customers create, run and monetize applications and content. These policies, guidelines and terms of service govern the promotion, distribution, content and operation generally of applications and content available through such parties. The parties that control the operating systems have broad discretion to change and interpret their terms of service, guidelines and policies, and those changes may have an adverse effect on us or our customers' ability to use our products and services. A party that controls the operating system may also change its fee structure, add fees associated with access to and use of its platform or app store, alter how customers are able to advertise and monetize on their platform, change how the personal or other information of its users is made available to application developers on their platform, limit the use of personal information and other data for advertising purposes or restrict how users can share information on their platform or across other platforms. If we or our customers were to violate a party's terms of service, guidelines, certifications or policies, or if a party were to believe that such a violation occurred, then that party could limit or discontinue our or our customers' access to its platform or app store. If our platform was unable to work effectively on these operating systems, this would have a material adverse effect on our business, financial condition and results of operations.

Parties that control operating systems, such as Apple or Google, could also change their technical requirements, guidelines or policies in a manner that materially and adversely impacts the way in which we or our customers collect, use and share data from user devices, including restricting our ability to use or read device identifiers, other tracking features or other device data. Our ability to provide our customers with our user growth and monetization solutions relies on access to and collection of certain data, including resettable device identifiers and interactions with advertisements served by our monetization solutions for purposes such as serving advertisements, limiting the number of advertisements served to a specific device, detecting and preventing advertisement fraud, creating reports for customers, providing support to customers and measuring the effectiveness of advertisements. Without such data, we may not be able to serve such advertisements effectively, provide our products and services to customers, improve our products and services and remain competitive. There also is the risk that a party that controls an operating system could limit or discontinue our access to its platform or app store if it establishes more favorable relationships with one or more of our competitors or it determines that it is in their business interests to do so, and we would have no recourse against any such party, which could have a material adverse effect on our business, financial condition and results of operations.

If any parties that control operating systems, including either Android or iOS, stop providing us with access to their platform or infrastructure, fail to provide reliable access, cease operations, modify or introduce new systems or otherwise terminate services, the delay caused by qualifying and switching to other operating systems could be time consuming and costly and could materially and adversely affect our business, financial condition and results of operations. Any limitation on or discontinuation of us or our customers' access to any mobile operating system platform or app store could materially and adversely affect our business, financial condition, results of operations or otherwise require us to change the way we conduct business.

The Company's business may depend in part on its ability to collect and use location-based information about mobile connected device users.

The Company's business model will depend in part upon its ability to collect data about the location of mobile connected device users when they are interacting with their devices, and then to use that information to provide effective targeted advertising on behalf of its advertising clients. The Company's ability to either collect or use location-based data could be restricted by a number of factors, including new laws or regulations, technology or consumer choice. Limitations on its ability to either collect or use location data could impact the effectiveness of the Company's platform and its ability to target ads.

The Company does not have long-term agreements with its advertiser clients, and it may be unable to retain key clients, attract new clients, or replace departing clients with clients that can provide comparable revenue to the Company.

An important component of the Company's future success is to retain and expand our relationships with existing customers and attract new customers. In order for the Company to maintain or improve our results of operations, it is important that the Company maintain positive relationships with existing customers and that they are satisfied with the products and services we provide. Our customer retention rates may decline or fluctuate as a result of a number of factors, some of which may be outside our control, such as the performance and perceived value associated with our products and services, including their perception of our continued development of products and services that are important to them, the business strength or weakness of our customers, the success of our customers' apps and their ability to monetize, the entry and success of competitive products and overall general economic conditions in the geographic regions in which we operate. However, our efforts may not be successful despite the resources we devote to them, and our customers may choose to switch to one of our competitors or choose to replace our products with similar technology that the customer creates internally.

The Company's contracts with its advertiser clients do not generally include long-term obligations requiring them to purchase the Company's services and are cancelable upon short or no notice and without penalty. As a result, the Company may have limited visibility as to its future advertising revenue streams. The Company will not be able to provide assurance that its advertiser clients will continue to use its services or that it will be able to replace, in a timely or effective manner, departing clients with new clients that generate comparable revenue. If a major advertising client representing a significant portion of the Company's business decides to materially reduce its use of the Company's platform or to cease using the Company's platform altogether, it is possible that the Company may not have a sufficient supply of ads to fill its developers' advertising inventory, in which case the Company's revenue could be significantly reduced. Revenue derived from performance advertisers in particular is subject to fluctuation and competitive pressures. Such advertisers, which seek to drive app downloads, are less consistent with respect to their spending volume, and may decide to substantially increase or decrease their use of the Company's platform based on seasonality or popularity of a particular application.

Advertisers in general may shift their business to a competitor's platform because of new or more compelling offerings, strategic relationships, technological developments, pricing and other financial considerations, or a variety of other reasons. Any non-renewal, renegotiation, cancellation or deferral of large advertising contracts, or a number of contracts that in the aggregate account for a significant amount of revenue, could cause an immediate and significant decline in the Company's revenue and harm its business.

The Company's business practices with respect to data could give rise to liabilities or reputational harm as a result of governmental regulation, legal requirements, or industry standards relating to consumer privacy and data protection.

In the course of providing its services, the Company will transmit and store information related to mobile devices and the ads it places, which may include a device's geographic location for the purpose of delivering targeted location-based ads to the user of the device, with that user's consent. Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that the Company will collect across its mobile advertising platform. The Company will strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or its practices. Any failure, or perceived failure, by it to comply with U.S. federal, state, or international laws, including laws and regulations regulating privacy, data security, or consumer protection, could result in proceedings or actions against the Company by governmental entities or others. Any such proceedings could hurt the Company's reputation, force it to spend significant amounts in defense of these proceedings, distract its management, increase its costs of doing business, adversely affect the demand for its services and ultimately result in the imposition of monetary liability. The Company may also be contractually liable to indemnify and hold harmless its clients from the costs or consequences of inadvertent or unauthorized disclosure of data that it stores or handles as part of providing its services.

The regulatory framework for privacy issues worldwide is evolving, and various government and consumer agencies and public advocacy groups have called for new regulation and changes in industry practices, including some directed at the mobile industry in particular. For example, in early 2012, the State of California entered into an agreement with several major mobile application platforms under which the platforms have agreed to require mobile applications to meet specified standards to ensure consumer privacy. Subsequently, in January 2013, the State of California released a series of recommendations for privacy best practices for the mobile industry. In January 2014, a California law also became effective amending the required disclosures for online privacy policies. In addition, the state of California has enacted the California Consumer Privacy Act of 2018, a privacy and cyber security law, which establishes strict data protection and privacy controls and reporting requirements and increases liabilities for non-compliance. In addition, other jurisdictions, including other states, have enacted, or may enact, their own privacy and cyber security laws. Any such laws may impact our operations and the California legislation underscores the increasing risk profile of our business to both cyber events and the emerging, strict, regulatory framework governing all businesses dealing in personal data. It is possible that new laws and regulations will be adopted in the United States and internationally, or existing laws and regulations may be interpreted in new ways, that would affect the Company's business, particularly with regard to location-based services, collection or use of data to target ads, and communication with consumers via mobile devices.

The U.S. government, including the Federal Trade Commission, or FTC, and the Department of Commerce, is focused on the need for greater regulation of the collection of consumer information, including regulation aimed at restricting some targeted advertising practices. In December 2012, the FTC adopted revisions to the Children's Online Privacy Protection Act, or COPPA, that went into effect on July 1, 2013. COPPA imposes a number of obligations on operators of websites and online services including mobile applications, such as obtaining parental consent, if the operator collects specified information from users and either the site or service is directed to children under 13 years old or the site or service knows that a specific user is a child under 13 years old. The changes broaden the applicability of COPPA, including the types of information that are subject to these regulations, and may apply to information that the Company will collect through mobile devices or apps that, prior to the adoption of these new regulations, was not subject to COPPA. These revisions will impose new compliance burdens on the Company. In February 2013, the FTC issued a staff report containing recommendations for best practices with respect to consumer privacy for the mobile industry. To the extent that the Company or its clients choose to adopt these recommendations, or other regulatory or industry requirements become applicable to the Company, it may have greater compliance burdens.

As the Company expands its operations globally, compliance with regulations that differ from country to country also imposes substantial burdens on its business. In particular, the European Union (EU) has adopted a comprehensive overhaul of its data protection regime from the current national legislative approach to a single European Economic Area Privacy Regulation, the General Data Protection Regulation (GDPR), which became effective in 2018. The EU data protection regime extends the scope of the EU data protection law to all foreign companies processing data of EU residents. It imposes a strict data protection compliance regime with severe penalties of up to the greater of 4% of worldwide turnover and €20 million and includes new rights such as the "portability" of personal data. Although the GDPR will apply across the EU without a need for local implementing legislation, as has been the case under the current data protection regime, local data protection authorities (DPAs) will still have the ability to interpret the GDPR, which has the potential to create inconsistencies on a country-by-country basis. Complying with any new regulatory requirements could force us to incur substantial costs or require us to change our business practices in a manner that could compromise our ability to effectively pursue our growth strategy.

The Company's business may involve the use, transmission, and storage of confidential information, and the failure to properly safeguard such information could result in significant reputational harm and monetary damages.

The Company may at times collect, store and transmit information of, or on behalf of, its clients that may include certain types of confidential information that may be considered personal or sensitive, and that are subject to laws that apply to data breaches. The Company intends to take reasonable steps to protect the security, integrity and confidentiality of the information it collects and stores, but there is no guarantee that inadvertent or unauthorized disclosure will not occur or that third parties will not gain unauthorized access to this information despite the Company's efforts to protect this information. If such unauthorized disclosure or access does occur, the Company may be required to notify persons whose information was disclosed or accessed. Most states have enacted data breach notification laws and, in addition to federal laws that apply to certain types of information, such as financial information, federal legislation has been proposed that would establish broader federal obligations with respect to data breaches. The Company may also be subject to claims of breach of contract for such disclosure, investigation and penalties by regulatory authorities and potential claims by persons whose information was disclosed. The unauthorized disclosure of information may result in the termination of one or more of its commercial relationships or a reduction in client confidence and usage of its services. The Company may also be subject to litigation alleging the improper use, transmission or storage of confidential information, which could damage its reputation among its current and potential clients, require significant expenditures of capital and other resources and cause it to lose business and revenue.

System failures could significantly disrupt the Company's operations and cause it to lose advertiser clients or advertising inventory.

The Company's success will depend on the continuing and uninterrupted performance of its own internal systems, which the Company will utilize to bid and place ads, deliver applications and ads, monitor the performance of advertising campaigns and manage its inventory of advertising space. Its revenue will depend on the technological ability of its platforms to deliver applications and ads. Sustained or repeated system failures that interrupt its ability to provide services to clients, including technological failures affecting its ability to deliver applications and ads quickly and accurately and to process mobile device users' responses to applications and ads, could significantly reduce the attractiveness of its services to advertisers and reduce its revenue. The combined systems are vulnerable to damage from a variety of sources, including telecommunications failures, power outages, malicious human acts and natural disasters. In addition, any steps the Company takes to increase the reliability and redundancy of its systems may be expensive and may not ultimately be successful in preventing system failures.

System security risks, data protection breaches, cyber-attacks, and systems integration issues could disrupt our internal operations or information technology services provided to customers, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation, and adversely affect our stock price.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third-parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third-parties may contain defects in design or manufacture, including ''bugs'' and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales or other critical functions. We manage and store various proprietary information and sensitive or confidential data relating to our business. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our clients or customers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business. In addition, the cost and operational consequences of implementing further data protection measures could be significant. Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to provide services and interrupt other processes. Delayed sales, lower margins, increased cost, or lost customers resulting from these disruptions could reduce our expected revenue, increase our expenses, damage our reputation and adversely affect our stock price.

If our goodwill becomes impaired, we may be required to record a significant charge to earnings.

We test goodwill for impairment at least annually or sooner if an indicator of impairment is present. If such goodwill is deemed impaired, an impairment loss would be recognized. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill is determined, which would negatively affect our results of operations.

Public health issues, such as a major epidemic or pandemic, could adversely affect our business or financial results.

The U.S. and other countries have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risk. In December 2019, a novel coronavirus (COVID-19) emerged and subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic, resulting in foreign, federal, state, and local governments and private entities mandating various restrictions requiring closure of non-essential businesses and recommending people remain at home. Our results of operations are affected by economic conditions, including macroeconomic conditions, levels of business confidence, and consumer confidence. There is significant uncertainty regarding the extent to which and how long COVID-19 will disrupt the U.S. economy, consumer confidence, and the demand for our service offerings. The extent to which COVID-19 impacts our operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on carriers, OEMs, customers, and employees, all of which are highly uncertain and cannot be predicted, which could include reductions in sales of smartphones, tablets, and other devices or reductions in discretionary spending by customers or disruptions in employee or Company performance. If COVID-19 has a significant negative impact on economic conditions over a prolonged period of time, our results of operations and financial condition could be adversely impacted. We are conducting business as usual, with some modifications to employee travel, employee work locations, and cancellation of certain marketing events, among other modifications. We have observed other companies taking precautionary and preemptive actions to address COVID-19 and companies may take further actions that alter their normal business operations. We will continue to actively monitor the situation and may take further actions that alter our business operations, as may be required by foreign, federal, state, or local authorities or that we determine are in the best interests of our employees, customers, partners, suppliers, and stockholders.

Changes to current accounting principles could have a significant effect on the Company's reported financial results or the way in which it conducts its business.

We prepare our financial statements in conformity with U.S. GAAP, which are subject to interpretation by the Financial Accounting Standards Board, or FASB, the Securities and Exchange Commission (the "SEC" or the "Commission") and various other bodies formed to interpret, recommend, and announce appropriate accounting principles, policies, and practices. A change in these principles could have a significant effect on our reported financial results and related financial disclosures, and may even retroactively affect the accounting for previously reported transactions. Our accounting policies that recently have been or may in the future be affected by changes in the accounting principles are as follows:

- business consolidations;
- revenue recognition;
- leases;
- stock-based compensation; and
- accounting for goodwill and other intangible assets.

Changes in these or other rules may have a significant adverse effect on our reported financial results, disclosures, or in the way in which we conduct our business. See the discussion in "Summary of Significant Accounting Policies" set forth in the Notes to our Consolidated Financial Statements under Item 8 of this Annual Report, for additional information about our accounting policies and estimates and associated risks.

Advertising Risks

Our revenues may fluctuate significantly based on mobile device sell-through, over which we have no control.

A significant portion of our revenue is impacted by the level of sell-through of mobile devices on which our software is installed. Demand for mobile devices sold by carriers and OEMs varies materially by device, and if our software is installed on devices for which demand is lower than our expectations -- a factor over which we have no control as we do not market mobile devices -- our revenues will be impacted negatively, and this impact may be significant. As our software is deployed on a diversified universe of devices, this risk will be somewhat mitigated, as the relative performance of one device over another device will have less impact on us, but until we achieve diversification in our device installations, we will continue to be subject to revenue fluctuations based on device sell-through, and such fluctuations can be material. Further, it is difficult to predict the level of demand for a particular device, making our revenue projections correspondingly difficult. These issues can be ameliorated as we gain more significant carrier and OEM relationships and conversely these issues can be exacerbated with, as presently, a limited number of such relationships.

Activities of the Company's advertiser clients could damage the Company's reputation or give rise to legal claims against it.

The Company's advertiser clients' promotion of their products and services may not comply with foreign, federal, state and local laws, including, but not limited to, laws and regulations relating to mobile communications. Failure of its clients to comply with federal, state or local laws or its policies could damage its reputation and expose it to liability under these laws. The Company may also be liable to third parties for content in the ads it delivers if the artwork, text or other content involved violates copyrights, trademarks or other intellectual property rights of third parties or if the content is defamatory, unfair and deceptive, or otherwise in violation of applicable laws. Although the Company will generally receive assurance from its advertisers that their ads are lawful and that they have the right to use any copyrights, trademarks or other intellectual property included in an ad, and although it will normally be indemnified by the advertisers, a third-party or regulatory authority may still file a claim against the Company. Any such claims could be costly and time-consuming to defend and could also hurt the Company's reputation. Further, if it is exposed to legal liability as a result of the activities of its advertiser clients, the Company could be required to pay substantial fines or penalties, redesign its business methods, discontinue some of its services or otherwise expend significant resources.

Loss or reduction of business from the Company's large advertiser clients could have a significant impact on the Company's revenues, results of operations, and overall financial condition.

A significant portion of our revenue is impacted by the level of advertising spend. If advertising spend is lower than our expectations -- a factor over which we have no control as we do not determine our customers' advertising budgets -- our revenues will be impacted negatively, and this impact may be significant.

From time-to-time, a limited number of the Company's advertiser clients will be expected to account for a significant share of its advertising revenue. This customer concentration increases the risk of quarterly fluctuations in the Company's revenues and operating results. The Company's advertiser clients may reduce or terminate their business with it at any time for any reason, including changes in their financial condition or other business circumstances. If a large advertising client representing a substantial portion of its business decided to materially reduce or discontinue its use of its platform, it could cause an immediate and significant decline in its revenue and negatively affect its results of operations and financial condition.

The Company's customer concentration also increases the concentration of its accounts receivable and its exposure to payment defaults by key customers. The Company will generate significant accounts receivable for the services that it provides to its key advertiser clients, which could expose it to substantial and potentially unrecoverable costs if it does not receive payment from them.

Mobile applications and advertising are relatively new, as are our products, which are evolving, and growth in revenues from those areas is uncertain and changes in the industry may negatively affect our revenue and financial results.

While we anticipate that mobile usage will continue to be the primary driver of revenues related to applications and advertising for the foreseeable future, there could be changes in the industry of mobile carriers and OEMs that could have a negative impact on these growth prospects for our business and our financial performance. Additionally, advertising cost per install ("CPI") revenue realized could be negatively impacted by end user application "open-rates". The open-rates realized on advertising campaigns in the marketplace today could vary compared to the open-rates realized for applications distributed via our products. Reduced open-rates could have a negative impact on the success of our products and our potential revenues earned from CPI. The mobile advertising market remains a new and evolving market and if we are unable to grow revenues or successfully monetize our customer and potential customer relationships, or if we incur excessive expenses in these efforts, our financial performance and ability to grow revenue would be negatively affected.

Our growth and monetization on mobile devices depend upon effective operation with mobile operating systems, networks, and standards that we do not control as we are largely an Android-based technology provider.

There is no guarantee that mobile carriers and devices will use our products and services rather than competing products. We are dependent on the interoperability of our products and services with popular mobile operating systems that we do not control, such as Android, and any changes in such systems and terms of service that degrade our products' functionality, reduce or eliminate our ability to distribute applications, give preferential treatment to competitive products, limit our ability to target or measure the effectiveness of applications, or impose fees or other charges related to our delivery of applications could adversely affect our monetization on mobile devices. Currently, our product offerings are primarily compatible with Android only, and would require developmental modifications to support other operating platforms. Additionally, in order to deliver high quality user experience, it is important that our products and services work well with a range of mobile technologies, systems, networks, and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. In the event that our relationships with network operators, mobile operating systems or other business partners deteriorate, our growth and monetization could be adversely affected and our business could be harmed.

We currently rely on wireless carriers and OEMs to distribute our products and services and thus to generate much of our revenues. The loss of or a change in any of these significant carrier relationships could cause us to lose access to their subscribers and thus materially reduce our revenues.

The future success of our business is highly dependent upon maintaining successful relationships with the wireless carriers and OEMs with which we currently work and establishing new carrier and OEM relationships in geographies where we have not yet established a significant presence. A significant portion of our revenue is derived from a very limited number of carriers. We expect that we will continue to generate a substantial portion of our revenues, on a go-forward basis, through relationships with a limited number of carriers for the foreseeable future. Our failure to maintain our relationships with these carriers, establish relationships with new carriers, or a loss or change of terms would materially reduce our revenues and thus harm our business, operating results and financial condition.

We have both exclusive and non-exclusive carrier and OEM agreements. Historically, our carrier and OEM agreements have had terms of one or two years with automatic renewal provisions upon expiration of the initial term, absent a contrary notice from either party, but going forward terms in carrier and OEM agreements may vary. In addition, some carrier and OEM agreements provide that the parties can terminate the agreement early and, in some instances, at any time without cause, which could give them the ability to renegotiate economic or other terms. The agreements generally do not obligate the carriers and OEMs to market or distribute any of our products or services. In many of these agreements, we warrant that our products do not violate community standards, do not contain libelous content, do not contain material defects or viruses, and do not violate third-party intellectual property rights and we indemnify the carrier for any breach of a third-party's intellectual property.

Many other factors outside our control could impair our ability to generate revenues through a given carrier or OEM, including the following:

- the carrier or OEM's preference for our competitors' products and services rather than ours;
- the carrier or OEM's decision not to include or highlight our products and services on the deck of its mobile handsets;
- the carrier or OEM's decision to discontinue the sale of some or all of products and services;
- the carrier's decision to offer similar products and services to its subscribers without charge or at reduced prices;
- a failure of the carrier or OEM's merchandising, provisioning or billing systems;
- the carrier or OEM's decision to offer its own competing products and services;
- the carrier or OEM's decision to transition to different platforms and revenue models; and
- consolidation among carriers or OEMs.

If any of our carriers or OEMs decides not to market or distribute our products and services or decides to terminate, not renew or modify the terms of its agreement with us or if there is consolidation among carriers generally, we may be unable to replace the affected agreement with acceptable alternatives, causing us to lose access to that carrier's subscribers and the revenues they afford us, which could materially harm our business, operating results and financial condition.

The mobile advertising business is an intensely competitive industry and we may not be able to compete successfully.

The mobile advertising market is highly competitive, with numerous companies providing mobile advertising services. The Company's mobile advertising platform will compete primarily with Facebook, Twitter, Snap, and Google, all of which are significantly larger than us and have far more capital to invest in their mobile advertising businesses. The Company will also compete with in-house solutions used by companies who choose to coordinate mobile advertising across their own properties. They, or other companies that offer competing mobile advertising solutions, may establish or strengthen cooperative relationships with their mobile operator partners, application developers or other parties, thereby limiting the Company's ability to promote its services and generate revenue. Competitors could also seek to gain market share from us by reducing the prices they charge to advertisers or by introducing new technology tools for developers. Moreover, increased competition for mobile advertising space from developers could result in an increase in the portion of advertiser revenue that we must pay to developers to acquire that advertising space. The Company's business will suffer to the extent that its developers and advertisers purchase and sell mobile advertising directly from each other or through other companies that are able to become intermediaries between developers and advertisers. For example, companies may have substantial existing platforms for developers who had previously not heavily used those platforms for mobile advertising campaigns. These companies could compete with us to the extent they expand into mobile advertising. Other companies, such as large application developers with a substantial mobile advertising business, may decide to directly monetize some or all of their advertising space without utilizing the Company's services. Other companies that offer analytics, mediation, exchange or other third-party services may also become intermediaries between mobile advertisers and developers and thereby compete with us. Any of these developments would make it more difficult for the Company to sell its services and could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses or the loss of market share.

The mobile advertising market may develop more slowly than expected, which could harm the business of the Company.

Advertisers have historically spent a smaller portion of their advertising budgets on mobile media as compared to traditional advertising methods, such as television, newspapers, radio and billboards, or online advertising over the internet, such as placing banner ads on websites. Future demand and market acceptance for mobile advertising is uncertain. Many advertisers still have limited experience with mobile advertising and may continue to devote larger portions of their advertising budgets to more traditional offline or online personal computer-based advertising, instead of shifting additional advertising resources to mobile advertising. If the market for mobile advertising deteriorates, or develops more slowly than we expect, the Company may not be able to increase its revenue.

The Company does not control the mobile networks over which it provides its advertising services.

The Company's mobile advertising platform is dependent on the reliability of network operators and carriers who maintain sophisticated and complex mobile networks, as well as its ability to deliver content on those networks at prices that enable it to realize a profit. Mobile networks have been subject to rapid growth and technological change, particularly in recent years. The Company does not control these networks.

Mobile networks could fail for a variety of reasons, including new technology incompatibility, the degradation of network performance under the strain of too many mobile consumers using the network, a general failure from natural disaster or a political or regulatory shut-down. Individuals and groups who develop and deploy viruses, worms and other malicious software programs could also attack mobile networks and the devices that run on those networks. Any actual or perceived security threat to mobile devices or any mobile network could lead existing and potential device users to reduce or refrain from mobile usage or reduce or refrain from responding to the services offered by the Company's advertising clients. If the network of a mobile operator should fail for any reason, the Company would not be able to effectively provide its services to its clients through that mobile network. This, in turn, could hurt the Company's reputation and cause it to lose significant revenue.

Mobile carriers may also increase restrictions on the amounts or types of data that can be transmitted over their networks. The Company anticipates generating different amounts of revenue from its advertiser clients based on the content the Company delivers. In most cases, the Company will be paid by advertisers on a CPI basis, when an install of an advertised application occurs. Different types of advertising content consume differing amounts of bandwidth and network capacity. If a network carrier were to restrict the amounts of data that can be delivered on that carrier's network, or otherwise control the kinds of content that may be downloaded to a device that operates on the network, it could negatively affect the Company's pricing practices and inhibit its ability to deliver targeted advertising to that carrier's users, both of which could impair the Company's ability to generate revenue. Mobile connected device users may choose not to allow advertising on their devices.

The success of the Company's advertising business model will depend on its ability to deliver targeted, highly relevant ads to consumers on their mobile connected devices. Targeted advertising is done primarily through analysis of data, much of which is collected on the basis of user-provided permissions. This data might include a device's location or data collected when device users view an ad or video or when they click on or otherwise engage with an ad. Users may elect not to allow data sharing for targeted advertising for a number of reasons, such as privacy concerns, or pricing mechanisms that may charge the user based upon the amount or types of data consumed on the device. Users may also elect to opt out of receiving targeted advertising from the Company's platform. In addition, the designers of mobile device operating systems are increasingly promoting features that allow device users to disable some of the functionality, which may impair or disable the delivery of ads on their devices, and device manufacturers may include these features as part of their standard device specifications. Although we are not aware of any such products that are widely used in the market today, as has occurred in the online advertising industry, companies may develop products that enable users to prevent ads from appearing on their mobile device screens. If any of these developments were to occur, the Company's ability to deliver effective advertising campaigns on behalf of its advertiser clients would suffer, which could hurt its ability to generate revenue and become profitable.

The Company may not be able to enhance its mobile advertising platform to keep pace with technological and market developments

The market for mobile advertising services is characterized by rapid technological change, evolving industry standards and frequent new service introductions. To keep pace with technological developments, satisfy increasing advertiser and developer requirements, maintain the attractiveness and competitiveness of the Company's mobile advertising solutions and ensure compatibility with evolving industry standards and protocols, the Company will need to regularly enhance its current services and to develop and introduce new services on a timely basis. If the Company's platform is not attractive to its customers or is not able to compete with alternative mobile advertising solutions, the Company will not have access to as much advertising inventory and may experience increased pressure on margins.

In addition, advances in technology that allow developers to generate revenue from their apps without assistance from the Company could harm its relationships with developers and diminish its available advertising inventory within their apps. Similarly, technological developments that allow third parties to better mediate the delivery of ads between advertisers and developers by introducing an intermediate layer between the Company and its developers could impair its relationships with those developers. The Company's inability, for technological, business or other reasons, to enhance, develop, introduce and deliver compelling mobile advertising services in response to changing market conditions and technologies or evolving expectations of advertisers or mobile device users could hurt its ability to grow its business and could result in its mobile advertising platform becoming obsolete.

The Company will depend on publishers, developers and distribution partners for mobile advertising space to deliver its advertiser clients' advertising campaigns, and any decline in the supply of advertising inventory could hurt its business.

The Company will depend on publishers, developers and distribution partners to provide it with space within their applications, which we refer to as "advertising inventory," on which the Company will deliver ads. We anticipate that a significant portion of the Company's revenue will derive from the advertising inventory provided by a limited number of publishers, developers and distribution partners. The Company will have minimum or fixed commitments for advertising inventory with some but not all of its publishers, developers and distribution partners, including certain wireless carriers in the United States and internationally. The Company intends to expand the number of publishers, developers and distribution partners subject to minimum or fixed arrangements. Outside of those relationships however, the publishers, developers and distribution partners that will sell their advertising inventory to the Company are not required to provide any minimum amounts of advertising space to the Company, nor are they contractually bound to provide the Company with a consistent supply of advertising inventory. Such publishers, developers and distribution partners can change the amount of inventory they make available to the Company at any time. They may also change the price at which they offer inventory to the Company, or they may elect to make advertising space available to its competitors who offer ads to them on more favorable economic terms. In addition, publishers, developers and distribution partners may place significant restrictions on the Company's use of their advertising inventory. These restrictions may prohibit ads from specific advertisers or specific industries, or they could restrict the use of specified creative content or format. They may also use a fee-based or subscription-based business model to generate revenue from their content, in lieu of or to reduce their reliance on ads.

If publishers, developers and distribution partners decide not to make advertising inventory available to the Company for any of these reasons, decide to increase the price of inventory, or place significant restrictions on the Company's use of their advertising space, the Company may not be able to replace this with inventory from others that satisfy the Company's requirements in a timely and cost-effective manner. If this happens, the Company's revenue could decline or its cost of acquiring inventory could increase.

The Company's advertising business depends on its ability to collect and use data to deliver applications, and any limitation on the collection and use of this data could significantly diminish the value of the Company's services and cause it to lose clients and revenue.

When the Company delivers an application to a mobile device, it will often be able to collect anonymous information about the interaction of the mobile device user with the application, such as whether the user opened the application. As the Company collects and aggregates this data provided by billions of ad impressions, it intends to analyze it in order to optimize the placement and scheduling of applications across the advertising inventory provided to it by developers. For example, the Company may use the collected information to provide an application to only certain types of mobile devices, or to provide a report to an advertiser client on the number of its applications that were engaged.

Although the data the Company will collect is not personally identifiable information, its clients might decide not to allow it to collect some or all of this data or might limit its use of this data. For example, application developers may not agree to provide the Company with the data generated by interactions with the content on their applications, or device users may not consent to having information about their device usage provided to the developer. Any limitation on the Company's ability to collect data about user behavior and interaction with mobile device content could make it more difficult for the Company to deliver effective mobile advertising programs that meet the demands of its advertiser clients.

Although the Company's contracts with advertisers will generally permit it to aggregate data from advertising campaigns, these clients might nonetheless request that the Company discontinue using data obtained from their campaigns that have already been aggregated with other clients' campaign data. It would be difficult, if not impossible, to comply with these requests, and responding to these kinds of requests could also cause the Company to spend significant amounts of resources. Interruptions, failures or defects in its data collection, mining, analysis and storage systems, as well as privacy concerns and regulatory restrictions regarding the collection of data, could also limit its ability to aggregate and analyze mobile device user data from its clients' advertising campaigns. If that happens, the Company may not be able to optimize the placement of advertising for the benefit of its advertiser clients, which could make its services less valuable, and, as a result, it may lose clients and its revenue may decline.

The Company's business depends on its ability to maintain the quality of its advertiser content.

The Company must be able to ensure that applications that are placed on devices are not unlawful or inappropriate. If the Company is unable to ensure that the quality of its advertiser content does not decline as the number of advertisers it works with continues to grow, then the Company's reputation and business may suffer.

Risks Related to Our Market

The markets in which we operate are highly competitive, and many of our competitors have significantly greater resources than we do.

The distribution of applications, mobile advertising, development, distribution and sale of mobile products and services is a highly competitive business. We compete for advertisers primarily on the basis of positioning, performance, brand, quality and price. We compete for wireless carriers placement based on these factors, as well as historical performance, technical know-how, perception of sales potential and relationships with advertisers and other intellectual property. We compete for platform deployment contracts among other mobile platform companies. We also compete for experienced and talented employees.

Our primary competition for application and content distribution comes from the traditional application store businesses of Apple and Google, existing operator solutions built internally, as well as companies providing app install products and services as offered by Facebook, Twitter, Snap, Yahoo, and other ad networks such such as: IronSource, WPP, Omnicom, Criteo, QuinStreet, InMobi, Cheetah Mobile, Baidu, Tremor International, Magnite, Brightcove, Applovin, and others. These companies can be both customers for Digital Turbine products, as well as competitors in certain cases. With our platform, we see some smaller competitors, such as IronSource, Wild Tangent, and Sweet Labs, but the more material competition is internally developed operator solutions and specific mobile application management solutions built in-house by OEMs and wireless operators. Some of our existing wireless operators could make a strategic decision to develop their own solutions rather than continue to use our products.

Some of our competitors' and our potential competitors' advantages over us, either globally or in particular geographic markets, include the following:

- significantly greater revenues and financial resources;
- stronger brand and consumer recognition regionally or worldwide;
- the capacity to leverage their marketing expenditures across a broader portfolio of mobile and non-mobile products;
- more substantial intellectual property of their own from which they can develop products and services without having to pay royalties;
- pre-existing relationships with brand owners, advertisers, application developers, or carriers that afford them access to intellectual property while blocking the access of competitors to that same intellectual property;
- greater resources to make acquisitions;
- lower labor and development costs; and
- broader global distribution and presence.

If we are unable to compete effectively or we are not as successful as our competitors in our target markets, our sales could decline (or inhibit generation of sales), our margins could decline and we could lose market share (or fail to penetrate the market), any of which would materially harm our business, operating results and financial condition.

End user tastes are continually changing and are often unpredictable. If we fail to develop and publish new products and services that achieve market acceptance, our sales would suffer.

Our business depends in part on deploying new products and services through wireless carriers and OEMs that end users buy. We must continue to invest significant resources in licensing efforts, product development, and regional expansion to enhance our offering of new products and services, and we must make decisions about these matters well in advance of product release in order to implement them in a timely manner. Our success depends, in part, on unpredictable and volatile factors beyond our control, including end-user preferences, competing products and services, and the availability of other entertainment activities. If our products and services are not responsive to the requirements of our advertisers, carriers or the entertainment preferences of end users, or are not brought to market in a timely and effective manner, our business, operating results, and financial condition would be harmed. Even if our products and services are successfully introduced, marketed effectively, and initially adopted, a subsequent shift in our advertisers, carriers, the entertainment, shopping, and mobile preferences of end users, or our relationship with third-party billing aggregators could cause a decline in the popularity of, or access to, our offerings and could materially reduce our revenues and harm our business, operating results, and financial condition.

We rely on the current state of the law in certain territories where we operate our business and any adverse change in such laws may significantly adversely impact our revenues and, consequently, our operating results and financial condition.

Decisions that regulators or governing bodies make with regard to the provision and marketing of mobile applications, content and/or billing can have a significant impact on the revenues generated in that market. Although most of our markets are mature with regulation clearly defined and implemented, there remains the potential for regulatory changes that would have adverse consequences on the business and subsequently our revenue.

We rely on our current understanding of regional regulatory requirements pertaining to the marketing, advertising, and promotion of our products and services, and any adverse change in such regulations, or a finding that we did not properly understand such regulations, may significantly impact our ability to market, advertise, and promote our products and services and thereby adversely impact our revenues, our operating results, and our financial condition.

Some portions of our business rely extensively on marketing, advertising and promoting our products and services requiring it to have an understanding of the local laws and regulations governing our business. Additionally, we rely on the policies and procedures of wireless carriers and should those change, there could be an adverse impact on our products. In the event that we have relied on inaccurate information or advice, and engage in marketing, advertising or promotional activities that are not permitted, we may be subject to penalties, restricted from engaging in further activities or altogether prohibited from offering our products and services in a particular territory, all or any of which will adversely impact our revenues and thus our operating results and financial condition.

The strategic direction of the Company's businesses is developing and not completely proven or certain.

The business model that the Company is pursuing, mobile advertising and application installations, is in development and not completely proven. There are many different types of models including, but not limited to, set-up fees, CPI, CPP, CPA, up-front fees (including licensing), revenue shares, per device license fees, as well as hybrids of each. Initial feedback from customers shows preference for different types of models. This could lead to risk in predicting future revenues and profits by individual customers. In particular, the 'free' download market is reliant upon mobile advertising, and the mobile advertising market is still in a nascent phase of monetization.

In addition, our strategy for the Company entails offering its platform to existing and new customers. There can be no assurance that we will be able to successfully market new services and offerings to existing and new customers. Moreover, in order to credibly offer our platform, we will need to achieve additional operational and technical achievements to further develop the product offering. Our platform is compatible with Android, and should the market shift to a different operating system there would need to be modifications to our products to adapt to such a change. While we remain optimistic about our ability to complete this change and build out, it will be subject to all of the risks attendant to these development efforts as well as the need to provide additional capital to the effort.

Risks Relating to Our Industry

Wireless communications technologies are changing rapidly, and we may not be successful in working with these new technologies.

Wireless network and mobile handset technologies are undergoing rapid innovation. New handsets with more advanced processors and advanced programming languages continue to be introduced. In addition, networks that enable enhanced features are being developed and deployed. We have no control over the demand for, or success of, these products or technologies. If we fail to anticipate and adapt to these and other technological changes, the available channels for our products and services may be limited and our market share and operating results may suffer. Our future success will depend on our ability to adapt to rapidly changing technologies and develop products and services to accommodate evolving industry standards with improved performance and reliability. In addition, the widespread adoption of networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or adapt our products and services.

Technology changes in the wireless industry require us to anticipate, sometimes years in advance, which technologies we must implement and take advantage of in order to make our products and services, and other mobile entertainment products, competitive in the market. Therefore, we usually start our product development with a range of technical development goals that we hope to be able to achieve. We may not be able to achieve these goals, or our competition may be able to achieve them more quickly and effectively than we can. In either case, our products and services may be technologically inferior to those of our competitors, less appealing to end users, or both. If we cannot achieve our technology goals within our original development schedule, then we may delay their release until these technology goals can be achieved, which may delay or reduce our revenues, increase our development expenses and harm our reputation. Alternatively, we may increase our product development resources in an attempt either to preserve our product launch schedule or to keep up with our competition. In either case, our business, operating results and financial condition could be materially harmed.

The complexity of and incompatibilities among mobile handsets may require us to use additional resources for the development of our products and services.

To reach large numbers of wireless subscribers, application developers, and wireless carriers, we must support numerous mobile handsets and technologies. However, keeping pace with the rapid innovation of handset technologies together with the continuous introduction of new, and often incompatible, handset models by wireless carriers requires us to make continuous investments in product development and maintenance, including talent, technologies, and equipment. In the future, we may be required to make substantial investments in our development if the number of different types of handset models continues to proliferate. In addition, as more advanced handsets are introduced that enable more complex, feature-rich products and services, we anticipate that our product development and maintenance costs will increase, which could increase the risks associated with one or more of our products or services and could materially harm our operating results and financial condition.

If wireless subscribers do not continue to use their mobile handsets to access mobile content and other applications, our business growth and future revenues may be adversely affected.

We operate in a developing industry. Our success depends on growth in the number of wireless subscribers who use their handsets to access data services we develop and distribute. New or different mobile content applications developed by our current or future competitors may be preferred by subscribers to our offerings. In addition, other mobile platforms may become widespread, and end users may choose to switch to these platforms. If the market for our products and services does not continue to grow or we are unable to acquire new end users, our business growth and future revenues could be adversely affected. If end users switch their entertainment spending away from the kinds of offerings that we publish, or switch to platforms or distribution where we do not have comparative strengths, our revenues would likely decline and our business, operating results and financial condition would suffer.

Our industry is subject to risks generally associated with advertising content delivery, any of which could significantly harm our operating results.

Our business is subject to risks that are generally associated with advertising content delivery, many of which are beyond our control. These risks could negatively impact our operating results and include: the popularity, price and timing of release of our offerings and mobile handsets on which they are accessed; economic conditions that adversely affect discretionary consumer spending; changes in consumer demographics; the availability and popularity of other forms of entertainment; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

A shift of technology platform by wireless carriers and mobile handset manufacturers could lengthen the development period for our offerings, increase our costs, and cause our offerings to be of lower quality or to be published later than anticipated.

Mobile handsets require multimedia capabilities enabled by operating systems capable of running applications, products and services such as ours. Our development resources are concentrated in today's most popular operating systems, and we have experience developing applications for these operating systems. Specifically, our products are currently compatible with the Android and iOS operating system. If this operating system falls out of favor with handset manufacturers and wireless carriers and there is a rapid shift to a new technology where we do not have development experience or resources, the development period for our products and services may be lengthened, increasing our costs, and the resulting products and services may be of lower quality, and may be published later than anticipated. In such an event, our reputation, business, operating results and financial condition might suffer.

System or network failures could reduce our sales, increase costs, or result in a loss of end users of our products and services.

Mobile application developers rely on wireless carriers' networks to deliver products and services to end users and on their or other third parties' billing systems to track and account for the delivery of such offerings. In addition, certain products require access over the mobile Internet to our servers or third-party servers in order to enable certain features. Any failure of, or technical problem with, carriers', third parties' or our billing systems, delivery systems, information systems or communications networks could result in the inability of end users to use our products, prevent the completion of a billing transaction, or interfere with access to some aspects of our products. If any of these systems fail or if there is an interruption in the supply of power, an earthquake, fire, flood, epidemic, pandemic, or other natural disaster, or an act of war or terrorism, end users might be unable to access our offerings. For example, from time to time, our carriers have experienced failures with their billing and delivery systems and communication networks, including gateway failures that reduced the provisioning capacity of their branded e-commerce system. Any failure of, or technical problem with, the carriers', other third parties' or our systems could cause us to lose end users or revenues or incur substantial repair costs and distract management from operating our business. This, in turn, could harm our business, operating results and financial condition.

Our business depends on the growth and maintenance of wireless communications infrastructure.

Our success will depend on the continued growth and maintenance of wireless communications infrastructure in the United States and internationally. This includes deployment and maintenance of reliable next-generation digital networks with the speed, data capacity and security necessary to provide reliable wireless communications services. Wireless communications infrastructure may be unable to support the demands placed on it if the number of subscribers continues to increase, or if existing or future subscribers increase their bandwidth requirements. Wireless communications have experienced a variety of outages and other delays as a result of infrastructure and equipment failures, and could face outages and delays in the future. These outages and delays could reduce the level of wireless communications usage as well as our ability to distribute our products and services successfully. In addition, changes by a wireless carrier to network infrastructure may interfere with downloads and may cause end users to lose functionality. This could harm our business, operating results and financial condition.

Actual or perceived security vulnerabilities in mobile handsets or wireless networks could adversely affect our revenues.

Maintaining the security of mobile handsets and wireless networks is critical for our business. There are individuals and groups who develop and deploy viruses, worms and other illicit code or malicious software programs that may attack wireless networks and handsets. Security experts have identified computer “worm” programs that target handsets running on certain operating systems. Although these worms have not been widely released and do not present an immediate risk to our business, we believe future threats could lead some end users to seek to reduce or delay future purchases of our products or reduce or delay the use of their handsets. Wireless carriers and handset manufacturers may also increase their expenditures on protecting their wireless networks and mobile phone products from attack, which could delay adoption of new handset models. Any of these activities could adversely affect our revenues and this could harm our business, operating results and financial condition.

Changes in government regulation of the media and wireless communications industries may adversely affect our business.

A number of laws and regulations have been and likely will continue to be adopted in the United States and elsewhere that could restrict the media and wireless communications industries, including laws and regulations regarding customer privacy, taxation, content suitability, copyright, distribution and antitrust. Furthermore, the growth and development of the market for electronic commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through wireless carriers. We anticipate that regulation of our industry will increase and that we will be required to devote legal and other resources to address this regulation. Changes in current laws or regulations or the imposition of new laws and regulations in the United States or elsewhere regarding the media and wireless communications industries may lessen the growth of wireless communications services and may materially reduce our ability to increase or maintain sales of our products and services.

A number of studies have examined the health effects of mobile phone use, and the results of some of the studies have been interpreted as evidence that mobile phone use causes adverse health effects. The establishment of a link between the use of mobile phone services and health problems, or any media reports suggesting such a link, could increase government regulation of, and reduce demand for, mobile phones and, accordingly, the demand for our products and services, and this could harm our business, operating results and financial condition.

Risks Related to Our Management, Employees, and Acquisitions

Our business and growth may suffer if we are unable to hire and retain key talent who are in high demand.

We depend on the continued contributions of our domestic and international senior management and other key talent. The loss of the services of any of our executive officers or other key employees could harm our business. Because not all of our executive officers and key employees are under employment agreements or are under agreements with short terms, their future employment with the Company is uncertain. Additionally, our workforce is comprised of a relatively small number of employees operating in different countries around the globe who support our existing and potential customers. Given the size and geographic dispersion of our workforce, we could experience challenges with execution as our business matures and expands.

Our future success also depends on our ability to identify, attract, and retain highly skilled technical, managerial, financial, marketing, and creative talent. We face intense competition for qualified individuals from numerous technology, marketing, and mobile entertainment companies. Further, we conduct international operations in Germany, Israel, India, South America, Singapore, and Turkey, areas that, similarly to our headquarters region, have high costs of living and consequently high compensation standards and/or intense demand for qualified individuals, which may require us to incur significant costs to attract them. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing creative, operational, and managerial requirements, or may be required to pay increased compensation in order to do so. If we are unable to attract and retain the qualified talent we need to succeed, our business would suffer.

Volatility or lack of performance in our stock price may also affect our ability to attract and retain our key employees. Some of our senior management and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or if the exercise prices of the options they hold are significantly above the market price of our common stock. If we are unable to retain our employees, our business, operating results, and financial condition would be harmed.

We plan to continue to review opportunities and possibly make acquisitions, which could require significant management attention, disrupt our business, result in dilution to our stockholders, and adversely affect our financial condition and results of operations.

As part of our business strategy, we have made and intend to continue to review opportunities and possibly make acquisitions to add specialized employees and complementary companies, products, technologies, or distribution channels. In some cases, these acquisitions may be substantial and our ability to acquire and integrate such companies in a successful manner will be challenging. We can give you no assurance that any such integration would be successful. The failure to successfully integrate an acquired business could disrupt operations and divert management’s attention, which could have an adverse effect on our business and operations.

Any acquisitions we announce could be viewed negatively by mobile network operators, users, customers, vendors, marketers, developers, or investors. In addition, we may not successfully evaluate, integrate, or utilize the products, technology, services, operations, or talent we acquire. The integration of acquisitions may require significant time and resources, and we may not manage these integrations successfully. In addition, we may discover liabilities or deficiencies that we did not identify in advance associated with the companies or assets we acquire. The effectiveness of our due diligence with respect to acquisitions, and our ability to evaluate the results of such due diligence, is dependent upon the accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives. We may also fail to accurately forecast the financial impact of an acquisition transaction, including accounting charges. In the future, we may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all.

We may also incur substantial costs in making acquisitions. We may pay substantial amounts of cash or incur debt to pay for acquisitions, which could adversely affect our liquidity. The incurrence of indebtedness would also result in increased fixed obligations and interest expense, and could also include covenants or other restrictions that would impede our ability to manage our operations. Additionally, we may issue equity securities to pay for acquisitions or to retain the employees of the acquired company, which could increase our expenses, adversely affect our financial results, and result in dilution to our stockholders. In addition, acquisitions may result in our recording of substantial goodwill and amortizable intangible assets on our balance sheet upon closing, which could adversely affect our future financial results and financial condition. These factors related to acquisitions may require significant management attention, disrupt our business, result in dilution to our stockholders, and adversely affect our financial results and financial condition.

The acquisition of other companies, businesses, or technologies could result in operating difficulties, dilution, and other harmful consequences.

We have made acquisitions and we may pursue further acquisitions, any of which could be material to our business, operating results and financial condition. Future acquisitions could divert management’s time and focus from operating our business, even in instances where acquisition negotiations are unsuccessful. In addition, integrating an acquired company, business or technology is risky and may result in unforeseen operating difficulties and expenditures. We may also raise additional capital for the acquisition of, or investment in, companies, technologies, products or assets that complement our business. Future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, including our common stock, or the incurrence of debt, contingent liabilities, amortization expenses or acquired in-process research and development expenses, any of which could harm our financial condition and operating results. Future acquisitions may also require us to obtain additional financing, which may not be available on favorable terms or at all.

International acquisitions involve risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our earnings based on this impairment assessment process, which could harm our operating results.

Also, to realize the anticipated benefits of an acquisition, the acquired business must be successfully integrated. The acquired business may not be successfully integrated for a variety of reasons. Failure to successfully integrate the acquired business could cause us to fail to realize the anticipated benefits from the acquisition, which in turn could have an adverse effect on our business, operations, financial condition and results of operations.

Changes to financial accounting standards could make it more expensive to issue stock options to employees, which would increase compensation costs and might cause us to change our business practices.

We prepare our financial statements to conform with accounting principles generally accepted in the United States. These accounting principles are subject to interpretation by the FASB, the SEC, and various other bodies. A change in those principles could have a significant effect on our reported results and might affect our reporting of transactions completed before a change is announced. For example, we have used restricted stock and stock options grants as a fundamental component of our employee compensation packages. We believe that such grants directly motivate our employees to maximize long-term stockholder value and, through the use of vesting, encourage employees to remain in our employ. Several regulatory agencies and entities have made regulatory changes that could make it more difficult or expensive for us to grant stock options or restricted stock to employees. We may, as a result of these changes, incur increased compensation costs, change our equity compensation strategy or find it difficult to attract, retain and motivate employees, any of which could materially and adversely affect our business, operating results and financial condition.

Risks Related to the Economy in the United States and Globally

The effects of the past recession in the United States and general downturn in the global economy, including financial market disruptions, could have an adverse impact on our business, operating results, or financial condition.

Our operating results also may be affected by uncertain or changing economic conditions such as the challenges that are currently affecting economic conditions in the United States and the global economy. If global economic and market conditions, or economic conditions in the United States or other key markets, remain uncertain or persist, spread, or deteriorate further, we may experience material impacts on our business, operating results, and financial condition in a number of ways including negatively affecting our profitability and causing our stock price to decline.

Risks Related to Potential Liability, Our Intellectual Property, and Our Content

If we do not adequately protect our intellectual property rights, it may be possible for third parties to obtain and improperly use our intellectual property and our competitive position may be adversely affected.

Our intellectual property is an essential element of our business. We rely on a combination of copyright, trademark, trade secret and other intellectual property laws and restrictions on disclosure to protect our intellectual property rights. To date, we have not obtained patent protection; however, applications have been submitted. Consequently, we may not be able to protect our technologies from independent invention by third parties.

We also seek to maintain certain intellectual property as trade secrets. The secrecy could be compromised by outside parties, or by our employees, which could cause us to lose the competitive advantage resulting from these trade secrets.

We also face risks associated with our trademarks. For example, there is a risk that our international trademark applications may be considered too generic or that the words “Digital” or “Turbine” could be separately or compositely trademarked by third parties with competitive products who may try and block our applications or sue us for trademark dilution which could have adverse effects on our financial status.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise to obtain and use our intellectual property. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot be certain that the steps we have taken will prevent infringement, piracy, and other unauthorized uses of our intellectual property, particularly internationally where the laws may not protect our intellectual property rights as fully as in the United States. In the future, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our management and resources.

In addition, although we require third parties to sign agreements not to disclose or improperly use our intellectual property, it may still be possible for third parties to obtain and improperly use our intellectual properties without our consent. This could harm our business, operating results and financial condition.

Third parties may sue us for intellectual property infringement, which, if successful, may disrupt our business and could require us to pay significant damage awards.

Third parties may sue us for intellectual property infringement or initiate proceedings to invalidate our intellectual property, either of which, if successful, could disrupt the conduct of our business, cause us to pay significant damage awards or require us to pay licensing fees. In the event of a successful claim against us, we might be enjoined from using our licensed intellectual property, we might incur significant licensing fees and we might be forced to develop alternative technologies. Our failure or inability to develop non-infringing technology or software or to license the infringed or similar technology or software on a timely basis could force us to withdraw products and services from the market or prevent us from introducing new products and services. In addition, even if we are able to license the infringed or similar technology or software, license fees could be substantial and the terms of these licenses could be burdensome, which might adversely affect our operating results. We might also incur substantial expenses in defending against third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us might result in substantial monetary liabilities and might materially disrupt the conduct of our business.

Our platform contains third-party open source software components, which may pose particular risks to our proprietary software, technologies, and solutions in a manner that could negatively affect our business.

Our platform contains software modules by third-party authors that are publicly available under “open source” licenses, and we expect to use open source software in the future. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. To the extent that our platform depends upon the successful operation of open source software, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of our platform, delay introductions of new solutions, result in a failure of any of our solutions and injure our reputation. For example, undetected errors or defects in open source software could render it vulnerable to breaches or security attacks, and, in conjunction, make our systems more vulnerable to data breaches. In addition, the public availability of such software may make it easier for others to compromise our platform.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. While our open source polices are meant to prevent such misuse, there can be no assurance that such incidents would not occur. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

Although we monitor our use of open source software to avoid subjecting our platform to conditions we do not intend, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our solutions. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products or platforms. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our solutions on terms that are not economically feasible, to re-engineer our solutions, to discontinue or delay the provision of our solutions if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could materially and adversely affect our business, financial condition and results of operations.

Litigation may harm our business.

Substantial, complex or extended litigation could cause us to incur significant costs and distract our management. For example, lawsuits by employees, stockholders, collaborators, distributors, customers, vendors, competitors, end-users or others could be very costly and substantially disrupt our business. Disputes from time to time with such companies, organizations or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes or on terms favorable to us. Unexpected results could cause us to have financial exposure in these matters in excess of recorded reserves and insurance coverage, requiring us to provide additional reserves to address these liabilities, therefore impacting profits. Carriers or other customers have and may try to include us as defendants in suits brought against them by their own customers or third parties. In such cases, the risks and expenses would be similar to those where we are the party directly involved in the litigation.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, damages caused by malicious software, and other losses.

In the ordinary course of our business, most of our agreements with carriers, customers and other distributors include indemnification provisions. In these provisions, we agree to indemnify them for losses suffered or incurred in connection with our products and services, including as a result of intellectual property infringement and damages caused by viruses, worms and other malicious software. The term of these indemnity provisions is generally perpetual after execution of the corresponding license agreement, and the maximum potential amount of future payments we could be required to make under these indemnification provisions is generally unlimited. Large future indemnity payments could harm our business, operating results and financial condition.

Our business in countries with a history of corruption and transactions with foreign governments, including with government-owned or controlled wireless carriers, increases the risks associated with our international activities.

As we operate and sell internationally, we are subject to certain economic and trade sanctions laws and regulations, export control and import laws and regulations, including those that are administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council and other relevant governmental authorities and the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by the United States and other business entities for the purpose of obtaining or retaining business. We have operations, deal with carriers, and make sales in countries known to experience corruption, particularly certain emerging countries in Eastern Europe, Latin America, and Asia. Further international expansion may involve more of these countries. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or distributors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. We have attempted to implement safeguards to discourage these practices by our employees, consultants, sales agents and distributors. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

Government regulation of our marketing methods could restrict our ability to adequately advertise and promote our content, products, and services available in certain jurisdictions.

The governments of some countries have sought to regulate the methods and manner in which certain of our products and services may be marketed to potential end-users. Regulation aimed at prohibiting, limiting or restricting various forms of advertising and promotion we use to market our products and services could also increase our cost of operations or preclude the ability to offer our products and services altogether. As a result, government regulation of our marketing efforts could have a material adverse effect on our business, financial condition or results of operations.

Risks Relating to Our Common Stock and Capital Structure

The Company has secured and unsecured indebtedness, which could limit its financial flexibility.

The Company's outstanding secured indebtedness, and its ability to borrow under its $400.0 million revolving credit facility, could have significant negative consequences including:

- increasing the Company's vulnerability to general adverse economic and industry conditions;
- limiting the Company's ability to obtain additional financing;
- violating a financial covenant, resulting in the indebtedness to be paid back immediately and thus negatively impacting our liquidity;
- requiring additional financial covenant measurement consents or default waivers without enhanced financial performance in the short term;
- requiring the use of a substantial portion of any cash flow from operations to service indebtedness, thereby reducing the amount of cash flow available for other purposes, including capital expenditures;
- limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry in which it competes, including by virtue of the requirement that the Company remain in compliance with certain negative operating covenants included in the credit arrangements under which the Company will be obligated as well as meeting certain reporting requirements; and
- placing the Company at a possible competitive disadvantage to less leveraged competitors that are larger and may have better access to capital resources.

Our credit facility also contains a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio. There can be no assurance we will continue to satisfy these ratio covenants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources-Recent Developments" for a description of these ratio covenants. If we fail to satisfy these covenants, the lender may declare a default, which could lead to acceleration of the debt maturity. Any such default would have a material adverse effect on the Company.

The collateral pledged to secure our secured debt, consisting of substantially all of our and our U.S. subsidiaries' assets, would be available to the secured creditor in a foreclosure, in addition to many other remedies. Accordingly, any adverse change in our ability to service our secured debt could result in an event of default, cross default and foreclosure or forced sale. Depending on the value of the assets, there could be little if any assets available for common stockholders in any foreclosure or forced sale.

To service our debt and fund our other capital requirements, we will require a significant amount of cash and our ability to generate cash will depend on many factors beyond our control.

On April 29, 2021, we borrowed approximately $107.0 million under our senior revolving credit facility, and on May 25, 2021, we borrowed an additional $130.0 million under our senior revolving credit facility to fund the cash closing payments for the AdColony and Fyber acquisitions. In addition, under the terms of the Share Purchase Agreement for the acquisition of AdColony, we are obligated to pay $100.0 million in cash on or before October 29, 2021 and an earn-out payment estimated between $150.0 million to $175.0 million in cash within 10 days after December 31, 2021. In addition, under the Sale and Purchase Agreement for the acquisition of Fyber, we must pay the tender offer consideration in cash and are obligated to make a potential earn-out payment of up to $50.0 million, which may be paid in shares of our common stock or, under certain circumstances, in cash.

Our ability to meet our debt service obligations and to fund working capital, capital expenditures, and investments in our business will depend upon our future performance, which will be subject to financial, business, and other factors affecting our operations, many of which are beyond our control, availability of borrowing capacity under our credit facility, and our ability to access the capital markets. For example, this could include general and regional economic, financial, competitive, legislative, regulatory, and other factors. We cannot ensure that we will generate cash flow from operations, or that future borrowings or the capital markets will be available, in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. We could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional indebtedness or equity capital, or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

The market price of our common stock is likely to be highly volatile and subject to wide fluctuations, and you may be unable to resell your shares at or above the current price.

The market price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including announcements of new products or services by our competitors. In addition, the market price of our common stock could be subject to wide fluctuations in response to a variety of factors, including:

- quarterly variations in our revenues and operating expenses;
- developments in the financial markets, and the worldwide or regional economies;
- announcements of innovations or new products or services by us or our competitors;
- significant sales of our common stock or other securities in the open market; and
- changes in accounting principles.

In the past, stockholders have often instituted securities class action litigation after periods of volatility in the market price of a company's securities. If a stockholder were to file any such class action suit against us, we would incur substantial legal fees and our management's attention and resources would be diverted from operating our business to respond to the litigation, which could harm our business.

If we fail to comply with the continued listing requirements of the NASDAQ Capital Market, our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively impacted.

Our common stock is listed for trading on the NASDAQ Capital Market ("NADSAQ"). A de-listing of our common stock from NADSAQ could materially reduce the liquidity of our common stock and result in a corresponding material reduction in the price of our common stock. In addition, de listing could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees and fewer business development opportunities.

The sale of securities by us in any equity or debt financing, or the issuance of new shares related to an acquisition, could result in dilution to our existing stockholders and have a material adverse effect on our earnings.

Any sale or issuance of common stock by us in a future offering or acquisition could result in dilution to the existing stockholders as a direct result of our issuance of additional shares of our capital stock. In addition, our business strategy may include expansion through internal growth by acquiring complimentary businesses, acquiring or licensing additional brands, or establishing strategic relationships with targeted customers and suppliers. In order to do so, or to finance the cost of our other activities, we may issue additional equity securities that could dilute our stockholders' stock ownership. We may also assume additional debt and incur impairment losses related to goodwill and other tangible assets if we acquire another company, and this could negatively impact our earnings and results of operations.

We may choose to raise additional capital to finance the purchase price of acquisitions or to otherwise accelerate the growth of our business, and we may not be able to raise capital to grow our business on terms acceptable to us or at all.

Should we choose to pursue alternatives to accelerate the growth or enhance our existing business, we may require significant cash outlays and commitments. If our cash, cash equivalents and short-term investments balances and any cash generated from operations are not sufficient to meet our cash requirements, we may seek additional capital, potentially through debt or equity financings, to fund our growth. We may not be able to raise needed cash on terms acceptable to us or at all. Financings, if available, may be on terms that are dilutive or potentially dilutive to our stockholders, and the prices at which new investors would be willing to purchase our securities may be lower than the fair market value of our common stock. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our common stock.

Future sales of our common stock in the public market could lower the market price of our common stock.

In the future, we may sell additional shares of our common stock or securities convertible into our common stock to raise capital. In addition, under the terms of the Share Purchase Agreement for the acquisition of AdColony, we must pay $100.0 million in cash on or before October 29, 2021 and an earn-out payment estimated between $150.0 million to $175.0 million in cash following December 31, 2021, and we may need to raise funds in the capital markets to fund such cash payment obligations. Also, under the terms of the Sale and Purchase Agreement for the acquisition of Fyber, we issued 3,216,935 newly-issued shares of our common stock equal in value to $235.0 million and will issue 2,599,653 newly-issued shares of our common stock equal in value to $165.0 million in June 2021, and may have to make an earn-out payment of up to $50.0 million in shares of our common stock or, under certain circumstances, cash. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options, and the vesting of restricted stock units and restricted stock. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sale of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about our business or us. If any of the analysts who cover us downgrade our common stock, our common stock price would likely decline. If analysts cease coverage of the Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline.

We do not anticipate paying dividends.

Our secured and unsecured indebtedness essentially prevents all payments of dividends to our stockholders. Even if such dividends were permitted by the applicable lenders, we have never paid cash or other dividends on our common stock. Payment of dividends on our common stock is within the discretion of our Board of Directors and will depend upon our earnings, our capital requirements and financial condition, and other factors deemed relevant by our Board of Directors. However, the earliest our Board of Directors would likely consider a dividend is if we begin to generate excess cash flow.

If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud. In that case, our stockholders could lose confidence in our financial reporting, which could negatively impact the price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires us to evaluate and report on our internal control over financial reporting. Management concluded that our internal controls over financial reporting were effective as of March 31, 2021; refer to Item 9A of this Annual Report on Form 10-K for more information about management's assessment of internal controls. We cannot be certain that measures taken by the Company will continue to ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we are able to conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we discover material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price. In addition, if we fail to comply with the applicable portions of Section 404, we could be subject to a variety of civil and administrative sanctions and penalties, including ineligibility for short form resale registration, action by the SEC, and the inability of registered broker-dealers to make a market in our common stock.

Maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain qualified members for our Board of Directors.

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. Additionally, the time and effort required to maintain communications with stockholders and the public markets can be demanding on senior management, which can divert focus from operational and strategic efforts. The requirements of the public markets and the related regulatory requirements has resulted in an increase in our legal, accounting and financial compliance costs, may make some activities more difficult, time-consuming and costly and may place undue strain on our talent, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. This can be difficult to do. For example, we depend on the reports of wireless carriers for information regarding the amount of sales of our products and services and to determine the amount of royalties we owe branded content licensors and the amount of our revenues. These reports may not be timely, and in the past they have contained, and in the future they may contain, errors.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we expend significant resources and provide significant management oversight. We have a substantial effort ahead of us to implement appropriate processes, document our system of internal control over relevant processes, assess their design, remediate any deficiencies identified and test their operation. As a result, management's attention may be diverted from other business concerns, which could harm our business, operating results and financial condition. These efforts will also involve substantial accounting-related costs.

The Sarbanes-Oxley Act makes it more difficult and more expensive for us to maintain directors' and officers' liability insurance, and we may be required in the future to accept reduced coverage or incur substantially higher costs to maintain coverage. If we are unable to maintain adequate directors' and officers' insurance, our ability to recruit and retain qualified directors, and officers will be significantly curtailed.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, our chief executive officer, or our president, or holders of a majority of our outstanding common stock;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- prohibit cumulative voting in the election of directors.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition.

Our bylaws designate the Court of Chancery of the State of Delaware as the exclusive forum for certain disputes between us and our stockholders.

Our bylaws provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders; (iii) any action or proceeding asserting a claim arising out of or pursuant to any provision of the Delaware General Corporation Law; and (iv) any action or proceeding asserting a claim that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law. These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The principal offices of Digital Turbine, Inc. are located in Austin, Texas. The Company also leases properties in Durham, North Carolina and Arlington, Virginia through its wholly-owned subsidiaries DT Media and Mobile Posse, respectively, and internationally in Tel Aviv, Israel and Singapore through its wholly-owned subsidiaries DT EMEA, Appreciate, and DT Singapore, respectively.

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item 3 is incorporated herein by reference to the information set forth under the caption “Legal Matters” in Note "Commitments and Contingencies" of the Notes to the Consolidated Financial Statements in Item 8 of this Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ Capital Market under the symbol “APPS.”

Holders

As of June 8, 2021, there were 105 holders of record of our common stock. There were also an undetermined number of holders who hold their stock in nominee or “street” name.

Dividends

We have not declared cash dividends on our common stock since our inception and we do not anticipate paying any cash dividends in the foreseeable future. Further, any such dividends would be substantially restricted by our secured and unsecured indebtedness.

Purchases of Equity Securities by the Issuer and Affiliated Purchaser

There were no purchases of equity securities by us during the fiscal year ended March 31, 2021.

Recent Sale of Unregistered Securities

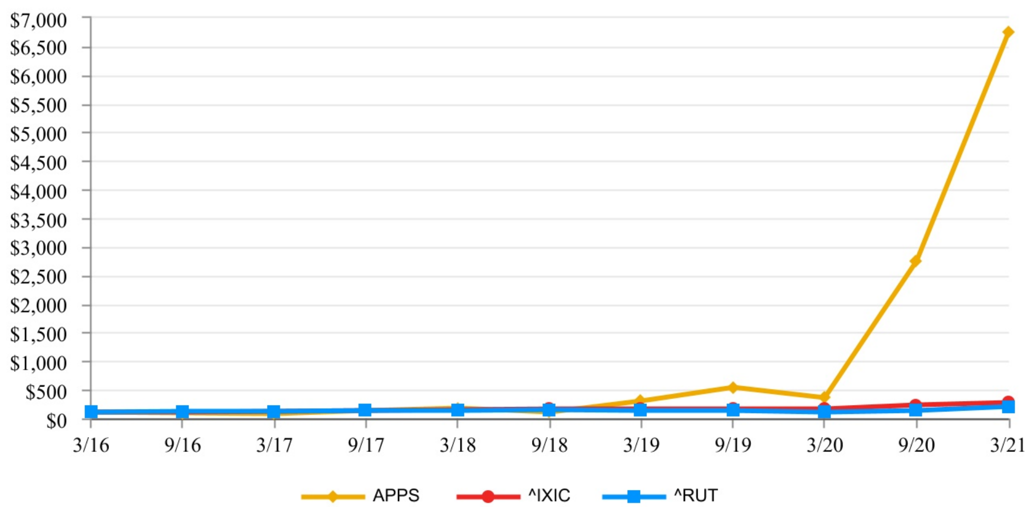
None.

Performance Graph

This performance graph shall not be deemed ‘‘soliciting material’’ or ‘‘filed’’ with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under Section 18, and shall not be deemed to be incorporated by reference into any filing of ours under the Securities Act of 1933, as amended.

The graph set forth below compares the cumulative total stockholder return on an initial investment of $100 in our common stock between March 31, 2016 and March 31, 2021, with the comparative cumulative total return of such amount on (i) the NASDAQ Composite Index (IXIC) and (ii) the Russell 2000 Index (RUT) over the same period. We have not paid any cash dividends and, therefore, the cumulative total return calculation for us is based solely upon stock price appreciation (depreciation) and not upon reinvestment of cash dividends. The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock.

COMPARISON OF CUMULATIVE TOTAL RETURN



ITEM 6. SELECTED FINANCIAL DATA

The following Selected Financial Data has been revised to reflect discontinued operations (see Note “Discontinued Operations” in the Consolidated Financial Statements in Item 8 of this Annual Report).

The following selected consolidated financial data should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our Consolidated Financial Statements and the related Notes included in Part II, Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K.

The Consolidated Statements of Operations and Comprehensive Income / (Loss) data for each of the three years ended March 31, 2021, 2020, and 2019 and the Consolidated Balance Sheets data as of March 31, 2021 and 2020 are derived from and qualified by reference to our audited consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K. The Consolidated Statements of Operations and Comprehensive Income / (Loss) data for the two years ended March 31, 2018 and 2017 and the Consolidated Balance Sheets data as of March 31, 2019, 2018, and 2017 are derived from our audited financial statements not included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of our results in any future period.

For further information, see Part I, Item 1, "Business" under the heading "History of Digital Turbine, Inc." of this Annual Report on Form 10-K.

Results of Operations	2021	2020	2019	2018	2017
Net revenues (1)	$ 313,579	$ 138,715	$ 103,569	$ 74,751	$ 40,207
Income / (loss) from operations	59,209	13,212	3,445	(5,809)	(16,971)
Income / (loss) from continuing operations, net of taxes	54,884	14,280	(4,302)	(19,697)	(19,138)
Basic net income / (loss) per common share from continuing operations	$ 0.62	$ 0.17	$ (0.06)	$ (0.28)	$ (0.29)
Weighted-average common shares outstanding from continuing operations, basic	88,514	84,594	77,440	70,263	66,511
Diluted net income / (loss) per common share from continuing operations	$ 0.57	$ 0.16	$ (0.06)	$ (0.28)	$ (0.29)
Weighted-average common shares outstanding from continuing operations, diluted	96,151	89,558	77,440	70,263	66,511
Balance Sheet Data	**2021**	**2020**	**2019**	**2018**	**2017**
Cash	$ 30,778	$ 21,534	$ 10,894	$ 12,720	$ 6,149
Working capital (2)	(13,764)	(24,362)	713	(2,678)	(7,109)
Total assets (3) (4)	$ 260,369	$ 184,011	$ 82,861	$ 86,607	$ 107,580
Long-term obligations	4,108	23,748	8,195	12,529	14,761
Total stockholders' equity	$ 145,112	$ 77,454	$ 36,358	$ 27,672	$ 62,045

(1) Net revenues presented under ASC 606 for fiscal years 2021, 2020, and 2019. Fiscal years 2018 and 2017 presented under ASC 605.
(2) Working capital number excludes assets and liabilities held for disposal on the balance sheet.
(3) Total assets include assets classified as held for disposal on the balance sheet as they were still owned by the Company at the balance sheet date.
(4) ROU assets under ASC 842 presented for fiscal years 2021 and 2020. Fiscal years 2019, 2018, and 2017 presented under ASC 840 (no ROU assets).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Financial Statements and the Notes thereto included in this Annual Report on Form 10-K (the "Report"). The following discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements involve substantial risks and uncertainties. When used in this Report, the words "anticipate," "believe," "estimate," "expect," "will," "seeks," "should," "could," "would," "may," and similar expressions, as they relate to our management or us, are intended to identify such forward-looking statements. Our actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements as a result of a variety of factors, including those set forth under "Risk Factors" in this Report, as well as those described elsewhere in this Report and in our other public filings. The risks included are not exhaustive and additional factors could adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can management assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Historical operating results are not necessarily indicative of the trends in operating results for any future period. We do not undertake any obligation to update any forward-looking statements made in this Report. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends. This Report and all subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Company Overview

Digital Turbine, Inc., through its subsidiaries, simplifies content discovery and delivers it directly to mobile devices. Its on-device media platform powers frictionless application and content discovery, user acquisition and engagement, operational efficiency, and monetization opportunities. Through March 31, 2021, Digital Turbine's technology platform has been adopted by over 35 mobile operators and device original equipment manufacturers ("OEMs") and has delivered more than 5.3 billion application preloads for tens of thousands of advertising campaigns. The Company operates this business as one operating and reportable segment - Media Distribution, which was previously referred to as the operating segment O&O (which refers to operators and OEMs) and the reportable segment Advertising.

As the Company's suite of product offerings expands, both organically and through acquisitions, we believe that this renaming of our reporting and operating segment better reflects the way management views the business. There are no changes or historical differences to product offerings and financial information that were referred to as the Advertising segment in prior periods. While advertising, in general, remains a focus of our Media Distribution segment, we feel that this change in name more accurately conveys to the reader what we do for our customers and partners.

The Company's Media Distribution business consists of products and services that simplify the discovery and delivery of mobile applications and content media for consumers.

- Application Media represents the portion of the business where our platform delivers apps to end users through partnerships with carrier networks and OEMs. Application Media optimizes revenues by using developed technology to streamline, track, and manage app install demand from hundreds of application developers across various publishers, carriers, OEMs, and devices.

- Content Media represents the portion of the business where our platform presents news, weather, sports, and other content directly within the native device experience (e.g., as the start page in the mobile browser, a widget, on unlock, etc.) through partnerships with carrier networks and OEMs. Content Media optimizes revenue by a combination of:

    - Programmatic Ad Partner Revenue – advertising within the content media that's sold on an ad exchange at a market rate (CPM - Cost Per Thousand);

    - Sponsored Content – sponsored content media from 3rd party content providers, presented similarly to an ad, that is monetized when a recommended story is viewed (CPC – Cost Per Click);

    - Editorial Content – owned or licensed media, presented similarly to an ad, that is monetized when the media is clicked on (CPC - Cost Per Click).

With global headquarters in Austin, Texas and offices in Durham, North Carolina; San Francisco, California; Arlington, Virginia; São Paulo, Brazil; Mexico City, Mexico; Mumbai, India; Singapore; and Tel Aviv, Israel, Digital Turbine's solutions are available worldwide. For additional information, please visit www.digitalturbine.com.

All dollar amounts are in thousands, except per share amounts.

Recent Acquisitions

The Company recently completed the below-described acquisitions of Appreciate, AdColony, and Fyber in order to help execute on its expressed strategy of becoming a leading end-to-end solution for mobile brand acquisition, advertising, and monetization.

Appreciate. On March 1, 2021, DT EMEA entered into a Share Purchase Agreement with Triapodi Ltd., an Israeli company (d/b/a Appreciate), the stockholder representative, and the stockholders of Appreciate pursuant to which DT EMEA acquired, on March 2, 2021, all of the outstanding capital stock of Appreciate in exchange for total consideration of $20,003 in cash. In connection with the acquisition, under the terms of the Purchase Agreement, DT EMEA entered into bonus arrangements to pay up to $6,000 in retention bonuses and performance bonuses to the founders and certain other employees of Appreciate. Appreciate is a programmatic mobile advertising demand-side platform ("DSP") company headquartered in Israel. Appreciate's platform collaborates closely with mobile measurement partners ("MMPs"), exchanges, advertisers, and other partners to programmatically provide a transparent ecosystem designed to optimize user acquisition and ROI for the mobile advertisers utilizing its platform. Deploying Appreciate's technology expertise across Digital Turbine's global scale and reach should further benefit partners and advertisers that are a part of the combined Company's platform.

AdColony Holding AS. On April 29, 2021, DT Media completed the acquisition of AdColony Holding AS, a Norway company ("AdColony"), pursuant to a Share Purchase Agreement with AdColony and Otello Corporation ASA, a Norway company and the sole shareholder of AdColony ("Otello"). DT Media acquired all of the outstanding capital stock of AdColony in exchange for an estimated total consideration in the range of $350,000 to $375,000, to be paid as follows: (1) $100,000 in cash paid at closing (which was subject to customary closing purchase price adjustments), (2) $100,000 in cash to be paid six months after closing, and (3) an estimated earn-out in the range of $150,000 to $175,000, to be paid in cash, based on AdColony achieving certain future target net revenues, less associated cost of goods sold, over a twelve-month period ending on December 31, 2021 (the "Earn-Out Period"). Under the terms of the earn-out, DT Media would pay Otello a certain percentage of actual net revenues (less associated cost of goods sold) of AdColony depending on the extent to which AdColony achieves certain target net revenues (less associated cost of goods sold) over the Earn-Out Period. The earn-out payment will be made following the expiration of the Earn-Out Period. The Company paid the closing amount and intends to pay the remainder of the purchase price with a combination of available cash on hand and borrowings under its existing senior credit facility along with future capital financing. AdColony is a leading mobile advertising platform servicing advertisers and publishers with a reach of more than 1.5 billion monthly global users. AdColony's proprietary video technologies and rich media formats are widely viewed as a best-in-class technology delivering third-party verified viewability rates for well-known global brands.

Fyber, N.V. On May 25, 2021, the Company and DT Media completed the initial closing of the acquisition of 523,553,108 shares, representing approximately 95.1% of the outstanding voting shares (the "Majority Fyber Shares") of Fyber N.V., a public limited liability company registered with the Netherlands Chamber of Commerce Business Register ("Fyber"), pursuant to a Sale and Purchase Agreement between Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst (collectively, the "Seller"), the Company, and DT Luxembourg. The Seller transferred and delivered 400,000,000 shares of the Majority Fyber Shares to DT Media on the closing date and will deliver the remaining 123,553,108 shares of the Majority Fyber Shares to DT Media in June 2021. The remaining approximately 4.9% of the shares in Fyber (the "Minority Fyber Shares") are widely held by other shareholders of Fyber (the "Minority Fyber Shareholders").

DT Media acquired the Majority Fyber Shares in exchange for an estimated aggregate consideration of up to $600,000, consisting of (i) $150,000 in cash, which was subject to adjustments for certain items including the amount of cash consideration to be paid to the Minority Fyber Shareholders for the Minority Fyber Shares, paid at the closing of the acquisition, (ii) 3,216,935 newly issued shares of common stock of the Company equal in value to $235,000 (based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date), issued at the closing of the acquisition, (iii) 2,599,653 newly issued shares of common stock of the Company equal in value to $165,000 (based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date), to be issued in June 2021 after the receipt by the Company of a tax exemption certificate from the Israel Tax Authority, and (iv) contingent upon Fyber's net revenues being equal or higher than $100,000 for the 12-month earn-out period ending on March 31, 2022, as determined in the manner set forth in the Sale and Purchase Agreement, a certain number of shares of Company common stock, which will be newly-issued to the Seller at the end of the earn-out period, and under certain circumstances, an amount of cash, which value of such shares and cash in aggregate will not exceed $50,000 (subject to set-off against certain potential indemnification claims against the Seller). The Company paid the cash closing amount on the closing date, and intends to pay the remainder of the cash consideration for the acquisition with a combination of available cash on hand, borrowings under the Company's senior credit facility, and proceeds from future capital financings.

Fyber is a leading mobile advertising monetization platform empowering global app developers to optimize profitability through quality advertising. Fyber's proprietary technology platform and expertise in mediation, real-time bidding, advanced analytics tools, and video combine to deliver publishers and advertisers a highly valuable app monetization solution.

Pursuant to certain German law on public takeovers, following the closing, the Company is obligated to make a public tender offer to the Minority Fyber Shareholders to acquire from them the Minority Fyber Shares. The tender offer will be subject to certain minimum price rules under German law. The timing and the conditions of the tender offer, including the consideration offered to the Minority Fyber Shareholders in connection with the tender offer, will be subsequently determined by the Company pursuant to the applicable Dutch and German takeover laws. The Company anticipates completing the tender offer during the second fiscal quarter 2022.

Other Recent Developments

February 2021 Credit Facility. On February 3, 2021, the Company entered into a credit agreement ("the BoA Credit Agreement') with Bank of America, N.A. (the "Bank"), which provides for a revolving line of credit of $100,000, with an accordion feature enabling the Company to increase the amount to up to $200,000, to be used for acquisitions, working capital, and general corporate purposes. DT Media and DT USA are additional co-borrowers under the BoA Credit Agreement.

The revolving line of credit matures on February 3, 2024.

In connection with the Company entering into the BoA Credit Agreement with the Bank as described above, on February 3, 2021, the Company and Western Alliance Bank terminated the Credit Agreement, dated February 28, 2020, by and among the Company, DT Media, DT USA, and Western Alliance Bank (and the amendments thereto), which was the previous term loan and revolving credit facility of the Company.

Amounts outstanding under the BoA Credit Agreement accrue interest at an annual rate equal to LIBOR (or, if necessary, a broadly-adopted replacement index) plus an applicable margin that ranges from 1.50% to 2.25%, depending on the Company's consolidated leverage ratio. The obligations under the BoA Credit Agreement are secured by a grant of a security interest in substantially all of the assets of the Company and its subsidiaries. The BoA Credit Agreement contains customary covenants, representations, and events of default, and also requires the Company to comply with a maximum consolidated leverage ratio and minimum fixed charge coverage ratio.

At March 31, 2021, there was $15,000 outstanding principal on the BoA Credit Agreement and the Company had $85,000 available to draw.

April 2021 Credit Facility. Subsequent to year end, on April 29, 2021, the Company entered into an amended and restated Credit Agreement (the "New Credit Agreement") with Bank of America, N.A., as a lender and administrative agent, and a syndicate of lenders, which provides for a revolving line of credit of $400,000 to be used for working capital, permitted acquisitions, capital expenditures, and other lawful corporate purposes. DT Media and DT USA are additional co-borrowers under the Credit Agreement, and Mobile Posse is a guarantor (together with the Company, DT Media and DT USA, collectively, the "Loan Parties"). This modification replaced the existing BoA Credit Agreement. The New Credit Agreement contains an accordion feature that permits an increase of the revolver by up to $75,000 plus an amount that would enable the Loan Parties to remain in compliance with a consolidated secured net leverage ratio, on such terms as agreed to by the parties.

The revolving line of credit matures on April 29, 2026.

Amounts outstanding under the Credit Agreement accrue interest at an annual rate equal to, at the Company's election, (i) LIBOR plus between 1.50% and 2.25% based on the Company's consolidated leverage ratio or (ii) a base rate determined based upon the highest of (a) the federal funds rate plus 0.50%, (b) Bank of America, N.A.'s prime rate or (c) LIBOR plus 1.00%, plus between 0.50% and 1.25% based on the Company's consolidated leverage ratio. The Credit Agreement contains customary covenants, representations and events of default, and also requires the Company to comply with a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio.

The Loan Parties' payment and performance obligations under the New Credit Agreement and related loan documents are secured by their grant of a security interest in substantially all of their personal property assets, whether now existing or hereafter acquired, subject to certain exclusions. If the Loan Parties acquire any real property assets with a fair market value in excess of $5,000, they are required to grant a security interest in such real property as well. All such security interests are required to be first priority security interests, subject to certain permitted liens.

Media Distribution Business

The Company's Media Distribution business is an advertiser solution for unique and exclusive carrier and OEM inventory, which is comprised of first boot and recurring life-cycle products, features, and professional services delivered through our platform.

Our software platform enables mobile operators and OEMs to control, manage, and monetize devices through application installation at the time of activation and over the life of a device. The platform allows mobile operators to personalize the application activation experience for customers and monetize their home screens via revenue-share agreements such as: Cost-Per-Install (CPI), Cost-Per-Placement (CPP), and Cost-Per-Action (CPA) with third-party advertisers; or via Per-Device-License Fees (PDL) agreements, which allow operators and OEMs to leverage the platform, its products, and other features for a structured fee. Setup Wizard, Dynamic Installs, or Software Development Kit ("SDK") are the delivery methods available to operators and OEMs on first boot of the device. Additional products and features are available throughout the life-cycle of the device that provide operators and OEMs additional opportunity for media delivery revenue streams. The Company has launched its software with operators and OEMs in North America, Latin America, Europe, Israel, and Asia-Pacific.

The acquisition of Mobile Posse provides an additional platform option, outside of our core platform, to monetize user actions over the life-cycle of a device by delivering media-rich advertising content to the end user and providing operators and OEMs with an additional opportunity for revenue streams synergistic with our core platform.

The Company's Media Distribution business consists of products and services that simplify the discovery and delivery of mobile applications and content media for consumers.

- Application Media represents the portion of the business where our platform delivers apps to end users through partnerships with carrier networks and OEMs. Application Media optimizes revenues by using developed technology to streamline, track, and manage app install demand from hundreds of application developers across various publishers, carriers, OEMs, and devices.

- Content Media represents the portion of the business where our platform presents news, weather, sports, and other content directly within the native device experience (e.g., as the start page in the mobile browser, a widget, on unlock, etc.) through partnerships with carrier networks and OEMs. Content Media optimizes revenue by a combination of:

    - Programmatic Ad Partner Revenue – advertising within the content media that's sold on an ad exchange at a market rate (CPM - Cost Per Thousand);

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- Editorial Content – owned or licensed media, presented similarly to an ad, that is monetized when the media is clicked on (CPC - Cost Per Click).

Impact of COVID-19 on the Business

Our results of operations are affected by economic conditions, including macroeconomic conditions, levels of business confidence, and consumer confidence. There is some uncertainty regarding the extent to which COVID-19 will impact our business and the demand for our service offerings. The extent to which COVID-19 impacts our operational and financial performance will depend on the impact to carriers and OEMs in relation to their sales of smartphones, tablets, and other devices. If COVID-19 continues to have a significant negative impact on global economic conditions over a prolonged period of time, our results of operations and financial condition could be adversely impacted. Presently, we are conducting business as usual, with some modifications to employee travel, employee work locations, and cancellation of certain marketing events, among other modifications. We will continue to actively monitor the situation and may take further actions that alter our business operations, as required or that we determine are in the best interests of our employees, customers, partners, suppliers, and stockholders.

Disposition of the Content Reportable Segment and A&P Business

On April 29, 2018, the Company entered into two distinct disposition agreements with respect to select assets owned by our subsidiaries.

DT APAC and DT Singapore (together, “Pay Seller”), each wholly-owned subsidiaries of the Company, entered into an Asset Purchase Pay Agreement (the “Pay Agreement”), dated April 23, 2018, with Chargewave Ptd Ltd (“Pay Purchaser”) to sell certain assets (the “Pay Assets”) owned by the Pay Seller related to the Company’s Direct Carrier Billing business. The Pay Purchaser is principally owned and controlled by Jon Mooney, an officer of the Pay Seller. At the closing of the asset sale, Mr. Mooney was no longer employed by the Company or Pay Seller. As consideration for this asset sale, Digital Turbine is entitled to receive certain license fees, profit-sharing, and equity participation rights as outlined in the Company’s Form 8-K filed on May 1, 2018 with the SEC. The transaction was completed on July 1, 2018 with an effective date of July 1, 2018. With the sale of these assets, the Company exited the reporting segment of the business previously referred to as the Content business.

DT Media, a wholly-owned subsidiary of the Company, entered into an Asset Purchase Agreement (the “A&P Agreement”), dated April 28, 2018, with Creative Clicks B.V. (the “A&P Purchaser”) to sell business relationships with various advertisers and publishers (the “A&P Assets”) related to the Company’s Advertising and Publishing business. As consideration for this asset sale, we are entitled to receive a percentage of the gross profit, as defined by the A&P Agreement, derived from these customer agreements for a period of three years, as outlined in the Company’s Form 8-K filed on May 1, 2018 with the SEC. The transaction was completed on June 28, 2018 with an effective date of June 1, 2018. With the sale of these assets, the Company exited the operating segment of the business previously referred to as the A&P business, which was previously part of the Advertising segment, the Company's sole reporting segment (which is now Media Distribution).

These dispositions have allowed the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus.

Discontinued Operations

As a result of the dispositions, the results of operations from our Content reporting segment and A&P business within the Media Distribution reporting segment, previously referred to as the Advertising segment, are reported as “Loss from discontinued operations, net of taxes” and the related assets and liabilities are classified as “held for disposal" on the prior comparative period Consolidated Financial Statements in Item 8 of this Annual Report. The Company has recast prior period amounts presented within this report to provide visibility and comparability.

Results of Operations

All discussions in this Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, unless otherwise noted, relate to the remaining continuing operations in our sole operating segment after the dispositions, the Media Distribution business.

RESULTS OF OPERATIONS

Below are our revenues, costs of revenues, and expenses for fiscal years 2021, 2020, and 2019. This information should be read in conjunction with our Consolidated Financial Statements and Notes thereto in Item 8 in this Annual Report.

	Year ended March 31, 2021	Year ended March 31, 2020	% of Change	Year ended March 31, 2020	Year ended March 31, 2019	% of Change
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Net revenues	$ 313,579	$ 138,715	126.1 %	$ 138,715	$ 103,569	33.9 %
Total costs of revenues and operating expenses	254,370	125,503	102.7 %	125,503	100,124	25.3 %
Income from operations	59,209	13,212	348.1 %	13,212	3,445	283.5 %
Change in estimated contingent consideration	(15,751)	—	(100.0)%	—	—	— %
Interest income / (expense)	(1,003)	41	(2,546.3)%	41	(1,120)	103.7 %
Foreign exchange transaction gain	—	—	— %	—	3	(100.0)%
Change in fair value of convertible note embedded derivative liability	—	—	— %	—	(1,008)	100.0 %
Change in fair value of warrant liability	—	(9,580)	100.0 %	(9,580)	(4,875)	(96.5)%
Loss on extinguishment of debt	(452)	—	(100.0)%	—	(431)	100.0 %
Other income / (expense)	(146)	232	(162.9)%	232	153	51.6 %
Income / (loss) from continuing operations before income taxes	41,857	3,905	971.9 %	3,905	(3,833)	201.9 %
Income tax provision / (benefit)	(13,027)	(10,375)	25.6 %	(10,375)	469	2,312.2 %
Income / (loss) from continuing operations, net of taxes	$ 54,884	$ 14,280	284.3 %	$ 14,280	$ (4,302)	431.9 %
Basic net income / (loss) per common share from continuing operations	$ 0.62	$ 0.17	264.7 %	$ 0.17	$ (0.06)	383.3 %
Weighted-average common shares outstanding, basic	88,514	84,594	4.6 %	84,594	77,440	9.2 %
Diluted net income / (loss) per common share from continuing operations	$ 0.57	$ 0.16	256.3 %	$ 0.16	$ (0.06)	366.7 %
Weighted-average common shares outstanding, diluted	96,151	89,558	7.4 %	89,558	77,440	15.6 %

Net revenues

	Year ended March 31, 2021	Year ended March 31, 2020	% of Change	Year ended March 31, 2020	Year ended March 31, 2019	% of Change
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Net revenues						
Application media	$ 217,447	$ 133,898	62.4 %	$ 133,898	$ 103,569	29.3 %
Content media	$ 96,132	$ 4,817	1,895.7 %	$ 4,817	$ —	100.0 %
Total net revenues	$ 313,579	$ 138,715	126.1 %	$ 138,715	$ 103,569	33.9 %

Fiscal 2021 compared to fiscal 2020

During the year ended March 31, 2021, revenues increased $174,864, or 126.1%, compared to the prior year.

The Company's Media Distribution business is an advertiser solution for unique and exclusive carrier and OEM inventory. During the years ended March 31, 2021 and 2020, the Media Distribution business, primarily through silent application delivery, was the main driver of our revenues. Application Media revenue totaled $217,447 and $133,898, respectively, for the years ended March 31, 2021 and 2020, while Content Media revenue, primarily related to the Mobile Posse acquisition on February 28, 2020, totaled $96,132 and $4,817, respectively. Our application delivery and management software enables operators and OEMs to control, manage, and monetize applications installed at the time of activation and over the life of a device. The increase in net revenues of $83,549 related to our Application Media business was attributable to increased demand for our core services, and expanded platform offerings, which led to higher CPI and CPP revenue per available placement. Of this increase in Application Media revenue, approximately $59,900 is related to increases in demand for our core services, and approximately $23,649 is related to new and expanded platform offerings. The increase in net revenues of $91,315 related to our Content Media business, primarily from the acquisition of Mobile Posse, is a function of a full year of contribution in the current fiscal year, as opposed to one month of contribution in the previous fiscal year, as well as post acquisition technology synergies driving expansion across the existing Digital Turbine partner base.

With respect to customer revenue concentration, the Company defines a customer as an advertiser or a carrier that is a distinct source of revenue and is legally bound to pay for the services that the Company delivers on the advertiser’s or carrier's behalf. During the fiscal year ended March 31, 2021, no single customer represented more than 10% of net revenues. During the fiscal year ended March 31, 2020, one major customer, Oath Inc., a subsidiary of Verizon Communications, represented 15.3% of net revenues.

With respect to partner revenue concentration, the Company partners with mobile carriers and OEMs to deliver applications on our platform through the carrier network. During the fiscal year ended March 31, 2021, T-Mobile US Inc., including Sprint and other subsidiaries, a carrier partner, generated 26.4%, AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 22.3%, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 18.5%, and America Movil, primarily through its subsidiary Tracfone Wireless Inc., a carrier partner, generated 10.8% of our net revenues. During the fiscal year ended March 31, 2020, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 37.3%, AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 30.0%, and America Movil, primarily through its subsidiary Tracfone Wireless Inc., a carrier partner, generated 10.7% of our net revenues.

A reduction or delay in operating activity from these customers or partners, or a delay or default in payment by these customers, or a termination of the Company's agreements with these customers, could materially harm the Company’s business and prospects. The Company is not aware of any material changes to these relationships, or material reductions or delays in operating activity with these customers or partners.

Fiscal 2020 compared to fiscal 2019

During the year ended March 31, 2020, revenues increased $35,146, or 33.9%, compared to the prior year.

The Company's Media Distribution business is an advertiser solution for unique and exclusive carrier and OEM inventory. During the years ended March 31, 2020 and 2019, the Media Distribution business, primarily through silent application delivery, was the main driver of our revenues. Our application delivery and management software enables operators and OEMs to control, manage, and monetize applications installed at the time of activation and over the life of a device. The increase in net revenues of $35,146 was primarily attributable to increased demand for our platform offerings, which led to higher CPI and CPP revenue per available placement. Of this increase, approximately $30,329 is related to organic increases in demand for our platform services, and approximately $4,817 is related to revenue contributions from the acquisition of Mobile Posse.

With respect to customer revenue concentration, during the year ended March 31, 2020, one major customer, Oath Inc., a subsidiary of Verizon Communications, represented 15.3% of net revenues. During the year ended March 31, 2019, one major customer, Oath Inc., a subsidiary of Verizon Communications, represented 28.6% of net revenues.

With respect to partner revenue concentration, the Company partners with mobile carriers and OEMs to deliver applications on our platform through the carrier network. During the years ended March 31, 2020 and 2019, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 37.3% and 45.9%, respectively, while AT&T Inc., a carrier partner, including its Cricket subsidiary, generated 30.0% and 38.7%, respectively, of our net revenues. Additionally, during the year ended March 31, 2020, America Movil, primarily through its subsidiary Tracfone Wireless Inc., generated 10.7% of our net revenues.

Costs of revenues and operating expenses

	Year ended March 31,			Year ended March 31,		
	2021	2020	% of Change	2020	2019	% of Change
	(in thousands)			(in thousands)		
License fees and revenue share	$ 178,649	$ 83,588	113.7 %	$ 83,588	$ 65,981	26.7 %
Other direct costs of revenues	2,358	1,454	62.2 %	1,454	2,023	(28.1)%
Product development	20,119	12,018	67.4 %	12,018	10,876	10.5 %
Sales and marketing	19,304	11,244	71.7 %	11,244	8,212	36.9 %
General and administrative	33,940	17,199	97.3 %	17,199	13,032	32.0 %
Total costs of revenues and operating expenses	$ 254,370	$ 125,503	102.7 %	$ 125,503	$ 100,124	25.3 %

Fiscal 2021 compared to fiscal 2020

Total costs of revenues and operating expenses for the years ended March 31, 2021 and 2020 were approximately $254,370 and $125,503, respectively, representing a year-over-year increase of approximately $128,867 or 102.7%. This change is a result of continued growth including the acquisitions of Mobile Posse and Appreciate. Company-wide cost control measures show the Company's ability to scale revenues at a greater rate than operating expenses.

License fees and revenue share is reflective of amounts paid to our carrier and OEM partners who drive the revenues generated from advertising via direct CPI, CPP, or CPA arrangements with application developers, or indirect arrangements through advertising aggregators (ad networks) are shared with the carrier and the shared revenue is recorded as a cost of revenue. In each case the revenue share with the carrier varies depending on the agreement with the carrier, and, in some cases, is based upon revenue tiers. License fees and revenue share for the years ended March 31, 2021 and 2020 were approximately $178,649 and $83,588, respectively, representing a year-over-year increase of approximately $95,061 or 113.7%. The increase in these costs of revenues over the comparative period was primarily attributable to the increase in revenues over the same period, as these costs are paid as a percentage of revenues. License fees and revenue share, as a percent of revenue, for the years ended March 31, 2021 and 2020 were approximately 57% and 60%, respectively.

Other direct costs of revenues are comprised primarily of hosting expense directly related to the generation of revenues, and depreciation expense accounted for under ASC 985-20, *Costs of Software to be Sold, Leased, or Otherwise Marketed.*Other direct costs of revenues for the years ended March 31, 2021 and 2020 were approximately $2,358 and $1,454, respectively, representing a year-over-year increase of approximately $904 or 62.2%.

Product development expenses include the development and maintenance of the Company's product suite. Expenses in this area are primarily a function of talent. Product development expenses for the years ended March 31, 2021 and 2020 were approximately $20,119 and $12,018, respectively, representing a year-over-year increase of approximately $8,101 or 67.4%. The increase in product development expenses over the comparative period was primarily attributable to increased product development headcount, both organic and through the acquisitions of Mobile Posse and Appreciate, and other employee-related and third-party development-related costs as the Company continues to scale its product development organization to support the Company's growth.

Sales and marketing expenses represent the costs of sales and marketing talent, advertising and marketing campaigns, and campaign management. Sales and marketing expenses for the years ended March 31, 2021 and 2020 were approximately $19,304 and $11,244, respectively, representing a year-over-year increase of approximately $8,060 or 71.7%. The increase in sales and marketing expenses over the comparative period was primarily attributable to the addition of new talent in existing markets related to the Company's continued expansion of its global footprint and increased commissions associated with the sales team generating more revenue through new and existing advertising relationships and markets.

General and administrative expenses represent management, finance, and support talent costs in both the parent and subsidiary companies, which include professional and consulting costs, in addition to other costs such as rent, stock-based compensation, and depreciation expense. General and administrative expenses for the years ended March 31, 2021 and 2020 were approximately $33,940 and $17,199, respectively, representing a year-over-year increase of approximately $16,741 or 97.3%. The increase over the comparative period is primarily attributable to employee-related expenses as a function of higher headcount, increased stock option expense, increases in depreciation and amortization related to capitalized internal-use software and intangible assets, and expenses incurred for the acquisitions of Mobile Posse and Appreciate.

Fiscal 2020 compared to fiscal 2019

Total operating expenses for the fiscal years ended March 31, 2020 and 2019 were approximately $125,503 and $100,124, respectively, representing a year-over-year increase of approximately $25,379 or 25.3%. This change is a result of continued growth including the acquisition of Mobile Posse. Company-wide cost control measures show the Company's ability to scale revenues at a greater rate than operating expenses.

License fees and revenue share is reflective of amounts paid to our carrier and OEM partners who drive the revenues generated from advertising via direct CPI, CPP, or CPA arrangements with application developers, or indirect arrangements through advertising aggregators (ad networks) are shared with the carrier and the shared revenue is recorded as a cost of revenue. In each case the revenue share with the carrier varies depending on the agreement with the carrier, and, in some cases, is based upon revenue tiers. License fees and revenue share for the years ended March 31, 2020 and 2019 were approximately $83,588 and $65,981, respectively, representing a year-over-year increase of approximately $17,607 or 26.7%. The increase in these costs of revenues over the comparative period was primarily attributable to the increase in revenues over the same period, as these costs are paid as a percentage of revenues. License fees and revenue share, as a percent of revenue, for the years ended March 31, 2020 and 2019 were approximately 60% and 64%, respectively.

Other direct costs of revenues are comprised primarily of hosting expense directly related to the generation of revenues, and depreciation expense accounted for under ASC 985-20, *Costs of Software to be Sold, Leased, or Otherwise Marketed.*Other direct costs of revenues for the years ended March 31, 2020 and 2019 were approximately $1,454 and $2,023, respectively, representing a year-over-year decrease of approximately $569 or 28.1%.

Product development expenses for the years ended March 31, 2020 and 2019 were approximately $12,018 and $10,876, respectively, representing a year-over-year increase of approximately $1,142 or 10.5%. The increase in costs over the comparative period is primarily a function of talent hired during fiscal year 2020 and hosting expenses associated with development activity.

Sales and marketing expenses for the years ended March 31, 2020 and 2019 were approximately $11,244 and $8,212, respectively, representing a year-over-year increase of approximately $3,032 or 36.9%. The increase in sales and marketing expenses over the comparative period is primarily attributable to increased travel expenses for existing talent, the addition of new talent in existing markets related to the Company's continued expansion of its global footprint, and increased commissions associated with the sales team generating more revenue through new and existing advertising relationships and markets.

General and administrative expenses for the years ended March 31, 2020 and 2019 were approximately $17,199 and $13,032, respectively, representing a year-over-year increase of approximately $4,167 or 32.0%. The increase over the comparative period is primarily attributable to employee-related expenses as a function of higher headcount, increased stock option expense, increase in depreciation and amortization related to capitalized internal-use software, and expenses incurred for the acquisition of Mobile Posse.

Interest and other income / (expense), net

	Year ended March 31,			Year ended March 31,		
	2021	2020	% of Change	2020	2019	% of Change
	(in thousands)			(in thousands)		
Change in estimated contingent consideration	$ (15,751)	$ —	(100.0)%	$ —	$ —	— %
Interest income / (expense)	(1,003)	41	(2,546.3)%	41	(1,120)	103.7 %
Foreign exchange transaction gain	—	—	— %	—	3	(100.0)%
Change in fair value of convertible note embedded derivative liability	—	—	— %	—	(1,008)	100.0 %
Change in fair value of warrant liability	—	(9,580)	100.0 %	(9,580)	(4,875)	(96.5)%
Loss on extinguishment of debt	(452)	—	(100.0)%	—	(431)	100.0 %
Other income / (expense)	(146)	232	(162.9)%	232	153	51.6 %
Total interest and other income / (expense), net	$ (17,352)	$ (9,307)	86.4 %	$ (9,307)	$ (7,278)	27.9 %

Fiscal 2021 compared to fiscal 2020

Total interest and other income / (expense), net, for the years ended March 31, 2021 and 2020 were $(17,352) and $(9,307), respectively, an increase in net expenses of $8,045 or 86.4%. This change in total interest and other income / (expense), net, was primarily attributable to changes in interest income / (expense), fair value of warrant liability, and estimated contingent consideration related to the Mobile Posse acquisition. The change in fair value of warrant liability was due to all holders of the remaining outstanding warrants exercising all outstanding warrants during the year ended March 31, 2020.

Fiscal 2020 compared to fiscal 2019

Total interest and other income / (expense), net, for the years ended March 31, 2020 and 2019 were $(9,307) and $(7,278), respectively, an increase in net expenses of $2,029 or 27.9%. This change in total interest and other income / (expense), net, was primarily attributable to changes in interest income / (expense), fair value of convertible note embedded derivative liability, and fair value of warrant liability. The changes in fair values of the convertible note embedded derivative liability and warrant liability were due to the change in the Company's stock price from $3.50 at March 31, 2019 to $4.18 at March 31, 2020, partially offset by the settling of all of the remaining derivative instruments during the fiscal year.

Interest income / (expense)

In the year ended March 31, 2021, interest expense was attributable to 1) fees related to obtaining debt, which were recorded as debt issuance costs and expensed as a component of interest expense over the life of the debt; 2) interest expense incurred on the prior credit agreement with Western Alliance Bank, which was the previous senior credit facility of the Company that was terminated on February 3, 2021, at approximately 5.5% (LIBOR + 3.75% with a 1.75% LIBOR floor); and 3) interest expense incurred under the BoA Credit Agreement at an annual rate equal to LIBOR (or, if necessary, a broadly-adopted replacement index) plus an applicable margin that ranges from 1.50% to 2.25%, depending on the Company’s consolidated leverage ratio.

In the year ended March 31, 2020, interest expense was attributable to 1) fees related to obtaining debt, which were recorded as debt issuance costs and expensed as a component of interest expense over the life of the debt; and 2) interest expense incurred on the prior credit agreement with Western Alliance Bank, which was the previous senior credit facility of the Company that was terminated on February 3, 2021, at approximately 5.5% (LIBOR + 3.75% with a 1.75% LIBOR floor). During the majority of the year ended March 31, 2020, the Company had no outstanding debt and incurred no interest expense.

In the year ended March 31, 2019, interest expense was primarily attributable to 1) fees related to the obtaining debt, which were recorded as debt issuance costs and expensed as a component of interest expense over the life of the debt; 2) interest expense incurred from the $16,000 aggregate principal amount of 8.75% Convertible Notes due 2020 (the “Notes”), issued on September 28, 2016; 3) from amounts drawn on our business finance agreement (the “Credit Agreement”) with Western Alliance Bank (the “Bank”) at approximately 6.75% (Wall Street Journal Prime Rate + 0.50%); and 4) amortization of debt discount related to the Notes, which were expensed as a component of interest expense over the life of the debt.

Interest income consists of interest income earned on our cash.

The Company recorded $(1,003), $41, and $(1,120) of aggregate interest income / (expense), inclusive of debt discount and debt issuance costs amortization, during the years ended March 31, 2021, 2020, and 2019, respectively.

Change in fair value of convertible note embedded derivative liability

The Company accounts for the convertible note embedded derivative liability issued in accordance with US GAAP accounting guidance under ASC 815 applicable to derivative instruments, which requires every derivative instrument within its scope to be recorded on the balance sheet as either an asset or liability measured at its fair value, with changes in fair value recognized in earnings. All convertible notes were settled prior to the year ended March 31, 2020 and therefore no amounts associated with this derivative liability were recognized in the year ended March 31, 2021 or 2020.

During the year ended March 31, 2019, the Company recorded a loss from change in fair value of convertible note embedded derivative liability of $1,008 due to the increase of the Company's stock price from $2.01 at March 31, 2018 to $3.50 at March 31, 2019, partially offset by the settling of $5,700 of the underlying debt instruments.

Change in fair value of warrant liability

The Company accounts for the warrants issued in connection with the above-noted sale of Notes in accordance with US GAAP accounting guidance under ASC 815 applicable to derivative instruments, which requires every derivative instrument within its scope to be recorded on the balance sheet as either an asset or liability measured at its fair value, with changes in fair value recognized in earnings. Based on this guidance, the Company determined that these warrants did not meet the criteria for classification as equity. Accordingly, the Company classified the warrants as long-term liabilities. The warrants are subject to re-measurement at each balance sheet date, with any change in fair value recognized as a component of other income / (expense), net in the Consolidated Statements of Operations and Comprehensive Income / (Loss).

Due to the valuation of the derivative liability being highly sensitive to the trading price of the Company's stock, the increase and decrease in the trading price of the Company's stock has the impact of increasing the (loss) and gain, respectively. All warrants related to these Notes were exercised during the year ended March 31, 2020 and the associated liability settled.

During the year ended March 31, 2020, the Company recorded a loss from change in fair value of warrant liability of $9,580 due to the increase of the Company's stock price from $3.50 at March 31, 2019 to $4.18 at March 31, 2020, partially offset by the exercise of all remaining warrants.

During the year ended March 31, 2019, the Company recorded a loss from change in fair value of warrant liability of $4,875 due to the increase of the Company's stock price from $2.01 at March 31, 2018 to $3.50 at March 31, 2019, partially offset by the exercise of 484,900 warrants.

Change in estimated contingent consideration

On February 28, 2020, the Company completed the acquisition of Mobile Posse, pursuant to the previously-reported stock purchase agreement (the "Purchase Agreement") with ACME Mobile, LLC (“ACME”), Mobile Posse, and certain equity holders of ACME. The Company acquired all of the outstanding capital stock of Mobile Posse in exchange for an estimated total consideration of: (1) $41,500 in cash paid at closing (subject to customary closing purchase price adjustments) and (2) an estimated earn-out of $23,735, to be paid in cash, based on Mobile Posse achieving certain future target net revenues, less associated revenue shares, over a twelve-month period following the closing of the acquisition, noting that the earn-out amount is subject to change based on final results and calculation.

Under the terms of the earn-out, over the earn-out period, the Company paid ACME a certain percentage of actual net revenues (less associated revenue shares) of Mobile Posse, depending on the extent to which Mobile Posse achieved certain target net revenues (less associated revenue shares) for the relevant period. Due to the financial results of Mobile Posse during the earn-out period, in addition to the initial estimated contingent consideration of $23,735, the Company made additional earn-out payments in the amount of $15,751 during the year ended March 31, 2021. The earn-out period concluded during the year ended March 31, 2021.

Loss on extinguishment of debt

During the year ended March 31, 2021, connected with the early termination of the Western Alliance credit agreement, the Company recorded a loss on extinguishment of debt of $452, which represents the write-off of all remaining unamortized debt issuance costs related to the Western Alliance credit agreement, as well as cash expenses incurred for the early extinguishment of the credit facility.

No loss on extinguishment of debt was recorded during the year ended March 31, 2020.

During the year ended March 31, 2019, connected with the settlement of a portion of the convertible notes, the Company recorded a loss on extinguishment of debt of $431, which represents the difference between the carrying value of the settled debt (including underlying derivative instruments) and the consideration given to settle the debt, in this case primarily stock.

Income taxes

Accounting Standards Codification ("ASC") 740 requires the consideration of a valuation allowance, on a jurisdictional basis, to reflect the likelihood of realization of deferred tax assets. Significant management judgment is required in determining any valuation allowance recorded against deferred tax assets. During the year ended March 31, 2021, the Company's pre-tax income in the U.S. continued to increase such that the Company was no longer in a cumulative three-year loss position. Following the acquisition and integration of Mobile Posse, the Company was able to sustain this pre-tax income position throughout the full fiscal year. In the fourth quarter ended March 31, 2021, based on management's assessment of this income trend following the integration of Mobile Posse, we determined that the U.S. deferred tax assets were more likely than not realizable based on expected future taxable income. A net tax benefit of $11,782 was realized in the fiscal year ended March 31, 2021 as a result of the release of the U.S. valuation allowance.

As part of the stock acquisition of Mobile Posse on February 28, 2020, the Company recorded a net U.S. deferred tax liability of $10,552 on the opening balance sheet. The deferred tax liability primarily related to intangible assets recorded at fair market value for financial accounting purposes compared to the carryover of historical tax basis. The acquired deferred tax liabilities represent a source of positive evidence with respect to the Company's ability to realize deferred tax assets. In accordance with ASC 805-740-30-3, a change in the acquirer's valuation allowance as a result of a business combination is recorded as a component of income tax expense. As a result of the business combination, the Company released $10,552 of valuation allowance as a component of income tax expense in the year ended March 31, 2020.

The Company's income is subject to taxation in both the U.S. and foreign jurisdictions. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. The Company establishes liabilities for income tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These liabilities for tax contingencies are established when the Company believes that a tax position is not more likely than not sustainable. The Company adjusts these liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

The Company's effective tax rate differs from the U.S. federal statutory tax rate primarily as a result of changes in valuation allowance, tax deductions in excess of book for stock compensation, nondeductible changes in stock acquisition earn-out and warrant liabilities, and state income taxes.

Liquidity and Capital Resources

	March 31, 2021	March 31, 2020
	(in thousands)	
Cash	$ 30,778	$ 21,534
Restricted cash	340	125
Short-term debt		
Short-term debt, net of debt issuance costs of $443 and $62, respectively	14,557	1,188
Total short-term debt	14,557	1,188
Long-term debt		
Long-term debt, net of debt issuance costs of $0 and $245, respectively	—	18,505
Total long-term debt	—	18,505
Working capital		
Current assets	97,385	58,447
Current liabilities	111,149	82,809
Working capital	$ (13,764)	$ (24,362)

Our primary sources of liquidity have historically been issuances of common and preferred stock, debt, and cash from operations. As of March 31, 2021, we had cash, including restricted cash, totaling approximately $31,118.

The Company anticipates that its primary sources of liquidity will continue to be cash-on-hand, cash provided by operations, and the credit available under the Company's senior credit facility. In addition, the Company may raise additional capital through future equity or, subject to restrictions contained in the Company's senior credit facility, debt financing to finance the future purchase price and earn-out payment obligations with respect to the AdColony and Fyber acquisitions, provide for greater flexibility to make acquisitions, make new investments in under-capitalized opportunities, or invest in organic opportunities.

Additional financing may not be available on acceptable terms or at all. If the Company issues additional equity securities to raise funds, the ownership percentage of its existing stockholders would be reduced. New investors may demand rights, preferences, or privileges senior to those of existing holders of common stock. The Company believes that it has sufficient cash and capital resources to operate its business for at least twelve months from the filing date of this Annual Report on Form 10-K.

BoA Revolving Line of Credit

On February 3, 2021, the Company entered into a credit agreement ("the BoA Credit Agreement') with Bank of America, N.A. (the "Bank"), which provides for a revolving line of credit of $100,000, with an accordion feature enabling the Company to increase the amount to up to $200,000, to be used for acquisitions, working capital, and general corporate purposes. DT Media and DT USA are additional co-borrowers under the BoA Credit Agreement.

The revolving line of credit matures on February 3, 2024.

In connection with the Company entering into the BoA Credit Agreement with the Bank as described above, on February 3, 2021, the Company and Western Alliance Bank terminated the credit agreement dated February 28, 2020, by and among the Company, DT Media, DT USA, and Western Alliance Bank (and the amendments thereto), which was the previous term loan and revolving credit facility of the Company.

Amounts outstanding under the BoA Credit Agreement accrue interest at an annual rate equal to LIBOR (or, if necessary, a broadly-adopted replacement index) plus an applicable margin that ranges from 1.50% to 2.25%, depending on the Company's consolidated leverage ratio. The obligations under the BoA Credit Agreement are secured by a grant of a security interest in substantially all of the assets of the Company and its subsidiaries. The BoA Credit Agreement contains customary covenants, representations, and events of default, and also requires the Company to comply with a maximum consolidated leverage ratio and minimum fixed charge coverage ratio.

At March 31, 2021, there was $15,000 outstanding principal on the BoA Credit Agreement and the Company had $85,000 available to draw.

April 2021 Credit Facility

Subsequent to year end, on April 29, 2021, the Company entered into an amended and restated Credit Agreement (the "New Credit Agreement") with Bank of America, N.A., as a lender and administrative agent, and a syndicate of lenders, which provides for a revolving line of credit of $400,000 to be used for working capital, permitted acquisitions, capital expenditures, and other lawful corporate purposes. DT Media and DT USA are additional co-borrowers under the Credit Agreement, and Mobile Posse is a guarantor (together with the Company, DT Media and DT USA, collectively, the "Loan Parties"). This modification replaced the existing BoA Credit Agreement. The New Credit Agreement contains an accordion feature that permits an increase of the revolver by up to $75,000 plus an amount that would enable the Loan Parties to remain in compliance with a consolidated secured net leverage ratio, on such terms as agreed to by the parties.

The revolving line of credit matures on April 29, 2026.

Amounts outstanding under the Credit Agreement accrue interest at an annual rate equal to, at the Company's election, (i) LIBOR plus between 1.50% and 2.25% based on the Company's consolidated leverage ratio or (ii) a base rate determined based upon the highest of (a) the federal funds rate plus 0.50%, (b) Bank of America, N.A.'s prime rate or (c) LIBOR plus 1.00%, plus between 0.50% and 1.25% based on the Company's consolidated leverage ratio. The Credit Agreement contains customary covenants, representations and events of default, and also requires the Company to comply with a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio.

The Loan Parties' payment and performance obligations under the New Credit Agreement and related loan documents are secured by their grant of a security interest in substantially all of their personal property assets, whether now existing or hereafter acquired, subject to certain exclusions. If the Loan Parties acquire any real property assets with a fair market value in excess of $5,000, they are required to grant a security interest in such real property as well. All such security interests are required to be first priority security interests, subject to certain permitted liens.

Cash Flow Summary

	Year ended March 31,			Year ended March 31,		
	2021	2020	% of Change	2020	2019	% of Change
	(in thousands)			(in thousands)		
Consolidated Statement of Cash Flows Data:						
Net cash provided by operating activities - continuing operations	$ 62,795	$ 33,670	86.5 %	$ 33,670	$ 4,970	577.5 %
Capital expenditures	(9,204)	(4,845)	(90.0)%	(4,845)	(2,314)	(109.4)%
Acquisition of Appreciate, net of cash	(20,348)	—	(100.0)%	—	—	— %
Acquisition of Mobile Posse, net of cash	(8,256)	(41,872)	80.3 %	(41,872)	—	(100.0)%
Proceeds from borrowings	15,000	20,000	(25.0)%	20,000	—	100.0 %
Payment of debt issuance costs	(469)	(313)	(49.8)%	(313)	—	(100.0)%
Payment of contingent consideration	(16,956)	—	(100.0)%	—	—	— %
Options and warrants exercised	7,209	6,488	11.1 %	6,488	734	783.9 %
Repayment of debt obligations	(20,000)	—	(100.0)%	—	(1,650)	100.0 %
Effect of exchange rate changes on cash	$ (312)	$ (235)	(32.8)%	$ (235)	$ (31)	(658.1)%

Operating Activities

During the years ended March 31, 2021 and 2020, the Company's net cash provided by operating activities from continuing operations was $62,795 and $33,670, respectively, an increase of $29,125, or 86.5%. The increase in net cash provided by operating activities was primarily attributable to depreciation and amortization, stock-based compensation, and changes in working capital accounts over the comparative periods.

During the year ended March 31, 2021, net cash provided by operating activities from continuing operations was $62,795, resulting from net income of $54,884 offset by net non-cash expenses of $13,340, which included depreciation and amortization, non-cash interest expense, stock-based compensation, stock-based compensation for services rendered, loss on extinguishment of debt, change in estimate of remaining contingent consideration, and payment of contingent consideration in excess of amounts capitalized at acquisition of approximately $7,114, $94, $4,853, $1,024, $255, $15,751, and $(15,751), respectively. Depreciation and amortization expense relates primarily to capitalized software development costs and acquired technology and IP-related intangible assets. Stock-based compensation expense relates primarily to options granted to our employees and, to a lesser extent, to restricted stock awards for executives and our Board of Directors. The net impact of the change in estimated earn-out due to ACME Mobile for the acquisition of Mobile Posse and the payment of this additional earn-out is $0 on the Consolidated Statements of Cash Flows; the $15,751 represents additional earn-out payments earned by ACME Mobile due to actual financial results during the earn-out period in excess of amounts capitalized under ASC 805 - *Purchase Accounting*. These amounts were all paid during the period. Net cash provided by operating activities during fiscal year 2021 was negatively impacted by the net change in working capital accounts as of March 31, 2021 compared to March 31, 2020, with a net increase over the comparative periods in current liabilities of $32,456 offset by an increase in current assets of approximately $24,540.

During the year ended March 31, 2020, net cash provided by operating activities from continuing operations was $33,670, resulting from net income of $14,280 offset by net non-cash expenses of $15,281, which included depreciation and amortization, non-cash interest expense, stock-based compensation, stock-based compensation for services rendered, change in fair value of convertible note embedded derivative liability, and change in fair value of warrant liability of debt of approximately $2,342, $6, $2,710, $643, and $9,580, respectively. Depreciation and amortization expense relates primarily to capitalized software development costs and acquired technology and IP-related intangible assets. Stock-based compensation expense relates primarily to options granted to our employees and, to a lesser extent, to restricted stock awards for executives and our Board of Directors. The change in fair value of warrant liability was a result of the settlement of all outstanding warrants related to the convertible notes during fiscal year 2020. Net cash provided by operating activities during fiscal year 2020 was negatively impacted by the net change in working capital accounts as of March 31, 2020 compared to March 31, 2019, with a net increase over the comparative periods in current liabilities of approximately $15,239 offset by an increase in current assets of approximately $272.

During the year ended March 31, 2019, net cash provided by operating activities from continuing operations was $4,970, resulting from a net loss of $4,302 offset by net non-cash expenses of $12,409, which included depreciation and amortization, non-cash interest expense, stock-based compensation, stock-based compensation for services rendered, change in fair value of convertible note embedded derivative liability, change in fair value of warrant liability, and loss on extinguishment of debt of approximately $2,766, $798, $2,011, $520, $1,008, $4,875, and $431, respectively. Depreciation and amortization expense relates primarily to capitalized software development costs and acquired technology and IP-related intangible assets. Stock-based compensation expense relates primarily to options granted to our employees and, to a lesser extent, to restricted stock awards for executives and our Board of Directors. The change in fair value of warrant liability was primarily a result of the change in our stock price during fiscal year 2019, offset by the settlement of a portion of the outstanding warrants. Net cash provided by operating activities during fiscal year 2019 was positively impacted by the net change in working capital accounts as of March 31, 2019 compared to March 31, 2018, with a net increase over the comparative periods in current liabilities of approximately $2,212 offset by an increase in current assets of approximately $5,531.

Investing Activities

During the year ended March 31, 2021, cash used in investing activities was approximately $37,808, which includes capital expenditures of $9,204, comprised mostly of internally-developed software, the acquisition of Appreciate, net of cash, for $20,348, and earn-out payments associated with the acquisition of Mobile Posse, net of cash, for $8,256.

During the year ended March 31, 2020, cash used in investing activities was approximately $46,717, which includes capital expenditures of $4,845, comprised mostly of internally-developed software, and the acquisition of Mobile Posse, net of cash, for $41,872.

During the year ended March 31, 2019, cash used in investing activities was approximately $2,314, which includes capital expenditures of $2,314, comprised mostly of internally-developed software.

Financing Activities

During the year ended March 31, 2021, cash used in financing activities was approximately $15,216, which is primarily attributable to proceeds from borrowings of $15,000 and proceeds received from the exercise of stock options of approximately $7,209, offset by the payment of debt issuance costs of $469, payment of contingent consideration of $16,956, and repayment of debt obligations of $20,000.

During the year ended March 31, 2020, cash provided by financing activities was approximately $26,175, which is primarily attributable to proceeds from borrowings of $20,000 and proceeds received from the exercise of stock options and warrants of approximately $6,488, offset by payment of debt issuance costs of $313.

During the year ended March 31, 2019, cash used in financing activities was approximately $916, which is primarily attributable to proceeds received from the exercise of stock options and warrants of approximately $734, offset by the repayment of debt obligations of approximately $1,650.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not have any undisclosed borrowings or debt, and we have not entered into any synthetic leases. We believe, therefore, that we are not materially exposed to any financing, liquidity, market, or credit risks that could arise if we had engaged in such relationships.

Contractual Cash Obligations

The following table summarizes our contractual cash obligations at March 31, 2021:

		Payments Due by Period			
Contractual cash obligations	Total	Less Than 1 Year	1-3 Years	3 to 5 Years	More Than 5 Years
Operating leases (a)	$ 7,027	$ 1,716	$ 3,242	$ 2,069	$ —
Debt repayments	15,000	15,000	—	—	—
Bank fees	450	150	300	—	—
Uncertain tax positions (b)	—	—	—	—	—
Total contractual cash obligations	$ 22,477	$ 16,866	$ 3,542	$ 2,069	$ —

(a) Consists of operating leases for our office facilities.

(b) We have approximately $1,077 in additional liabilities associated with uncertain tax positions that are not expected to be liquidated within the next twelve months. We are unable to reliably estimate the expected payment dates for these additional non-current liabilities.

Cash Contractual Obligations Associated with Acquisitions

Under the terms of the Share Purchase Agreement for the acquisition of AdColony, we must pay $100,000 in cash on or before October 29, 2021 and an earn-out payment estimated between $150,000 to $175,000 in cash following December 31, 2021. In addition, under the terms of the Sale and Purchase Agreement for the acquisition of Fyber, we must pay the tender offer consideration in cash and make a potential earn-out payment of up to $50,000, which may be paid in shares of our common stock or, under certain circumstances, in cash. On April 29, 2021, we entered into the New Credit Agreement and borrowed approximately $107,000 on the revolver on that date, and we borrowed an additional $130,000 on the revolver on May 25, 2021 to fund the cash closing payments for the AdColony and Fyber acquisitions. In order to fund the future cash payments due in respect of the AdColony and Fyber acquisitions, we will need to use cash flows from operations and borrowings under the New Credit Agreement and may need to access the capital markets. If our cash flows and borrowings under our revolving credit facility are not available for any reason, we would need to seek funds from the capital markets.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to contingencies, litigation, and goodwill and intangible assets acquired from our acquisitions. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Basis of Presentation

The financial statements have been prepared in accordance with GAAP and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for annual financial statements. The financial statements, in the opinion of management, include all adjustments necessary for a fair statement of the results of operations, financial position, and cash flows of the Company for each period presented.

Estimates and Assumptions

The preparation of our financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration the Company expects to be entitled to receive in exchange for these services.

Carriers and OEMs

As discussed above, contracts with carriers and OEMs are created to help the customer control, manage, and monetize the mobile device through the marketing of application slots or advertisement space/inventory to advertisers and delivering the applications or advertisements to the mobile device. The Company generally offers these services under a revenue share model or, to a lesser extent, a customer contract per-device license fee model for a two-to-four year software as a service ("SaaS") license agreement. These agreements typically include the following services: the access to a SaaS platform, hosting, solution features, and general support and maintenance. The Company has concluded that each promised service is delivered concurrently, interdependently, and continuously with all other promised services over the contract term and, as such, has concluded these promises are a single performance obligation that is delivered to the customer over a series of distinct service periods over the contract term. The Company meets the criteria for overtime recognition because the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, and the same method would be used to measure progress over each distinct service period. The fees for such services are not known at contract inception, but are measurable during each distinct service period. The Company's contracts do not include advance non-refundable fees. The Company's fees for these services are based upon a revenue-share arrangement with the carrier or OEM. Both parties have agreed to share the revenue earned from third-party advertisers, discussed below, for these services.

Third-Party Advertisers

Application Management Software

The Company generally offers these services under customer contract Cost-Per-Install or CPI arrangements, Cost-Per-Placement or CPP arrangements, and/or Cost-Per-Action or CPA arrangements with third-party advertisers and developers, as well as advertising aggregators, generally in the form of insertion orders that specify the type of arrangement (as detailed above) at particular set budget amounts/restraints. These advertiser customer contracts are generally short-term in nature, at less than one year, as the budget amounts are typically spent in full within this time period. These agreements typically include the delivery of applications to home screens of mobile devices. Access to inventory of application slots is allocated by carriers or OEMs in the contracts identified above. The Company controls these application slots and markets it on behalf of the carriers and OEMs to the advertisers. The Company has concluded that the performance obligation within the contract is complete upon delivery of the application to the device. Revenue recognition related to CPI and CPA arrangements is dependent upon an action of the end user. As a result, the transaction price is variable and is fully constrained until an install or action occurs.

Programmatic Advertising and Targeted Media Delivery

The Company generally offers these services under cost-per-thousand impression arrangements and page-view arrangements. Through its mobile phone first screen applications and mobile web portals, the Company markets ad space/inventory within its content products for display advertising. The ad space/inventory is allocated to the Company through arrangement with the carrier or OEM in the contracts discussed above. The Company controls this ad space/inventory and markets it on behalf of the carriers and OEMs to the advertisers. The Company's advertising customers can bid on each individual display ad and the highest bid wins the right to fill each ad impression. Advertising agencies acting on the behalf of advertisers bid on the ad placement via the Company's advertising exchange customers.When the bid is won, the ad will be received and placed on the mobile device by the Company. The entire process happens almost instantaneously and on a continuous basis. The advertising exchanges bill and collect from the winning bidders and provide daily and monthly reports of the activity to the Company. The Company has concluded that the performance obligation is satisfied at the point in time upon delivery of the advertisement to the device based on the impressions or page-view arrangement, as defined in the contract.

Through its mobile phone first screen applications and mobile web portals, the Company's software platform also recommends sponsored content to mobile phone users and drives web traffic to a customer's website. The Company markets this content to content sponsors, such as Outbrain or Taboola, similarly to the marketing of ad space/inventory. This sponsored content takes the form of articles, graphics, pictures, and similar content. The Company has concluded that the performance obligation within the contract is complete upon delivery of the content to the mobile device.

Gross vs Net Reporting

The Company has determined that it is the primary obligor for its advertiser services for application management and programmatic advertising and targeted media delivery when it controls the application slots or ad space/inventory. This is because it has been allocated such slots or space from the carrier or OEM and is responsible for marketing or monetizing the slots or space. The advertisers look to the Company to acquire such slots or space, and the Company's software is used to deliver the applications, ads or content to the mobile device. The Company also may manage application or ad campaigns of advertisers associated with these services. If the applications or advertisements are not delivered to the mobile device or the Company doesn't comply with certain policies of the advertiser, the Company would be responsible and have to indemnify the customer for these issues. The Company also has discretion in setting the price of the slots or space based on market conditions, collects the transaction prices, and remits the revenue-share percentage of the transaction price to the carrier or OEM.

The Company recognizes the transaction price received from advertisers, content providers, or websites gross and the carrier or OEM share of such transaction price as costs of revenues - license fees and revenue share - in the accompanying Consolidated Statements of Operations and Comprehensive Income / (Loss).

The carrier or OEM may have the right to market and sell application slots or ad space to advertisers using the Company's software. The carrier or OEM will share revenue with the Company when it does so. The Company recognizes the revenue shared by the carrier or OEM on a net basis as the Company is not considered the primary obligor in these transactions.

Allowance for Credit Losses

The Company maintains reserves for current expected credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, current economic trends, and changes in customer payment patterns to evaluate the adequacy of these reserves.

Software Development Costs

The Company applies the principles of FASB ASC 985-20, Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed ("ASC 985-20"). ASC 985-20 requires that software development costs incurred in conjunction with product development be charged to research and development expense until technological feasibility is established. Thereafter, until the product is released for sale, software development costs must be capitalized and reported at the lower of the unamortized cost or net realizable value of the related product. At this time, we do not invest significant capital into the research and development phase of new products and features as the technological feasibility aspect of our platform products has either already been met or is met very quickly.

The Company has adopted the "tested working model" approach to establishing technological feasibility for its products. Under this approach, the Company does not consider a product in development to have passed the technological feasibility milestone until the Company has completed a model of the product that contains essentially all the functionality and features of the final product and has tested the model to ensure that it works as expected.

The Company considers the following factors in determining whether costs can be capitalized: the emerging nature of the mobile market; the gradual evolution of the wireless carrier platforms and devices for which it develops products; the lack of pre-orders or sales history for its products; the uncertainty regarding a product's revenue-generating potential; its lack of control over the carrier distribution channel resulting in uncertainty as to when, if ever, a product will be available for sale; and its historical practice of canceling products at any stage of the development process.

After products and features are released, all product maintenance cost are expensed.

The Company also applies the principles of FASB ASC 350-40,*Accounting for the Cost of Computer Software Developed or Obtained for Internal Use*("ASC 350-40"). ASC 350-40 requires that software development costs incurred before the preliminary project stage be expensed as incurred. We capitalize development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the functions intended.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740-10*Accounting for Income Taxes* ("ASC 740-10"), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. Under ASC 740-10, the Company determines deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of assets and liabilities, along with net operating losses, if it is more likely than not the tax benefits will be realized using the enacted tax rates in effect for the year in which it expects the differences to reverse. To the extent a deferred tax asset cannot be recognized, a valuation allowance is established, if necessary.

The Company is required to evaluate its ability to realize its deferred tax assets using all available evidence, both positive and negative, and determine if a valuation allowance is needed. Further, ASC 740-10-30-18 outlines the four possible sources of taxable income that may be available to realize a tax benefit for deductible temporary differences and carry-forwards. The sources of taxable income are listed below from least to most subjective:

- Future reversals of existing taxable temporary differences
- Future taxable income exclusive of reversing temporary differences and carryforwards
- Taxable income in prior carryback year(s) if carryback is permitted under the tax law
- Tax-planning strategies that would, if necessary, be implemented to, for example:
    - Accelerate taxable amounts to utilize expiring carryforwards
    - Change the character of taxable or deductible amounts from ordinary income or loss to capital gain or loss
    - Switch from tax-exempt to taxable investments

ASC 740-10 prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured as the largest amount of the tax benefits, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement in the financial statements. We recognize interest and penalties related to income tax matters as a component of the provision for income taxes.

The Company's income is subject to taxation in both the United States and foreign jurisdictions. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. The Company establishes reserves for income tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves for tax contingencies are established when the Company believes that positions do not meet the more-likely-than-not recognition threshold. The Company adjusts uncertain tax liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

Stock-Based Compensation

We have applied FASB ASC 718, Share-Based Payment ("ASC 718"), and, accordingly, we record stock-based compensation expense for all of our stock-based awards.

Under ASC 718, we estimate the fair value of stock options granted using the Black-Scholes model. The fair value for awards that are expected to vest is amortized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. The amount of expense recognized represents the expense associated with the stock options we expect to vest, based on an estimated rate of forfeitures. This rate of forfeitures is updated, as necessary, and any adjustments needed to recognize the fair value of options that vest or are forfeited are recorded.

The Black-Scholes model, used to estimate the fair value of an award, requires the input of subjective assumptions, including the expected volatility of our common stock, interest rates, dividend rates, and an option's expected life. As a result, the financial statements include amounts that are based on our best estimates and judgments for the expenses recognized for stock-based compensation.

Business Combinations

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, estimated replacement costs and future expected cash flows from acquired users, acquired technology, acquired patents, and acquired trade names from a market participant perspective. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Allocation of purchase consideration to identifiable assets and liabilities affects Company amortization expense, as acquired finite-lived intangible assets are amortized over the useful life, whereas any indefinite lived intangible assets, including goodwill, are not amortized. During the measurement period, which is not to exceed one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of acquisition cost over fair value of net assets of businesses acquired. In accordance with FASB ASC 350-20, *Goodwill and Other Intangible Assets*, the value assigned to goodwill and indefinite lived intangible assets is not amortized to expense, but rather they are evaluated, at least on an annual basis, to determine if there are potential impairments.

For goodwill and indefinite lived intangible assets, we complete what is referred to as the "Step 0" analysis, which involves evaluating qualitative factors including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance. If our "Step 0" analysis indicates it is more likely than not the fair value is less than the carrying amount, we would perform a quantitative two-step impairment test.

The quantitative analysis compares the fair value of our reporting unit or indefinite-lived intangible assets to their carrying amounts and an impairment loss is recognized equivalent to the excess of the carrying amount over the fair value. Fair value is determined based on discounted cash flows, market multiples, or appraised values, as appropriate. Discounted cash flow analysis requires assumptions about the timing and amount of future cash inflows and outflows, risk, the cost of capital, and terminal values. Each of these factors can significantly affect the value of the intangible asset. The estimates of future cash flows, based on reasonable and supportable assumptions and projections, require management's judgment.

Any changes in key assumptions about the Company's businesses and their prospects, or changes in market conditions, could result in an impairment charge. Some of the more significant estimates and assumptions inherent in the intangible asset valuation process include: the timing and amount of projected future cash flows; the discount rate selected to measure the risks inherent in the future cash flows; and the assessment of the asset's life cycle and the competitive trends impacting the asset, including consideration of any technical, legal or regulatory trends.

In the years ended March 31, 2021 and 2020, the Company determined there were no indicators of impairment of goodwill. See Note "Goodwill" to the Company's Consolidated Financial Statements in Item 8 of this Annual Report. In performing the related valuation analyses, the Company used various valuation methodologies including probability-weighted discounted cash flows, comparable transaction analysis, and market capitalization and comparable company multiple comparison.

Recently Issued Accounting Pronouncements

Recent accounting pronouncements are detailed in Note 5 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and internationally and we are exposed to market risks in the ordinary course of our business. These risks primarily consist of interest rate fluctuation and foreign currency exchange risks.

Interest Rate Fluctuation Risk

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Our cash consists of cash and deposits which are not insensitive to interest rate changes.

Our borrowings under our credit facility are subject to variable interest rates and thus expose us to interest rate fluctuations, depending on the extent to which we utilize the credit facility. If market interest rates materially increase, our results of operations could be adversely affected. A hypothetical increase in market interest rates of 100 basis points would result in an increase in our interest expense of $10 per year for every $1,000 of outstanding debt under the credit facility.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar.

While a portion of our sales are denominated in these foreign currencies and then translated into the U.S. dollar, the vast majority of our media costs are billed in the U.S. dollar, causing both our revenue and, disproportionately, our operating income / (loss) and net income / (loss) to be impacted by fluctuations in exchange rates. In addition, gain / (loss) related to translating certain cash balances, trade accounts receivable balances, and inter-company balances that are denominated in these currencies impact our net income / (loss). As our foreign operations expand, our results may be more impacted by fluctuations in the exchange rates of the currencies in which we do business. At this time, we do not, but we may in the future, enter into financial instruments to hedge our foreign currency exchange risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

DIGITAL TURBINE, INC.
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The supplementary financial information required by this Item 8 is set forth in Note 21 of the Notes to the Consolidated Financial Statements under the caption "Supplemental Consolidated Financial Information."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Digital Turbine, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheet of Digital Turbine, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of March 31, 2021, the related consolidated statements of operations and comprehensive income / (loss), stockholders' equity, and cash flows for the year ended March 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations and its cash flows for the year ended March 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated June 10, 2021 expressed an unqualified opinion.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical audit matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Income Tax Valuation Allowance

As described further in Note 4 and Note 16 of the Company's consolidated financial statements, the Company's net deferred income tax assets of $12.9 million are net of a valuation allowance of $5.2 million, for U.S. state and foreign deferred tax assets. For the year ended March 31, 2021, the Company recorded an income tax benefit of $13.0 million, of which $11.2 million was a reduction of the Company's federal tax valuation allowance against substantially all of its U.S. federal deferred tax assets. Management records a valuation allowance, on a jurisdictional basis, to reduce the carrying value of deferred income tax assets to amounts that are more likely than not to be realized. We identified the estimation of the valuation allowance for deferred income tax assets as a critical audit matter.

The principal considerations for assessing the valuation allowance as a critical audit matter are the high level of estimation uncertainty and the level of audit effort and expertise required to audit the amount and timing of future taxable income. Management applies judgment in assessing all available positive and negative evidence, including the history of profitable operations and projected taxable income, in determining whether deferred income tax assets are more likely than not to be realized. Projected taxable income includes judgmental assumptions related to future revenue, and operating expenses, as well as the timing of realization of taxable temporary differences.

Our procedures related to the estimation of the valuation allowance for deferred income tax assets included the following, among others:

a. We tested the design and operating effectiveness of controls over the accuracy of the valuation allowance by tax jurisdiction.
b. We obtained the Company’s future taxable income estimate used to support realization of the deferred tax asset. We determined the reasonableness of the projection by considering historical pre-tax income, adjusted for significant permanent items, as an estimate for future periods, published industry sector growth rate projections, and the historical pre-tax income of the recently acquired business. We also performed a sensitivity analysis of the estimate of the Company’s future taxable income, to determine if the Company’s net operating losses could be realized prior to expiration based on pre-tax income that was less than the future pre-tax income used in the Company’s estimate.
c. We recalculated future taxable income arising from the expected reversal of taxable temporary differences.
d. Professionals with specialized tax skill and knowledge were used to assist in evaluating management’s analysis, including cumulative taxable income and the reasonableness of management’s judgments and estimates.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2021.

Dallas, Texas
June 10, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Digital Turbine, Inc.

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of Digital Turbine, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of March 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended March 31, 2021, and our report dated June 10, 2021 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Triapodi Ltd., a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 10.4 and 0.4 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended March 31, 2021. As indicated in Management's Report, Triapodi Ltd. was acquired during 2021. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Triapodi Ltd.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Dallas, Texas
June 10, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Digital Turbine, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Digital Turbine, Inc. and Subsidiaries (collectively, the "Company") as of March 31, 2020, the related consolidated statements of operations and comprehensive income / (loss), stockholders' equity and cash flows for each of the two years in the period ended March 31, 2020, and the related notes to the consolidated financial statements (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations and its cash flows for the two years in the period ended March 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ SingerLewak LLP

We served as the Company's auditor from 2009 to 2021.

Los Angeles, California
June 2, 2020

CONSOLIDATED FINANCIAL STATEMENTS

Digital Turbine, Inc. and Subsidiaries

Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2021	March 31, 2020
ASSETS		
Current assets		
Cash	$ 30,778	$ 21,534
Restricted cash	340	125
Accounts receivable, net of allowances for credit losses of $5,488 and $4,059, respectively	61,985	33,135
Prepaid expenses and other current assets	4,282	3,653
Total current assets	97,385	58,447
Property and equipment, net	13,050	8,183
Right-of-use assets	3,495	4,237
Deferred tax assets, net	12,963	—
Intangible assets, net	53,300	43,882
Goodwill	80,176	69,262
TOTAL ASSETS	**$ 260,369**	**$ 184,011**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 34,953	$ 31,579
Accrued license fees and revenue share	46,196	19,423
Accrued compensation	9,817	4,311
Accrued earn-out	—	23,735
Short-term debt, net of debt issuance costs of $443 and $62, respectively	14,557	1,188
Other current liabilities	5,626	2,573
Total current liabilities	111,149	82,809
Long-term debt, net of debt issuance costs of $— and $245, respectively	—	18,505
Other non-current liabilities	4,108	5,243
Total liabilities	115,257	106,557
Stockholders' equity		
Preferred stock		
Series A convertible preferred stock at $0.0001 par value; 2,000,000 shares authorized, 100,000 issued and outstanding (liquidation preference of $1)	100	100
Common stock		
$0.0001 par value: 200,000,000 shares authorized; 90,685,553 issued and 89,949,847 outstanding at March 31, 2021; 88,041,240 issued and 87,306,784 outstanding at March 31, 2020	10	10
Additional paid-in capital	373,310	360,224
Treasury stock (754,599 shares at March 31, 2021 and March 31, 2020)	(71)	(71)
Accumulated other comprehensive loss	(903)	(591)
Accumulated deficit	(227,334)	(282,218)
Total stockholders' equity	145,112	77,454
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 260,369**	**$ 184,011**

The accompanying notes are an integral part of these consolidated financial statements.

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income / (Loss)
(in thousands, except per share amounts)

	Year ended March 31,		
	2021	2020	2019
Net revenues	$ 313,579	$ 138,715	$ 103,569
Costs of revenues and operating expenses			
License fees and revenue share	178,649	83,588	65,981
Other direct costs of revenues	2,358	1,454	2,023
Product development	20,119	12,018	10,876
Sales and marketing	19,304	11,244	8,212
General and administrative	33,940	17,199	13,032
Total costs of revenues and operating expenses	254,370	125,503	100,124
Income from operations	59,209	13,212	3,445
Interest and other income / (expense), net			
Change in estimated contingent consideration	(15,751)	—	—
Interest income / (expense)	(1,003)	41	(1,120)
Foreign exchange transaction gain	—	—	3
Change in fair value of convertible note embedded derivative liability	—	—	(1,008)
Change in fair value of warrant liability	—	(9,580)	(4,875)
Loss on extinguishment of debt	(452)	—	(431)
Other income / (expense)	(146)	232	153
Total interest and other income / (expense), net	(17,352)	(9,307)	(7,278)
Income / (loss) from continuing operations before income taxes	41,857	3,905	(3,833)
Income tax provision / (benefit)	(13,027)	(10,375)	469
Income / (loss) from continuing operations, net of taxes	54,884	14,280	(4,302)
Loss from discontinued operations	—	(380)	(1,708)
Loss from discontinued operations, net of taxes	—	(380)	(1,708)
Net income / (loss)	54,884	13,900	(6,010)
Other comprehensive loss			
Foreign currency translation adjustment	(312)	(235)	(31)
Comprehensive income / (loss)	$ 54,572	$ 13,665	$ (6,041)
Basic net income / (loss) per common share			
Continuing operations	0.62	0.17	(0.06)
Discontinued operations	—	—	(0.02)
Basic net income / (loss) per common share	$ 0.62	$ 0.17	$ (0.08)
Weighted-average common shares outstanding, basic	88,514	84,594	77,440
Diluted net income / (loss) per common share			
Continuing operations	0.57	0.16	(0.06)
Discontinued operations	—	—	(0.02)
Diluted net income / (loss) per common share	$ 0.57	$ 0.16	$ (0.08)
Weighted-average common shares outstanding, diluted	96,151	89,558	77,440

The accompanying notes are an integral part of these consolidated financial statements.

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Treasury Stock Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total
Balance at March 31, 2018	100,000	$ 100	76,108,823	$ 10	754,599	$ (71)	$318,066	$ (325)	$ (290,108)	$ 27,672
Net loss	—	—	—	—	—	—	—	—	(6,010)	(6,010)
Foreign currency translation	—	—	—	—	—	—	—	(31)	—	(31)
Stock-based compensation	—	—	306,656	—	—	—	2,568	—	—	2,568
Options exercised	—	—	424,817	—	—	—	423	—	—	423
Warrants exercised	—	—	333,924	—	—	—	1,154	—	—	1,154
Stock issued for settlement of liability	—	—	4,446,265	—	—	—	10,582	—	—	10,582
Balance at March 31, 2019	100,000	$ 100	81,620,485	$ 10	754,599	$ (71)	$332,793	$ (356)	$ (296,118)	$ 36,358
Net income	—	—	—	—	—	—	—	—	13,900	13,900
Foreign currency translation	—	—	—	—	—	—	—	(235)	—	(235)
Settlement of derivative liability	—	—	—	—	—	—	17,588	—	—	17,588
Stock-based compensation	—	—	48,449	—	—	—	2,710	—	—	2,710
Stock-based compensation for services rendered	—	—	75,494	—	—	—	643	—	—	643
Options exercised	—	—	2,279,266	—	—	—	3,865	—	—	3,865
Warrants exercised	—	—	3,283,090	—	—	—	2,625	—	—	2,625
Balance at March 31, 2020	100,000	$ 100	87,306,784	$ 10	754,599	$ (71)	$360,224	$ (591)	$ (282,218)	$ 77,454
Net income	—	—	—	—	—	—	—	—	54,884	54,884
Foreign currency translation	—	—	—	—	—	—	—	(312)	—	(312)
Stock-based compensation	—	—	91,570	—	—	—	4,853	—	—	4,853
Stock-based compensation for services rendered	—	—	45,110	—	—	—	1,024	—	—	1,024
Options exercised	—	—	2,506,383	—	—	—	7,209	—	—	7,209
Balance at March 31, 2021	100,000	$ 100	89,949,847	$ 10	754,599	$ (71)	$373,310	$ (903)	$ (227,334)	$ 145,112

The accompanying notes are an integral part of these consolidated financial statements.

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(in thousands)

	Year ended March 31,		
	2021	**2020**	**2019**
Cash flows from operating activities			
Net income / (loss) from continuing operations, net of taxes	$ 54,884	$ 14,280	$ (4,302)
Adjustments to reconcile net income / (loss) to net cash used in operating activities:			
Depreciation and amortization	7,114	2,342	2,766
Non-cash interest expense	94	6	798
Stock-based compensation	4,853	2,710	2,011
Stock-based compensation for services rendered	1,024	643	520
Change in fair value of convertible note embedded derivative liability	—	—	1,008
Change in fair value of warrant liability	—	9,580	4,875
Loss on extinguishment of debt	255	—	431
Change in estimate of remaining contingent consideration	15,751	—	—
Payment of contingent consideration in excess of amounts capitalized at acquisition	(15,751)	—	—
(Increase) / decrease in assets:			
Accounts receivable, gross	(25,378)	(2,431)	(6,040)
Allowance for credit losses	1,424	2,866	383
Prepaid expenses and other current assets	(586)	(747)	(430)
Deferred tax assets	(12,952)	40	556
Right-of-use asset	742	(1,858)	—
Increase / (decrease) in liabilities:			
Accounts payable	(1,897)	16,168	(4,983)
Accrued license fees and revenue share	26,408	(3,630)	7,973
Accrued compensation	5,224	1,661	(525)
Other current liabilities	2,721	1,040	(253)
Other non-current liabilities	(1,135)	(9,000)	182
Net cash provided by operating activities - continuing operations	62,795	33,670	4,970
Net cash used in operating activities - discontinued operations	—	(2,293)	(3,701)
Net cash provided by operating activities	62,795	31,377	1,269
Cash flows from investing activities			
Capital expenditures	(9,204)	(4,845)	(2,314)
Acquisition of Appreciate, net of cash	(20,348)	—	—
Acquisition of Mobile Posse, net of cash	(8,256)	(41,872)	—
Net cash used in investing activities	(37,808)	(46,717)	(2,314)
Cash flows from financing activities			
Proceeds from borrowings	15,000	20,000	—
Payment of debt issuance costs	(469)	(313)	—
Payment of contingent consideration	(16,956)	—	—
Options and warrants exercised	7,209	6,488	734
Repayment of debt obligations	(20,000)	—	(1,650)
Net cash provided by / (used in) financing activities	(15,216)	26,175	(916)
Effect of exchange rate changes on cash	(312)	(235)	(31)
Net change in cash	9,459	10,600	(1,992)
Cash and restricted cash, beginning of year	21,659	11,059	13,051
Cash and restricted cash, end of year	$ 31,118	$ 21,659	$ 11,059
Supplemental disclosure of cash flow information			
Interest paid	$ 922	$ 101	$ 383
Income taxes paid	$ 927	$ —	$ —
Supplemental disclosure of non-cash financing activities			
Common stock of the Company issued for extinguishment of debt	$ —	$ —	$ 10,582
Cashless exercise of warrants to purchase common stock of the Company	$ —	$ —	$ 144
De-recognition of liability upon warrant exercise	$ —	$ 17,593	$ —

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands, except share and per share amounts)

1. Organization

Digital Turbine, Inc. ("Digital Turbine") was incorporated in the state of Delaware in 1998. Digital Turbine, through its subsidiaries, works at the convergence of media and mobile communications, delivering end-to-end products and solutions for mobile operators, application advertisers, device OEMs, and other third parties to enable them to effectively monetize media content and generate higher value user acquisition.

2. Acquisitions

On February 28, 2020, the Company completed the acquisition of Mobile Posse, Inc. ("Mobile Posse") pursuant to the previously reported stock purchase agreement with ACME Mobile, LLC ("ACME"), Mobile Posse, and certain equity holders of ACME. The Company acquired all of the outstanding capital stock of Mobile Posse in exchange for total consideration of: (1) $41,500 in cash paid at closing; (2) working capital adjustments of $453 paid in cash after closing; and (3) an earn-out of $39,486, paid in cash quarterly and concluding at the end of the twelve-month period (the "Earn-Out Period") following the closing of the Acquisition and based on the achievement of certain target net revenues, less associated revenue shares, over the Earn-Out Period. Note the total consideration listed above excludes cash acquired of $4,613. Total consideration paid for the acquisition of Mobile Posse was $81,439. None of the goodwill recognized for the Acquisition was deductible for tax purposes.

The fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

Assets	
Cash	$ 4,613
Accounts receivable	10,864
Other current assets	422
Property, plant, and equipment	2,041
Right-of-use asset	2,379
Developed technology	1,600
Customer relationships	42,500
Goodwill	27,267
Other non current assets	1,473
Total Assets	$ 93,159
Liabilities	
Accounts payable	$ 499
Accrued license fees and revenue share	6,847
Accrued compensation	180
Other current liabilities	827
Non-current deferred tax liability	10,854
Other non-current liabilities	3,469
Total Liabilities	**$ 22,676**

Note the total consideration listed above excludes cash of $4,613 and working capital adjustments.

The amortization period for the intangible assets acquired in the transaction are as follows:

Intangible Asset	Remaining Useful Life
Developed technology	5 years
Customer relationships	18 years
Goodwill	Indefinite

The operating results of Mobile Posse, Inc. which are included in the accompanying Consolidated Statements of Operations and Comprehensive Income / (Loss) from the acquisition date to March 31, 2020, are as follows:

		Unaudited
Revenues	$	4,817
Costs of revenues		2,512
Operating expenses		1,290
Net income	$	1,015

Unaudited pro forma combined financial statements are presented below for informational purposes only. The unaudited pro forma combined statements of operations for the twelve months ended March 31, 2020 and March 31, 2019 for the Company, and the period from April 3, 2018 through March 31, 2019 for Mobile Posse, combine the historical consolidated statements of operations of the Company and Mobile Posse, giving effect to the acquisition as if it had been consummated on April 3, 2018, the beginning of the earliest period presented.

Following are the unaudited pro forma results as if the acquisition of Mobile Posse had occurred as of April 1, 2018.

	Year ended March 31,			
	2020		2019	
	Unaudited		Unaudited	
	(in thousands, except per share amounts)			
Net revenues	$	190,920	$	162,956
Net income	$	18,347	$	(1,387)
Basic net income / (loss) per common share	$	0.22	$	(0.02)
Diluted net income / (loss) per common share	$	0.20	$	(0.02)

On March 1, 2021, Digital Turbine, through its subsidiary DT EMEA, an Israeli company and wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with Triapodi Ltd., an Israeli company (d/b/a Appreciate) ("Appreciate"), the stockholder representative, and the stockholders of Appreciate, pursuant to which DT EMEA acquired, on March 2, 2021, all of the outstanding capital stock of Appreciate in exchange for total consideration of $20,003 in cash. In connection with the Acquisition, under the terms of the Purchase Agreement, DT EMEA entered into bonus arrangements to pay up to $6,000 in retention bonuses and performance bonuses to the founders and certain other employees of Appreciate. The Purchase Agreement contains customary representations and warranties, covenants, and indemnification provisions. The Company determined the operating results of the acquisition to not be material to the Consolidated Financial Statements for the year ended March 31, 2021 and, therefore, has not included pro forma financial information for the acquisition of Appreciate. None of the goodwill recognized for the Acquisition was deductible for tax purposes.

Due to the proximity of the Acquisition to our fiscal year ended March 31, 2021, the fair values of the assets acquired and liabilities assumed at the date of acquisition are presented on a preliminary basis and are as follows:

Assets		
Cash	$	2,152
Accounts receivable		2,400
Other current assets		53
Property, plant, and equipment		17
Developed technology		8,200
Customer relationships		2,300
Trade Names		1,700
Goodwill		9,431
Total Assets	$	26,253
Liabilities		
Accounts payable	$	5,271
Accrued license fees and revenue share		365
Accrued compensation		282
Other current liabilities		332
Total Liabilities	$	6,250
Total Consideration	$	20,003

The amortization period for the intangible assets acquired in the transaction are as follows:

Intangible Asset	Remaining Useful Life
Developed technology	10 years
Customer relationships	15 years
Trade names	10 years
Goodwill	Indefinite

The operating results of Appreciate, which are included in the accompanying Consolidated Statements of Operations and Comprehensive Income / (Loss) from the acquisition date to March 31, 2021, are as follows:

		Unaudited
Revenues	$	1,230
Costs of revenues and operating expenses		1,139
Net income	$	91

3. Discontinued Operations

On April 29, 2018, the Company entered intotwo distinct disposition agreements with respect to selected assets owned by our subsidiaries.

DT APAC and DT Singapore (together, “Pay Seller”), each wholly owned subsidiaries of the Company, entered into an Asset Purchase Pay Agreement (the “Pay Agreement”), dated as of April 23, 2018, with Chargewave Ptd Ltd (“Pay Purchaser”) to sell certain assets (the “Pay Assets”) owned by the Pay Seller related to the Company’s Direct Carrier Billing business. The Pay Purchaser is principally owned and controlled by Jon Mooney, an officer of the Pay Seller. At the closing of the asset sale, Mr. Mooney was no longer employed by the Company or Pay Seller. As consideration for this asset sale, Digital Turbine is entitled to receive certain license fees, profit-sharing, and equity participation rights as outlined in the Company’s Form 8-K filed on May 1, 2018 with the SEC. The transaction was completed on July 1, 2018 with an effective date of July 1, 2018. With the sale of these assets, the Company has determined that it will exit the segment of the business previously referred to as the Content business.

In accordance with the Pay Agreement, the Company assigned and transferred a material contract to the Pay Purchaser. Subsequently to the closing of the transaction associated with the Pay Agreement, the Company received notification from the Pay Purchaser that the partner to the material contract had terminated the contract with the Pay Purchaser. Due to the material contract being terminated, the Company has determined that the estimated earn-out from the Pay Purchaser to be $0. As all the assets being transferred had been fully impaired prior to the closing of the transaction, the gain/loss on sale related to the Pay Agreement transaction is currently estimated at $0. Furthermore, the Company retained certain receivables and payables for content delivered for the benefit of the partner to the material contract, where these certain receivables and payables were all recognized prior to the closing of the Pay Agreement. These amounts were presented as assets and liabilities held for disposal in prior presented periods. As of March 31, 2021, the Company has determined there to be uncertainty surrounding the collectability of the receivables due to a breakdown in ongoing discussions with the business partner. We have determined that the amounts recorded are more likely than not to be uncollectible due to disputes surrounding the content delivered, furthermore the related payables would also be contractually withheld unless payment is received at a later date. At this time, the Company has reserved for all balances remaining, both receivables and payables, related to the discontinued operations of the Pay business. The total impact to the Company if all of the remaining receivables and payables are subsequently collected is immaterial.

DT Media, a wholly-owned subsidiary of the Company, entered into an Asset Purchase Agreement (the “A&P Agreement”), dated as of April 28, 2018, with Creative Clicks B.V. (the “A&P Purchaser”) to sell business relationships with various advertisers and publishers (the “A&P Assets”) related to the Company’s Advertising and Publishing business. As consideration for this asset sale, we are entitled to receive a percentage of the gross profit, as defined by the A&P Agreement, derived from these customer agreements, for a period of three years, as outlined in the Company’s Form 8-K filed on May 1, 2018 with the SEC. The transaction was completed on June 28, 2018 with an effective date of June 1, 2018. With the sale of these assets, the Company has determined that it will exit the operating segment of the business previously referred to as the A&P business, which was previously part of Advertising, the Company's sole continuing reporting unit. No gain or loss on sale was recognized related to this divestiture. All transferred assets and liabilities, with the exception of goodwill, were fully amortized prior to entering into the sales agreement. As the consideration given by the purchaser was already materially determined at March 31, 2018, goodwill was impaired to the estimated future cash flows of the divested business, which was effectively the purchase price. With the consummation of the sale, the remaining goodwill asset was netted against the purchase price receivable for a net impact of $0 on the Consolidated Statement of Operations for the year ended March 31, 2019.

These dispositions have allowed the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus.

The following table summarizes the financial results of our discontinued operations for all periods presented herein:

Condensed Statements of Operations and Comprehensive Loss
For Discontinued Operations
(in thousands, except per share amounts)

	Year ended March 31, 2020	Year ended March 31, 2019
Net revenues	$ —	$ 3,970
Total costs of revenues	(1,202)	1,788
Product development	60	732
Sales and marketing	—	350
General and administrative	1,433	2,671
Loss from operations	(291)	(1,571)
Interest and other income / (expense), net	(89)	(137)
Loss from discontinued operations before income taxes	(380)	(1,708)
Income tax provision / (benefit)	—	—
Loss from discontinued operations, net of taxes	(380)	(1,708)
Foreign currency translation adjustment	—	—
Comprehensive loss	(380)	(1,708)
Basic and diluted net loss per common share	$ —	$ (0.02)
Weighted-average common shares outstanding, basic	84,594	77,440
Weighted-average common shares outstanding, diluted	89,558	77,440

The following table provides reconciling cash flow information for our discontinued operations:

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities		
Net loss from discontinued operations, net of taxes	(380)	(1,708)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	19	279
Change in allowance for doubtful accounts	(1,589)	1,011
Loss on disposal of fixed assets	109	—
Stock-based compensation	—	37
(Increase) / decrease in assets:		
Accounts receivable	3,472	5,119
Goodwill	—	309
Prepaid expenses and other current assets	—	54
Increase / (decrease) in liabilities:		
Accounts payable	(3,158)	(5,631)
Accrued license fees and revenue share	(537)	(2,522)
Accrued compensation	(226)	(303)
Other current liabilities	(3)	(346)
Cash used in operating activities	(2,293)	(3,701)
Cash used in discontinued operations	**(2,293)**	**(3,701)**

4. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for annual financial statements. The financial statements, in the opinion of management, include all adjustments necessary for a fair statement of the results of operations, financial position and cash flows for each period presented.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and our wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Revenue from Contracts with Customers

The Company adopted ASC 606 on April 1, 2018, and ASC 606 is effective from the beginning of fiscal year 2019, using the modified retrospective method for all contracts not completed as of the effective date. For contracts that were modified before the effective date, the Company reflected the aggregate effect of all modifications when identifying performance obligations and allocating transaction price in accordance with practical expedient ASC 606-10-65-1-(f)-4, which did not have a material effect on the adjustment to accumulated deficit. The adoption of ASC 606 represents a change in accounting principle that will more closely align revenue recognition with the delivery of the Company's services and will provide financial statement readers with enhanced disclosures. In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services.

Media Distribution Services

The Company’s Media Distribution business consists of an advertiser solution for unique and exclusive carrier and OEM inventory, which is comprised of services including:

- An application media software platform that enables carriers and OEMs to control, manage, and monetize applications installed at the time of activation and over the life of a mobile device. This allows operators to personalize the application activation experience for customers and monetize their home screens via Cost-Per-Install or CPI arrangements, Cost-Per-Placement or CPP arrangements, and/or Cost-Per-Action or CPA arrangements, with third-party advertisers. There are several different delivery methods available to operators and OEMs on first boot of the device. Optional notifications and other features are available throughout the life-cycle of the device, providing operators and OEMs opportunity for additional revenue streams;

- A content media software platform that enables programmatic advertising and targeted media delivery. This allows operators to monetize their operator-branded on-phone applications by showing in-application advertisements via cost-per-thousand impression arrangements and page-view arrangements; and

- Other services related to the core platform.

Application Media revenues totaled $217,447, $133,898, and $103,569, respectively, for the years ended March 31, 2021, 2020, and 2019, while Content Media revenues, primarily related to the Mobile Posse acquisition on February 28, 2020, totaled $96,132, $4,817, and $0, respectively.

Carriers and OEMs

As discussed above, contracts with carriers and OEMs are created to help the customer control, manage, and monetize the mobile device through the marketing of application slots or advertisement space/inventory to advertisers and delivering the applications or advertisements to the mobile device. The Company generally offers these services under a revenue share model or, to a lesser extent, a customer contract per-device license fee model for a two-to-four year software as a service ("SaaS") license agreement. These agreements typically include the following services: the access to a SaaS platform, hosting, solution features, and general support and maintenance. The Company has concluded that each promised service is delivered concurrently, interdependently, and continuously with all other promised services over the contract term and, as such, has concluded these promises are a single performance obligation that is delivered to the customer over a series of distinct service periods over the contract term. The Company meets the criteria for overtime recognition because the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, and the same method would be used to measure progress over each distinct service period. The fees for such services are not known at contract inception, but are measurable during each distinct service period. The Company's contracts do not include advance non-refundable fees. The Company’s fees for these services are based upon a revenue-share arrangement with the carrier or OEM. Both parties have agreed to share the revenue earned from third-party advertisers, discussed below, for these services.

Third-Party Advertisers

Application Management Software

The Company generally offers these services under customer contract Cost-Per-Install or CPI arrangements, Cost-Per-Placement or CPP arrangements, and/or Cost-Per-Action or CPA arrangements with third-party advertisers and developers, as well as advertising aggregators, generally in the form of insertion orders that specify the type of arrangement (as detailed above) at particular set budget amounts/restraints. These advertiser customer contracts are generally short-term in nature, at less than one year, as the budget amounts are typically spent in full within this time period. These agreements typically include the delivery of applications to home screens of mobile devices. Access to inventory of application slots is allocated by carriers or OEMs in the contracts identified above. The Company controls these application slots and markets it on behalf of the carriers and OEMs to the advertisers. The Company has concluded that the performance obligation within the contract is complete upon delivery of the application to the device. Revenue recognition related to CPI and CPA arrangements is dependent upon an action of the end user. As a result, the transaction price is variable and is fully constrained until an install or action occurs.

Programmatic Advertising and Targeted Media Delivery

The Company generally offers these services under cost-per-thousand impression arrangements and page-view arrangements. Through its mobile phone first screen applications and mobile web portals, the Company markets ad space/inventory within its content products for display advertising. The ad space/inventory is allocated to the Company through arrangement with the carrier or OEM in the contracts discussed above. The Company controls this ad space/inventory and markets it on behalf of the carriers and OEMs to the advertisers. The Company’s advertising customers can bid on each individual display ad and the highest bid wins the right to fill each ad impression. Advertising agencies acting on the behalf of advertisers bid on the ad placement via the Company’s advertising exchange customers. When the bid is won, the ad will be received and placed on the mobile device by the Company. The entire process happens almost instantaneously and on a continuous basis. The advertising exchanges bill and collect from the winning bidders and provide daily and monthly reports of the activity to the Company. The Company has concluded that the performance obligation is satisfied at the point in time upon delivery of the advertisement to the device based on the impressions or page-view arrangement, as defined in the contract.

Through its mobile phone first screen applications and mobile web portals, the Company’s software platform also recommends sponsored content to mobile phone users and drives web traffic to a customer's website. The Company markets this content to content sponsors, such as Outbrain or Taboola, similarly to the marketing of ad space/inventory. This sponsored content takes the form of articles, graphics, pictures, and similar content. The Company has concluded that the performance obligation within the contract is complete upon delivery of the content to the mobile device.

Gross vs Net Reporting

The Company has determined that it is the primary obligor for its advertiser services for application management and programmatic advertising and targeted media delivery when it controls the application slots or ad space/inventory. This is because it has been allocated such slots or space from the carrier or OEM and is responsible for marketing or monetizing the slots or space. The advertisers look to the Company to acquire such slots or space, and the company's software is used to deliver the applications, ads or content to the mobile device. The Company also may manage application or ad campaigns of advertisers associated with these services. If the applications or advertisements are not delivered to the mobile device or the Company doesn't comply with certain policies of the advertiser, the Company would be responsible and have to indemnify the customer for these issues. The Company also has discretion in setting the price of the slots or space based on market conditions, collects the transaction prices, and remits the revenue-share percentage of the transaction price to the carrier or OEM.

The company recognizes the transaction price received from advertisers, content providers, or websites gross and the carrier or OEM share of such transaction price as costs of revenues - license fees and revenue share - in the accompanying Consolidated Statements of Operations and Comprehensive Income / (Loss).

The carrier or OEM may have the right to market and sell application slots or ad space to advertisers using the Company's software. The carrier or OEM will share revenue with the Company when it does so. The Company recognizes the revenue shared by the carrier or OEM on a net basis as the Company is not considered the primary obligor in these transactions.

Software Development Costs

The Company applies the principles of FASB ASC 985-20,*Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*("ASC 985-20"). ASC 985-20 requires that software development costs incurred in conjunction with product development be charged to research and development expense until technological feasibility is established. Thereafter, until the product is released for sale, software development costs must be capitalized and reported at the lower of unamortized cost or net realizable value of the related product. At this time, we do not invest significant capital into the research and development phase of new products and features as the technological feasibility aspect of our platform products has either already been met or is met very quickly.

The Company has adopted the "tested working model" approach to establishing technological feasibility for its products. Under this approach, the Company does not consider a product in development to have passed the technological feasibility milestone until the Company has completed a model of the product that contains essentially all the functionality and features of the final product and has tested the model to ensure that it works as expected. The Company capitalizes costs related to the development of software to be sold, leased, or otherwise marketed as we believe we have met the "tested working model" threshold. Development costs continue to be capitalized until the related software is released. The Company considers the following factors in determining whether costs can be capitalized: the emerging nature of the mobile market; the gradual evolution of the wireless carrier platforms and mobile phones for which it develops products; the uncertainty regarding a product's revenue-generating potential; its lack of control over carrier distribution channels; and its historical practice of canceling products at any stage of the development process.

After products and features are released, all product maintenance cost are expensed.

The Company also applies the principles of FASB ASC 350-40,*Accounting for the Cost of Computer Software Developed or Obtained for Internal Use*("ASC 350-40"). ASC 350-40 requires that software development costs incurred before the preliminary project stage be expensed as incurred. We capitalize development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the functions intended. For fiscal years 2021, 2020, and 2019, the Company capitalized software development costs in the amount of $8,859, $1,453, and $1,544.

Capitalized software development costs, whether for software developed to be sold, leased, or otherwise marketed or for internal use, are generally amortized over a3-year useful life.

Product Development Costs

The Company charges non-capitalizable costs related to design, development, deployment, and maintenance of products to product development expense as incurred. The types of costs included in product development expenses include salaries, contractor fees and allocated facilities costs.

Stock-Based Compensation

We have applied FASB ASC 718 Share-Based Payment (“ASC 718”) and accordingly, we record stock-based compensation expense for all of our stock-based awards.

Under ASC 718, we estimate the fair value of stock options granted using the Black-Scholes option pricing model. The fair value for awards that are expected to vest is then amortized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. The amount of expense recognized represents the expense associated with the stock options we expect to ultimately vest based upon an estimated rate of forfeitures; this rate of forfeitures is updated as necessary and any adjustments needed to recognize the fair value of options that actually vest or are forfeited are recorded.

The Black-Scholes option pricing model, used to estimate the fair value of an award, requires the input of subjective assumptions, including the expected volatility of our common stock, interest rates, dividend rates and an option’s expected life. As a result, the financial statements include amounts that are based upon our best estimates and judgments relating to the expenses recognized for stock-based compensation.

The Company grants restricted stock subject to market or performance conditions that vest based on the satisfaction of the conditions of the award. Unvested restricted stock entitles the grantees to dividends, if any, with voting rights determined in each agreement. The fair value of performance-based awards is determined using the market closing price on the grant date. Derived service periods and the periods charged with compensation expense for performance-based awards are estimated based on the Company’s judgment of likely future performance and may be adjusted in future periods depending on actual performance.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740-10, Accounting for Income Taxes (“ASC 740-10”), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. Under ASC 740-10, the Company determines deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of assets and liabilities along with net operating losses, if it is more likely than not the tax benefits will be realized using the enacted tax rates in effect for the year in which it expects the differences to reverse. To the extent a deferred tax asset cannot be realized, a valuation allowance is established.

ASC 740-10 prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the “more-likely-than-not” recognition threshold should be measured as the largest amount of the tax benefits, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement in the financial statements. We recognize interest and penalties related to income tax matters as a component of the provision for income taxes.

The Company is required to evaluate its ability to realize its deferred tax assets using all available evidence, both positive and negative, and determine if a valuation allowance is needed. Further, ASC 740-10-30-18 outlines the four possible sources of taxable income that may be available to realize a tax benefit for deductible temporary differences and carry-forwards. The sources of taxable income are listed below from least to most subjective:

- Future reversals of existing taxable temporary differences
- Future taxable income exclusive of reversing temporary differences and carryforwards
- Taxable income in prior carryback year(s) if carryback is permitted under the tax law
- Tax-planning strategies that would, if necessary, be implemented to, for example:
    - Accelerate taxable amounts to utilize expiring carryforwards
    - Change the character of taxable or deductible amounts from ordinary income or loss to capital gain or loss
    - Switch from tax-exempt to taxable investments

Foreign Currency Translation

The Company uses the United States dollar for financial reporting purposes. Some of our foreign subsidiaries use their local currency as their functional currency. Assets and liabilities of foreign operations are translated using current rates of exchange prevailing at the balance sheet date. Equity accounts have been translated at their historical exchange rates when the capital transaction occurred. Statement of Operations amounts are translated at average rates in effect for the reporting period. The foreign currency translation adjustment loss of $312, $235, and $31 in the years ended March 31, 2021, 2020, and 2019 has been reported as a component of comprehensive income / (loss) in the Consolidated Statements of Operations and Comprehensive Income / (Loss) and Consolidated Statements of Stockholders' Equity.

Comprehensive Income / (Loss)

Comprehensive loss consists of two components, net loss and other comprehensive loss. Other comprehensive loss refers to gains and losses that, under generally accepted accounting principles, are recorded as an element of stockholders' equity, but are excluded from net income. The Company's other comprehensive loss currently includes only foreign currency translation adjustments.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash

Cash accounts that are restricted as to withdrawal or usage are presented as restricted cash.As of March 31, 2021 and March 31, 2020, the Company had $340 and $125, respectively, of restricted cash held by a bank in a collateral account as collateral to cover the Company's corporate credit cards as well as a letter of credit issued to guarantee a facility lease in the prior period.

Accounts Receivable

The Company maintains reserves for current expected credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, current economic trends, and changes in customer payment patterns to evaluate the adequacy of these reserves.

Deposits

As of March 31, 2021, the Company had deposits of $201 comprised of facility and equipment lease deposits, as compared to $159 as of March 31, 2020.

Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Where available, fair value is based on or derived from observable market prices or other observable inputs. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

The carrying amounts of certain financial instruments, such as cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities, approximate fair value due to their relatively short maturities. The carrying value of our debt, less capitalized debt issuance costs, approximates fair value.

As of March 31, 2021 and 2020, the carrying value of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued license fees, accrued compensation, debt, and other current liabilities approximates fair value due to the nature of such instruments.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are the lesser of 8-to-10 years or the term of the lease for leasehold improvements and3-to-5 years for other assets.

Leases

On April 1, 2019, we adopted Accounting Standards Update 2016-02,*Leases* (Topic 842), using the modified retrospective transition approach such that we accounted for leases that commenced before the effective date of ASU 2016-02 in accordance with previous GAAP unless the lease is modified, except that we recognized right-of-use ("ROU") assets and a lease liability for all such leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. Results and disclosure requirements for reporting periods beginning after June 30, 2019 are presented under Topic 842, while prior period amounts have not been adjusted and continue to be reported in accordance with our historical accounting under Topic 840. The adoption of ASU No. 2016-02 resulted in the recognition of incremental right-of-use assets and related lease liabilities on the Consolidated Balance Sheet as of June 30, 2019.

Under Topic 842, we determine if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, we consider only payments that are fixed and determinable at the time of commencement. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Our incremental borrowing rate is a hypothetical rate based on our understanding of what our credit rating would be. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise such options. When determining the probability of exercising such options, we consider contract-based, asset-based, entity-based, and market-based factors. Our lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the consolidated statements of operations. Our lease agreements generally do not contain any residual value guarantees or restrictive covenants.

The right-of-use asset components of our operating leases are included in right-of-use assets on our Consolidated Balance Sheets, while the current portion of our operating lease liabilities are included in other current liabilities and the long-term portion of our operating lease liabilities in other non-current liabilities on our Consolidated Balance Sheets.

Business Combinations

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, estimated replacement costs and future expected cash flows from acquired users, acquired technology, acquired patents, and acquired trade names from a market participant perspective. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Allocation of purchase consideration to identifiable assets and liabilities affects Company amortization expense, as acquired finite-lived intangible assets are amortized over the useful life, whereas any indefinite lived intangible assets, including goodwill, are not amortized. During the measurement period, which is not to exceed one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill and Indefinite Life Intangible Assets

Goodwill represents the excess of cost over fair value of net assets of businesses acquired. In accordance with FASB ASC 350-20, *Goodwill and Other Intangible Assets*, the value assigned to goodwill and indefinite lived intangible assets, including trademarks and trade names, through ASC 805, *Business Combinations*, is not amortized to expense, but rather evaluated on an at least annual basis to determine if there are potential impairments. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit goodwill is less than the carrying value. If the fair value of an indefinite lived intangible (such as trademarks and trade names) is less than its carrying amount, an impairment loss is recorded. Fair value is determined based on discounted cash flows, market multiples or appraised values, as appropriate. Discounted cash flow analysis requires assumptions about the timing and amount of future cash inflows and outflows, risk, the cost of capital, and terminal values. Each of these factors can significantly affect the value of the intangible asset. The estimates of future cash flows, based on reasonable and supportable assumptions and projections, require management’s judgment. Any changes in key assumptions about the Company’s businesses and their prospects, or changes in market conditions, could result in an impairment charge. Some of the more significant estimates and assumptions inherent in the intangible asset valuation process include: the timing and amount of projected future cash flows; the discount rate selected to measure the risks inherent in the future cash flows; and the assessment of the asset’s life-cycle and the competitive trends impacting the asset, including consideration of any technical, legal or regulatory trends.

Goodwill values assigned through ASC 805, *Business Combinations*, related to the acquisition of Appreciate are subject to adjustments prior to the finalization of the purchase price accounting one year from the date of acquisition.

Impairment of Long-Lived Assets and Finite Life Intangibles

Long-lived assets, including intangible assets subject to amortization, primarily consist of customer relationships and developed technology that have been acquired and are amortized using the straight-line method over their useful lives, ranging from five to eighteen years, and are reviewed for impairment in accordance with FASB ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

There were no indications of impairment present or that the carrying amounts may not be recoverable during the fiscal years ended March 31, 2021, 2020, and 2019.

Preferred Stock

The Company applies the guidance enumerated in FASB ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* (“ASC 480-10”), when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value in accordance with ASC 480-10. All other issuances of preferred stock are subject to the classification and measurement principles of ASC 480-10. Accordingly, the Company classifies conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control, as temporary equity. At all other times, the Company classifies its preferred shares in stockholders’ equity.

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash deposits and accounts receivable. A significant portion of the Company’s cash was held at one major financial institution as of March 31, 2021 and two major financial institutions as of March 31, 2020 that the Company's management has assessed to be of high credit quality. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250. At March 31, 2021 and March 31, 2020, the Company had $27,128 and $20,203 in excess of the FDIC-insured limit, respectively. The Company has not experienced any losses in such accounts.

The Company mitigates its credit risk with respect to accounts receivable by monitoring advertisers' and carriers' accounts receivable balances. As of March 31, 2021, one major customer, Outbrain Inc., represented 13.0% of the Company's net accounts receivable balance. As of March 31, 2020, two major customers, Oath Inc., a subsidiary of Verizon Communications, and Outbrain Inc., represented 11.6% and 11.5% of the Company's net accounts receivable balance, respectively.

With respect to customer revenue concentration, the Company defines a customer as an advertiser or a carrier that is a distinct source of revenue and is legally bound to pay for the services that the Company delivers on the advertiser’s or carrier's behalf. During the fiscal year ended March 31, 2021, no single customer represented more than 10% of net revenues. During the fiscal year ended March 31, 2020, one major customer, Oath Inc., a subsidiary of Verizon Communications, represented 15.3% of net revenues. During the fiscal year ended March 31, 2019, one major customers, Oath Inc., a subsidiary of Verizon Communications, represented 28.6% of net revenues.

With respect to partner revenue concentration, the Company partners with mobile carriers and OEMs to deliver applications on our platform through the carrier network. During the fiscal year ended March 31, 2021, T-Mobile US Inc., including Sprint and other subsidiaries, a carrier partner, generated 26.4%, AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 22.3%, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 18.5%, and America Movil, primarily through its subsidiary Tracfone Wireless Inc., a carrier partner, generated 10.8% of our net revenues. During the fiscal year ended March 31, 2020, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 37.3%, AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 30.0%, and America Movil, primarily through its subsidiary Tracfone Wireless Inc., a carrier partner, generated 10.7% of our net revenues. During the fiscal year ended March 31, 2019, Verizon Wireless, a subsidiary of Verizon Communications, a carrier partner, generated 45.9% and AT&T Inc., including its Cricket subsidiary, a carrier partner, generated 38.7% of our net revenues.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at fiscal year-end, and the reported amounts of revenues and expenses during the fiscal year. Actual results could differ from those estimates.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business slowdowns or shutdowns, depress demand for our advertising business, and adversely impact our results of operations. We expect uncertainties around our key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic. Our estimates may change as new events occur and additional information emerges, and such changes may be recognized and disclosed in our consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2020-04, Reference Rate Reform (Topic 848), which contains practical expedients for reference rate reform related activities that affect debt, leases, derivatives and other contracts. The guidance in ASU No. 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company continues to evaluate the impact of the guidance and may apply elections as applicable as changes in the market occur.

In January 2020, the FASB issued Accounting Standards Update 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) (ASU 2020-01), which clarifies the interaction of the accounting for equity securities under Topic 321, the accounting for equity method investments in Topic 323, and the accounting for certain forward contracts and purchased options in Topic 815. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2021 on a prospective basis, with early adoption permitted. The Company will adopt ASU 2020-01 during the quarter ended June 30, 2022 and does not expect the impact of the future adoption of this standard to have a material impact on its consolidated results of operations, financial condition, and cash flows based on our current investments.

In December 2019, the FASB issued Accounting Standard Update 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2020 on a prospective basis, with early adoption permitted. The Company will adopt ASU 2019-12 during the quarter ended June 30, 2021 and does not expect the impact of the future adoption of this standard to have a material impact on its consolidated results of operations, financial condition, and cash flows.

Other authoritative guidance issued by the FASB (including technical corrections to the FASB Accounting Standards Codification) and the SEC did not, or are not expected to have a material effect on the Company’s consolidated financial statements.

Accounting Pronouncements Adopted During the Period

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2018-15, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2019. As such, the Company adopted this standard during the quarter ended June 30, 2020 on a prospective basis, and such adoption has not had a material impact on the Company's consolidated results of operations, financial condition, and cash flows in the current presented periods.

In August 2018, the FASB issued ASU 2018-13: *Fair Value Measurement* (Topic 820). The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, as a result of the FASB’s final deliberations of the financial reporting concepts pursuant to the March 4, 2014 issued FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, as they relate to fair value measurement disclosures. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2019. As such, the Company has adopted this standard during our quarter ended June 30, 2020, and it has not materially impacted our consolidated results of operations, financial condition and cash flows.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Financial Instruments—Credit Losses (Topic 326) amends guidelines on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. ASU 2016-13 affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2019. As such, the Company has adopted this standard during our quarter ended June 30, 2020, and it has not materially impacted our consolidated results of operations, financial condition and cash flows.

5. Accounts Receivable

	March 31, 2021	March 31, 2020
Billed	$ 28,636	$ 18,927
Unbilled	$ 38,837	$ 18,267
Allowance for credit losses	$ (5,488)	$ (4,059)
Accounts receivable, net	$ 61,985	$ 33,135

Billed accounts receivable represent amounts billed to customers that have yet to be collected. Unbilled accounts receivable represent revenue recognized and contractually eligible to be billed but billed after period end. All unbilled receivables as of March 31, 2021 are expected to be billed and collected within twelve months.

The Company recorded $1,032, $1,739, and $300 of bad debt expense during the years ended March 31, 2021, 2020, and 2019 respectively.

6. Property and Equipment

	March 31, 2021	March 31, 2020
Computer-related equipment	$ 20,736	$ 11,649
Furniture and fixtures	$ 714	$ 681
Leasehold improvements	$ 2,182	$ 2,099
Property and equipment, gross	$ 23,632	$ 14,429
Accumulated depreciation	$ (10,582)	$ (6,246)
Property and equipment, net	$ 13,050	$ 8,183

Depreciation expense for the years ended March 31, 2021, 2020, and 2019 was $4,338, $2,124, and $1,535, respectively.

During the years ended March 31, 2021, 2020, and 2019, depreciation expense includes $1,980, $670, and $839, respectively, related to internal-use assets included in General and Administrative Expense and $2,358, $1,454, and $696, respectively, related to internally-developed software to be sold, leased, or otherwise marketed included in Other Direct Costs of Revenue.

7. Leases

The Company has entered into various non-cancellable operating lease agreements for certain offices. These leases currently have lease periods expiring between fiscal years 2024 and 2026. The lease agreements may include one or more options to renew. Renewals were not assumed in the Company's determination of the lease term unless the renewals were deemed to be reasonably assured at lease commencement. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. The components of lease costs, weighted-average lease term, and discount rate are detailed below.

Schedule, by fiscal year, of maturities of lease liabilities as of:

	March 31, 2021
Fiscal year 2022	$ 1,493
Fiscal year 2023	1,532
Fiscal year 2024	1,351
Fiscal year 2025	1,057
Fiscal year 2026	878
Thereafter	—
Total undiscounted cash flows	6,311
(Less imputed interest)	(758)
Present value of lease liabilities	$ 5,553

The current portion of our lease liabilities, payable within the next 12 months, is included inother current liabilities and the long-term portion of our lease liabilities is included in other non-current liabilities on our Consolidated Balance Sheets.

Associated with this financial liability, the Company has recorded a right-of-use asset of $3,495, which is calculated using the present value of lease liabilities less any lease incentives received from our landlords and any deferred rent liability balance as of the date of implementation. The discount rates used to calculate the imputed interest above range from 5.50% to 6.75% and the weighted-average remaining lease term is 4.35 years.

Associated with the Company's non-cancellable operating leases, during the fiscal years ended March 31, 2021, 2020, and 2019, the Company had straight-line rent expense of $1,367, $703, and $643, respectively, and cash rent expense of $1,390, $733, and $551, respectively.

8. Intangible Assets

We make judgments about the recoverability of purchased finite-lived intangible assets whenever events or changes in circumstances indicate that an impairment may exist. Recoverability of finite-lived intangible assets is measured by comparing the carrying amount of the asset to the future undiscounted cash flows that the asset is expected to generate. We perform an annual impairment assessment in the fourth quarter of each year for indefinite-lived intangible assets, or more frequently if indicators of potential impairment exist, to determine whether it is more likely than not that the carrying value of the assets may not be recoverable. Recoverability of indefinite-lived intangible assets is measured by comparing the carrying amount of the asset to the future undiscounted cash flows that the asset is expected to generate. If we determine that an individual asset is impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

The assumptions and estimates used to determine future values and remaining useful lives of our intangible and other long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our forecasts.

We complete our annual impairment tests in the fourth quarter of each year unless events or circumstances indicate that an asset may be impaired. During the fiscal years ended March 31, 2021, 2020, and 2019, we determined that there were no indicators of impairment related to the Company's continuing operations.

The components of intangible assets as at March 31, 2021 and 2020 were as follows:

	March 31, 2021		
	Cost	Accumulated Amortization	Net
Customer relationships	$ 46,400	$ (4,171)	$ 42,229
Developed technology	20,526	(11,141)	9,385
Brand/trade names	2,000	(314)	1,686
Total	$ 68,926	$ (15,626)	$ 53,300

	March 31, 2020		
	Cost	Accumulated Amortization	Net
Customer relationships	$ 46,971	$ (5,154)	$ 41,817
Developed technology	7,926	(5,861)	2,065
Total	$ 54,897	$ (11,015)	$ 43,882

During the fiscal years ended March 31, 2021, 2020, and 2019, the Company recorded amortization expense in the amount of $2,782, $218, and $1,231, respectively. For the fiscal years ended March 31, 2021 and 2020, amortization expense was a component of general and administrative operating expenses on the Consolidated Statements of Operations and Comprehensive Income / (Loss), due to the classification of acquired internal-use intangible assets accounted for under ASC 350, *Intangibles - Goodwill and Other*. For the fiscal year ended March 31, 2019, amortization expense was a component of other direct costs of revenues on the Consolidated Statements of Operations and Comprehensive Income / (Loss). This represented the remaining amortization of historical external-use intangible assets accounted for under ASC 985-20, *Costs of Software to be Sold, Leased, or Otherwise Marketed*.

Based on the amortizable intangible assets as of March 31, 2021, the Company expects future amortization expense to be approximately $3,755 per year over the next five fiscal years and $34,525 in residual expense thereafter.

Below is a summary of intangible assets:

	Intangible Assets
Balance as of March 31, 2018	$ 1,231
Amortization of intangibles	(1,231)
Balance as of March 31, 2019	—
Purchase of Mobile Posse	44,100
Amortization of intangibles	(218)
Balance as of March 31, 2020	43,882
Purchase of Appreciate	12,200
Amortization of intangibles	(2,782)
Balance as of March 31, 2021	$ 53,300

9. Goodwill

A reconciliation of the changes to the Company's carrying amount of goodwill for the periods or as of the dates indicated:

	Media Distribution
Goodwill as of March 31, 2018	$ 42,268
Adjustments	—
Goodwill as of March 31, 2019	42,268
Purchase of Mobile Posse	26,994
Goodwill as of March 31, 2020	69,262
Adjustments to purchase price of Mobile Posse	1,483
Purchase of Appreciate	9,431
Goodwill as of March 31, 2021	$ 80,176

Fair value is defined under ASC 820, Fair Value Measurements and Disclosures as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Company considered the income and market approaches to derive an opinion of value. Under the income approach, the Company utilized the discounted cash flow method, and under the market approach, consideration was given to the guideline public company method, the merger and acquisition method, and the market capitalization method.

Goodwill is recorded when the purchase price for an acquisition exceeds the estimated fair value of the net tangible and identified intangible assets acquired. Goodwill is allocated to our reporting units based on relative fair value of the future benefit of the purchased operations to our existing business units as well as the acquired business unit. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. Our reporting units are consistent with the operating segments identified in Part I, Item 1 under the section "Business" of this Form 10-K.

We perform an annual impairment assessment in the fourth quarter of each year, or more frequently if indicators of potential impairment exist, to determine whether it is more likely than not that the fair value of a reporting unit in which goodwill resides is less than its carrying value. For reporting units in which this assessment concludes that it is more likely than not that the fair value is more than its carrying value, goodwill is not considered impaired and we are not required to perform the goodwill impairment test. Qualitative factors considered in this assessment include industry and market considerations, overall financial performance, and other relevant events and factors affecting the reporting unit.

For reporting units in which the impairment assessment concludes that it is more likely than not that the fair value is less than its carrying value, we perform a goodwill impairment test, which compares the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not considered impaired. If the carrying value of the reporting unit exceeds the fair value of the net assets assigned to that unit, an impairment charge is recorded in the amount by which the carrying value exceeds the fair value.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. The goodwill impairment test we utilized in the fourth quarter ended March 31, 2021 utilized an income method to estimate a reporting unit's fair value. The Company believes that the income method is the best method of determining fair value for our Company. The income method is based on a discounted future cash flow approach that uses the following reporting unit estimates: revenue, based on assumed growth rates; estimated costs; and appropriate discount rates based on a reporting unit's weighted-average cost of capital as determined by considering the observable weighted-average cost of capital of comparable companies. We test the reasonableness of the inputs and outcomes of our discounted cash flow analysis against available comparable market data and against the Company's market capitalization value, which includes a control premium estimate. A reporting unit's carrying value represents the assignment of various assets and liabilities.

Based on the analysis performed for fiscal year 2021, all continuing operations, which are comprised entirely of the Media Distribution reporting unit, have an estimated fair value in excess of the carrying value of the associated goodwill.

In the years ended March 31, 2021 and 2020, the Company determined there wasno impairment to goodwill.

10. Debt

	March 31, 2021	March 31, 2020
Short-term debt		
Short-term debt, net of debt issuance costs of $443 and $62, respectively	$ 14,557	$ 1,188

	March 31, 2021	March 31, 2020
Long-term debt		
Long-term debt, net of debt issuance costs of $— and $245, respectively	$ —	$ 18,505

Convertible Notes

On September 28, 2016, the Company sold $16,000 of aggregate principal 8.75% convertible notes maturing on September 23, 2020, unless converted, repurchased, or redeemed in accordance with their terms prior to such date. As of March 31, 2019, all of the Notes have been extinguished, the underlying indenture relieved, and all derivative liabilities related to the Notes settled.

Each purchaser of the convertible notes also received warrants to purchase shares of the Company's common stock. The warrants were issued under a Warrant Agreement (the "Warrant Agreement"), dated as of September 28, 2016, between Digital Turbine, Inc. and US Bank National Association, as the warrant agent.

The warrants were immediately exercisable on the date of issuance at an initial exercise price of $1.364 per share.

During the year ended March 31, 2019,484,900 of the warrants were exercised. During the year ended March 31, 2020, the remaining3,614,100 of the warrants were exercised. No outstanding warrants related to the Warrant Agreement remained outstanding at March 31, 2020.

Secured Credit Facility

On May 23, 2017, the Company entered a Business Finance Agreement (the "Credit Agreement") with Western Alliance Bank (the "Bank"). The Credit Agreement provides for a $5,000 total facility.

The amounts advanced under the Credit Agreement mature in two (2) years, and accrue interest at the following rates and bear the following fees:

(1) Wall Street Journal Prime Rate +1.25% (currently approximately 5.25%), with a floor of4.0%.

(2) Annual Facility Fee of $45.5.

(3) Early termination fee of0.5% if terminated during the first year.

The obligations under the Credit Agreement are secured by a perfected first position security interest in all assets of the Company and its subsidiaries, subject to partial (65%) pledges of stock of non-US subsidiaries. The Company's subsidiaries Digital Turbine USA and Digital Turbine Media are co-borrowers.

In addition to customary covenants, including restrictions on payments (subject to specified exceptions), and restrictions on indebtedness (subject to specified exceptions), the Credit Agreement requires the Company to comply with the following financial covenants, measured on a monthly basis:

(1) Maintain a Current Ratio of at least 0.65, defined as unrestricted cash plus accounts receivable, divided by all current liabilities.

(2) Revenue must exceed 85% of projected quarterly revenue.

The Credit Agreement required that at least two-thirds (2/3rds) of the holders of the Notes at all times be subject to subordination agreements with the Bank. The Company obtained the consent of the holders of at least two-thirds (2/3rds) of the Notes, which were held by a small number of institutional investors. In consideration for such consents, the Company entered into a Second Supplemental Indenture, dated May 23, 2017 (the "Supplemental Indenture") to the Indenture, and also entered into a First Amendment, dated May 23, 2017 (the "Warrant Amendment") to the Warrant Agreement. The Supplemental Indenture and Warrant Amendment provided for a 30-day stock price measurement period to determine whether or not there would be any change to the conversion price or exercise price of the Company's outstanding convertible notes or related warrants. The measurement period concluded on September 20, 2017, with no change to the existing $1.364 per share conversion or exercise price of our convertible notes or related warrants.

On May 22, 2019, the Company entered into an amendment to the Credit Agreement that extends the agreement through May 23, 2021 and provided for up to a $20,000 total facility, subject to draw limitations derived from current levels of eligible domestic receivables. The amounts advanced under the Credit Agreement, as amended, mature in two years, or May 22, 2021, and accrue interest at prime plus 0.50% subject to a 6.00% floor, with the prime rate defined as the greater of prime rate published in the Wall Street Journal or 5.50%. The Credit Agreement, as amended, also carried an annual facility fee of 0.20% of our available credit limit, and an unused line fee of 0.10% per annum.

On February 28, 2020, the Company entered into a new credit agreement (the "New Credit Agreement") with the Bank, which provides for (1) a term loan of $20,000, the proceeds of which the Company used to pay a portion of the closing cash purchase price for the Acquisition, and (2) a revolving line of credit of $5,000 to be used for working capital purposes. DT Media and DT USA are additional co-borrowers under the New Credit Agreement.

The term loan was to be repaid on a quarterly basis, beginning in July 2020, until the term loan maturity date of February 28, 2025, at which time the remaining unpaid principal balance must be repaid. The quarterly principal payment amounts increased from $250 to $1,250 over the term of the term loan. The revolving line of credit was to matures on February 28, 2025.

Amounts outstanding under the New Credit Agreement accrue interest at an annual rate equal to LIBOR (or, if necessary, a broadly-adopted replacement index), subject to a 1.75% floor, plus 3.75%. The obligations under the New Credit Agreement are secured by a perfected first-priority security interest in all the assets of the Company and its subsidiaries. The New Credit Agreement contains customary covenants, representations and events of default, and also requires the Company to comply with a fixed charge coverage ratio and total funded debt to consolidated adjusted EBITDA ratio.

The New Credit Agreement contained representations and warranties by each of the parties to the New Credit Agreement, which were made only for purposes of the New Credit Agreement and as of specified dates.

In connection with the Company entering into the New Credit Agreement with the Bank, on February 28, 2020, the Company and the Bank terminated the existing Credit Agreement, dated as of May 23, 2017, between the Company, DT Media, DT USA, and the Bank (and the amendments thereto), which was the previous revolving credit facility of the Company.

In connection with the Company entering into the BoA Credit Agreement with the Bank as described below, on February 3, 2021, the Company and Western Alliance Bank terminated the New Credit Agreement, dated February 28, 2020, by and among the Company, DT Media, DT USA, and Western Alliance Bank (and the amendments thereto), which was the previous term loan and revolving credit facility of the Company.

BoA Revolving Line of Credit

On February 3, 2021, the Company entered into a credit agreement ("the BoA Credit Agreement') with Bank of America, N.A. (the "Bank"), which provides for a revolving line of credit of $100,000, with an accordion feature enabling the Company to increase the amount to up to $200,000, to be used for acquisitions, working capital, and general corporate purposes. DT Media and DT USA are additional co-borrowers under the BoA Credit Agreement. The revolving line of credit matures on February 3, 2024.

Amounts outstanding under the BoA Credit Agreement accrue interest at an annual rate equal to LIBOR (or, if necessary, a broadly-adopted replacement index) plus an applicable margin that ranges from 1.50% to 2.25%, depending on the Company's consolidated leverage ratio. The obligations under the BoA Credit Agreement are secured by a grant of a security interest in substantially all of the assets of the Company and its subsidiaries. The BoA Credit Agreement contains customary covenants, representations, and events of default, and also requires the Company to comply with a maximum consolidated leverage ratio and minimum fixed charge coverage ratio.

Per the BoA Credit Agreement, the Company's consolidated leverage ratio shall be measured per the following tiers:

Consolidated Leverage Ratio	Interest Rate
Less than 1.25:1.0	1.50 %
From 1.25:1.0 to 2.25:1.0	1.75 %
From 2.25:1.0 to 3.25:1.0	2.00 %
Greater than 3.25:1.0	2.25 %

At March 31, 2021, there was $15,000 outstanding principal on the BoA Credit Agreement and the Company had $85,000 available to draw. As of March 31, 2021, the Company was in compliance with all BoA Credit Agreement covenants.

Subsequent to year end, this debt was modified. Please see Note "Subsequent Events" for more information regarding the modification.

Interest Expense

Inclusive of the convertible notes issued on September 28, 2016 and the Credit Agreement entered into on May 23, 2017 for fiscal year 2019, the New Credit Agreement for fiscal year 2020, and the New Credit Agreement and the BoA Credit Agreement for fiscal year 2021, the Company recorded $949, $101, and $322 of interest expense during the years ended March 31, 2021, 2020, and 2019 respectively.

Additionally, aggregate debt discount related to the convertible notes detailed above in fiscal year 2019, and debt issuance cost amortization in all presented years, is reflected on the Consolidated Statements of Operations and Comprehensive Income / (Loss) as interest expense. Inclusive of this amortization of $94 recorded during the year ended March 31, 2021, $6 recorded during the year ended March 31, 2020, and $798 recorded during March 31, 2019, the Company recorded $1,043, $107, and $1,120 of total interest expense for the years ended March 31, 2021, 2020, and 2019 respectively.

11. Description of Stock Plans

Employee Stock Plan

On September 15, 2020, the Company's stockholders approved the 2020 Equity Incentive Plan of Digital Turbine, Inc. (the "2020 Plan"), pursuant to which the Company may grant equity incentive awards to directors, employees and other eligible participants. A total of 12,000,000 shares of common stock are reserved for grant under the 2020 Plan. The types of awards that may be granted under the 2020 Plan include incentive and non-qualified stock options, stock appreciation rights, restricted stock, and restricted stock units. The 2020 Plan became effective on September 15, 2020 and has a term of ten years. Stock options may be either "incentive stock options" ("ISOs"), as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options ("NQSOs").

Previous to the approval of the Plan, stock awards were issued under the Amended and Restated Digital Turbine, Inc. 2011 Equity Incentive Plan (the “2011 Plan”), which was approved and adopted by our stockholders by written consent on May 23, 2012. The 2011 Plan provided for grants of stock-based incentive awards to our and our subsidiaries’ officers, employees, non-employee directors, and consultants. Awards issued under the 2011 Plan can include stock options, stock appreciation rights, restricted stock, and restricted stock units. Stock options may be either ISOs, as defined in Section 422 of the Internal Revenue Code of 1986, as amended, or NQSOs.

The 2011 Plan and 2020 Plan are collectively referred to as "Digital Turbine's Incentive Plans."

The 2011 Plan reserved 20,000,000 shares for issuance, of which zero and 6,366,088 remained available as of March 31, 2021 and March 31, 2020, respectively. At the point when the 2011 Plan was retired, 4,452,064 shares remained unissued. No future grants will be issued pursuant to the 2011 Plan. All future awards will be issued under the 2020 Plan.

The 2020 Plan reserves 12,000,000 shares for issuance, of which 11,903,016 remained available for issuance as of March 31, 2021. The change over the period represents stock option grants, stock option forfeitures/cancellations returned to pool, and restricted shares/units of common stock of 97,193 shares, 209 shares, and zero shares, respectively.

Restricted Stock Units

Awards of restricted stock units ("RSUs") may be either grants of time-based restricted units or performance-based restricted units that are issued at no cost to the recipient. The cost of these awards is determined using the fair market value of the Company’s common stock on the date of the grant. No capital transaction occurs until the units vest, at which time they are converted to restricted or unrestricted stock. Compensation expense for RSUs with a time condition is recognized on a straight-line basis over the requisite service period. Compensation expense for RSUs with a performance condition are recognized on a straight-line basis based on the most likely attainment scenario, which is re-evaluated each period.

In June 2018, the Company issued 232,558 RSUs to its Chief Executive Officer and Chief Financial Officer. The shares vest over three years. The fair value of the shares on the date of issuance was $400.

In May 2019, the Company issued 109,416 RSUs to its Chief Executive Officer and Chief Financial Officer. The shares vest over three years. The fair value of the shares on the date of issuance was $413.

In May 2020, the Company issued 109,034 RSUs to its Chief Executive Officer and Chief Financial Officer. The shares vest over three years. The fair value of the shares on the date of issuance was $700.

With respect to RSUs, the Company expensed $466, $220, and $140 during the years ended March 31, 2021, 2020, and 2019, respectively, to general and administrative expense on the Consolidated Statements of Operations and Comprehensive Income / (Loss). Remaining unamortized expense, with respect to RSUs, of $688 is expected to be recognized over a weighted-average period of approximately 2.17 years.

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested restricted units outstanding as of March 31, 2020	293,525	$ 2.48
Granted	109,034	6.42
Vested	(91,570)	2.47
Cancelled	—	—
Unvested restricted units outstanding as of March 31, 2021	310,989	$ 3.87

Stock Option Agreements

Stock options granted under the Company’s Stock Plans typically vest over a three-to-four-year period. These options, which are granted with option exercise prices equal to the fair market value of the Company’s common stock on the date of grant, generally expire up to ten years from the date of grant.

Stock Option Activity

The following table summarizes stock option activity for the Stock Plans during the years ended March 31, 2021 and 2020:

	Number of Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Options Outstanding, March 31, 2019	9,128,885	$ 1.80	7.31	$ 16,347
Granted	2,624,244	5.00		
Forfeited / Canceled	(488,952)	2.05		
Exercised	(2,279,747)	1.70		
Options Outstanding, March 31, 2020	8,984,430	2.75	7.17	16,517
Granted	1,999,997	8.49		
Forfeited / Canceled	(331,599)	5.61		
Exercised	(2,506,383)	2.87		
Options Outstanding, March 31, 2021	8,146,445	$ 4.01	6.86	$ 622,249
Vested and expected to vest (net of estimated forfeitures) at March 31, 2021 (a)	7,994,718	$ 3.92	6.82	$ 611,356
Exercisable, March 31, 2021	5,469,049	$ 2.39	5.92	$ 426,418

a. For options vested and expected to vest, options exercisable, and options outstanding, the aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Digital Turbine's closing stock price on March 31, 2021 and the exercise price multiplied by the number of in-the-money options) that would have been received by the option holders had the holders exercised their options on March 31, 2021. The intrinsic value changes based on changes in the price of Digital Turbine's common stock.

Information about options outstanding and exercisable at March 31, 2021 is as follows:

	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number of Shares	Weighted-Average Exercise Price
$0.01 - 5.00	5,578,097	2.13	5.91	4,908,281	1.96
$5.01 - 10.00	2,314,183	5.66	8.85	547,958	5.61
$10.01 - 15.00	126,272	13.43	9.27	—	—
$15.01 - 20.00	31,288	15.54	9.35	5,959	15.54
$20.01 - and over	96,605	56.69	9.80	6,851	41.25
	8,146,445	4.01	6.86	5,469,049	2.39

Other information pertaining to stock options for the Stock Plans is as follows:

	Year ended March 31,		
	2021	2020	2019
Total fair value of options vested	$ 4,816	$ 2,577	$ 1,977
Total intrinsic value of options exercised (a)	$ 97,603	$ 10,890	$ 603

a. The total intrinsic value of options exercised represents the total pre-tax intrinsic value (the difference between the stock price at exercise and the exercise price multiplied by the number of options exercised) that was received by the option holders who exercised their options during the fiscal year.

During the years ended March 31, 2021, 2020, and 2019, the Company granted options to purchase1,999,997, 2,624,244, and 1,463,925 shares of its common stock, respectively, to employees with weighted-average grant-date fair values of $4.69, $2.86, and $1.02, respectively.

At March 31, 2021, 2020, and 2019, there was $9,612, $4,787, and $2,639 of total unrecognized stock-based compensation expense, net of estimated forfeitures, related to unvested stock options expected to be recognized over a weighted-average period of 2.2 years, 2.3 years, and 1.9 years, respectively.

Valuation of Awards

For stock options granted under Digital Turbine's Incentive Plans, the Company typically uses the Black-Scholes option pricing model to estimate the fair value of stock options at grant date. The Black-Scholes option pricing model incorporates various assumptions, including volatility, expected term risk-free interest rates, and dividend yields. The assumptions utilized in this model during fiscal years 2021, 2020, and 2019 are presented below.

	Year ended March 31,		
	2021	2020	2019
Risk-free interest rate	0.21% to 0.66%	0.64% to 2.25%	2.38% to 2.96%
Expected life of the options	4.93 to 5.23 years	5.02 to 9.83 years	5.52 to 9.19 years
Expected volatility	64% to 72%	64% to 66%	66%
Expected dividend yield	—%	—%	—%
Expected forfeitures	6%-7%	29%	29%

Expected volatility is based on a blend of implied and historical volatility of Digital Turbine's common stock over the most recent period commensurate with the estimated expected term of Digital Turbine's stock options. Digital Turbine uses this blend of implied and historical volatility, as well as other economic data, because management believes such volatility is more representative of prospective trends. The expected term of an award is based on historical experience and on the terms and conditions of the stock awards granted to employees.

Total stock compensation expense for the Company's equity plans, which includes stock options, restricted stock, and warrants issued, is included in the following Consolidated Statements of Operations and Comprehensive Income / (Loss) component. See Note "Capital Stock Transactions" regarding restricted stock.

	Year ended March 31,		
	2021	2020	2019
General and administrative	$ 5,876	$ 3,353	$ 2,531

12. Capital Stock Transactions

Preferred Stock

There are 2,000,000 shares of Series A Convertible Preferred Stock, $0.0001 par value per share ("Series A"), authorized and 100,000 shares issued and outstanding, which are currently convertible into 20,000 shares of common stock. The Series A holders are entitled to: (1) vote on an equal per share basis as common stock, (2) dividends paid to the common stock holders on an as-if-converted basis and (3) a liquidation preference equal to the greater of $10 per share of Series A (subject to adjustment) or such amount that would have been paid to the common stock holders on an as-if-converted basis.

Common Stock and Warrants

For the years ended March 31, 2021 and 2020, the Company issued2,506,383 and 2,279,747 shares, respectively, of common stock for the exercise of employee options.

For the years ended March 31, 2021 and 2020, the Company issuedzero and 3,283,090 shares, respectively, of common stock to the holders of warrants upon exercise.

The following table provides activity for warrants issued and outstanding during the year ended March 31, 2021:

	Number of Warrants Outstanding	Weighted-Average Exercise Price
Outstanding as of March 31, 2020	25,000	$ 2.04
Issued	—	—
Exercised	—	—
Canceled/Expired	—	—
Outstanding as of March 31, 2021	25,000	$ 2.04

Restricted Stock Agreements

From time to time, the Company enters into restricted stock agreements (“RSAs”) with certain employees and consultants. The RSAs have performance conditions, market conditions, time conditions, or a combination thereof. In some cases, once the stock vests, the individual is restricted from selling the shares of stock for a certain defined period, from three months to two years, depending on the terms of the RSA. As reported in our Current Reports on Form 8-K filed with the SEC on February 12, 2014 and June 25, 2014, the Company adopted a Board Member Equity Ownership Policy that supersedes any post-vesting lock-up in RSAs that are applicable to people covered by the policy, which includes the Company’s Board of Directors and Chief Executive Officer.

During the years ended March 31, 2021 and 2020, the Company issued45,110 and 75,493 restricted shares, respectively, to its directors for services. The shares vest overl year.

With respect to RSAs, during the years ended March 31, 2021, 2020, and 2019, the Company expensed $558, $424, and $380 related to time condition RSAs, respectively, to general and administrative expense on the Consolidated Statements of Operations and Comprehensive Income / (Loss). As of March 31, 2021, 22,555 shares remain unvested.

The following is a summary of restricted stock awards and activities for all vesting conditions for the years ended March 31, 2021 and 2020, respectively:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested restricted stock outstanding as of March 31, 2019	153,328	$ 1.39
Granted	75,494	5.58
Vested	(191,076)	2.22
Cancelled	—	—
Unvested restricted stock outstanding as of March 31, 2020	37,746	5.58
Granted	45,110	13.88
Vested	(60,301)	8.68
Cancelled	—	—
Unvested restricted stock outstanding as of March 31, 2021	22,555	$ 13.88

All restricted shares, vested and unvested, cancellable and not cancelled, have been included in the outstanding shares as of March 31, 2021.

At March 31, 2021 and March 31, 2020, there was $209 and $140, respectively, of unrecognized stock-based compensation expense, net of estimated forfeitures, related to unvested restricted stock awards expected to be recognized over a weighted-average period of approximately 0.34 and 0.34 years, respectively.

Vesting of Restricted Stock Units

During the years ended March 31, 2021, 2020, and 2019, the Company entered into restricted stock units (RSU) agreements with certain officers of the Company to issue 109,034, 109,416, and 232,558 shares of common stock, respectively, upon vesting. As of March 31, 2021,140,022 RSUs related to these agreements were vested and an equivalent number of shares of commons stock were issued. See Note "Description of Stock Plans" above for further detail on unvested units.

13. Net Income / (Loss) per Common Share

Basic and diluted net income / (loss) per share is calculated by dividing net income / (loss) by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase, and excludes any dilutive effects of employee stock-based awards in periods where the Company has net losses. Because the Company had a net loss for the year ended March 31, 2019, all potentially dilutive shares of common stock were determined to be anti-dilutive and, accordingly, were not included in the calculation of diluted net loss per share for those fiscal years.

The following table sets forth the computation of net income / (loss) per share of common stock (in thousands, except per share amounts):

	Year ended March 31,		
	2021	2020	2019
Income / (loss) from continuing operations, net of taxes	$ 54,884	$ 14,280	$ (4,302)
Weighted-average common shares outstanding, basic	88,514	84,594	77,440
Basic net income / (loss) per common share	$ 0.62	$ 0.17	$ (0.06)
Weighted-average common shares outstanding, diluted	96,151	89,558	77,440
Diluted net income / (loss) per common share	$ 0.57	$ 0.16	$ (0.06)
Common stock equivalents excluded from net loss per diluted share because their effect would have been anti-dilutive	—	—	3,312

14. Employee Benefit Plans

The Company has a qualified contributory retirement plan under section 401(k) of the IRC covering eligible full-time employees. Employees may voluntarily contribute eligible compensation up to the annual IRS limit. During the years ended March 31, 2021, 2020, and 2019, the Company made matching contributions of $558, $267, and $226, respectively.

15. Related-Party Transactions

None.

16. Income Taxes

The provision / (benefit) for income taxes by taxing jurisdiction was as follows:

	Year ended March 31,		
	2021	2020	2019
Current state and local	$ 204	$ 182	$ —
Current non-U.S.	38	(55)	(63)
Total current	242	127	(63)
Deferred U.S. federal	(13,185)	(7,928)	—
Deferred state and local	(204)	(2,624)	—
Deferred non-U.S.	120	50	532
Total deferred	(13,269)	(10,502)	532
Total income tax provision / (benefit)	$ (13,027)	$ (10,375)	$ 469

Income before income taxes included income / (loss) from domestic operations of $44,800, $3,800, and ($9,300) for the years ended March 31, 2021, 2020, and 2019, respectively, and income / (loss) from foreign operations of ($2,800), ($300), and $3,700 for the years ended March 31, 2021, 2020, and 2019, respectively.

A reconciliation of income tax expense using the statutory U.S. income tax rate compared with the actual income tax provision follows:

	Year ended March 31,		
	2021	2020	2019
Statutory federal income taxes	$ 8,819	$ 741	$ (1,163)
State income taxes, net of federal benefit	(1,284)	144	—
Non-deductible expenses	926	272	1,097
Change in warrant liability	—	2,012	1,024
Change in Mobile Posse earn-out	3,238	—	—
Excess deductions for stock compensation	(16,523)	(1,384)	(47)
Change in uncertain tax liability	591	32	(5)
Change in valuation allowance	(11,223)	(12,262)	(2,422)
Return-to-provision adjustments	2,243	—	2,411
Other miscellaneous	186	70	(426)
Income tax provision / (benefit)	$ (13,027)	$ (10,375)	$ 469

Fiscal year 2020 and 2019 amounts recast for immaterial differences to match reported financial statements.

The Company's effective tax rate differs from the U.S. federal statutory tax rate primarily as a result of changes in valuation allowance, tax deductions in excess of book for stock compensation, nondeductible changes in stock acquisition earn-out and warrant liabilities, and state income taxes.

ASC 740 requires the consideration of a valuation allowance, on a jurisdictional basis, to reflect the likelihood of realization of deferred tax assets. Significant management judgment is required in determining any valuation allowance recorded against deferred tax assets. During the year ended March 31, 2021, the Company's pre-tax income in the U.S. continued to increase such that the Company was no longer in a cumulative three-year loss position. Following the acquisition and integration of Mobile Posse, the Company was able to sustain this pre-tax income position throughout the full fiscal year. In the fourth quarter ended March 31, 2021, based on management's assessment of this income trend following the integration of Mobile Posse, we determined that the U.S. deferred tax assets were more likely than not realizable based on expected future taxable income. A net tax benefit of $11,782 was realized in the fiscal year ended March 31, 2021 as a result of the release of the U.S. valuation allowance.

For the year ended March 31, 2021, an adjustment to prior period deferred tax balances for net operating losses and stock-based compensation was recorded, resulting in a reduction to deferred tax assets of $2,243. The majority of the adjustment was for the removal of the deferred tax asset for expired equity awards and adjustments to the net operating losses related to transfer pricing. A similar adjustment to net operating loss deferred assets was recorded in the year ended March 31, 2019, in the amount of $2,411, as a result of updates to transfer pricing studies.

As part of the stock acquisition of Mobile Posse on February 28, 2020, the Company recorded a net U.S. deferred tax liability of $10,552 on the opening balance sheet. The deferred tax liability primarily related to intangible assets recorded at fair market value for financial accounting compared to the carryover of historical tax basis. The acquired deferred tax liabilities represent a source of positive evidence with respect to the Company's ability to realize deferred tax assets. In accordance with ASC 805-740-30-3, a change in the acquirer's valuation allowance as a result of a business combination is recorded as a component of income tax expense. As a result of the business combination, the Company released $10,552 of valuation allowance as a component of income tax expense in the year ended March 31, 2020.

Deferred tax assets and liabilities consist of the following:

	Year ended March 31,		
	2021	2020	2019
Deferred income tax assets			
Net operating loss carry-forward	$ 25,630	$ 21,913	$ 23,471
Stock-based compensation	1,675	3,775	3,996
Other	3,887	2,284	1,228
Gross deferred income tax assets	**31,192**	**27,972**	**28,695**
Valuation allowance	(5,287)	(15,977)	(27,972)
Net deferred income tax assets	**25,905**	**11,995**	**723**
Deferred income tax liabilities			
Depreciation and amortization	(2,627)	(1,648)	(678)
Intangibles and goodwill	(10,315)	(10,356)	—
Other	—	—	(5)
Net deferred income tax assets / (liabilities)	**$ 12,963**	**$ (9)**	**$ 40**

Fiscal year 2020 amounts recast for immaterial differences to match reported financial statements.

As of March 31, 2021, the Company had U.S. federal net operating loss (NOL) carryforwards of $87,341, state of approximately $35,722, Australia of approximately $6,399, and Israel of approximately $15,802. U.S. federal NOL of $77,902 and state NOLs expire between 2028 and 2037, and $9,439 of the U.S. federal NOL has an unlimited carryover period. Australia and Israel NOLs have unlimited carryover periods. Utilization of the NOLs in the U.S. are governed by Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), as well as similar state and foreign limitations that place limitations on the amount of NOLs able to be utilized following ownership changes. Due to the accumulation of annual allowances as of March 31, 2021, the U.S. NOLs are no longer subject to limitation. A valuation allowance of $5,287 is recorded against deferred tax assets as of March 31, 2021, of which $3,272 relates to non-U.S. locations with a history of losses, $417 for U.S. federal deferred tax assets, and $1,598 for state NOL carryforwards.

The Company’s income is subject to taxation in both the U.S. and foreign jurisdictions. Significant judgment is required in evaluating the Company’s tax positions and determining its provision for income taxes. The Company establishes liabilities for income tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These liabilities for tax contingencies are established when the Company believes that a tax position is not more likely than not sustainable. The Company adjusts these liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the years ended March 31, 2021, 2020, and 2019 is as follows:

	2021	2020	2019
Balance at April 1	$ 787	$ 788	$ 838
Additions for tax position of prior years	585	—	—
Reductions for tax positions of prior years	—	(1)	(50)
Balance at March 31	$ 1,372	$ 787	$ 788

Included in the net deferred tax assets balances at March 31, 2021, 2020, and 2019 on our Consolidated Balance Sheets are $1,372, $787, and $788, respectively, of unrecognized tax benefits, which would affect the annual effective tax rate if recognized. The Company recognized $23, $33, and $45 of expense for interest and penalties on uncertain income tax liabilities in income tax expense for the years ended March 31, 2021, 2020, and 2019, respectively. The Company does not expect the amount of unrecognized tax benefits to change significantly in the next twelve months.

The Company’s U.S. federal, state, and foreign income tax returns generally remain subject to examination for the tax years ended 2016 through 2021.

17. Segment and Geographic Information

The Company manages its business in one operating and reportable segment: Media Distribution. Our chief operating decision maker does not evaluate operating segments using asset information.

The Company attributes its long-lived assets, which primarily consist of property and equipment, to a country primarily based on the physical location of the assets. Goodwill and intangibles are not included in this allocation.

The following table sets forth geographic information on our net revenues and net property and equipment for the years ended March 31, 2021, 2020, and 2019. Net revenues by geography are based on the billing addresses of our customers.

	Year ended March 31,		
	2021	2020	2019
Net revenues			
United States and Canada	$ 193,804	$ 90,245	$ 72,898
Europe, Middle East, and Africa	79,752	34,970	18,606
Asia Pacific and China	34,774	11,865	9,324
Mexico, Central America, and South America	5,249	1,635	2,741
Consolidated net revenues	$ 313,579	$ 138,715	$ 103,569
Property and equipment, net			
United States and Canada	$ 12,995	$ 8,132	$ 3,405
Europe, Middle East, and Africa	40	38	15
Asia Pacific and China	15	13	10
Mexico, Central America, and South America	—	—	—
Consolidated property and equipment, net	$ 13,050	$ 8,183	$ 3,430

18. Commitments and Contingencies

Operating Lease Obligations

The Company leases office facilities under non-cancellable operating lease agreements expiring between fiscal years 2024 and 2026.

The following table provides a summary of future minimum payments under initial terms of leases as of:

Year ending March 31,	
2022	$ 1,493
2023	1,532
2024	1,351
2025	1,057
2026	878
Thereafter	—
Total Minimum Lease Payments	**$ 6,311**

These amounts do not reflect future escalations for real estate taxes and building operating expenses. Rental expense for continuing operations amounted to $1,611, $1,093, and $1,065, for the years ended March 31, 2021, 2020, and 2019, respectively.

Legal Matters

The Company may be involved in various claims, suits, assessments, investigations, and legal proceedings that arise from time to time in the ordinary course of its business. The Company accrues a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company reviews these accruals at least quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel, and other relevant information. To the extent new information is obtained and the Company's views on the probable outcomes of claims, suits, assessments, investigations, or legal proceedings change, changes in the Company's accrued liabilities would be recorded in the period in which such determination is made. For some matters, the amount of liability is not probable or the amount cannot be reasonably estimated and, therefore, accruals have not been made.

19. Valuation of Qualifying Accounts

Fiscal Year	Description	Balance at Beginning of Period	Charged to Income Statement	Charged to Allowance	Balance at End of Period
			(in thousands)		
Trade Receivables					
2021	Allowance for doubtful accounts	$ 4,059	$ 1,032	$ 397	$ 5,488
2020	Allowance for doubtful accounts	895	1,739	1,425	$ 4,059
2019	Allowance for doubtful accounts	512	300	83	$ 895

20. Subsequent Events

April 2021 Credit Facility

Subsequent to year end, on April 29, 2021, the Company entered into an amended and restated Credit Agreement (the “New Credit Agreement”) with Bank of America, N.A., as a lender and administrative agent, and a syndicate of lenders, which provides for a revolving line of credit of $400,000 to be used for working capital, permitted acquisitions, capital expenditures, and other lawful corporate purposes. DT Media and DT USA are additional co-borrowers under the Credit Agreement, and Mobile Posse is a guarantor (together with the Company, DT Media and DT USA, collectively, the “Loan Parties”). This modification replaced the existing BoA Credit Agreement. The New Credit Agreement contains an accordion feature that permits an increase of the revolver by up to $75,000 plus an amount that would enable the Loan Parties to remain in compliance with a consolidated secured net leverage ratio, on such terms as agreed to by the parties.

The revolving line of credit matures on April 29, 2026.

Amounts outstanding under the Credit Agreement accrue interest at an annual rate equal to, at the Company’s election, (i) LIBOR plus between 1.50% and 2.25% based on the Company’s consolidated leverage ratio or (ii) a base rate determined based upon the highest of (a) the federal funds rate plus 0.50%, (b) Bank of America, N.A.’s prime rate or (c) LIBOR plus 1.00%, plus between 0.50% and 1.25% based on the Company’s consolidated leverage ratio. The Credit Agreement contains customary covenants, representations and events of default, and also requires the Company to comply with a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio.

The Loan Parties’ payment and performance obligations under the New Credit Agreement and related loan documents are secured by their grant of a security interest in substantially all of their personal property assets, whether now existing or hereafter acquired, subject to certain exclusions. If the Loan Parties acquire any real property assets with a fair market value in excess of $5,000, they are required to grant a security interest in such real property as well. All such security interests are required to be first priority security interests, subject to certain permitted liens.

Acquisition of AdColony

On April 29, 2021, DT Media completed the acquisition of AdColony Holding AS, a Norway company ("AdColony"), pursuant to a Share Purchase Agreement with AdColony and Otello Corporation ASA, a Norway company and the sole shareholder of AdColony ("Otello"). DT Media acquired all of the outstanding capital stock of AdColony in exchange for an estimated total consideration in the range of $350,000 to $375,000, to be paid as follows: (1) $100,000 in cash paid at closing (which was subject to customary closing purchase price adjustments), (2) $100,000 in cash to be paid six months after closing, and (3) an estimated earn-out in the range of $150,000 to $175,000, to be paid in cash, based on AdColony achieving certain future target net revenues, less associated cost of goods sold, over a twelve-month period ending on December 31, 2021 (the "Earn-Out Period"). Under the terms of the earn-out, DT Media would pay Otello a certain percentage of actual net revenues (less associated cost of goods sold) of AdColony depending on the extent to which AdColony achieves certain target net revenues (less associated cost of goods sold) over the Earn-Out Period. The earn-out payment will be made following the expiration of the Earn-Out Period. The Company paid the closing amount and intends to pay the remainder of the purchase price with a combination of available cash on hand and borrowings under its existing senior credit facility along with future capital financing.

Acquisition of Fyber

On May 25, 2021, the Company and DT Media completed the initial closing of the acquisition of 523,553,108 shares, representing approximately 95.1% of the outstanding voting shares (the "Majority Fyber Shares") of Fyber N.V., a public limited liability company registered with the Netherlands Chamber of Commerce Business Register ("Fyber"), pursuant to a Sale and Purchase Agreement between Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst (collectively, the "Seller"), the Company, and DT Luxembourg. The Seller transferred and delivered 400,000,000 shares of the Majority Fyber Shares to DT Media on the closing date and will deliver the remaining 123,553,108 shares of the Majority Fyber Shares to DT Media in June 2021. The remaining approximately 4.9% of the shares in Fyber (the "Minority Fyber Shares") are widely held by other shareholders of Fyber (the "Minority Fyber Shareholders").

DT Media acquired the Majority Fyber Shares in exchange for an estimated aggregate consideration of up to $600,000, consisting of (i) $150,000 in cash, which was subject to adjustments for certain items including the amount of cash consideration to be paid to the Minority Fyber Shareholders for the Minority Fyber Shares, paid at the closing of the acquisition, (ii) 3,216,935 newly issued shares of common stock of the Company equal in value to $235,000 (based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date), issued at the closing of the acquisition, (iii) 2,599,653 newly issued shares of common stock of the Company equal in value to $165,000 (based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date), to be issued in June 2021 after the receipt by the Company of a tax exemption certificate from the Israel Tax Authority, and (iv) contingent upon Fyber's net revenues being equal or higher than $100,000 for the 12-month earn-out period ending on March 31, 2022, as determined in the manner set forth in the Sale and Purchase Agreement, a certain number of shares of Company common stock, which will be newly-issued to the Seller at the end of the earn-out period, and under certain circumstances, an amount of cash, which value of such shares and cash in aggregate will not exceed $50,000 (subject to set-off against certain potential indemnification claims against the Seller). The Company paid the cash closing amount on the closing date, and intends to pay the remainder of the cash consideration for the acquisition with a combination of available cash on hand, borrowings under the Company's senior credit facility, and proceeds from future capital financings.

Pursuant to certain German law on public takeovers, following the closing, the Company is obligated to make a public tender offer to the Minority Fyber Shareholders to acquire from them the Minority Fyber Shares. The tender offer will be subject to certain minimum price rules under German law. The timing and the conditions of the tender offer, including the consideration offered to the Minority Fyber Shareholders in connection with the tender offer, will be subsequently determined by the Company pursuant to the applicable Dutch and German takeover laws. The Company anticipates completing the tender offer during the second fiscal quarter 2022.

21. Unaudited Quarterly Results

The following table sets forth our quarterly consolidated statements of operations (in thousands, except per share amounts) for each quarter of fiscal years 2021 and 2020. We have prepared the quarterly consolidated statements of operations data on a basis consistent with the audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K. In the opinion of management, the financial information in these tables reflects all adjustments, consisting only of normal recurring adjustments that management considers necessary for fair presentation of this data. This information should be read in conjunction with the audited consolidated financial statements and related notes included in this Part II, Item 8 of this Annual Report on Form 10-K. The results of historical periods are not necessarily indicative of the results for any future period.

	Three Months Ended							
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net revenues	$ 95,082	$ 88,592	$ 70,893	$ 59,012	$ 39,351	$ 36,016	$ 32,795	$ 30,553
Total costs of revenues and operating expenses	79,128	68,075	58,777	48,390	36,426	31,884	29,680	27,513
Income from operations	15,954	20,517	12,116	10,622	2,925	4,132	3,115	3,040
Total interest and other income / (expense), net	(1,023)	(4,941)	(11,082)	(306)	721	(830)	(4,380)	(4,818)
Income / (loss) from operations before income taxes	14,931	15,576	1,034	10,316	3,646	3,302	(1,265)	(1,778)
Income tax (benefit) / (provision)	(15,125)	1,061	661	376	(10,381)	41	72	(107)
Net income / (loss) from operations, net of taxes	$ 30,056	$ 14,515	$ 373	$ 9,940	$ 14,027	$ 3,261	$ (1,337)	$ (1,671)
Basic net income / (loss) per common share from continuing operations	$ 0.34	$ 0.16	$ —	$ 0.11	$ 0.16	$ 0.04	$ (0.02)	$ (0.02)
Weighted-average common shares outstanding, basic	89,665	89,003	88,035	87,386	86,784	85,876	83,909	81,814
Diluted net income / (loss) per common share from continuing operations	$ 0.31	$ 0.15	$ —	$ 0.11	$ 0.15	$ 0.04	$ (0.02)	$ (0.02)
Weighted-average common shares outstanding, diluted	97,709	96,976	96,057	93,108	91,875	92,472	83,909	81,814

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer, who is our principal executive officer, and our chief financial officer, who is our principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2021, the end of the period covered by this Annual Report. The term “disclosure controls and procedures,” as set forth in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), includes, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2021, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, or in other factors identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) or 15d-15(d), that occurred during the fiscal periods covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with accounting principles generally accepted in the United States of America. Management regularly monitors its internal control over financial reporting and actions are taken to correct deficiencies as they are identified.

Under the supervision and with the participation of management, including the principal executive and principal financial officers, the Company conducted an evaluation of the effectiveness of internal control over financial reporting. This assessment was based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation under the framework in Internal Control – Integrated Framework, management concluded that the Company maintained effective internal control over financial reporting as of March 31, 2021, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Management has excluded Triapodi, Ltd. from its assessment of internal control over financial reporting as of March 31, 2021 because it was acquired by the Company during fiscal year 2021. Total assets, including intangible assets created through ASC 805, *Business Combinations*, and total revenues of Triapodi, Ltd. represent approximately 10.4%, or $27,150, and 0.4%, or $1,230, respectively, of the related consolidated financial statement amounts of the Company as of, and for the fiscal year ended, March 31, 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Further, because of changes in conditions, internal control effectiveness may vary over time.

Grant Thornton LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting. This report is included in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2021 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement for the 2021 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

2020 Equity Incentive Plan and Amended and Restated 2011 Equity Incentive Plan

On September 15, 2020, the Company's stockholders approved the 2020 Equity Incentive Plan of Digital Turbine, Inc. (the "2020 Plan"), pursuant to which the Company may grant equity incentive awards to directors, employees and other eligible participants. A total of 12,000,000 shares of common stock are reserved for grant under the 2020 Plan. The types of awards that may be granted under the 2020 Plan include incentive and non-qualified stock options, stock appreciation rights, restricted stock, and restricted stock units. The 2020 Plan became effective on September 15, 2020 and has a term of ten years. Stock options may be either "incentive stock options" ("ISOs"), as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options ("NQSOs").

Previous to the approval of the 2020 Plan, stock awards were issued under the Amended and Restated Digital Turbine, Inc. 2011 Equity Incentive Plan (the "2011 Plan"), which was approved and adopted by our stockholders by written consent on May 23, 2012. The 2011 Plan provided for grants of stock-based incentive awards to our and our subsidiaries' officers, employees, non-employee directors, and consultants. Awards issued under the 2011 Plan can include stock options, stock appreciation rights, restricted stock, and restricted stock units. Stock options may be either ISOs, as defined in Section 422 of the Internal Revenue Code of 1986, as amended, or NQSOs.

The 2011 Plan and 2020 Plan are collectively referred to as "Digital Turbine's Incentive Plans."

The 2011 Plan reserved 20,000,000 shares for issuance, of which zero remain available as of March 31, 2021. No future grants will be issued pursuant to the 2011 Plan. At the point when the 2011 Plan was retired, 4,452,064 remained unissued. All future awards will be issued under the 2020 Plan.

The 2020 Plan reserves 12,000,000 shares for issuance, of which 11,903,016 remained available for issuance as of March 31, 2021.

Equity Compensation Plan Information

The following table sets forth information concerning Digital Turbine's Incentive Plans as of March 31, 2021.

	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plan approved by security holders			
Amended and Restated 2011 Equity Incentive Plan	8,049,840	$ 2.75	—
2020 Equity Incentive Plan	96,605	56.69	11,903,016
Equity compensation plan not approved by security holders	—	—	—
Total	8,146,445	4.01	11,903,016

Other information required by this item is incorporated by reference to our Proxy Statement for the 2021 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2021 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement for the 2021 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

Reports of Independent Registered Public Accounting Firms	69
Consolidated Financial Statements	
Consolidated Balance Sheets	73
Consolidated Statements of Operations and Comprehensive Income / (Loss)	74
Consolidated Statements of Stockholders' Equity	75
Consolidated Statements of Cash Flows	76
Notes to Consolidated Financial Statements	77

The supplementary financial information required by this Item 8 is set forth in the Notes to Consolidated Financial Statements under the Note "Supplemental Consolidated Financial Information."

2. Financial Statement Schedules

Valuation of qualifying accounts for the three fiscal years ended March 31, 2021, 2020, and 2019 are included in Note "Valuation of Qualifying Accounts" of Notes to Consolidated Financial Statements included in Part II, Item 8. All other schedules called for by Form 10-K are omitted because they are inapplicable or the required information is shown in the Consolidated Financial Statements, or Notes thereto, included herein.

3. Exhibits

See the Exhibits index located below following Item 16 of this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

Exhibit No.	Description
2.1	Pay Asset Purchase Agreement, dated as of April 23, 2018, incorporated by reference to our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on May 1, 2018. ^
2.2	A&P Asset Purchase Agreement, dated as of April 28, 2018, incorporated by reference to our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on May 1, 2018. ^
2.3	Stock Purchase Agreement, dated February 6, 2020, by and among Digital Turbine Media, Inc., ACME Mobile,LLC, Mobile Posse, Inc., and certain equityholders of ACME Mobile, LLC party thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on February 10, 2020).
2.4	Share Purchase Agreement, dated March 1, 2021, by and among Digital Turbine (EMEA) Ltd., Triapodi Ltd. (d/b/a Appreciate), the stockholder representative, and the stockholders of Triapodi Ltd. (d/b/a Appreciate) (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on March 3, 2021).
2.5	Share Purchase Agreement, dated February 26, 2021, by and among the Company, DT Media, AdColony Holding AS, and Otello Corporation ASA (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on March 1, 2021).
2.6	Sale and Purchase Agreement, dated March 22, 2021, by and among Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst, as sellers, and Digital Turbine and Digital Turbine Luxembourg S.à r.l., a private limited company under the laws of the Grand Duchy of Luxembourg and a subsidiary of Digital Turbine, as purchaser (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on March 23, 2021).

2.7	First Amendment Agreement to the Sale and Purchase Agreement, dated May 25, 2021, by and amongTennor Holding B.V., Advert Finance B.V., Lars Windhorst, Digital Turbine, Inc., Digital Turbine Media, Inc., and Digital Turbine Luxembourg S.à r.l., (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on May 28, 2021).
3.1	Certificate of Incorporation, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on November 14, 2007. *
3.2	Certificate of Merger merging Mediavest, Inc., a New Jersey corporation, with and into NeuMedia Media, Inc., a Delaware corporation, as filed with the Secretary of State of the State of Delaware, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on November 14, 2007.
3.3	Certificate of Ownership merging Mandalay Digital Group, Inc. into Neumedia, Inc., dated February 2, 2012, incorporated by reference to our Annual Report on Form 10-K (File No. 000-10039), filed with the Commission on June 29, 2012.
3.4	Certificate of Amendment of Certificate of Incorporation, dated August 14, 2012, incorporated by reference to Appendix B of the Registrant's Definitive Information Statement on Form 14-C (File No. 000-10039), filed with the Commission on July 10, 2012.
3.5	Certificate of Amendment of Certificate of Incorporation, dated March 28, 2013, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on April 18, 2013.
3.6	Certificate of Correction of Certificate of Amendment, dated April 9, 2013, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on April 18, 2013.
3.7	Certificate of Amendment of Certificate of Incorporation, as amended, filed with the Secretary of State of the State of Delaware on January 13, 2015, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on January 16, 2015.
3.8	Bylaws, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on November 14, 2007.
3.9	Certificate of Amendment of the Bylaws of NeuMedia, Inc., dated February 2, 2012, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on February 7, 2012.
3.10	Certificate of Amendment of the Bylaws dated March 6, 2015 (incorporated by reference to our Current Report on Form 8-K (File No. 001-10039) filed with the Commission on March 11, 2015).
3.11	Amendment of Bylaws of Digital Turbine, Inc., adopted March 17, 2015, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on March 20, 2015.
3.12	Fourth Amendment to Bylaws of Digital Turbine, Inc. (incorporated by reference to Exhibit 3.1 of the Quarterly Report on Form 10-Q filed with the Commission on February 3, 2021).
4.1	Registration Rights Agreement, dated as of September 28, 2016, by the Company and certain guarantors entities, incorporated by reference to Exhibit 4.3 of our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on September 29, 2016.
4.2	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-1/A (File No. 333-214321) filed with the Commission on December 23, 2016.
4.3	Description of our Capital Stock. *
10.1	Form of Indemnification with Directors and Executive Officers, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 10, 2012. †
10.2	Amended and Restated 2011 Equity Incentive Plan of Mandalay Digital Group, Inc., incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 30, 2012.
10.2.1	Amended and Restated 2011 Equity Incentive Plan Notice of Grant and Restricted Stock Agreement of Mandalay Digital Group, Inc, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 30, 2012.
10.2.2	Amended and Restated 2011 Equity Incentive Plan Notice of Grant and Stock Option Agreement of Mandalay Digital Group, Inc., incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 30, 2012.
10.3	Employment Agreement, effective September 9, 2014, between the Company and Bill Stone, incorporated by reference to our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on September 15, 2014. †
10.3.1	Amendment, effective May 26, 2016, to Employment Agreement between the Company and William Stone, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on June 1, 2016. †
10.3.2	Second Amendment, dated March 16, 2018, to Employment Agreement between the Company and William Stone, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on March 21, 2018. †
10.4	Board Equity Ownership Policy, as amended, incorporated by reference to our Current Report on Form 8-K (File No. 001-35958) filed with the Commission on June 25, 2014. †

10.5	Software as a Service Agreement between Cellco Partnership d/b/a Verizon Wireless and the Company, incorporated by reference to Exhibit 10.28 to our Registration Statement on Form S-1/A (File No. 333-214321), filed January 6, 2017. ††
10.5.1	Software as a Service Renewal Agreement between Cellco Partnership d/b/a Verizon Wireless and the Company, dated as of August 14, 2018, incorporated by reference to Exhibit 10.24 to our Current Report on Form 10-Q (File No. 001-35958), filed with the Commission on November 5, 2018. ††
10.6	Employment Agreement between the Company and Barrett Garrison, dated September 12, 2016, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on August 31, 2016. †
10.6.1	Amendment, effective September 7, 2018, to Employment Agreement between the Company and Barrett Garrison, incorporated by reference to our current report on Form 8-K (File No. 001-35958), filed with the Commission on September 10, 2018. †
10.7	License and Software Agreement between AT&T Mobility LLC and the Company, dated as of November 2, 2015, incorporated by reference to Exhibit 10.25 of our Current Report on Form 10-Q (File No, 001-35958), filed with the Commission on November 5, 2018. ††
10.7.1	Amendment No. 1 to the License and Software Agreement between AT&T Mobility and the Company, dated as of October 17, 2018, incorporated by reference to Exhibit 10.25.1 of our Current Report on Form 10-Q (File No, 001-35958), filed with the Commission on November 5, 2018.
10.8	Amendment No. 1 to the Supplement No. 1 to the License and Software Agreement between AT&T Mobility and the Company, dated as of October 17, 2018, incorporated by reference to Exhibit 10.25.2 of our Current Report on Form 10-Q (File No, 001-35958), filed with the Commission on February 5, 2019. ††
10.9	2020 Equity Incentive Plan of Digital Turbine, Inc., and First Amendment and Israeli Appendix thereto. *
10.10	Form of Option Agreement. *
10.11	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 of our Current Report on Form 8-K filed with the Commission on September 21, 2020).
10.12	Form of Restricted Stock Unit Agreement (Time-Vesting). *
10.13	Form of Restricted Stock Unit Agreement (Performance-Vesting). *
10.14	Credit Agreement, dated February 3, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine USA, Inc., Mobile Posse, Inc., and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed with the Commission on February 3, 2021).
10.15	Credit Agreement, dated April 29, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine USA, Inc., Mobile Posse Inc., and Bank of America, N.A. as administrative agent and a lender, the lenders party thereto, BofA Securities, Inc., Wells Fargo Securities, LLC and PNC Bank, NA as Lead Arranger, Bookrunners and Syndication Agents, and CapitalOne and JPMorgan Chase Bank, N.A. as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on May 4, 2021).
21.1	List of Subsidiaries. *
23.1	Consent of Independent Registered Public Accounting Firm. *
23.2	Consent of Independent Registered Public Accounting Firm. *
31.1	Certification of William Stone, Principal Executive Officer. *
31.2	Certification of Barrett Garrison, Principal Financial Officer. *
32.1	Certification of William Stone, Principal Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
32.2	Certification of Barrett Garrison, Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
101	INS XBRL Instance Document. *
101	SCH XBRL Schema Document. *
101	CAL XBRL Taxonomy Extension Calculation Linkbase Document. *
101	DEF XBRL Taxonomy Extension Definition Linkbase Document. *
101	LAB XBRL Taxonomy Extension Label Linkbase Document. *
101	PRE XBRL Taxonomy Extension Presentation Linkbase Document. *

* Filed herewith

** The certifications attached as Exhibit 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Digital Turbine, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

† Management contract or compensatory plan or arrangement

†† Confidential treatment requested and received as to certain portions

^ Non-material schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company undertakes to furnish supplemental copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Digital Turbine, Inc.

Dated: June 10, 2021 By: /s/ William Stone

William Stone
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert Deutschman Robert Deutschman	Chairman of the Board	June 10, 2021
/s/ William Stone William Stone	Chief Executive Officer (Principal Executive Officer) and Director	June 10, 2021
/s/ Barrett Garrison Barrett Garrison	Chief Financial Officer (Principal Financial Officer)	June 10, 2021
/s/ David Wesch David Wesch	Chief Accounting Officer (Principal Accounting Officer)	June 10, 2021
/s/ Roy Chestnutt Roy Chestnutt	Director	June 10, 2021
/s/ Holly Hess Groos Holly Hess Groos	Director	June 10, 2021
/s/ Mohan Gyani Mohan Gyani	Director	June 10, 2021
/s/ Jeffrey Karish Jeffrey Karish	Director	June 10, 2021
/s/ Michelle Sterling Michelle Sterling	Director	June 10, 2021

Exhibit 3.1

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:02 PM 09/14/2007
FILED 04:45 PM 09/14/2007
SRV 071019206 - 4423588 FILE

CERTIFICATE OF INCORPORATION
OF
MANDALAY MEDIA, INC.

The undersigned, for the purpose of organizing a corporation under the provisions and subject to the requirements of the Delaware General Corporation Law (the "DGCL"), hereby certifies that:

FIRST: The name of the corporation is Mandalay Media, Inc. (the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is 615 South DuPont Highway, Dover, Delaware 19901, Kent County. The name of its registered agent at such address is National Corporate Research, Ltd.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is One Hundred and One Million (101,000,000), consisting of:

(i) 100,000,000 shares of common stock, par value $0.0001 per share (the "Common Stock") and

(ii) 1,000,000 shares of preferred stock, par value $0.000I per share (the "Preferred Stock").

The number of authorized shares of any such class or classes or series may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of the capital stock of the Corporation entitled to vote thereon, without a vote of the holders of the Common Stock or the Preferred Stock (or of any series thereof), voting as a separate class, unless a vote of any such holders is specifically required herein pursuant to the terms of any Preferred Stock.

B. Common Stock.

1. General. The voting, dividend and liquidation and other rights of the holders of the Common Stock are expressly made subject to and qualified by the rights of the holders of any series of Preferred Stock.

2. Voting Rights. The holders of record of the Common Stock are entitled to one vote per share on all matters to be voted on by the Corporation's stockholders.

3. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor if, as and when determined by the Board of Directors in their sole discretion, subject to provisions of law, any provision of this Certificate of Incorporation, as amended from time to time, and subject to the relative rights and preferences of any shares of Preferred Stock authorized, issued and outstanding hereunder.

4. Liquidation. Upon the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, holders of record of the Common Stock will be entitled to receive pro rata all assets of the Corporation available for distribution to its stockholders, subject, however, to the liquidation rights of the holders of Preferred Stock authorized, issued and outstanding hereunder.

C. Preferred Stock. Authority is hereby expressly granted to the Board of Directors from time to time to designate and issue Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions providing for the issue of the shares thereof, to determine and fix such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the DGCL. Without limiting the generality of the foregoing, the resolutions providing for the designation and issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to Preferred Stock of any other series to the extent permitted by law . No vote of the holders of Preferred Stock or the Common Stock shall be a prerequisite to the issuance of any shares of any series of Preferred Stock authorized by and complying with the conditions of the Certificate of Incorporation, the right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation.

There is hereby created, out of the 1,000,000 shares of Preferred Stock of the Corporation remaining authorized, unissued and undesignated, a series of the Preferred Stock consisting of 100,000 shares, which series shall have the following powers, designations, preferences and relative, participating, optional or other rights, and the following qualifications, limitations and restrictions (in addition to any powers, designations, preferences and relative, participating, optional or other rights, and any qualifications, limitations and restrictions, set forth in this Certificate of Incorporation which are applicable to the Preferred Stock):

1. Designation of Amount.

(a) One hundred thousand (100,000) shares of Preferred Stock shall be, and hereby are, designated the "Series A Convertible Preferred Stock" (the "Series

A Preferred Stock"), par value $0.0001 per share.

(b) Subject to the requirements of the DGCL and this Certificate of Incorporation, the number of shares of Preferred Stock that are designated as Series A Preferred Stock may be increased or decreased by vote of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of such shares then outstanding plus the number of such shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any other outstanding securities issued by the Corporation that are convertible into or exercisable for Series A Preferred Stock. Any shares of Series A Preferred Stock converted, redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall, automatically and without further action, be retired and canceled promptly after the acquisition thereof.

2. Certain Definitions.

Unless the context otherwise requires, the terms defined in this Section 2 shall have, for all purposes of this resolution, the meanings specified (with terms defined in the singular having comparable meanings when used in the plural).

"Affiliate" shall mean, with respect to any person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person and, in the case of a person who is an individual, shall include (i) members of such specified person's immediate family (as defined in Instruction 2 of Item 404(a) of Regulation S-K under the Securities Act) and (ii) trusts, the trustee and all beneficiaries of which are such specified person or members of such person's immediate family as determined in accordance with the foregoing clause (i). For the purposes of this definition, "control," when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

"Conversion Date" shall have the meaning ascribed to such term in Section 6(d).

"Conversion Price" shall mean the Original Purchase Price of each share of Common Stock, subject to adjustment from time to time in accordance with Section 6(c).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Initial Issue Date" shall mean the date that shares of Series A Preferred Stock are first issued by the Corporation.

"Original Purchase Price" shall mean the per share purchase price for a share of Series A Preferred Stock of $1.00, or such other price set forth in the Purchase

Agreement or other subscription agreements pursuant to which Series A Preferred Stock is sold.

"person" shall mean any individual, partnership, company, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or agency or political subdivision thereof, or other entity.

"Purchase Agreement" shall mean the Series A Convertible Preferred Stock Purchase Agreement, dated as of October 12, 2006, by and between the Corporation and the purchaser identified therein.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series A Preferred Stock" shall have the meaning set forth in Section 1.

"Series A Recapitalization Event" shall mean any stock dividend, stock split, combination, reorganization, recapitalization, reclassification, or other similar event involving a change in the capital structure of the Series A Preferred Stock.

"Subsidiary" means, with respect to any person, (a) a company a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such person, by a subsidiary of such person, or by such person and one or more subsidiaries of such person, (b) a partnership in which such person or a subsidiary of such person is, at the date of determination, a general partner of such partnership, or (c) any other person (other than a company) in which such person, a subsidiary of such person or such person and one or more subsidiaries of such person, directly or indirectly, at the date of determination thereof, has (i) at least a majority ownership interest, (ii) the power to elect or direct the election of the directors or other governing body of such person, or (iii) the power to direct or cause the direction of the affairs or management of such person. For purposes of this definition, a person is deemed to own any capital stock or other ownership interest if such person has the right to acquire such capital stock or other ownership interest, whether through the exercise of any purchase option, conversion privilege or similar right.

3. Voting Rights.

a. General. Except as otherwise provided by the DGCL and in addition to any voting rights provided by the DGCL or other applicable law, the holders of Series A Preferred Stock shall be entitled to vote (or render written consents) together with the holders of the Common Stock and any other class or series of capital stock of the Corporation entitled to vote together with the holders of the Common Stock as a single class on all matters submitted for a vote of (or written consents in lieu of a vote as permitted by the DGCL, the Certificate of Incorporation and the Bylaws) holders of Common Stock; and shall have such other voting rights as are specified in this Certificate of Incorporation. When voting together with the holders of Common Stock, each share of Series A Preferred Stock shall entitle the holder thereof to cast one vote for each vote that such holder would be entitled to cast had such holder converted its Series A Preferred Stock into shares of Common Stock as of the record date for determining the stockholders of the Corporation eligible to vote on any such matter or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited. The holders of Series A Preferred Stock shall be entitled to receive notice of any stockholders' meeting in accordance with the Certificate of Incorporation and Bylaws of the Corporation.

b. Waivers. Except to the extent otherwise provided in this Certificate of Incorporation or required by the DGCL, the holders of the Series A Preferred Stock may, via affirmative vote or written consent in lieu thereof, waive any rights of the holders of the Series A Preferred Stock set forth in this Certificate of Incorporation.

4. Dividends.

a. Dividend Amount. If the Board of Directors shall declare a dividend payable upon the then outstanding shares of Common Stock, the holders of the outstanding shares of Series A Preferred Stock shall be entitled to the amount of dividends on the Series A Preferred Stock as would be declared payable on the largest nwnber of whole shares of Common Stock into which the shares of Series A Preferred Stock held by each holder thereof could be converted pursuant to the provisions of Section 6 hereof, such number to be determined as of the record date for determination of holders of Common Stock entitled to receive such dividend or, if no such record date is established, as of the date of such dividend. Such determination of "whole shares" shall be based upon the aggregate nwnber of shares of Series A Preferred Stock held by each holder, and not upon each share of Series A Preferred Stock so held by the holder.

b. Distributions Other than Cash. Whenever the distributions provided for in this Section 4 shall be payable in property other than cash, the value of such distribution shall be the fair market value thereof as determined in good faith by the Board of Directors. All distributions (including distributions other than cash) made hereunder shall be made pro rata to the holders of Series A Preferred Stock.

c. Equitable Adjustments. All numbers relating to the calculation of dividends shall be subject to an equitable adjustment in the event of any Series A Recapitalization Event.

5. Liquidation Preference.

a. Liquidation Preference of Series A Preferred Stock. In the event of any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or in the event of its insolvency, the holders of Series A Preferred Stock shall be entitled to have set apart for them, or to be paid, out of the assets of the Corporation available for distribution to stockholders (whether such assets are capital, surplus or earnings) after provision for payment of all debts and liabilities of the Corporation in accordance with the DGCL, before any distribution or payment is made with respect to any shares of Common Stock or any other class or series of capital stock of the Corporation designated to be junior to the Series A Preferred Stock and subject to the liquidation rights and preferences of any class or series of Preferred Stock designated to be senior to, or on a parity with, the Series A Preferred Stock with respect to liquidation preferences, an amount equal to the greater of (i) $10.00 per share of Series A Preferred Stock (which amount shall be subject to an equitable adjustment in the event of any Series A Recapitalization Event) and (ii) such amount as would have been payable on the largest number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by each holder thereof could have been converted immediately prior to such event of liquidation, dissolution or winding up pursuant to the provisions of Section 6 hereof.

b. Insufficient Assets. If, upon any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the assets legally available for distri bution among the holders of the Series A Preferred Stock shall be insufficient to permit payment to such holders of the full preferential amount as provided for in Section 5(a) above, then such holders shall share ratably in any distribution of available assets according to the respective amounts which would otherwise be payable with respect to the shares of Series A Preferred Stock held by them upon such liquidating distribution if all amounts payable on or with respect to such shares were paid in full, based upon the aggregate liquidation value payable upon all shares of Series A Preferred Stock then outstanding.

c. Cash-Out Election.

i. Each holder of Series A Preferred Stock may elect, by written notice to the Corporation given within 10 days after any such transaction is consummated, to treat any of the following transactions as a dissolution or winding up of the Corporation for the purposes of this Section 5: (1) a consolidation or merger of the Corporation with or into any other corporation or corporations, (2) a sale of all or substantially all of the assets of the Corporation, (3) the issuance and/or sale by the Corporation in a single or integrated transaction of shares of Common Stock (or securities convertible into shares of Common Stock) constituting a majority of the shares of Common Stock outstanding immediately following such issuance (treating all securities convertible into shares of Common Stock as having been fully converted and all options and other rights to acquire shares of Common Stock or securities convertible into shares of Common Stock as having been fully exercised) and (4) any other form of acquisition or business combination where the Corporation is the target of such acquisition and where a change in control occurs such that the person or entity seeking to acquire the Corporation has the power to elect a majority of the Board of Directors as a result of the transaction (each such event an "Acquisition"); provided, however, that each holder of Series A Preferred Stock shall have the right to elect the benefits of the provisions of Section 6(c)(iv) hereof in lieu of receiving payment in liquidation, dissolution or winding up of the Corporation pursuant to this Section 5.

ii. the provisions of this Section S(c) shall not apply to any reorganization, merger or consolidation involving (I) only a change in the state of incorporation of the Corporation, or (2) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation that is incorporated in the United State of America.

d. Distributions Other than Cash. Whenever the distribution provided for in this Section 5 shall be payable in property other than cash, the value of such distribution shall be the fair market value thereof as determined in good faith by the Board of Directors of the Corporation. All distributions (including distributions other than cash) made hereunder shall be made pro rata to the holders of Series A Preferred Stock.

e. Equitable Adjustments. The amounts to be paid or set aside for payment as provided above in this Section 5 shall be proportionately increased or decreased in inverse relation to the change in the number of outstanding shares resulting from any Series A Recapitalization Event.

6. Conversion Rights.

a. General. Subject to and upon compliance with the provisions of this Section 6, each holder of shares of Series A Preferred Stock shall be entitled, at its option, at any time, to convert all or any such shares of Series A Preferred Stock into the number of fully paid and nonassessable shares of Common Stock equal to the number obtained by dividing (i) the Original Purchase Price of such Series A Preferred Stock, plus the amount of any accumulated but unpaid dividends as of the Conversion Date by (ii) the Conversion Price in effect at the close of business on the Conversion Date (determined as provided in this Section 6).

b. Fractions of Shares. N o fractional shares of Common Stock shall be issued upon conversion of shares of Series A Preferred Stock. If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock to be issued shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of any shares of Series A Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional share in an amount equal to the product of such fraction multiplied by the fair market value of one share of Common Stock on the Conversion Date as determined in good faith by the Board of Directors.

c. Adjustments to Conversion Price. The Conversion Price shall also be subject to adjustment from time to time as follows:

i. Upon Stock Dividends, Subdivisions or Splits. If, at any time after the date hereof, the number of shares of Common Stock outstanding is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split-up of shares of Common Stock, then, following the record date for the determination of holders of Common Stock entitled to receive such stock dividend, or to be affected by such subdivision or split-up, the Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of Series A Preferred Stock shall be increased in proportion to such increase in outstanding shares.

ii. Upon Combinations. If, at any time after the date hereof, the number of shares of Common Stock outstanding is decreased by a combination of the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, following the record date to determine shares affected by such combination, the Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock shall be decreased in proportion to such decrease in outstanding shares.

iii. Capital Reorganization or Reclassification. If the Common Stock issuable upon the conversion of the Series A Preferred Stock shall be changed into the same or different number of shares of any class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination or shares of stock dividend provided for elsewhere in this Section 6(c), or the sale of all or substantially all of the Corporation's properties and assets to any other person), then and in each such event the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted, as the case may be, immediately prior to such reorganization, reclassification or change, all subject to further adjustment as provided herein.

iv. Capital Reorganization, Merger or Sale of Assets. If at any time or from time to time there shall be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification, or exchange of shares provided for elsewhere in this Section 6) or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all of the Corporation's properties and assets to any other person, then, as a part of such reorganization, merger, or consolidation or sale, provision shall be made so that holders of Series A Preferred Stock, as the case may be, shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock, the number of shares of stock or other securities or property of the Corporation, or of the successor corporation resulting from such merger, consolidation or sale, to which such holder would have been entitled if such holder had converted its shares of Series A Preferred Stock immediately prior to such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 6(c) with respect to the rights of the holders of the Series A Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this Section 6(c), including adjustment of the Conversion Price then in effect for the Series A Preferred Stock and the number of shares issuable upon conversion of the Series A Preferred Stock) shall be applicable after that event in as nearly equivalent a manner as may be practicable .

v. Deferral in Certain Circumstances. In any case in which the provisions of this Section 6(c) shall require that an adjustment shall become effective immediately after a record date of an event, the Corporation may defer until the occurrence of such event (1) issuing to the holder of any Series A Preferred Stock converted after such record date and before the occurrence of such event the shares of capital stock issuable upon such conversion by reason of the adjustment required by such event and issuing to such holder only the shares of capital stock issuable upon such conversion before giving effect to such adjustments, and (2) paying to such holder any amount in cash in lieu of a fractional share of capital stock pursuant to Section 6(b) above; provided, however, that the Corporation shall deliver to such holder an appropriate instrument or due bills evidencing such holder's right to receive such additional shares and such cash.

d. Exercise of Conversion Privilege. In order to exercise the conversion privilege, the holder of any share of Series A Preferred Stock shall surrender the certificate evidencing such share of Series A Preferred Stock, duly endorsed or assigned to the Corporation in blank, at any office or agency of the Corporation maintained for such purpose, accompanied by written notice to the Corporation at such office or agency that the holder elects to convert such Series A Preferred Stock or, if less than the entire amount thereof is to be converted, the portion thereof to be converted. Series A Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the date(the "Conversion Date") of surrender of such shares of Series A Preferred Stock for conversion in accordance with the foregoing provisions, and at such time the rights of the holder of such shares of Series A Preferred Stock as a holder shall cease, and the person or persons entitled to receive the Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Stock as and after such time. As promptly as practicable on or after the Conversion Date, the Corporation shall issue and shall deliver at any office or agency of the Corporation maintained for the surrender of Series A Preferred Stock a certificate or certificates for the number of full shares of Common Stock issuable upon conversion, together with payment in lieu of any fraction of a share, as provided in Section 6(b). In the case of any certificate evidencing shares of Series A Preferred Stock that is converted in part only, upon such conversion the Corporation shall also execute and deliver a new certificate evidencing the number of shares of Series A Preferred Stock that are not converted.

e. Notice of Adjustment of Conversion Price. Whenever the provisions of Section 6(c) require that the Conversion Price be adjusted as herein provided, the Corporation shall compute the adjusted Conversion Price in accordance with Section 6(c) and shall prepare a certificate signed by the Corporation's chief executive officer or chief financial officer setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed at each office or agency maintained for such purpose for conversion of shares of Series A Preferred Stock and mailed by the Corporation at its expense to all holders of Series A Preferred Stock at their last addresses as they shall appear in the stock register.

f. Corporation to Reserve Common Stock. The Corporation shall at all times reserve and keep available, free from preemptive rights, out of the authorized but unissued Common Stock or out of the Common Stock held in treasury, for the purpose of effecting the conversion of Series A Preferred Stock, the full number of shares of Common Stock then issuable upon the conversion of all outstanding shares of Series A Preferred Stock. Before taking any action that would cause an adjustment reducing the conversion price below the then par value (if any) of the shares of Common Stock deliverable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action that, in the opinion of its counsel, is necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted conversion price.

g. Taxes on Conversions. The Corporation will pay any and all original issuance, transfer, stamp and other similar taxes that may be payable in respect of the issue or delivery of shares of Common Stock on conversion of Series A Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that of the holder of the share(s) of Series A Preferred Stock to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation that such tax has been paid.

FIFTH: The name and mailing address of the sole incorporator of the Corporation is Nyisha Shakur, c/o Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., 666 Third Avenue, New York, New York 10017.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition and not in limitation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, conferred by the State of Delaware, it is further provided that:

A. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws. The phrase "whole Board" and the phrase ..total nwnber of directors" shall be deemed to have the same meaning, to wit, the total number of directors which the Corporation would have if there were no vacancies. No election of directors need be by written ballot.

B. After the original or other Bylaws of the Corporation have been adopted, amended or repealed, as the case may be, in accordance with the provisions of Section I 09 of the DGCL, and, after the Corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the Bylaws of the Corporation may be exercised by the Board of Directors of the Corporation.

C. The books of the Corporation may be kept at such place within or Y.1thout the State of Delaware as the Bylaws of the Corporation may provide or as may be designated from time to time by the Board of Directors of the Corporation.

EIGHTH: The Corporation shall, to the fullest extent permitted by Section 145 of the DGCL, as the same may be amended and supplemented from time to time, indemnify and advance expenses to, (i) its directors and officers, and (ii) any person who at the request of the Corporation is or was serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said section as amended or supplemented (or any successor), provided, however, that except with respect to proceedings to enforce rights to indemnification, the Bylaws of the Corporation may provide that the Corporation shall indemnify any director, officer or such person in connection with a proceeding (or part thereof) initiated by such director, officer or such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The Corporation, by action of its Board of Directors, may provide indemnification or advance expenses to employees and agents of the Corporation or other persons only on such terms and conditions and to the extent determined by the Board of Directors in its sole and absolute discretion. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

NINTH: No director of the Corporation shall be liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision does not eliminate or limit the liability of the director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. For purposes of the prior sentence, the term "damages" shall, to the extent permitted by law, include without limitation, any judgment, fine, amount paid in settlement, penalty, punitive damages, excise or other tax assessed with respect to an employee benefit plan, or expense of any nature (including, without limitation, reasonable counsel fees and disbursements). Each person who serves as a director of the Corporation while this Article **NINTH** is in effect shall be deemed to be doing so in reliance on the provisions of this Article **NINTH,** and neither the amendment or repeal of this Article **NINTH,** nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article **NINTH,** shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for, arising out of, based upon, or in connection with any acts or omissions of such director occurring prior to such amendment, repeal, or adoption of an inconsistent provision. The provisions of this Article **NINTH** are cumulative and shall be in addition to and independent of any and all other limitations on or eliminations of the liabilities of directors of the Corporation, as such, whether such limitations or eliminations arise under or are created by any law, rule, regulation, bylaw, agreement, vote of stock.holders or disinterested directors, or otherwise.

TENTH: From time to time any of the provisions of this Certificate of Incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this Certificate of Incorporation are granted subject to the provisions of this Article **TENTH.**

IN WITNESS WHEREOF, I have made, signed, and sealed this Certificate of Incorporation as of September 14, 2007.

/s/ Nyisha Shakur

Nyisha Shakur, Sole Incorporator

Exhibit 4.3

DESCRIPTION OF OUR CAPITAL STOCK

The following is a description of our common stock and preferred stock. For the complete terms of our common stock and preferred stock, please refer to our certificate of incorporation, as amended, and our bylaws, as amended, which have been previously filed with the SEC, and are incorporated by reference. The terms of these securities may also be affected by the General Corporation Law of the State of Delaware. The summary below is qualified in its entirety by reference to our certificate of incorporation and our bylaws, as either may be amended from time to time after the date this description has been filed.

Authorized Capitalization

We have 202,000,000 shares of capital stock authorized under our certificate of incorporation, consisting of 200,000,000 shares of common stock, par value $0.0001 per share, and 2,000,000 shares of preferred stock, of which 100,000 have been designated as Series A Convertible Preferred Stock, par value $0.0001 per share, or Series A Preferred Stock. Our authorized shares of common stock and preferred stock are available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. If the approval of our stockholders is not so required, our board of directors may determine not to seek stockholder approval.

Common Stock

Holders of our common stock are entitled to such dividends as may be declared by our board of directors out of funds legally available for such purpose, subject to any preferential dividend rights of any then outstanding preferred stock. The shares of common stock are neither redeemable nor convertible. Holders of common stock are not entitled to preemptive or subscription rights to purchase any of our securities under our charter documents.

Each holder of our common stock is entitled to one vote for each such share outstanding in the holder's name. No holder of common stock is entitled to cumulate votes in voting for directors.

In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive pro rata our assets that are legally available for distribution, after payments of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding. All of the outstanding shares of our common stock are, and the shares of common stock issued upon the conversion of any securities convertible into our common stock will be, fully paid and non-assessable.

Our common stock is listed on The NASDAQ Stock Market under the symbol "APPS." American Stock Transfer is the transfer agent and registrar for our common stock. Its address is 6201 15th Avenue Brooklyn, NY 11219, and its telephone number is (800) 937-5449.

Preferred Stock

Our certificate of incorporation permits us to issue up to 2,000,000 shares of preferred stock in one or more series and with rights and preferences that may be fixed or designated by our board of directors without any further action by our stockholders.

Subject to the limitations prescribed in our certificate of incorporation and under Delaware law, our certificate of incorporation authorizes the board of directors, from time to time by resolution and without further stockholder action, to provide for the issuance of shares of preferred stock, in one or more series, and to fix the designation, powers, preferences and other rights of the shares and to fix the qualifications, limitations and restrictions thereof. Although our board of directors has no present intention to issue any additional preferred stock, the issuance of preferred stock could adversely affect the rights of holders of our common stock, including with respect to voting, dividends and liquidation, by issuing shares of preferred stock with certain voting, conversion and/or redemption rights. Such issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control.

Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of our company or to make removal of management more difficult. Additionally, the issuance of preferred stock may decrease the market price of our common stock. The number of authorized shares of preferred stock may be increased or decreased, but not decreased below the number of shares then outstanding plus the number of such shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any other outstanding securities issued by us that are convertible into or exercisable into preferred stock, by the affirmative vote of the holders of a majority of our common stock without a vote of the holders of preferred stock, or any series of preferred stock, unless a vote of any such holder is required pursuant to the terms of such series of preferred stock.

Series A Convertible Preferred Stock

We currently have 100,000 shares of our Series A Preferred Stock designated, and as of December 31, 2018, we had 100,000 shares of our Series A Preferred Stock outstanding. While shares of our Series A Preferred Stock are outstanding, holders of the Series A Preferred Stock are entitled to receive any dividends if and when declared by the Company's board of directors on the Company's common stock on an as-converted basis.

The Series A Preferred Stock is convertible at any time at the option of the holder into shares of our common stock based on dividing the original purchase price plus the amount of any accumulated but unpaid dividends, by the conversion price then in effect (as may be adjusted).

The Series A Preferred Stock is entitled to vote together with the common stock as a single class (on an as-converted to common stock basis) on any matters submitted to the holders of the Company's common stock, together with any other voting rights provided to the Series A Preferred under law or the General Corporation Law of the State of Delaware.

The Series A Preferred Stock is entitled to receive, prior and in preference to our common stock or any other class designated as junior to the Series A Preferred Stock, upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of its insolvency, an amount per share equal to the greater of (i) $10.00 per share of Series A Preferred Stock (subject to certain adjustments) or (ii) such amount per share as would have been payable had the Series A Preferred Stock been converted into our common stock immediately prior to such liquidation, dissolution or winding up. Each holder of Series A Preferred Stock also has the right to a cash-out election in the event of certain transactions, including a consolidation or merger of the Company (excluding a transaction involving a reincorporation or a merger with a wholly-owned subsidiary), a sale of all or substantially all of the assets of the Company, the issuance by the Company in a single or integrated transaction shares of common stock (or securities convertible into common stock) representing a majority of the shares of common stock outstanding immediately following such issuance, or any other form of acquisition where the Company is the target and a change of control occurs such that the acquirer has the power to elect a majority of the Company's board of directors.

Anti-Takeover Effects of Certain Provisions of Delaware Law

The following is a summary of certain provisions of Delaware law. This summary does not purport to be complete and is qualified in its entirety by reference to the corporate law of Delaware and our certificate of incorporation and bylaws.

Effect of Delaware Anti-Takeover Statute. We may be subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to that date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares of voting stock outstanding (but not the voting stock owned by the interested stockholder) those shares owned by persons who are directors and officers and by excluding employee stock plans in which employee participants do not have the right to determine whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to that date, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66⅔% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation, or who beneficially owns 15% or more of the outstanding voting stock of the corporation at any time within a three-year period immediately prior to the date of determining whether such person is an interested stockholder, and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

2020 EQUITY INCENTIVE PLAN OF

DIGITAL TURBINE, INC.

Digital Turbine, Inc. (the "Company") hereby adopts in its entirety the 2020 Equity Incentive Plan of Digital Turbine, Inc. (as may be amended from time to time, the "Plan"), on September 15, 2020 (the "Adoption Date"). Unless otherwise defined, terms with initial capital letters are defined in Section 2 below.

SECTION 1.
BACKGROUND AND PURPOSE

1.1 Background. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights (" SARs"), Restricted Stock, and Restricted Stock Units.

1.2 Purpose of the Plan. The Plan is intended to attract, motivate and retain the following individuals: (a) employees of the Company or its Affiliates; (b) directors of the Company or any of its Affiliates who are employees of neither the Company nor any Affiliate; and (c) consultants who provide significant services to the Company or its Affiliates. The Plan is also designed to encourage stock ownership by such individuals, thereby aligning their interests with those of the Company's stockholders.

SECTION 2.
DEFINITIONS

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

2.1 "1933 Act" means the Securities Act of 1933, as amended. Reference to a specific section of the 1933 Act shall include such section, any valid rules or regulations promulgated under such section, and any comparable provisions of any future legislation, rules or regulations amending, supplementing or superseding any such section, rule or regulation.

2.2 "1934 Act" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the 1934 Act shall include such section, any valid rules or regulations promulgated under such section, and any comparable provisions of any future legislation, rules or regulations amending, supplementing or superseding any such section, rule or regulation.

2.3 "Administrator" means the Committee. Except as otherwise determined by the Board, with respect to any Award issued to a Section 16 Person, the Administrator shall consist solely of the Board or a Committee consisting of two or more Nonemployee Directors.

2.4 "Affiliate" means any corporation or any other entity (including, but not limited to, Subsidiaries, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

2.5 "Applicable Law" means the legal requirements relating to the administration of Options, SARs, Restricted Stock, Restricted Stock Units and similar incentive plans under any applicable laws, including but not limited to federal and state employment, labor, privacy and securities laws, the Code, and applicable rules and regulations promulgated by the NASDAQ Stock Market, New York Stock Exchange, or the requirements of any other stock exchange or quotation system upon which the Shares may then be listed or quoted.

2.6 "Award" means, individually or collectively, a grant under the Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, and Restricted Stock Units.

2.7 "Award Agreement" means the written agreement setting forth the terms and provisions applicable to each Award granted under the Plan, including the Grant Date.

2.8 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.9 "Cashless Exercise" means the assignment in a form acceptable to the Company of the proceeds of a sale or loan with respect to some or all of the Shares acquired upon the exercise of an Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) or an immediate sale to the Company respecting all or any part of the Shares to which the Participant is entitled upon exercise of an Option pursuant to an extension of credit by the Company, on an interest-free basis, to the Participant of the purchase price (in such event, immediately following such sale, the Participant will deliver to the Company funds sufficient to satisfy such extension of credit).

2.10 "Change in Control" means the occurrence of any of the following:

(a) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the 1934 Act), becomes the "beneficial owner" (as defined in Rule 13d-3 of the 1934 Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(b) The sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the 1934 Act).

Notwithstanding the foregoing, to the extent any Award is subject to Section 409A of the Code and constitutes a Change in Control payment event under Section 409A of the Code, a Change in Control shall not occur unless such transaction constitutes a change in the ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets under Section 409A of the Code.

2.11 "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.12 "Committee" means any committee appointed by the Board of Directors to administer the Plan, including, without limitation, the Compensation Committee.

2.13 "Company" means Digital Turbine, Inc. or any successor thereto.

2.14 "Consultant" means any consultant, independent contractor or other person who provides significant services to the Company or its Affiliates or any employee or affiliate of any of the foregoing, but who is neither an Employee nor a Director, and who otherwise may be offered securities registerable pursuant to a registration statement on Form S-8 under the 1933 Act.

2.15 "Continuous Status" as an Employee, Consultant or Director means that a Participant's employment or service relationship with the Company or any Affiliate is not interrupted or terminated. Continuous Status shall not be considered interrupted in the following cases: (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company and any Subsidiary or successor, except to the extent inconsistent with Section 409Aof the Code if the applicable Award is subject thereto and termination of Continuous Status is otherwise a payment event for purposes of Section 409A of the Code under the Award. A leave of absence approved by the Company shall include sick leave, military leave or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no leave of absence may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If such reemployment is approved by the Company but not guaranteed by statute or contract, then such employment will be considered terminated on the ninety-first (91st) day of such leave and on such date any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonqualified Stock Option. In the event a Participant's status changes among the positions of Employee, Director and Consultant, the Participant's Continuous Status as an Employee, Director or Consultant shall not be considered terminated solely as a result of any such changes in status.

2.16 "Director" means any individual who is a member of the Board of Directors of the Company or an Affiliate of the Company.

2.17 "Disability" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time, including reliance upon any determination that a Participant is disabled for purposes of benefits under any accident or disability plan maintained by the Company or an Affiliate in which a Participant participates.

2.18 "Effective Date" means the date on which stockholder approval of this Plan is obtained.

2.19 "Employee" means any individual who is a common-law employee of the Company or of an Affiliate.

2.20 "Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option, and the price used to determine the number of Shares payable to a Participant upon the exercise of a SAR.

2.21 "Fair Market Value" means, as of any date, provided the Shares are listed on a national securities exchange, an established stock exchange or a national market system, the Fair Market Value of a Share shall be the closing sales price for such stock on the Grant Date of the Award. If no sales were reported on such Grant Date of the Award, the Fair Market Value of a Share shall be the closing price for such stock as quoted on such exchange (or the exchange with the greatest volume of trading in the Shares) on the last market trading day with reported sales prior to the date of determination. In the case where the Company is not listed on a national securities exchange, an established stock exchange or a national market system, Fair Market Value shall be determined by the Board in good faith in accordance with Sections 409A and 422 of the Code and the applicable Treasury regulations and such determination shall be conclusive and binding on all persons.

2.22 "Fiscal Year" means a fiscal year of the Company.

2.23 "Grant Date" means the date the Administrator adopts a resolution, or takes other appropriate corporate action, expressly granting an Award to a Participant or, if a later date is set forth in such resolution, then such date as is set forth in such resolution.

2.24 "Incentive Stock Option" means an Option to purchase Shares, which is designated as an Incentive Stock Option and meets the requirements of Section 422 of the Code.

2.25 "Misconduct" means any act or omission giving the Company (or any Affiliate) the right to terminate for "Cause" as defined in Participant's employment or service agreement with the Company (or any Affiliate), or in the absence of such an agreement or such a definition, means commission of any act contrary or harmful to the interests of the Company (or any Affiliate) and shall include, without limitation: (a) conviction of a felony or crime involving moral turpitude or dishonesty, (b) violation of Company (or any Affiliate) policies, with or acting against the interests of the Company (or any Affiliate), including employing or recruiting any present, former or future employee of the Company (or any Affiliate), (c) misuse of any confidential, secret, privileged or non-public information relating to the Company's (or any Affiliate's) business, or (e) participating in a hostile takeover attempt of the Company or an Affiliate. The foregoing definition shall not be deemed to be inclusive of all acts or omissions that the Company (or any Affiliate) may consider as Misconduct for purposes of the Plan. The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to whether a Participant has engaged in Misconduct.

2.26 "Net Exercise" means a procedure through which the number of Shares necessary to pay the purchase price will be withheld from the number of Shares that would otherwise be issued to the Participant upon the exercise of an Option.

2.27 "Nonemployee Director" means a Director who is not employed by the Company or an Affiliate and otherwise meets the requirements as a "nonemployee director" within the meaning of Rule 16b-3.

2.28 "Nonqualified Stock Option" means an option to purchase Shares that is not intended to be an Incentive Stock Option.

2.29 "Option" means an Award of an Incentive Stock Option or a Nonqualified Stock Option granted to a Participant pursuant to Section 5.

2.30 "Participant" means an Employee, Director or Consultant who has an outstanding Award.

2.31 "Period of Restriction" means the period during which the transfer of Restricted Stock is subject to restrictions that subject the Shares to a substantial risk of forfeiture. As provided in Section 7, such restrictions may be based on the passage of time, the achievement of Performance Goals, or the occurrence of other events as determined by the Administrator, in its discretion.

2.32 "Plan" means this 2020 Equity Incentive Plan of Digital Turbine, Inc., as set forth in this instrument and as hereafter amended or restated from time to time.

2.33 "Restricted Stock" means an Award of restricted Shares granted to a Participant pursuant to Section 7 that constitutes a transfer of ownership of Shares to a Participant from the Company that are subject to restrictions against transferability, assignment, and hypothecation until such restrictions lapse. The restrictions against transferability lapse when the Participant has met the specified vesting requirements. Vesting can be based on continued employment or service over a stated service period, or on the attainment of specified Performance Goals. If employment or service is terminated prior to vesting, the unvested Restricted Stock revert back to the Company.

2.34 "Restricted Stock Units" means an Award granted to a Participant pursuant to Section 8 that constitutes a promise to deliver to a Participant a specified number of Shares, or the equivalent value in cash, upon satisfaction of the vesting requirements set forth in the Award Agreement. Vesting can be based on continued employment or service over a stated service period, or on the attainment of specified Performance Goals. If employment or service is terminated prior to vesting, the unvested Restricted Stock Units revert back to the Company.

2.35 "Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act, and any future regulation amending, supplementing or superseding such regulation.

2.36 "SEC" means the U.S. Securities and Exchange Commission.

2.37 "Section 16 Person" means a person who, with respect to the Shares, is subject to Section 16 of the 1934 Act.

2.38 "Shares" means shares of common stock of the Company.

2.39 "Stock Appreciation Right" or "SAR" means an Award of the right to receive a payment in cash or Shares granted to a Participant pursuant to Section 6 that upon exercise, gives a Participant a right to receive a payment in cash, or the equivalent value in Shares, equal to the difference between the Fair Market Value of the Shares on the exercise date and the Exercise Price. Both the number of SARs and the Exercise Price shall be determined on the Grant Date. For example, assume a Participant is granted 100 SARs at an Exercise Price of $10 and the award agreement specifies that the net gain will be settled in Shares. Also assume that the SARs are exercised when the underlying Shares have a Fair Market Value of $20 per Share. Upon exercise of the SAR, the Participant is entitled to receive 50 Shares (($20-$10)*100)/$20].

2.40 "Subsidiary" means any corporation or other business entity in an unbroken chain of corporations or entities beginning with the Company if each of the corporations or entities other than the last corporation or entity in the unbroken chain then owns stock or other equity interests possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or other equity interests in one of the other corporations or entities in such chain.

SECTION 3
ADMINISTRATION

3.1 The Administrator. The Administrator shall be appointed by the Board of Directors from time to time.

3.2 Authority of the Administrator. It shall be the duty of the Administrator to administer the Plan in accordance with the Plan's provisions and in accordance with Applicable Law. The Administrator shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to determine the following: (a) which Employees, Directors and Consultants shall be granted Awards; (b) the terms, conditions and the amendment of Awards, including the express power to amend an Award to include a provision to reduce the Exercise Price of any outstanding Option or other Award after the Grant Date, or to cancel an outstanding Option or other Award in exchange for the grant of a new Option or other Award with an Exercise Price equal to the Fair Market Value on the Grant Date; (c) interpretation of the Plan; (d) adoption of rules for the administration, interpretation and application of the Plan as are consistent therewith; and (e) interpretation, amendment or revocation of any such rules. Notwithstanding the foregoing, if any amendment of an outstanding Award effects a repricing, stockholder approval shall be required before the repricing is effective.

3.3 Delegation by the Administrator. The Administrator, in its discretion and on such terms and conditions as it may provide, may delegate (a) all or any part of its authority and powers under the Plan to one or more Directors and (b) certain aspects of day-to-day administration of the Plan to one or more officers or employees of the Company or any of its subsidiaries or to one or more agents; provided, however, in the case where the Company is listed on an established stock exchange or quotation system, the Administrator may not delegate its authority and powers (y) with respect to Section 16 Persons or (z) in any way which would jeopardize the Plan's qualification under Rule 16b-3.

3.4 Decisions Binding. All determinations and decisions made by the Administrator, the Board and any delegate of the Administrator pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, and shall be given the maximum deference permitted by Applicable Law.

3.5 Indemnification. In addition to such other rights of indemnification as its members may have as Directors or members of the Committee, and to the extent allowed by Applicable Law, the Administrator shall be indemnified by the Company against the reasonable expenses, including attorney's fees, actually incurred in connection with any action, suit or proceeding or in connection with any appeal therein, to which the Administrator may be party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted under the Plan, and against all amounts paid by the Administrator in settlement thereof (provided, however, that the settlement has been approved by the Company, which approval shall not be unreasonably withheld) or paid by the Administrator in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Administrator did not act in good faith and in a manner which such person reasonably believed to be in the best interests of the Company, or in the case of a criminal proceeding, had no reason to believe that the conduct complained of was unlawful; provided, however, that within sixty (60) days after the institution of any such action, suit or proceeding, such Administrator shall, in writing, offer the Company the opportunity at its own expense to handle and defend such action, suit or proceeding.

SECTION 4
SHARES SUBJECT TO THE PLAN

4.1 Number of Shares. Subject to adjustment, as provided in Section 4.3, the total number of Shares initially available for grant under the Plan shall be 12,000,000 (the "Total Share Reserve"). Shares granted under the Plan may be authorized but unissued Shares or reacquired Shares bought on the market or otherwise. Subject to adjustment, as provided in Section 4.3, the entirety of the Total Share Reserve may be issued pursuant to the exercise of Incentive Stock Options (the "ISO Limit").

4.2 Lapsed Awards. If any Award made under the Plan expires, or is forfeited or cancelled, the Shares underlying such Awards shall become available for future Awards under the Plan. Notwithstanding the foregoing, Shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan is such Shares are (a) Shares tendered in payment of an Option, (b) Shares delivered or withheld by the Company to satisfy any tax withholding obligation, or (c) Shares covered by a stock-settled SAR or other Award that were not issued upon the settlement of the Award.

4.3 Adjustments in Awards and Authorized Shares . The number and kind of Shares covered by each outstanding Award, and the per Share Exercise Price of each such Award, shall be equitably adjusted to reflect any stock split, reverse stock split, reorganization, recapitalization, combination or exchange, reclassification, the payment of a stock dividend on the common stock, or any other event or transaction that affects the number or kind of such Shares, including, without limitation, those events or transactions which are effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. An adjustment under this Section 4.3 that adjusts the per Share Exercise Price will not be considered a repricing for purposes of Section 3.2 or 10.2. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option. No adjustment shall result in an Award for a fraction of a Share; instead, the number of Shares subject to an Award will be rounded down to the next lowest whole Share.

4.4 Substitute Awards. Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity acquired by the Company or with which the Company combines ("Substitute Awards"). Substitute Awards shall not be counted against the Total Share Reserve; provided, that, Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding Options intended to qualify as Incentive Stock Options shall be counted against the ISO Limit. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan on an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect such acquisition or transaction) may be used for Awards under the Plan and shall not count toward the Total Share Reserve.

4.5 Legal Compliance. Shares shall not be issued pursuant to the making or exercise of an Award unless the exercise of Options and rights and the issuance and delivery of Shares shall comply with the 1933 Act, the 1934 Act and other Applicable Law, and shall be further subject to the approval of counsel for the Company with respect to such compliance. Any Award made in violation hereof shall be null and void.

4.6 Investment Representations. As a condition to the exercise of an Option or other right, the Company may require the person exercising such Option or right to represent and warrant at the time of exercise that the Shares are being acquired only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

SECTION 5
STOCK OPTIONS

The provisions of this Section 5 are applicable to Options granted to Employees, Directors and

Consultants. Such Participants shall also be eligible to receive other types of Awards as set forth in the Plan.

5.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted at any time and from time to time as determined by the Administrator in its discretion. The Administrator may grant Incentive Stock Options, Nonqualified Stock Options, or a combination thereof, and the Administrator, in its discretion and subject to Section 4.1, shall determine the number of Shares subject to each Option. Notwithstanding the foregoing, the Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the terms of such Option do not satisfy the requirements of Section 409A of the Code.

5.2 Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the Exercise Price, the expiration date of the Option, the number of Shares to which the Option pertains, any conditions to exercise the Option, and such other terms and conditions as the Administrator, in its discretion, shall determine. The Award Agreement shall also specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

5.3 Exercise Price. The Administrator shall determine the Exercise Price for each Option subject to the provisions of this Section 5.3.

5.3.1 Nonqualified Stock Options. In the case of a Nonqualified Stock Option, the per Share Exercise Price shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date, as determined by the Administrator.

5.3.2 Incentive Stock Options. The grant of Incentive Stock Options shall be subject to the following limitations:

(a) The Exercise Price of an Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date; provided, however, that if on the Grant Date, the Employee (together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code) owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the Exercise Price shall be not less than one hundred and ten percent (110%) of the Fair Market Value of a Share on the Grant Date;

(b) Incentive Stock Options may be granted only to persons who are, as of the Grant Date, Employees of the Company or a Subsidiary, and may not be granted to Consultants or Directors. In the event the Company fails to obtain stockholder approval of the Plan within twelve (12) months from the Adoption Date, all Options granted under this Plan designated as Incentive Stock Options shall become Nonqualified Stock Options and shall be subject to the provisions of this Section 5 applicable to Nonqualified Stock Options.

(c) To the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonqualified Stock Options. For purposes of this Section 5.3.2(c), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted; and

(d) In the event of a Participant's change of status from Employee to Consultant or Director, an Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonqualified Stock Option three (3) months and one (1) day following such change of status.

5.3.3 Substitute Options. Notwithstanding the provisions of Sections 5.3.1 and 5.3.2, in the event that the Company or an Affiliate consummates a transaction described in Section 424(a) of the Code (e.g., the acquisition of property or stock from an unrelated corporation), persons who become Employees, Directors or Consultants on account of such transaction may be granted Options in substitution for options granted by their former employer, and such Options may be granted with an Exercise Price less than the Fair Market Value of a Share on the Grant Date; provided, however, the grant of such substitute Option shall not constitute a "modification" as defined in Section 424(h)(3) of the Code and the applicable Treasury regulations.

5.4 Expiration of Options.

5.4.1 Expiration Dates. Unless otherwise specified in an Award Agreement, each Option shall immediately terminate on the date a Participant ceases his/her/its Continuous Status as an Employee, Director or Consultant with respect to the Shares that have not vested. With respect to the vested Shares underlying a Participant's Option, unless otherwise specified in the Award Agreement, each Option shall terminate no later than the first to occur of the following events:

(a) Date in Award Agreement. The date for termination of the Option set forth in the written Award Agreement;

(b) Termination of Continuous Status as Employee, Director or Consultant. The last day of the three (3)-month period following the date the Participant ceases his/her/its Continuous Status as an Employee, Director or Consultant (other than termination for a reason described in subsections (c), (d), (e), or (f) below);

(c) Misconduct. In the event a Participant's Continuous Status as an Employee, Director or Consultant terminates because the Participant has performed an act of Misconduct as determined by the Administrator, all unexercised Options held by such Participant shall expire upon such termination;

(d) Disability. In the event that a Participant's Continuous Status as an Employee, Director or Consultant terminates as a result of the Participant's Disability, the Participant may exercise his or her Option at any time within twelve (12) months from the date of such termination, but only to the extent that the Participant was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). If, at the date of termination, the Participant is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Participant does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan;

(e) Death. In the event of the death of a Participant, the Participant's Option may be exercised at any time within twelve (12) months following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Participant was entitled to exercise the Option at the date of death. If, at the time of death, the Participant was not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan. If, after death, the Participant's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan; or

(f) 10 Years from Grant. An Option shall expire no more than ten (10) years from the Grant Date; provided, however, that if an Incentive Stock Option is granted to an Employee who, together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of the stock of the Company or any of its Subsidiaries, such Incentive Stock Option may not be exercised after the expiration of five (5) years from the Grant Date.

5.4.2 Administrator Discretion. Notwithstanding the foregoing the Administrator may, after an Option is granted, extend the exercise period that an Option is exercisable following a Participant's termination of employment (subject to limitations applicable to Incentive Stock Options); provided, however, that such extension does not exceed the maximum term of the Option.

5.5 Exercisability of Options. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions as set forth in the Award Agreement and conditions as the Administrator shall determine in its discretion. After an Option is granted, the Administrator, in its discretion, may accelerate the exercisability of the Option.

5.6 Exercise and Payment. Options shall be exercised by the Participant's delivery of a written notice of exercise to the Secretary of the Company (or its designee), setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares. No Option may be exercised for a fraction of a Share. If an Option is treated as an Incentive Stock Option in part and as a Nonqualified Stock Option in part by reason of the limitations set forth in Section 5.3.2, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant will be deemed to have exercised the Incentive Stock Option portion of the Option first.

5.6.1 Form of Consideration. Upon the exercise of any Option, the Exercise Price shall be payable to the Company in full in cash or its equivalent. The Administrator, in its discretion, also may permit the exercise of Options and same-day sale of related Shares, exercise by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price, Cashless Exercise, Net Exercise, or exercise by any other means which the Administrator, in its discretion, determines to provide legal consideration for the Shares, and to be consistent with the purposes of the Plan. Unless otherwise specifically provided in the Option, the Exercise Price of Shares acquired pursuant to an Option that is paid by delivery (or attestation) to the Company of other Shares acquired, directly or indirectly from the Company, shall be paid only by Shares that have been held for more than six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes). Notwithstanding the foregoing, during any period for which the Company is publicly traded (i.e., the Shares are listed on a national securities exchange, any established stock exchange or a national market system) an exercise by a Director or officer that involves or may involve a direct or indirect extension of credit or arrangement of an extension of credit by the Company, directly or indirectly, in violation of Section 402(a) of the Sarbanes-Oxley Act of 2002 shall be prohibited with respect to any Award under this Plan.

5.6.2 Delivery of Shares. As soon as practicable after receipt of a written notification of exercise and full payment for the Shares purchased, the Company shall deliver to the Participant (or the Participant's designated broker), share certificates (which may be in book entry form) representing such Shares.

SECTION 6
STOCK APPRECIATION RIGHTS

6.1 Grant of SARs. Subject to the terms of the Plan, a SAR may be granted to Employees, Directors and Consultants at any time and from time to time as shall be determined by the Administrator.

6.1.1. Number of SARs. The Administrator shall have complete discretion to determine the number of SARs granted to any Participant.

6.1.2. Exercise Price and Other Terms . The Administrator, subject to the provisions of the Plan, shall have discretion to determine the terms and conditions of SARs granted under the Plan, including whether upon exercise the SARs will be settled in Shares or cash. However, the Exercise Price of a SAR shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date.

6.2 Exercise of SARs. SARs granted under the Plan shall be exercisable at such times and be subject to such restrictions as set forth in the Award Agreement and conditions as the Administrator shall determine in its discretion. After a SAR is granted, the Administrator, in its discretion, may accelerate the exercisability of the SAR. No SAR may be exercised with respect to a fraction of a Share.

6.3 SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the Exercise Price, the term of the SAR, the conditions of exercise and such other terms and conditions as the Administrator shall determine.

6.4 Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator in its discretion as set forth in the Award Agreement, or otherwise pursuant to the provisions relating to the expiration of Options as set forth in Section 5.4.

6.5 Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive (whichever is specified in the Award Agreement) from the Company either (a) a cash payment in an amount equal to (x) the difference between the Fair Market Value of a Share on the date of exercise and the SAR Exercise Price, multiplied by (y) the number of Shares with respect to which the SAR is exercised, or (b) a number of Shares by dividing such cash amount by the Fair Market Value of a Share on the exercise date. If the Administrator designates in the Award Agreement that the SAR will be settled in cash, upon Participant's exercise of the SAR the Company shall make a cash payment to Participant as soon as reasonably practical.

SECTION 7
RESTRICTED STOCK

7.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Stock to Employees, Directors and Consultants in such amounts as the Administrator, in its discretion, shall determine. The Administrator shall determine the number of Shares to be granted to each Participant and the purchase price, if any, to be paid by the Participant for such Shares; provided, however, that no Award of Restricted Stock may be granted or settled for a fraction of a Share. At the discretion of the Administrator, such purchase price may be paid by Participant with cash or through services rendered.

7.2 Restricted Stock Agreement. Each Award of Restricted Stock shall be evidenced by an Award Agreement that shall specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its discretion, shall determine. Unless the Administrator determines otherwise, Restricted Stock shall be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

7.3 Transferability. Except as provided in this Section 7, Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until expiration of the applicable Period of Restriction.

7.4 Other Restrictions. The Administrator, in its discretion, may impose such other restrictions on Restricted Stock as it may deem advisable or appropriate, including, without limitation, in accordance with this Section 7.4.

7.4.1 General Restrictions. The Administrator may set restrictions based upon the achievement of specific Performance Goals (as defined in Section 9.17) (Company-wide, business unit, or individual), or any other basis determined by the Administrator in its discretion.

7.4.2 Legend on Certificates. The Administrator, in its discretion, may place a legend or legends on the certificates representing Restricted Stock to give appropriate notice of such restrictions.

7.5 Removal of Restrictions. Except as otherwise provided in this Section 7, Restricted Stock covered by each Restricted Stock grant made under the Plan shall be released from escrow as soon as practicable after expiration of the Period of Restriction. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 7.4.3 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to Applicable Law. After Restricted Stock is granted, the Administrator, in its discretion, may accelerate the lapsing of restrictions with respect to a Participant's Restricted Stock.

7.6 Voting Rights. During the Period of Restriction, Participants holding Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless otherwise provided in the Award Agreement.

7.7 Dividends and Other Distributions. During the Period of Restriction, Participants holding Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement; provided, that, any dividends or other distributions paid with respect to such Shares shall be withheld by the Company for the Participant's account, and interest may be credited on the amount of the cash dividends withheld at a rate and subject to such terms as determined by the Administrator. The dividends or other distributions so withheld by the Administrator and attributable to any particular share of Restricted Stock (and earnings thereon, if applicable) shall be distributed to the Participant in cash or, at the discretion of the Administrator, in Shares having a Fair Market Value equal to the amount of such dividends or other distributions, if applicable on the lapse of the restrictions on such Share and, if such Share is forfeited, the Participant shall have no right to such dividends or other distributions.

7.8 Return of Restricted Stock to Company. On the date that any forfeiture event set forth in the Award Agreement occurs, the Restricted Stock for which restrictions have not lapsed shall revert to the Company and again shall become available for grant under the Plan.

SECTION 8
RESTRICTED STOCK UNITS

8.1 Grant of Restricted Stock Units. Subject to the terms and conditions of the Plan, Restricted Stock Units may be granted to Employees, Directors and Consultants at any time and from time to time, as shall be determined by the Administrator in its sole and absolute discretion.

8.1.1 Number of Restricted Stock Units. The Administrator will have complete discretion in determining the number of Restricted Stock Units granted to any Participant under an Award Agreement, subject to the limitations in Section 4.1. Nothwithstanding the foregoing, no Award of Restricted Stock Units may be granted or settled for a fraction of a Share.

8.1.2 Value of a Restricted Stock Unit . Each Restricted Stock Unit granted under an Award Agreement represents the right to receive one Share, or the equivalent value in cash, upon satisfaction of the vesting conditions specified in the Award Agreement. In the event that the equivalent value in cash is paid, the amount of such payment shall be equal to the Fair Market Value of the applicable number of Shares as of the date the vesting conditions specified in the Award Agreement are satisfied.

8.2 Vesting Conditions . In its sole and absolute discretion, the Administrator will set the vesting provisions, which may include any combination of time-based or performance-based vesting conditions. After Restricted Stock Units are granted, the Administrator, in its discretion, may accelerate the vesting of a Participant's Restricted Stock Units and provide for immediate payment in accordance with Section 8.3.

8.3 Form and Timing of Payment. The Administrator shall specify in the Award Agreement whether the Restricted Stock Units shall be settled in Shares or cash. In either case, payment will be made as soon as reasonably practical upon satisfaction of the vesting conditions.

8.4 Cancellation of Restricted Stock Units. On the earlier of the cancellation date set forth in the Award Agreement or upon the termination of Participant's Continuous Status as an Employee, Director or Consultant, all unvested Restricted Stock Units will be forfeited to the Company, and the underlying Shares again will be available for grant under the Plan.

SECTION 9
MISCELLANEOUS

9.1 No Restriction on Corporate Action . Nothing contained in the Plan will be construed to prevent the Company or any Affiliate of the Company from taking any corporate action that is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Employee, Director, Consultant, beneficiary, or other person will have any claim against the Company or any Affiliate as a result of any such action.

9.2 Change In Control. Unless otherwise provided in the Award Agreement, in the event of a Change in Control, unless an Award is assumed or substituted by the successor corporation, then (i) such Awards shall become fully exercisable as of the date of the Change in Control, whether or not otherwise then exercisable and (ii) all restrictions and conditions on any Award then outstanding shall lapse as of the date of the Change in Control.

9.3 Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. Notwithstanding anything to the contrary contained in this Plan or in any Award Agreement, the Participant shall have the right to exercise his or her Award for a period not less than ten (10) days immediately prior to such dissolution or transaction as to all of the Shares covered thereby, including Shares as to which the Award would not otherwise be exercisable.

9.4 No Stockholder Rights. Except as provided in the Plan or an Award Agreement, no Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Shares subject to an Award unless and until such Participant has satisfied all requirements with respect to the Shares granted under such Award or for exercise of such Award pursuant to its terms, as applicable.

9.5 No Effect on Employment or Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate any Participant's employment or service at any time, with or without cause. Unless otherwise provided by written contract, employment or service with the Company or any of its Affiliates is on an at-will basis only. Additionally, the Plan shall not confer upon any Director any right with respect to continuation of service as a Director or nomination to serve as a Director, nor shall it interfere in any way with any rights which such Director or the Company may have to terminate his or her directorship at any time.

9.6 Other Benefits. Amounts paid under the Plan shall not be considered part of a Participant's salary or compensation for purposes of determining or calculating other benefits under any other employee benefit plan or program of the Company.

9.7 Participation. No Employee, Consultant or Director shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

9.8 Limitations on Awards. No Participant shall be granted an Award or Awards in any Fiscal Year in which the combined number of Shares underlying such Award(s) exceeds 500,000 Shares; provided, however, that such limitation shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 4.3.

9.9 Unfunded Plan. The Plan shall be unfunded. Neither the Company, the Board nor the Administrator shall be required to establish any special or separate fund or to segregate any assets to assure the performance of its obligations under the Plan.

9.10 Non-Uniform Treatment. The Administrator's determinations under the Plan need not be uniform and may be made by it selectively among persons who are eligible to receive, or actually receive, Awards. Without limiting the generality of the foregoing, the Administrator shall be entitled to make non-uniform and selective determinations, amendments and adjustments, and to enter into non-uniform and selective Award Agreements.

9.11 Successors. All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or, otherwise, sale or disposition of all or substantially all of the business or assets of the Company.

9.12 Beneficiary Designations. If permitted by the Administrator, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid Award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Administrator. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of the Plan and of the applicable Award Agreement, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

9.13 Limited Transferability of Awards. No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant. Notwithstanding the foregoing, the Participant may, in a manner specified by the Administrator, (a) transfer a Nonqualified Stock Option to a Participant's spouse, former spouse or dependent pursuant to a court-approved domestic relations order which relates to the provision of child support, alimony payments or marital property rights and (b) transfer a Nonqualified Stock Option by bona fide gift and not for any consideration to (i) a member or members of the Participant's immediate family, (ii) a trust established for the exclusive benefit of the Participant and/or member(s) of the Participant's immediate family, (iii) a partnership, limited liability company of other entity whose only partners or members are the Participant and/or member(s) of the Participant's immediate family or (iv) a foundation in which the Participant an/or member(s) of the Participant's immediate family control the management of the foundation's assets.

9.14 Restrictions on Share Transferability. The Administrator may impose such restrictions on any Shares acquired pursuant to the exercise of an Award as it may deem advisable, including, but not limited to, restrictions related to applicable federal securities laws, the requirements of any national securities exchange or system upon which the Shares are then listed or traded or any blue sky or state securities laws.

9.15 Clawback. Notwithstanding any other provisions in this Plan, the Company may cancel any Award, require reimbursement of any Award by a Participant, and effect any other right of recoupment of equity or other compensation provided under the Plan in accordance with any Company policies that may be adopted and/or modified from time to time ("Clawback Policy"). In addition, a Participant may be required to repay to the Company previously paid compensation, whether provided pursuant to the Plan or an Award Agreement, in accordance with the Clawback Policy. By accepting an Award, the Participant is agreeing to be bound by the Clawback Policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion (including, without limitation, to comply with Applicable Law or stock exchange listing requirements).

9.16 Change in Control Obligations. In the sole and absolute discretion of the Administrator, an Award Agreement may provide that in the event of certain Change in Control events, which may include any or all of the Change in Control events described in Section 2.8, Shares obtained pursuant to this Plan shall be subject to certain rights and obligations, which include but are not limited to the following: (i) the obligation to vote all such Shares in favor of such Change in Control transaction, whether by vote at a meeting of the Company's stockholders or by written consent of such stockholders; (ii) the obligation to sell or exchange all such Shares and all rights to acquire Shares, under this Plan pursuant to the terms and conditions of such Change in Control transaction; (iii) the right to transfer less than all but not all of such Shares pursuant to the terms and conditions of such Change in Control transaction; and (iv) the obligation to execute all documents and take any other action reasonably requested by the Company to facilitate the consummation of such Change in Control transaction.

9.17 Performance-Based Awards. Each agreement for the grant of performance-based awards shall specify the number of Shares underlying the Award, the Performance Period and the Performance Goals (each as defined below). As used herein, " Performance Goals" means performance goals specified in the agreement for any Award which the Administrator determines to make subject to Performance Goals, upon which the vesting or settlement of such award is conditioned and "Performance Period" means the period of time specified in an agreement over which the Award which the Administrator determines to make subject to a Performance Goal, are to be earned. Each agreement for a performance-based Award shall specify in respect of a Performance Goal the minimum level of performance below which no payment will be made, shall describe the method of determining the amount of any payment to be made if performance is at or above the minimum acceptable level, but falls short of full achievement of the Performance Goal, and shall specify the maximum percentage payout under the agreement.

9.17.1 Mandatory Deferral of Income. The Administrator, in its sole discretion, may require that one or more award agreements contain provisions which provide that, in the event Section 162(m) of the Code, or any successor provision relating to excessive employee remuneration, would operate to disallow a deduction by the Company with respect to all or part of any award under the Plan, a Plan Participant's receipt of the benefit relating to such award that would not be deductible by the Company shall be deferred until the next succeeding year or years in which the Plan Participant's remuneration does not exceed the limit set forth in such provisions of the Code; provided, however, that such deferral does not violate Section 409A of the Code.

SECTION 10
AMENDMENT, SUSPENSION, AND TERMINATION

10.1 Amendment, Suspension, or Termination. Except as provided in Section 10.2, the Board, in its sole discretion, may amend, suspend or terminate the Plan, or any part thereof, at any time and for any reason. The amendment, suspension or termination of the Plan shall not, without the consent of the Participant, alter or impair any rights or obligations under any Award theretofore granted to such Participant. No Award may be granted during any period of suspension or after termination of the Plan.

10.1.1 Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees, Directors, and Consultants with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options or to the nonqualified deferred compensation provisions of Section 409A of the Code and/or to bring the Plan and/or Awards granted under it into compliance therewith.

10.2 No Amendment without Stockholder Approval. The Company shall obtain stockholder approval of any material Plan amendment to the extent necessary or desirable to comply with the rules of the national securities exchange, stock exchange, or national market system on which the Shares are traded or quoted, the 1934 Act, Section 422 of the Code, or other Applicable Law; provided, however, that is any amendment of the Plan effects a repricing of an outstanding Award, stockholder approval shall be required before the repricing is effective.

10.3 Effective Date and Duration of Awards. The Plan shall be effective as of the Effective Date, subject to Sections 10.1 and 10.2 (regarding the Board's right to amend or terminate the Plan), and shall remain in effect thereafter. However, without further stockholder approval, no Award may be granted under the Plan more than ten (10) years after the Effective Date.

SECTION 11
TAX WITHHOLDING

11.1 Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

11.2 Withholding Arrangements. The Administrator, in its discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (a) electing to have the Company withhold otherwise deliverable Shares or (b) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld. The amount of the withholding requirement shall be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made; provided, however, in the case Shares are withheld by the Company to satisfy the tax withholding that would otherwise by issued to the Participant, the amount of such tax withholding shall be determined by applying the statutory minimum federal, state or local income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date taxes are required to be withheld.

SECTION 12
LEGAL CONSTRUCTION

12.1 Liability of Company. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful grant or any Award or the issuance and sale of any Shares hereunder, shall relieve the Company, its officers, Directors and Employees of any liability in respect of the failure to grant such Award or to issue or sell such Shares as to which such requisite authority shall not have been obtained.

12.2 Grants Exceeding Allotted Shares. If the Shares covered by an Award exceed, as of the date of grant, the number of Shares which may be issued under the Plan without additional stockholder approval, such Award shall be void with respect to such excess Shares, unless stockholder approval of an amendment sufficiently increasing the number of Shares subject to the Plan is timely obtained.

12.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

12.4 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

12.5 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

12.6 Tax Provisions.

12.6.1 Section 409A. The Plan is intended to comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the “short-term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant’s termination of Continuous Status shall instead be paid on the first payroll date after the six-month anniversary of the Participant's separation from service (or the Participant's death, if earlier). Notwithstanding the foregoing, neither the Company nor the Administrator shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on any Participant under Section 409A of the Code and neither the Company nor the Administrator will have any liability to any Participant for such tax or penalty.

12.6.2 Section 280G.

(a) In the event that any payment or benefit received or to be received by the Participant pursuant to the terms of any, plan, arrangement, or agreement (including any payment or benefit received in connection with a change of control or the termination of the Employee’s employment) (all such payments and benefits being hereinafter referred to as the “Total Payments”) would be subject (in whole or part) to the excise tax (the “Excise Tax”) imposed under Section 4999 of the Code, then the Total Payments shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (after subtracting the amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Employee would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Participant that are exempt from Section 409A of the Code, (B) reduction of any other cash payments or benefits otherwise payable to the Participant that are exempt from Section 409A of the Code, but excluding any payment attributable to the acceleration of vesting or payment with respect to any equity award with respect to the Shares that is exempt from Section 409A of the Code, (C) reduction of any other payments or benefits otherwise payable to the Participant on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payment attributable to the acceleration of vesting and payment with respect to any equity award with respect to the Shares that is exempt from Section 409A of the Code, and (D) reduction of any payments attributable to the acceleration of vesting or payment with respect to any equity award with respect to the Shares that is exempt from Section 409A of the Code.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Participant shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an accounting firm or compensation consulting firm with nationally recognized standing and substantial expertise and experience on Section 280G matters (the "280G Firm") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the 280G Firm, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the 280G Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. All determinations related to the calculations to be performed pursuant to this Section 12.6.2(b) shall be done by the 280G Firm.

(c) The 280G Firm will be directed to submit its determination and detailed supporting calculations to both the Participant and the Company within fifteen (15) days after notification from either the Company or the Participant that the Participant may receive payments which may be "parachute payments." The Participant and the Company will each provide the 280G Firm access to and copies of any books, records, and documents in their possession as may be reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this letter agreement. The fees and expenses of the 280G Firm for its services in connection with the determinations and calculations contemplated by this letter agreement will be borne by the Company.

12.6.3 Disqualifying Dispositions. Any Participant who shall make a "disposition" (as defined in Section 424 of the Code) of all or any portion of Shares acquired upon exercise of an Incentive Stock Option within two years from the Grant Date of such Incentive Stock Option or within one year after the issuance of the Shares acquired upon exercise of such Incentive Stock Option shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such Shares.

12.7 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware.

12.8 Captions. Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

SECTION 13
EXECUTION

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Plan on the Adoption Date.

DIGITAL TURBINE, INC.

By: ______________________________________

Its Secretary

FIRST AMENDMENT TO THE
2020 EQUITY INCENTIVE PLAN OF
DIGITAL TURBINE, INC.

This First Amendment (this "***First Amendment***") to the 2020 Equity Incentive Plan of Digital Turbine, Inc. (the " ***Plan***") is made by Digital Turbine, Inc., a Delaware corporation (the "***Company***"), pursuant to the authorization of the Board of Directors of the Company (the "***Board***").

WHEREAS, the Board deems it to be in the Company's best interest to amend the Plan to provide for the administration of the Plan from a tax standpoint with respect to employees, directors and consultants who are performing services outside the United States (the "***Amendment***");

WHEREAS, Section 10.1 of the Plan authorizes the Board to amend, suspend or terminate the Plan; and

WHEREAS, the Board has determined that this Amendment is not a material amendment to the Plan.

NOW, THEREFORE, pursuant to the authority granted to the Board in Section 10.1 of the Plan, the Plan is hereby amended as follows:

Section 3.2 of the Plan is amended by adding the following at the end of such Section 3.2:

"Furthermore, the Administrator may grant Awards to Employees, Nonemployee Directors and Consultants who are subject to the tax laws of nations other than the United States which may have terms and conditions as determined by the Administrator as necessary to comply with, and/or as necessary to enable the grant of Awards to such Participants in a tax compliant manner under, applicable foreign laws. The Administrator may take any action which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity."

Except as provided above, the Plan shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Company, by its duly authorized officer has executed this Amendment on this ____ day of May, 2021.

Digital Turbine, Inc.

By:________

Name:________

Title:________

<u>APPENDIX FOR PARTICIPANTS IN ISRAEL</u>

<u>2020 EQUITY INCENTIVE PLAN OF</u>
<u>DIGITAL TURBINE, INC.</u>

The purpose of this Appendix is to set forth specific procedures to be followed in the event any Awards are granted to Israeli Participants (as defined below) so that the Israeli Participants are able to enjoy tax treatment of such Awards under the Israeli ITO (as defined below) that is substantially similar to the tax treatment of Awards already contemplated under the Plan (as defined below) for non-Israeli Participants. This Appendix has been adopted by the Board and by the Administrator under its authority as set forth in Section 3 of the Plan. Because this Appendix contains only procedural terms that are designed to enable Israeli Participants to receive substantially similar tax treatment as already contemplated under the Plan, this Appendix is deemed not to be a material amendment to the Plan.

1. General

1.1 This Appendix (this **"Appendix"**) to the 2020 Equity Incentive Plan of Digital Turbine, Inc. of September 15, 2020, as amended on May 13, 2021 (the **"Plan"**) is effective as of May 13, 2021 (the **"Effective Date"**) and has been adopted by the Company's Board pursuant to Section 10.1 of the Plan.

1.2 This Appendix shall apply only to persons who are Employees, Nonemployee Directors of, or Consultants to an Israeli resident Affiliate and deemed to be residents of the State of Israel for tax purposes or are otherwise subject to taxation in Israel with respect to grants of equity awards (the **"Israeli Participants").**

1.3 This Appendix is to be read as a continuation of the Plan and only modifies the terms of Awards granted to Israeli Participants so that they comply with the requirements set by the Israeli law in general, and in particular with the provisions of the Israeli ITO (as defined below), as may be amended or replaced from time to time. For the avoidance of doubt, this Appendix does not add to or modify the Plan in respect of any other category of Participants.

1.4 The Plan and this Appendix are complementary to each other and shall be deemed as one. In any case of contradiction with respect to Awards granted to Israeli Participants, whether explicit or implied, between the provisions of this Appendix and the Plan, the provisions set out in this Appendix shall prevail.

2. Definitions

Any capitalized term not specifically defined in this Appendix shall be construed according to the definition or interpretation given to it in the Plan. The following additional definitions will apply to grants made pursuant to this Appendix:

"Award" means, solely for the purpose of this Appendix, individually or collectively, Options, SARs, Restricted Stock or Restricted Stock Units, granted by the Company to an Israeli Participant, in accordance with the provisions of the Plan, provided that they are payable only or settled only using Shares.

"**Award Share**" means a Share issued upon exercise of an Award or vesting of an Award, as applicable, or, if applicable, a freely transferable Share issued to a Grantee not resulting from another type of Award.

"**102 Award**" means a grant of an Award to an Eligible 102 Participant pursuant to the provisions of Section 102 of the ITO, the Rules, and any other regulations, rulings, procedures or clarifications promulgated thereunder, or under any other section of the ITO that will be relevant for such issuance in the future.

"102 Capital Gains Track Award" means a 102 Trustee Award qualifying for the special tax treatment under the Capital Gains Track.

"102 Ordinary Income Track Award" means a 102 Trustee Award qualifying for the ordinary income tax treatment under the Ordinary Income Track.

"102 Non-Trustee Award" means an Award granted to an Eligible Participant pursuant to Section 102(c) of the ITO, which will not be subject to a Taxation Track and will not be held in Trust.

"102 Trustee Award" means an Award granted pursuant to Section 102(b) of the ITO and held in trust by a Trustee for the benefit of the Participant, and includes both 102 Capital Gains Track Awards and 102 Ordinary Income Track Awards.

"**3(i) Award** " means an Award granted to an Israeli Participant who is not an Eligible 102 Participant, which is subject to taxation pursuant to Section 3(i) of the ITO.

"**Beneficial Participant**" means the Participant for the benefit of whom the Trustee holds an Award in Trust.

"**Capital Gains Track**" means the capital gains tax track under Sections 102(b)(2) and 102(b)(3) of the ITO.

"**Controlling Shareholder**" means a "controlling shareholder", as such term is defined in Section 32(9)(a) of the ITO, as may be amended or replaced from time to time.

"Election" means the Company's choice of the type (as between Capital Gains Track or Ordinary Income Track) of 102 Trustee Grants it will make under the Plan, as filed with the ITA.

"Eligible 102 Participant" means any Israeli Participant who is an Employee, a Nonemployee Director or an office holder of an Israeli Affiliate, and who is not a Controlling Shareholder.

"Israeli Affiliate" an Israeli resident Affiliate of the Company.

"ITA" means the Israeli Tax Authorities.

"ITO" means the Israeli Income Tax Ordinance (New Version) 1961 and the rules, regulations, orders or procedures promulgated thereunder and any amendments thereto, including specifically the Rules, all as may be amended from time to time.

"**Required Holding Period**" means the requisite period prescribed by the ITO and the Rules, or such other period as may be required by the ITA, with respect to 102 Award, during which

Awards or Shares granted or issued by the Company must be held by the Trustee for the benefit of the Israeli Participant.

"Ordinary Income Track" means the ordinary income track under Section 102(b)(1) of the ITO.

"**Rights**" means rights issued in respect of Shares, including but not limited to bonus shares.

"Rules" means the Income Tax Rules (Tax benefits in Stock Issuance to Employees) 5763-2003.

"Section 102" shall mean the provisions of Section 102 of the ITO, as amended from time to time.

"Tax" means any and all federal, provincial, state and local taxes of any applicable jurisdiction, and other governmental fees, charges, duties, impositions and liabilities of any kind whatsoever, including social security, national health insurance or similar compulsory payments, together with all interest, linkage for inflation, penalties and additions imposed with respect to such amounts.

"**Taxation Track**" means each of the Ordinary Income Track or the Capital Gains Track.

"**Trust**" means the holding of an Award or an Award Share by the Trustee in Trust for the benefit of the Beneficial Participant, pursuant to the instructions of a Taxation Track.

"**Trustee**" means a person or entity designated by the Board to serve as a trustee and approved by the ITA in accordance with the provisions of Section 102(a) of the ITO, as may be replaced from time to time in accordance with the provisions of the ITO.

3. Types of Awards and Section 102 Election

3.1 102 Trustee Awards shall be granted pursuant to either (a) the Capital Gains Track or (b) the Ordinary Income Track. The Company's Election regarding the type of 102 Trustee Award it chooses to make shall be filed with the ITA. Once the Company has filed such Election, it may change the type of 102 Trustee Award that it chooses to make only after the passage of at least 12 months from the end of the calendar year in which the first grant was made in accordance with the previous Election, or following the lapse of any shorter or longer period, if provided by Applicable Law. For the avoidance of doubt, such Election shall not prevent the Company from granting 102 Non-Trustee Awards to Eligible 102 Participants at any time.

3.2 Eligible 102 Participants may receive only 102 Trustee Awards or 102 Non-Trustee Awards under this Appendix. Israeli Participants who are not Eligible 102 Participants may be granted only 3(i) Awards under this Appendix.

3.3 No 102 Trustee Awards may be made effective pursuant to this Appendix until 30 days after the requisite filings required by the ITO and the Rules have been made with the ITA.

3.4 The Award Agreement, or other documents evidencing the Awards granted pursuant to the Plan and this Appendix shall indicate whether the Award granted is a 102 Trustee Award, a 102 Non-Trustee Award or a 3(i) Award; and, if the grant is a 102 Trustee Award, whether it is a 102 Capital Gains Track Award or a 102 Ordinary Income Track Award. Notwithstanding Section 5.2 of the Plan, for Israeli Participants the Award Agreement should not specify whether an Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

3.5 The Administrator shall provide the Trustee with a certified copy of the specific Administrator's resolution approving the grant of the 102 Trustee Awards and a list with the grant details, all within 45 days from the Grant Date. Within ninety (90) days following such resolution, the Administrator shall provide the Trustee with fully executed copies of the corresponding Award Agreements.

4. Terms and Conditions of 102 Trustee Awards

4.1 Each 102 Trustee Award will be deemed granted on Grant Date, and shall be subject to compliance with the requirements of Section 102 and the execution of any document by the Israeli Participant required pursuant to this Section 4.

4.2 Notwithstanding Sections 5.3.1, 5.3.2 and 6.1.2 of the Plan, the Administrator may grant 102 Capital Gains Track Awards with Exercise Price equal to the average value of the Company's Shares on the thirty (30) trading days preceding the Grant Date, even if such Exercise Price is lower than the minimum of 100% (or 110%) of the Fair Market Value set forth in the above said Sections of the Plan.

4.3 Notwithstanding section 5.6.2 of the Plan, each 102 Trustee Award granted to an Eligible 102 Participant and each certificate (which may be in book entry form) for Award Shares or Shares issued subsequently following any realization of Rights derived from the Awards, representing such Shares, shall be issued to the Trustee (or the Trustee's designated broker) and shall be held in trust for the benefit of the Beneficial Participant for the Required Holding Period. In the event that the Shares are listed on any stock exchange or quotation system – any Award Shares and Shares issued subsequently following any realization of Rights derived from the Awards shall be deposited in the Trustee's account within ninety (90) days from Date of Grant.

4.4 Each 102 Trustee Award shall be subject to the relevant terms of Section 102 and the ITO, as may be amended or replaced from time to time, which shall be deemed an integral part of the 102 Trustee Award and shall prevail over any term contained in the Plan, this Appendix or any agreement that is not consistent therewith. Any provision of the ITO and any additional terms required by the ITA not expressly specified in this Appendix or the Award Agreement, as applicable, which are necessary to receive or maintain any tax benefit pursuant to the Section 102 shall be binding on the Eligible 102 Participant.

4.5 The Trustee and the Eligible 102 Participant granted a 102 Trustee Award shall comply with the ITO, and the terms and conditions of the applicable agreement entered into between the Company and/or an Israeli Affiliate and the Trustee. For avoidance of doubt, it is reiterated that compliance with the ITO specifically includes compliance with the Rules. Further, the Eligible 102 Participant agrees to execute any and all documents which the Company or the Trustee may reasonably determine to be necessary in order to comply with the provision of any Applicable Law, and, particularly, Section 102.

4.6 In accordance with Section 102, the tax benefits afforded to 102 Awards and Award Shares in accordance with the Ordinary Income Track or Capital Gains Track, as applicable, shall be contingent upon the Trustee holding such 102 Awards or Award

Shares for the applicable Required Holding Period. During the Required Holding Period, the Eligible 102 Participant shall not require the Trustee to release or sell any 102 Trustee Awards, any Award Shares and/or any Shares received subsequently following any realization of rights derived from the Awards (including, without limitation, stock dividends) to the Eligible 102 Participant or to a third party, unless permitted to do so by Applicable Law.

Notwithstanding the foregoing, the Trustee may at any time after the Awards are exercised or vested, as the case may be, pursuant to a written request and subject to Applicable Law (i) release from the Trust the Award Shares issued, on behalf of such Beneficial Participant, by executing and delivering to the Company such instrument(s) as the Company may require, giving due notice of such release to such Beneficial Participant, provided, however, that both of the following conditions have been fulfilled prior to such transfer: (a) all taxes required to be paid upon the release and transfer of such Awards and/or Award Shares have been withheld for transfer to the competent tax authorities and (b) the Trustee has received written confirmation from the Administrator or Administrator's designee that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, the Plan, any applicable agreement and any Applicable Law; or (ii) Alternatively, provided the Shares are listed on any stock exchange or quotation system, sell any Award Shares, the Company and/or the Trustee shall use their reasonable efforts to effect such sale and shall transfer such Award Shares to the purchaser thereof concurrently with the receipt of, or after having made suitable arrangements to secure, the payment of the proceeds of the purchase price in such transaction. The Company and/or the Trustee, as applicable, shall withhold from such proceeds any and all Taxes required to be paid in respect of such sale, shall remit the amount so withheld to the appropriate tax authorities and shall pay the balance thereof directly to the Beneficial Participant, reporting to such Beneficial Participant the amount so withheld and paid to said tax authorities.

To avoid doubt such sale or release during the Required Holding Period will result in different tax ramifications to the Eligible 102 Participant under Section 102 of the ITO and the Rules and/or any other regulations or orders or procedures promulgated thereunder, which shall apply to and shall be borne solely by such Eligible 102 Participant.

4.7 In the event a stock dividend is declared and/or additional Rights are granted with respect to Award Shares, such dividend and/or rights shall also be subject to the Taxation Track applying to the Award and to the provisions of this Section 4 and the Required Holding Period for such Award Shares and/or Rights shall be measured from the commencement of the Required Holding Period for the Awards with respect to which the dividend was declared and/or Rights granted. In the event of a cash dividend on Shares, the Trustee shall transfer the dividend proceeds to the Eligible 102 Participant after deduction of Taxes and mandatory payments in compliance with applicable withholding requirements.

4.8 Dividend equivalent, if distributed with respect to unvested Restricted Stock Units that were granted to an Eligible 102 Participant, will be paid to the Trustee or to the relevant Israeli Affiliate which employs such Eligible 102 Participant, as the case may be, and will be classified as ordinary income of such Eligible 102 Participant. The Trustee or the said Israeli Affiliate shall withhold Taxes from such dividend equivalents as may be required pursuant to Section 102 and any Rules, regulations or orders promulgated thereunder, or in accordance with a valid tax withholding certificate of the ITO, as the case may be.

4.9 Upon receipt of any 102 Trustee Award, the Eligible 102 Participant will consent to the grant of the 102 Trustee Award under Section 102 and will undertake to comply with the terms and conditions of (i) Section 102 and any Rules, regulations or orders promulgated thereunder; (ii) any tax arrangement and/or ruling of the ITA, to the extent applicable; and (iii) the trust arrangement between the Company or the relevant Affiliate and the Trustee. Without derogating from the foregoing, each Eligible 102 Participant shall undertake not to sell or transfer the Awards and/or the Award Shares prior to the lapse of the applicable Required Holding Period, unless he or she pays all Taxes that may arise in connection with such sale and/or transfer.

4.10 Voting Rights . As long as the Trustee holds the Award Shares, the voting rights at the general meeting of the Company's shareholders attached to such Award Shares will remain with the Trustee. However, the Trustee shall not be obligated to exercise such voting rights at general meetings nor notify the Beneficial Participant of any Award Shares held in the Trust, of any meeting of the Company's shareholders.

Without derogating from the above, any Award Shares derived from the exercise or vesting of 102 Trustee Awards shall be voted in accordance with the provisions of Section 102 and any Rules, regulations or orders promulgated thereunder.

4.11 With respect to a 102 Trustee Award, a copy of any notice of exercise shall be provided to the Trustee, in such form and method as may be determined by the Trustee in accordance with the requirements of Section 102.

5. Limited Transferability of Awards and Award Shares

In addition to any limitation or restriction on the transferability of Awards and/or Shares pursuant to the Plan, as long as Awards and/or Award Shares are held by the Trustee on behalf the Eligible 102 Participant, all rights over the Awards and Award Shares are personal, can not be transferred, assigned, pledged given as collateral or mortgaged, other than by will or pursuant to the laws of descent and distribution.

6. Taxation

6.1 Any tax consequences arising from the grant, vesting or exercise of any Award, from the issuance or sale of Award Shares, or from any other event or act (of the Company and/or its Affiliates and/or the Trustee and/or the Participant), hereunder, shall be borne solely by the Participant. The Company and/or its Affiliates and/or the Trustee shall withhold Taxes according to the requirements under the applicable laws, rules, and regulations. Furthermore, the Participant shall agree to indemnify the Company and/or its Affiliates and/or the Trustee and hold them harmless against and from any and all liability for any such Tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such Tax from any payment made to the Participant. Without derogating from Section 11 of the Plan, the Company and/or any of its Affiliates and/or the Trustee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all Taxes required by law to be withheld with respect to grants under the Plan and the exercise and/or sale or other disposition thereof, including, but not limited, to (i) deducting the amount so required to be withheld from any other amount (or Shares issuable) then or thereafter to be provided to the Participant, including by deducting any such amount from a Participant's salary or other amounts payable to the Participant, to the maximum extent permitted under law and/or (ii) requiring the Participant to pay to the Company or any of its affiliates the amount so required to be withheld as a condition of the issuance, delivery, distribution or release of any Award Shares and/or (iii) by causing the exercise and sale or disposition of any Award or Award Shares held by or on behalf of the Participant to cover such liability. In addition, the Participant will be required to pay any amount due in excess of the Tax withheld and transferred to the tax authorities, pursuant to applicable tax laws, regulations and rules.

6.2 The Company and/or, when applicable, the Trustee shall not be required to release any Award or Share to an Israeli Participant until all required Tax payments have been fully made or duly guaranteed to their full satisfaction.

6.3 With respect to 102 Non-Trustee Awards, if the Participant ceases to be employed by the Company or any Affiliate, the Eligible 102 Participant shall extend to the Company and/or the relevant Affiliate, to their full satisfaction, a security or guarantee for the payment of Tax due at the time of sale of the Award Shares, all in accordance with the provisions of Section 102 of the ITO and the Rules.

7. Termination of Continuous Status as Employee

Notwithstanding anything to the contrary in the Plan, the termination of Continuous Status of an Eligible 102 Participant as Employee shall be the cessation of the employee-employer relationship between such Participant and the Company or its Affiliate. It is clarified that a statutory maternity leave shall be deemed a leave of absence approved by the Company for the purpose of Section 2.15 of the Plan.

8. **One Time Award**

The Awards and Award Shares are extraordinary, one-time benefits granted to the Israeli Participants, and are not and shall not be deemed a salary component for any purpose whatsoever, including in connection with calculating severance compensation under Applicable Law.

9. Governing Law

Notwithstanding anything to the contrary in the Plan, including without limitation Section 12.7 of the Plan, with respect to Israeli Participants subject to this Appendix, this Appendix, the Awards granted hereunder and the corresponding Award Agreements shall be governed by, and interpreted in accordance with, the laws of the State of Israel, without giving effect to any conflict of law provisions.

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Exhibit 10.10

2020 EQUITY INCENTIVE PLAN OF
DIGITAL TURBINE, INC.
NOTICE OF GRANT AND OPTION AGREEMENT

NOTICE OF GRANT

You are being granted [**an incentive/a nonqualified**] stock option to purchase the number of Shares as set forth below (an "Option"), subject to the terms and conditions of the 2020 Equity Incentive Plan of Digital Turbine, Inc. (the "Plan") and this Notice of Grant and Option Agreement (collectively, "Notice and Agreement"). Except as otherwise defined herein, terms with initial capital letters shall have the meanings set forth in the Plan.

Participant: ________

Home Address: ____________________

Number of Shares Subject to Option: ____

Exercise Price: $______per Share, which is at least 100% (or, in the case of a 10% stockholder of the Company who is receiving an Incentive Stock Option, 110%) of the Fair Market Value of a Share on the Grant Date.

Grant Date: ________

Expiration Date: ______

Vesting Schedule: As long as the Participant's Continuous Status as an Employee, Consultant or Director does not terminate prior to each vesting date, [1/36 of this Option shall become vested and exercisable upon the completion of each full month following the Grant Date] until the Option is 100% vested as indicated in the vesting schedule attached hereto as **Exhibit A**. There shall be no proportionate or partial vesting in the periods prior to or between each vesting date. Notwithstanding the foregoing, in accordance with Section 9.2 of the Plan, in the event of a Change in Control, unless this Option is assumed or substituted by the successor corporation, this Option shall become fully vested and exercisable, whether or not otherwise then vested and exercisable, and any restrictions and conditions applicable to this Option shall lapse as of the date of the Change in Control.

By your signature and the signature of the Company's representative below, you and the Company hereby acknowledge your receipt of this Option granted on the Grant Date indicated above. You further: (i) agree to the terms and conditions of this Notice and Agreement and the Plan; (ii) represent that you have reviewed the Plan and this Notice and Agreement in their entirety, and have had an opportunity to obtain the advice of legal counsel and/or your tax advisor with respect thereto; (iii) represent that you fully understand and accept all provisions hereof; (iv) agree to accept as binding, conclusive, and final all of the Administrator's decisions regarding, and all interpretations of, the Plan and this Notice and Agreement; and (v) agree to notify the Company upon any change in your home address indicated above.

[Signature page follows.]

For Digital Turbine, Inc.:

By: _________
Name: _________
Title: _________
Company Address: __________________

Participant:

By: _________
Name: _________

EXHIBIT A

VESTING SCHEDULE

[See attached.]

OPTION AGREEMENT

1. Grant of Option. The Company hereby grants you an Option to purchase all or any part of the Shares subject to the Option specified in the notice of grant on the preceding page ("Notice of Grant"), subject to the terms and conditions of the Notice of Grant, this option agreement ("Option Agreement"), and the Plan. In consideration of such grant, you agree to be bound by the terms and conditions of the Notice of Grant, of this Option Agreement, and of the Plan.

2. Purchase Price.

(a) The purchase price of the Shares purchased pursuant to the exercise of the Option (the " Purchase Price") will be the Exercise Price per Share as set forth in the Notice of Grant. The Exercise Price with respect to a Nonqualified Stock Option or an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a Share on the Grant Date; provided, however, that with respect to an Incentive Stock Option, if on the Grant Date, the Employee (together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code) owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the Exercise Price shall be not less than 110% of the Fair Market Value of a Share on the Grant Date.

(b) The entire Purchase Price may be paid at the time of exercise by (i) cash, (ii) same-day sale of related Shares, (iii) tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price, (iv) Cashless Exercise, (v) Net Exercise, (vi) exercise by any other means which the Administrator, in its discretion, determines to provide legal consideration for the Shares and to be consistent with the purposes of the Plan, or (vii) a combination of any or all of the above.

3. Exercise of Option. Subject to the earlier expiration or termination of the Option as provided in Section 5 hereof, the Option may be exercised, by written notice to the Company (in a form approved by the Company) at its principal executive office addressed to the attention of its Secretary, at any time and from time to time after the Grant Date. Notwithstanding the above, the Option will be exercisable only for the portion of this Option in which Optionee has acquired a Vested Interest in accordance with Section 4 hereof on the date of exercise. Exercise of the Option is subject to and contingent upon approval of the Plan by the stockholders of the Company on or before twelve (12) months from the date the Plan was adopted by the Board.

4. Vesting.

(a) Subject to Sections 4(b) and 4(c) hereof, the Participant will acquire a vested interest (a " Vested Interest ") in the Option in accordance with the Vesting Schedule specified in the Notice of Grant. Notwithstanding Participant's acquisition of a Vested Interest pursuant to this Section, no Option or portion of an Option will be exercisable by Participant in any manner except as provided in Section 3 hereof or prior to or after the times provided in Section 5 hereof.

(b) Except as otherwise provided in the Notice of Grant or the Plan, upon termination of the Participant's Continuous Status as an Employee, Consultant or Director for any reason the Participant will cease to acquire, as of the date of such termination, any additional Vested Interest in the Shares subject to the Option. Any question as to whether and when there has been a termination of such

Continuous Status will be determined by the Administrator in its sole discretion, and its determination will be final and binding on all parties.

(c) The Participant will forfeit any portion of the Option in which the Participant does not have a Vested Interest effective immediately upon termination of the Participant's Continuous Status as Employee, Consultant or Director. In the event of such a forfeiture, the Participant will, upon demand by the Company, promptly surrender to the Company the unexercised portion of the Option.

5. Expiration or Termination.

(a) In accordance with Section 5.4 of the Plan, (i) each Option shall immediately terminate on the date the Participant ceases Continuous Status as an Employee, Director or Consultant with respect to the portion of the Option that has not vested, and (ii) the Participant's Vested Interest in the Option shall terminate no later than the first to occur of the Expiration Date set forth in the Notice of Grant or the last day of the three-month period following the date the Participant ceases Continuous Status; provided, however, that if such termination of Continuous Status is due to (x) Misconduct, the Participant's Vested Interest shall expire upon such termination; (y) Disability, the Participant may exercise his, her, or its Vested Interest at any time within twelve (12) months of such termination; or (z) death, the Participant's estate or the person who acquired the right to exercise the Option by bequest or inheritance, may exercise his, her, or its Vested Interest within twelve (12) months of the date of the Participant's death.

(b) Notwithstanding any other provision herein, if a sale within the applicable time periods set forth in this Section 5 of Shares acquired upon the exercise of the Option would subject the Participant to suit under Section 16(b) of the 1934 Act, the Option will remain exercisable until the earliest to occur of (i) the tenth (10^{th}) day following the date on which a sale of such Shares by the Participant would no longer be subject to such suit, (ii) the one hundred ninetieth (190^{th}) day after the Participant's termination of Continuous Status, or (iii) the Expiration Date set forth in the Notice of Grant. The Company makes no representation as to the tax consequences of any such delayed exercise. The Participant should consult with the Participant's own tax advisor as to the tax consequences of any such delayed exercise.

(c) In no event may the Option be exercised beyond the maximum term of the Option, as set forth in Section 5.4.1(f) of the Plan.

6. Restriction on Transfer. Except for the return of the unexercised portion of the Option to the Company contemplated by this Notice and Agreement, no portion of the Option shall be transferred, encumbered or otherwise disposed of in any way, and any such attempted disposition will be void.

7. U.S. Tax Consequences.

(a) The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Notice and Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its employees or agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of the transactions contemplated by this Notice and Agreement.

(b) To the extent that (i) the exercise of the Option, (ii) the disposition of the Shares acquired by the exercise of the Option, or (iii) the operation of any law or regulation providing for the imputation of interest results in compensation income or wages to the Participant for federal or state income tax purposes (a "Taxable Event"), the Participant will deliver to the Company at the time of such Taxable Event such amount of money or Shares as the Company may require to meet all obligations under applicable tax laws or regulations, and, if the Participant fails to do so, the Company is authorized to withhold or cause to be withheld from any cash or Share remuneration then or thereafter payable to the Participant any tax required to be withheld by reason of compensation income or wages resulting from such Taxable Event. Upon an exercise of the Option, the Company is further authorized in its discretion to satisfy or cause to be satisfied any such withholding requirement out of any cash or Shares distributable to Participant upon such exercise.

(c) This Notice and Agreement is intended to satisfy the stock rights exception described in Treasury Regulation §1.409A-1(b)(5)(C) and to be excepted from, or otherwise comply with, the requirements of Section 409A of the Code, and this Notice and Agreement should be interpreted in such a manner to satisfy such exception or otherwise comply with Section 409A of the Code.

(d) The Participant understands that if the Purchase Price of the Shares under this Option is less than the Fair Market Value of such Shares on the Grant Date of the Option, then the Participant may incur adverse tax consequences under Section 409A and Section 422 of the Code.

(e) The Participant acknowledges and agrees that (i) the Participant is not relying upon any determination by the Company, its affiliates, or any of their respective employees, directors, officers, attorneys or agents (collectively, the "Company Parties") of the Fair Market Value of the Shares on the Grant Date, (ii) the Participant is not relying upon any written or oral statement or representation of the Company Parties regarding the tax effects associated with execution of this Notice and Agreement and the receipt, holding and exercise of the Option, and (iii) in deciding to enter into this Notice and Agreement, the Participant is relying on the Participant's own judgment and the judgment of the professionals of the Participant's choice with whom the Participant has consulted. The Participant hereby releases, acquits and forever discharges the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with the execution of this Notice and Agreement and the receipt, holding and exercise of the Option.

8. General.

(a) This Notice and Agreement shall be governed by and construed under the laws of the State of Delaware. The Notice and Agreement and the Plan, which is incorporated herein by reference, represents the entire agreement between the parties with respect to the Shares subject to the Option. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Notice and Agreement, the terms and conditions of the Plan shall prevail.

(b) Any notice, demand or request required or permitted to be delivered by either the Company or the Participant pursuant to the terms of this Notice and Agreement shall be in writing and shall be deemed given when delivered personally, deposited with a reputable courier service, or deposited in the U.S. Mail, First Class with postage prepaid, and addressed to the parties at the addresses set forth in the Notice of Grant, or such other address as a party may request by notifying the other in writing.

(c) The rights of the Company under this Notice and Agreement and the Plan shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Participant under this Notice and Agreement may only be assigned with the prior written consent of the Company.

(d) The Participant agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Notice and Agreement.

(e) THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT A VESTED INTEREST, WITH RESPECT TO THE SHARES SUBJECT TO THE OPTION, SHALL BE EARNED ONLY BY CONTINUING STATUS AS AN EMPLOYEE, CONSULTANT OR DIRECTOR, AND NOT THROUGH THE ACT OF BEING HIRED, APPOINTED OR OBTAINING AN OPTION HEREUNDER.

(f) Neither the Plan nor this Notice and Agreement shall confer upon the Participant any right to be retained in any position, as an Employee, Consultant or Director of the Company. Further, nothing in the Plan or this Notice and Agreement shall be construed to limit the discretion of the Company to terminate the Participant's Continuous Status at any time. The Participant shall not have any rights as a stockholder with respect to any Shares subject to the Option unless and until certificates representing the Shares have been issued by the Company to the holder of such Shares, or the Shares have otherwise been recorded on the books of the Company or of a duly authorized transfer agent as owned by such holder.

2020 EQUITY INCENTIVE PLAN OF DIGITAL TURBINE, INC.

NOTICE OF GRANT
AND
RESTRICTED STOCK UNIT AGREEMENT

You are being granted Restricted Stock Units ("RSUs") with respect to the number of shares of Common Stock of Digital Turbine, Inc. (the "Company"), as set forth below ("Common Shares"), subject to the terms and conditions of the 2020 Equity Incentive Plan of Digital Turbine, Inc. (as amended or restated, the "Plan"), and this Notice of Grant and Restricted Stock Unit Agreement including the attachments hereto (collectively, "Notice and Agreement"). Unless otherwise defined in the Notice and Agreement, terms with initial capital letters shall have the meanings set forth in the Plan.

Participant:	[Name]
Home Address:	[Address]
Soc. Sec. No:	
Number of Common Shares subject to RSUs Granted:	[No. of Common Shares]
Grant Date:	[Date]
Period of Restriction:	[Vesting Period]
Vesting Dates and Delivery of Common Shares (see Sections 2 and 3 of attached Agreement)	[Vesting Terms]

By your signature and the signature of the Company's representative below, you and the Company hereby acknowledge your receipt of the RSUs issued on the Grant Date indicated above. You further: (i) agree to the terms and conditions of this Notice and Agreement and the Plan; (ii) represent that you have reviewed the Plan and this Notice and Agreement in their entirety, and have had an opportunity to obtain the advice of legal counsel and/or your tax advisor with respect thereto; (iii) represent that you fully understand and accept all provisions hereof; (iv) agree to accept as binding, conclusive, and final all of the Administrator's decisions regarding, and all interpretations of, the Plan and this Notice and Agreement; and (v) agree to notify the Company upon any change in your home address indicated above.

On Behalf of DIGITAL TURBINE, INC.

Signature:
Print Name:
Title:

AGREED AND ACCEPTED:
Participant

Signature:
Print Name:

DIGITAL TURBINE, INC.
2020 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. The Company has granted to you Restricted Stock Units ("RSUs") with respect to the number of Common Shares specified in the Notice of Grant on the preceding page ("Notice of Grant"), subject to the following terms and conditions and the terms and conditions of the Notice of Grant and the Plan. In consideration of such grant, you agree to be bound by the terms and conditions hereof, and by the terms and conditions of the Notice of Grant and the Plan.

2. Period of Restriction. During the Period of Restriction specified in the Notice of Grant, the RSUs shall not be vested and the Participant shall have no rights to or with respect to the Common Shares subject to the RSUs. The Period of Restriction shall expire and the RSUs shall vest as to the Common Shares in the amount(s) and on the date(s) specified in the Notice of Grant (each, a "Vesting Date"); provided, however, that no RSUs shall vest on any Vesting Date if the Participant has ceased Continuous Status as an Employee, Consultant or Director on or prior to such date.

3. Delivery of Shares. As soon as reasonably practicable following each Vesting Date, or any other vesting event specified herein or in the Plan, but in no event later than the 15th day of the third month following the later of the Company's or the Participant's tax year end of the year in which the Vesting Date or vesting event occurs, the Company shall cause to be delivered to the Participant the number of Common Shares then vesting in accordance with the provisions of this Agreement. No fractional Common Shares shall be delivered to the Participant.

4. Restriction on Transfer. Neither the RSUs nor any beneficial interest therein shall be transferred, encumbered or otherwise disposed of in any way, and any such attempted disposition shall be void. In addition, as a condition to any transfer of the Common Shares issued with respect to RSUs that have vested, the Company may, in its discretion, require: (i) that the Common Shares shall have been duly listed upon any national securities exchange or automated quotation system on which the Company's Common Stock may then be listed or quoted; (ii) that either (a) a registration statement under the Securities Act of 1933, as amended ("Securities Act"), with respect to the Common Shares shall be effective, or (b) in the opinion of counsel for the Company, the proposed transfer shall be exempt from registration under the Securities Act and the Participant shall have entered into agreements with the Company as reasonably required; and (iii) fulfillment of any other requirements deemed necessary by counsel for the Company to comply with Applicable Law.

5. Stockholder Rights. The Participant shall have no rights as a stockholder of the Company with respect to any Common Shares subject to the RSUs until the RSUs have vested and the Common Shares have been issued to the Participant. No adjustment shall be made for ordinary or extraordinary dividends (whether in currency, securities or other property), distributions, or other rights (including, but not limited to, the right to vote) for which the record date is prior to the date such Common Shares are issued, except as provided in the Plan. If, from time to time prior to the applicable Vesting Date, there is (i) any stock dividend, stock split or other change in the Common Shares, or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company, any and all new, substituted or additional securities to which the Participant shall be entitled by reason of the RSUs shall be immediately subject to the terms of this Notice and Agreement and included thereafter as "RSUs" and "Common Shares," as applicable, for purposes of this Notice and Agreement.

6. Legends. The share certificate evidencing the Common Shares, if any, issued pursuant to the RSUs granted hereunder shall bear appropriate legends for compliance with applicable federal and state securities laws.

7. U.S. Tax Consequences.

(a) The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of receiving RSUs and the transactions contemplated by this Notice and Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its employees or agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of the transactions contemplated by this Notice and Agreement. The Participant understands that for U.S. taxpayers, under the Internal Revenue Code of 1986, as amended (the "Code"), the Participant will be taxed as ordinary income on the fair market value of the Common Shares received upon vesting of the RSUs as of the applicable Vesting Date, and such ordinary income will be subject to withholding taxes. As set forth in the Plan, the Company shall have the power and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all tax withholding obligations prior to delivering any Common Shares hereunder.

(b) To the extent that (i) the receipt of the RSUs, (ii) the vesting of the RSUs, or (iii) the operation of any law or regulation providing for the imputation of interest results in compensation income or wages to the Participant for federal or state income tax purposes (a "Taxable Event"), the Participant will deliver to the Company at the time of such Taxable Event such amount of money or shares of Company common stock as the Company may require to meet all obligations under applicable tax laws or regulations, and, if the Participant fails to do so, the Company is authorized to withhold or cause to be withheld from any cash or share remuneration then or thereafter payable to the Participant any tax required to be withheld by reason of compensation income or wages resulting from such Taxable Event.

(c) This Notice and Agreement is intended to be excepted from, or otherwise comply with, the requirements of Section 409A of the Code, and this Notice and Agreement should be interpreted in such a manner to satisfy such exception or otherwise comply with Section 409A of the Code.

(d) The Participant acknowledges and agrees that (i) the Participant is not relying upon any written or oral statement or representation of the Company, its affiliates, or any of their respective employees, directors, officers, attorneys or agents (collectively, the "Company Parties") regarding the tax effects associated with execution of this Notice and Agreement and the receipt, holding and vesting of RSUs, and (ii) in deciding to enter into this Notice and Agreement, the Participant is relying on the Participant's own judgment and the judgment of the professionals of the Participant's choice with whom the Participant has consulted. The Participant hereby releases, acquits and forever discharges the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with the execution of this Notice and Agreement and the receipt, holding and vesting of the RSUs.

8. Compliance with Other Laws and Regulations. Notwithstanding anything to the contrary in this Notice and Agreement, the grant and vesting of the RSUs hereunder, and the obligation of the Company to deliver Common Shares under the RSUs, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required including the rules and regulations of the Securities and Exchange Commission and the rules of any exchange or any quotation system on which the Company's common stock may then be listed. Without limitation of the foregoing, the Participant agrees and acknowledges that the sale of the Common Shares underlying the RSUs, shall be made in compliance with the Company's then applicable Insider Trading Policy and all other applicable federal and state securities laws. The Company shall not be required to issue or deliver any certificates for shares of its common stock prior to the completion of any registration or qualification of such shares under any federal or state law or issuance of any ruling or regulation of any government body which the Company shall, in its sole discretion, determine to be necessary or advisable.

9. General.

(a) This Notice and Agreement shall be governed by and construed under the laws of the State of Delaware. The Notice and Agreement and the Plan, which is incorporated herein by reference, represents the entire agreement between the parties with respect to the RSUs granted to the Participant. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Notice and Agreement, the terms and conditions of the Plan shall prevail.

(b) Any notice, demand or request required or permitted to be delivered by either the Company or the Participant pursuant to the terms of this Notice and Agreement shall be in writing and shall be deemed given when delivered personally, deposited with a reputable courier service, or deposited in the U.S. Mail, First Class with postage prepaid, and addressed to the parties at the addresses set forth in the Notice of Grant, or such other address as a party may request by notifying the other in writing.

(c) The rights of the Company under this Notice and Agreement and the Plan shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Participant under this Notice and Agreement may only be assigned with the prior written consent of the Company.

(d) The Participant agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Notice and Agreement.

(e) PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE RESTRICTED STOCK UNITS AND ANY COMMON SHARES TO BE DELIVERED PURSUANT TO THIS AGREEMENT SHALL BE EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE, CONSULTANT OR DIRECTOR, AND NOT THROUGH THE ACT OF BEING HIRED, APPOINTED OR OBTAINING RESTRICTED STOCK UNITS OR COMMON SHARES HEREUNDER.

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CONSENT OF SPOUSE

I, ____________________, spouse of the Participant, have read and approve the foregoing Notice of Grant and Restricted Stock Unit Agreement (the "Notice and Agreement"). In consideration of the Company's grant to my spouse of the Restricted Stock Units for Common Shares of Digital Turbine, Inc. as set forth in the Notice and Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Notice and Agreement and agree to be bound by the provisions of the Notice and Agreement insofar as I may have any rights in said Notice and Agreement, the Restricted Stock Units or any Common Shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state or country of our residence as of the date of the signing of the foregoing Notice and Agreement.

Dated: _______________, ______

Signature of Spouse

Print Name:____________________________________

2020 EQUITY INCENTIVE PLAN OF DIGITAL TURBINE, INC.

NOTICE OF GRANT
AND
RESTRICTED STOCK UNIT AGREEMENT (PERFORMANCE-BASED)

You are being granted Performance-Based Restricted Stock Units ("PRSUs") with respect to the number of shares of Common Stock of Digital Turbine, Inc. (the "Company"), as set forth below ("Common Shares"), subject to the terms and conditions of the 2020 Equity Incentive Plan of Digital Turbine, Inc. (as amended or restated, the "Plan"), and this Notice of Grant and Restricted Stock Unit Agreement including the attachments hereto (collectively, " Notice and Agreement"). Unless otherwise defined in the Notice and Agreement, terms with initial capital letters shall have the meanings set forth in the Plan.

Participant:	[Name]
Home Address:	[Address]
Soc. Sec. No:	
Number of Common Shares subject to PRSUs Granted:	[# of Shares]
Grant Date:	[Date]
Period of Restriction:	From the Grant Date to the Vesting Date
Vesting Date:	[Vesting Terms]
Number of Common Shares Vesting and Delivery of Common Shares (see also Sections 2 and 3 of attached Agreement)	See Schedule I

By your signature and the signature of the Company's representative below, you and the Company hereby acknowledge your receipt of the PRSUs issued on the Grant Date indicated above. You further: (i) agree to the terms and conditions of this Notice and Agreement and the Plan; (ii) represent that you have reviewed the Plan and this Notice and Agreement in their entirety, and have had an opportunity to obtain the advice of legal counsel and/or your tax advisor with respect thereto; (iii) represent that you fully understand and accept all provisions hereof; (iv) agree to accept as binding, conclusive, and final all of the Administrator's decisions regarding, and all interpretations of, the Plan and this Notice and Agreement; and (v) agree to notify the Company upon any change in your home address indicated above.

On Behalf of DIGITAL TURBINE, INC.

Signature:
Print Name:
Title:

AGREED AND ACCEPTED:
Participant

Signature:
Print Name:

DIGITAL TURBINE, INC.
2020 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT (PERFORMANCE-BASED)

1. Grant of Restricted Stock Units. The Company has granted to you Performance-Based Restricted Stock Units ("PRSUs") with respect to the number of Common Shares specified in the Notice of Grant on the preceding page ("Notice of Grant"), subject to the following terms and conditions and the terms and conditions of the Notice of Grant and the Plan. In consideration of such grant, you agree to be bound by the terms and conditions hereof, and by the terms and conditions of the Notice of Grant and the Plan.

2. Period of Restriction. During the Period of Restriction specified in the Notice of Grant, the PRSUs shall not be vested and the Participant shall have no rights to or with respect to the Common Shares subject to the PRSUs. The Period of Restriction shall expire and the PRSUs shall vest as to the Common Shares in the amount(s) and on the date(s) specified in the Notice of Grant (each, a "Vesting Date") and pursuant to the terms of Schedule I; provided, however, that no PRSUs shall vest on any Vesting Date if the Participant has ceased Continuous Status as an Employee, Consultant or Director on or prior to such date.

3. Delivery of Shares. As soon as reasonably practicable following each Vesting Date or any other vesting event specified herein or in the Plan, but in no event later than the 15th day of the third month following the later of the Company's or the Participant's tax year end of the year in which the Vesting Date or vesting event occurs, the Company shall cause to be delivered to the Participant the number of Common Shares then vesting in accordance with the provisions of this Agreement. No fractional Common Shares shall be delivered to the Participant.

4. Restriction on Transfer. Neither the PRSUs nor any beneficial interest therein shall be transferred, encumbered or otherwise disposed of in any way, and any such attempted disposition shall be void. In addition, as a condition to any transfer of the Common Shares issued with respect to PRSUs that have vested, the Company may, in its discretion, require: (i) that the Common Shares shall have been duly listed upon any national securities exchange or automated quotation system on which the Company's Common Stock may then be listed or quoted; (ii) that either (a) a registration statement under the Securities Act of 1933, as amended ("Securities Act"), with respect to the Common Shares shall be effective, or (b) in the opinion of counsel for the Company, the proposed transfer shall be exempt from registration under the Securities Act and the Participant shall have entered into agreements with the Company as reasonably required; and (iii) fulfillment of any other requirements deemed necessary by counsel for the Company to comply with Applicable Law.

5. Stockholder Rights. The Participant shall have no rights as a stockholder of the Company with respect to any Common Shares subject to the PRSUs until the PRSUs have vested and the Common Shares have been issued to the Participant. No adjustment shall be made for ordinary or extraordinary dividends (whether in currency, securities or other property), distributions, or other rights (including, but not limited to, the right to vote) for which the record date is prior to the date such Common Shares are issued, except as provided in the Plan. If, from time to time prior to the applicable Vesting Date, there is (i) any stock dividend, stock split or other change in the Common Shares, or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company, any and all new, substituted or additional securities to which the Participant shall be entitled by reason of the PRSUs shall be immediately subject to the terms of this Notice and Agreement and included thereafter as "PRSUs" and "Common Shares," as applicable, for purposes of this Notice and Agreement.

6. Legends. The share certificate evidencing the Common Shares, if any, issued pursuant to the PRSUs granted hereunder shall bear appropriate legends for compliance with applicable federal and state securities laws.

7. U.S. Tax Consequences.

(a) The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of receiving PRSUs and the transactions contemplated by this Notice and Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its employees or agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of the transactions contemplated by this Notice and Agreement. The Participant understands that for U.S. taxpayers, under the Internal Revenue Code of 1986, as amended (the "Code"), the Participant will be taxed as ordinary income on the fair market value of the Common Shares received upon vesting of the PRSUs as of the applicable Vesting Date, and such ordinary income will be subject to withholding taxes. As set forth in the Plan, the Company shall have the power and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all tax withholding obligations prior to delivering any Common Shares hereunder.

(b) To the extent that (i) the receipt of the PRSUs, (ii) the vesting of the PRSUs, or (iii) the operation of any law or regulation providing for the imputation of interest results in compensation income or wages to the Participant for federal or state income tax purposes (a "Taxable Event"), the Participant will deliver to the Company at the time of such Taxable Event such amount of money or shares of Company common stock as the Company may require to meet all obligations under applicable tax laws or regulations, and, if the Participant fails to do so, the Company is authorized to withhold or cause to be withheld from any cash or share remuneration then or thereafter payable to the Participant any tax required to be withheld by reason of compensation income or wages resulting from such Taxable Event.

(c) This Notice and Agreement is intended to be excepted from, or otherwise comply with, the requirements of Section 409A of the Code, and this Notice and Agreement should be interpreted in such a manner to satisfy such exception or otherwise comply with Section 409A of the Code.

(d) The Participant acknowledges and agrees that (i) the Participant is not relying upon any written or oral statement or representation of the Company, its affiliates, or any of their respective employees, directors, officers, attorneys or agents (collectively, the "Company Parties") regarding the tax effects associated with execution of this Notice and Agreement and the receipt, holding and vesting of PRSUs, and (ii) in deciding to enter into this Notice and Agreement, the Participant is relying on the Participant's own judgment and the judgment of the professionals of the Participant's choice with whom the Participant has consulted. The Participant hereby releases, acquits and forever discharges the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with the execution of this Notice and Agreement and the receipt, holding and vesting of the PRSUs.

8. Compliance with Other Laws and Regulations. Notwithstanding anything to the contrary in this Notice and Agreement, the grant and vesting of the PRSUs hereunder, and the obligation of the Company to deliver Common Shares under the PRSUs, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required including the rules and regulations of the Securities and Exchange Commission and the rules of any exchange or any quotation system on which the Company's common stock may then be listed. Without limitation of the foregoing, the Participant agrees and acknowledges that the sale of the Common Shares underlying the PRSUs shall be made in compliance with the Company's then applicable Insider Trading Policy and all other applicable federal and state securities laws. The Company shall not be required to issue or deliver any certificates for shares of its common stock prior to the completion of any registration or qualification of such shares under any federal or state law or issuance of any ruling or regulation of any government body which the Company shall, in its sole discretion, determine to be necessary or advisable.

9. General.

(a) This Notice and Agreement shall be governed by and construed under the laws of the State of Delaware. The Notice and Agreement and the Plan, which is incorporated herein by reference, represents the entire agreement between the parties with respect to the PRSUs granted to the Participant. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Notice and Agreement, the terms and conditions of the Plan shall prevail.

(b) Any notice, demand or request required or permitted to be delivered by either the Company or the Participant pursuant to the terms of this Notice and Agreement shall be in writing and shall be deemed given when delivered personally, deposited with a reputable courier service, or deposited in the U.S. Mail, First Class with postage prepaid, and addressed to the parties at the addresses set forth in the Notice of Grant, or such other address as a party may request by notifying the other in writing.

(c) The rights of the Company under this Notice and Agreement and the Plan shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Participant under this Notice and Agreement may only be assigned with the prior written consent of the Company.

(d) The Participant agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Notice and Agreement.

(e) PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE PERFORMANCE-BASED RESTRICTED STOCK UNITS AND ANY COMMON SHARES TO BE DELIVERED PURSUANT TO THIS AGREEMENT SHALL BE EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE, CONSULTANT OR DIRECTOR AND THE COMPANY'S SATISFACTION OF THE PERFORMANCE CRITERIA SET FORTH IN THIS AGREEMENT, AND NOT THROUGH THE ACT OF BEING HIRED, APPOINTED OR OBTAINING RESTRICTED STOCK UNITS OR COMMON SHARES HEREUNDER.

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SCHEDULE I

PERFORMANCE GOALS

Provided that the Participant's Continuous Status as an Employee, Consultant or Director extends through the Vesting Date, all of the PRSUs shall vest upon achievement of both (a) the __________ Goal set forth below and (b) the _____________ Goal set forth below, as described in the following matrix (collectively, the "Performance Goals").

PRSU Vesting	**Target** **100% Vest**
_____________ Goal – [describe goal]	[Describe specific performance criteria]
____________ Goal – [describe goal]	[Describe specific performance criteria]

"Revenue" shall mean, for any applicable period, the Company's net revenue recognized during such period as determined in accordance with generally accepted accounting principles consistently applied by the Company ("GAAP") and reflected in the Company's financial statements.

"EBITDA" shall mean, for any applicable period, the Company's net income determined in accordance with GAAP, plus (i) any interest expense (net of any interest income) deducted in determining net income, plus (ii) taxes related to the Company's earnings or income deducted in determining net income, plus (iii) depreciation and amortization deducted in determining net income, plus/minus (iv) other adjustments as the Company determines, which such EBITDA amount shall be determined in a manner consistent with how the Company determines its publicly-reported EBITDA. "Adjusted EBITDA" shall mean, for any applicable period, EBITDA increased/decreased by such amounts as determined by the Company, which such Adjusted EBITDA amount shall be determined in a manner consistent with how the Company determines its publicly-reported Adjusted EBITDA.

The level of achievement of the Performance Goals shall be determined promptly by the Company following the Period of Restriction. Any interpretative issues in the ____________ Goal shall (a) be resolved as much as possible based on the Company's publicly filed amounts of the same and (b) as to any other questions shall be determined in the reasonable discretion of the Company's Compensation Committee.

If an extraordinary event occurs during the Period of Restriction, such as a merger, acquisition or recapitalization of the Company, the Board of Directors or Compensation Committee of the Company may, in its reasonable discretion, revise the above Performance Goals in order to preserve the original incentive structure and degree of achievement as existed prior to such change.

CONSENT OF SPOUSE

I, ____________________, spouse of the Participant, have read and approve the foregoing Notice of Grant and Restricted Stock Unit Agreement (the "Notice and Agreement"). In consideration of the Company's grant to my spouse of the Performance-Based Restricted Stock Units for Common Shares of Digital Turbine, Inc. as set forth in the Notice and Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Notice and Agreement and agree to be bound by the provisions of the Notice and Agreement insofar as I may have any rights in said Notice and Agreement, the Performance-Based Restricted Stock Units or any Common Shares issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state or country of our residence as of the date of the signing of the foregoing Notice and Agreement.

Dated: _______________, 2021

Signature of Spouse

Print Name:____________________________________

List of Subsidiaries

Entity	Chief Executive Offices or Principal Places of Business	Jurisdiction of Organization	Company Organizational Numbers
Digital Turbine, Inc.	110 San Antonio Street Suite 160 Austin, TX 78701	USA	22-2267658
Digital Turbine USA, Inc.	110 San Antonio Street Suite 160 Austin, TX 78701	USA	45-3982329
Digital Turbine (EMEA) Ltd.	Arieh Shenkar Street 4 4672504 Herzliya, Israel	Israel	514802875
Digital Turbine Luxembourg S.a.r.l.	121, Avenue de la Faiencerie L-1511 Luxembourg	Luxembourg	Section B, 173 016
Digital Turbine Media, Inc.	406 Blackwell Street Suite 500 Durham, NC 27701	USA	26-2346340
Digital Turbine Singapore Pte Ltd.	1 George Street #10-01 Singapore 049145	Singapore	201407526R
Mobile Posse, Inc.	1010 North Glebe Road Suite 800 Arlington, VA 22201	USA	20-3687545
Digital Turbine LATAM Servicos de Intermediacao de Midia LTDA.	Avenida Paulista, 37, 7º Andar, Conjunto 72 Bela Vista São Paulo - SP Brasil 01311-000	Brazil	38.830.685/0001-76
Triapodi Ltd. (d/b/a Appreciate)	Abba Even Boulevard 16 4672534 Herzliya, Israel	Israel	514490523

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated June 10, 2021, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Digital Turbine, Inc. on Form 10-K for the year ended March 31, 2021. We consent to the incorporation by reference of said reports in the Registration Statements of Digital Turbine, Inc. on Forms S-8 (File No. 333-193022, File No. 333-202863 and File No. 333-250111) and Form S-3 (File No. 333-230785).

/s/ GRANT THORNTON LLP

Dallas, Texas
June 10, 2021

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Nos. 333-193022, 333-202863 and 333-250111) on Form S-8 and No. 333-230785 on Form S-3 of Digital Turbine, Inc. (the “Company”) of our report dated June 2, 2020, relating to the consolidated financial statements of Digital Turbine, Inc. and Subsidiaries, appearing in this Annual Report on Form 10-K of the Company for the year ended March 31, 2021.

/s/ SingerLewak LLP

Los Angeles, California
June 10, 2021

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, William Stone, certify that:

1. I have reviewed this Annual Report on Form 10-K of Digital Turbine, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 10, 2021	By:	/s/ William Stone
		William Stone Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Barrett Garrison, certify that:

1. I have reviewed this Annual Report on Form 10-K of Digital Turbine, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 10, 2021

By: /s/ Barrett Garrison
Barrett Garrison
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Digital Turbine, Inc. (the "Company"), a Delaware corporation, does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the period ending March 31, 2021 of the Company (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 10, 2021

By: /s/ William Stone

William Stone
Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer
Pursuant to U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Digital Turbine, Inc. (the "Company"), a Delaware corporation, does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the period ending March 31, 2021 of the Company (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 10, 2021

By: /s/ Barrett Garrison
Barrett Garrison
Chief Financial Officer
(Principal Financial Officer)