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

(Mark One)

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

For the quarterly period ended September 30, 2018

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.)**
111 Nueces Street, Austin TX	**78701**
(Address of Principal Executive Offices)	**(Zip Code)**

(512) 387-7717
(Registrant's Telephone Number, Including Area Code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post 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, or an emerging growth company. See definitions of a "large accelerated filer," "accelerated filer,", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One)

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐ (do not check if smaller reporting company)	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 is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes ☐ No ☒

As of October 26, 2018, the Company had 77,656,526 shares of its common stock, $0.0001 par value per share, outstanding.

Digital Turbine, Inc.

FORM 10-Q QUARTERLY REPORT FOR THE QUARTER ENDED September 30, 2018

TABLE OF CONTENTS

	PART I - FINANCIAL INFORMATION	
Item 1.	Consolidated Financial Statements	
	Consolidated Balance Sheets as of September 30, 2018 (Unaudited) and March 31, 2018	3
	Consolidated Statements of Operations and Comprehensive Income / (Loss) for the Three and Six Months Ended September 30, 2018 and 2017 (Unaudited)	4
	Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2018 and 2017 (Unaudited)	5
	Notes to Consolidated Financial Statements (Unaudited)	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	40
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	48
Item 4.	Controls and Procedures	50
	PART II - OTHER INFORMATION	
Item 1.	Legal Proceedings	51
Item 1 (A).	Risk Factors	51
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	51
Item 3.	Defaults	51
Item 4.	Mine Safety Disclosures	51
Item 5.	Other Information	51
	Exhibits	52
	Signatures	53

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

Digital Turbine, Inc. and Subsidiaries

Consolidated Balance Sheets

(in thousands, except par value and share amounts)

	September 30, 2018 (Unaudited)	March 31, 2018
ASSETS		
Current assets		
Cash	$ 8,349	$ 12,720
Restricted cash	431	331
Accounts receivable, net of allowances of $866 and $512, respectively	20,862	17,050
Deposits	152	151
Prepaid expenses and other current assets	716	750
Current assets held for disposal	3,672	8,753
Total current assets	34,182	39,755
Property and equipment, net	3,053	2,757
Deferred tax assets	655	596
Intangible assets, net	561	1,231
Goodwill	42,266	42,268
TOTAL ASSETS	**$ 80,717**	**$ 86,607**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 26,752	$ 19,895
Accrued license fees and revenue share	5,717	8,232
Accrued compensation	581	2,966
Short-term debt, net of debt issuance costs of $120 and $205, respectively	1,480	1,445
Other current liabilities	1,477	1,142
Current liabilities held for disposal	5,915	12,726
Total current liabilities	41,922	46,406
Convertible notes, net of debt issuance costs and discounts of $1,482 and $1,827, respectively	3,418	3,873
Convertible note embedded derivative liability	1,728	4,676
Warrant liability	1,484	3,980
Total liabilities	48,552	58,935
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 $1,000)	100	100
Common stock		
$0.0001 par value: 200,000,000 shares authorized; 78,214,570 issued and 77,480,114 outstanding at September 30, 2018; 76,843,278 issued and 76,108,822 outstanding at March 31, 2018	10	10
Additional paid-in capital	320,361	318,066
Treasury stock (754,599 shares at September 30, 2018 and March 31, 2018)	(71)	(71)
Accumulated other comprehensive loss	(323)	(325)
Accumulated deficit	(287,912)	(290,108)
Total stockholders' equity	32,165	27,672
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 80,717**	**$ 86,607**

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) (Unaudited)

(in thousands, except per share amounts)

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Net revenues	$ 23,854	$ 15,905	$ 45,966	$ 31,058
Cost of revenues				
License fees and revenue share	15,802	9,865	31,018	19,457
Other direct cost of revenues	508	430	1,015	839
Total cost of revenues	16,310	10,295	32,033	20,296
Gross profit	7,544	5,610	13,933	10,762
Operating expenses				
Product development	2,637	2,241	5,746	4,415
Sales and marketing	1,913	1,284	3,749	2,421
General and administrative	2,679	3,551	5,383	6,909
Total operating expenses	7,229	7,076	14,878	13,745
Income / (loss) from operations	315	(1,466)	(945)	(2,983)
Interest and other income / (expense), net				
Interest expense	(135)	(662)	(454)	(1,369)
Foreign exchange transaction gain / (loss)	1	(47)	9	(110)
Change in fair value of convertible note embedded derivative liability	952	(3,344)	2,572	(4,652)
Change in fair value of warrant liability	926	(1,164)	2,496	(1,628)
Loss on extinguishment of debt	(15)	(882)	(15)	(882)
Other income / (expense)	1	78	(126)	81
Total interest and other income / (expense), net	1,730	(6,021)	4,482	(8,560)
Income / (loss) from continuing operations before income taxes	2,045	(7,487)	3,537	(11,543)
Income tax benefit	(23)	(884)	(59)	(853)
Net income / (loss) from continuing operations, net of taxes	2,068	(6,603)	3,596	(10,690)
Income / (loss) from discontinued operations	(356)	145	(1,400)	57
Net income / (loss) from discontinued operations, net of taxes	(356)	145	(1,400)	57
Net income / (loss)	$ 1,712	$ (6,458)	$ 2,196	$ (10,633)
Foreign currency translation adjustment	—	(5)	—	(5)
Comprehensive income / (loss)	$ 1,712	$ (6,463)	$ 2,196	$ (10,638)
Basic and diluted net income / (loss) per common share				
Continuing operations	0.03	(0.10)	0.05	(0.16)
Discontinued operations	(0.01)	—	(0.02)	—
Net income / (loss)	0.02	(0.10)	0.03	(0.16)
Weighted-average common shares outstanding, basic	77,193	66,846	76,644	66,723
Weighted-average common shares outstanding, diluted	78,780	66,846	79,019	66,723

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Six months ended September 30,	
	2018	**2017**
Cash flows from operating activities		
Net income / (loss) from continuing operations, net of taxes	$ 3,596	$ (10,690)
Adjustments to reconcile net income / (loss) to net cash used in operating activities:		
Depreciation and amortization	1,436	1,289
Loss on disposal of fixed assets	—	—
Change in allowance for doubtful accounts	354	204
Amortization of debt discount and debt issuance costs	188	680
Stock-based compensation	942	1,360
Stock-based compensation for services rendered	208	150
Change in fair value of convertible note embedded derivative liability	(2,572)	4,652
Change in fair value of warrant liability	(2,496)	1,628
Loss on extinguishment of debt	15	882
(Increase) / decrease in assets:		
Accounts receivable	(4,166)	(5,482)
Deposits	—	4
Deferred tax assets	(59)	(336)
Prepaid expenses and other current assets	33	52
Increase / (decrease) in liabilities:		
Accounts payable	6,857	4,699
Accrued license fees and revenue share	(2,515)	828
Accrued compensation	(2,378)	665
Accrued interest	3	(24)
Other current liabilities	408	(73)
Other non-current liabilities	(11)	(529)
Net cash used in operating activities - continuing operations	(157)	(41)
Net cash used in operating activities - discontinued operations	(3,098)	(1,339)
Net cash used in operating activities	(3,255)	(1,380)
Cash flows from investing activities		
Capital expenditures	(1,085)	(748)
Net cash used in investing activities - continuing operations	(1,085)	(748)
Net cash used in investing activities - discontinued operations	(41)	(75)
Net cash used in investing activities	(1,126)	(823)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	2,500
Options exercised	160	19
Repayment of debt obligations	(50)	(247)
Payment of debt issuance costs	—	(346)
Net cash provided by financing activities	110	1,926
Effect of exchange rate changes on cash	—	(5)
Net change in cash	(4,271)	(282)
Cash and restricted cash, beginning of period	13,051	6,480
Cash and restricted cash, end of period	$ 8,780	$ 6,198
Supplemental disclosure of cash flow information		
Interest paid	$ 264	$ 283
Supplemental disclosure of non-cash financing activities		
Common stock of the Company issued for extinguishment of debt	$ 948	$ 7,187

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

Digital Turbine, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2018

(in thousands, except share and per share amounts)

1. Description of Business

Digital Turbine, Inc., through its subsidiaries, innovates at the convergence of media and mobile communications, delivering an end-to-end platform solution for mobile operators, application developers, device original equipment manufacturers ("OEMs"), and other third parties to enable them to effectively monetize mobile content and generate higher-value user acquisition. The Company currently operates one reporting segment – Advertising.

The Company's Advertising business consists of Operator and OEM ("O&O"), an advertiser solution for unique and exclusive carrier and OEM inventory, which is comprised of services including:

- Ignite™ ("Ignite"), a mobile device management platform with targeted application distribution capabilities, and
- Other products and professional services directly related to the Ignite platform.

Prior to the sale of the A&P Assets described below under Note 4. "Discontinued Operations", the O&O reporting segment also included the A&P Assets as an operating segment within O&O.

With global headquarters in Austin, Texas and offices in Durham, North Carolina; San Francisco, California; Singapore; Sydney, Australia; and Tel Aviv, Israel, Digital Turbine's solutions are available worldwide.

Unless the context otherwise indicates, the use of the terms "we," "our," "us," "Digital Turbine," "DT," or the "Company" refer to the collective business 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"), and Digital Turbine Media, Inc. ("DT Media"), which we acquired on March 6, 2015. We refer to all the Company's subsidiaries collectively as "wholly-owned subsidiaries."

2. Liquidity

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), which contemplate continuation of the Company as a going concern.

Our primary sources of liquidity have historically been issuance of common stock, preferred stock, and debt. As of September 30, 2018, we had cash and restricted cash totaling approximately $8,780.

On September 28, 2016, the Company closed a private placement of $16,000 aggregate principal amount of 8.75% Convertible Senior Notes due 2020 (the "Notes"), netting cash proceeds to the Company of $14,316, after deducting the initial purchaser's discounts and commissions and the estimated offering expenses payable by Digital Turbine. The net proceeds from the issuance of the Notes were used to repay and retire indebtedness, and will otherwise be used for general corporate purposes and working capital. Please refer to Note 8. "Debt" for more details.

On May 23, 2017, the Company entered into a Business Finance Agreement (the "Credit Agreement") with Western Alliance Bank (the "Bank"). The Credit Agreement provides for a $5,000 total facility. Please refer to Note 8. "Debt" for more details.

The Company anticipates that its primary sources of liquidity will continue to be cash on hand, cash provided by operations, and the remaining credit available under the Credit Agreement. In addition, the Company may raise additional capital through future equity or, subject to restrictions contained in the indenture for the Notes and the Credit Agreement, debt financing to 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.

In view of the matters described in the preceding paragraphs, recoverability of a major portion of the recorded asset amounts shown in the accompanying consolidated balance sheet is dependent upon continued operations of the Company, which, in turn, is dependent upon the Company's ability to generate positive cash flows from operations. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities, that might be necessary should the Company be unable to continue its existence. The Company believes that it has sufficient cash and capital resources to operate its business for at least the next twelve months from the issuance date of this quarterly report on Form 10-Q.

3. Summary of Significant Accounting Policies

Interim Consolidated Financial Information

The accompanying consolidated financial statements of Digital Turbine, Inc. and its subsidiaries should be read in conjunction with the consolidated financial statements and accompanying notes filed with the U.S. Securities and Exchange Commission ("SEC") in Digital Turbine, Inc.'s Annual Report on Form 10-K for the fiscal year ended March 31, 2018. The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments of a normal recurring nature considered necessary to fairly state the financial position of Digital Turbine, Inc. and its consolidated subsidiaries at September 30, 2018, the results of its operations and corresponding comprehensive loss for the three and six months ended September 30, 2018 and 2017, and its cash flows for the six months ended September 30, 2018 and 2017. The consolidated financial statements include the accounts of the Company and our wholly-owned subsidiaries. All material inter-company balances and transactions have been eliminated in consolidation. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2019.

The significant accounting policies and recent accounting pronouncements were described in Note 4 of the consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended March 31, 2018. There have been no significant changes in or updates to the accounting policies since March 31, 2018. Only significant new accounting pronouncements, pertinent to the Company, issued and adopted subsequent to the issuance of our Annual Report are described below. Accounting pronouncements issued and adopted not described in either the Annual Report or in this quarterly report have been determined to either not apply or to have an immaterial impact on our business and related disclosures.

Recently Issued Accounting Pronouncements

In August 2018, the Financial Acconting Standards Board ("FASB") issued Accounting Standard Update 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. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted upon its issuance. 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. All other amendments should be applied retrospectively to all periods presented upon their effective date. The Company will adopt ASU 2018-13 during the quarter ended June 30, 2019, and is currently assessing the impact of the future adoption of this standard on its consolidated results of operations, financial condition and cash flows.

In June 2018, the FASB issued Accounting Standard Update 2018-07: Compensation—Stock Compensation - Improvements to Non-employee Share-Based Payment Accounting. This update aligns the accounting for share-based payment awards issued to employees and non-employees. The existing employee guidance will apply to nonemployee share-based transactions with some exceptions. In addition, the contractual term will be able to be used in lieu of an expected term in the option-pricing model for non-employee awards. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2018. Early adoption is permitted upon its issuance. The amendments in this update should be applied prospectively. The Company will adopt ASU 2018-07 during the quarter ended June 30, 2019, and is currently assessing the impact of the future adoption of this standard 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), the American Institute of Certified Public Accountants, 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 May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaces most existing revenue recognition guidance in U.S. GAAP. Additionally, ASU 2014-09 requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In July 2015, the FASB decided to delay the effective date of ASU 2014-09 by one year. The deferral resulted in the new revenue standard being effective for the Company for fiscal years, and interim periods within those years, beginning April 1, 2018. ASU 2014-09, as amended, is effective using either the full retrospective or modified retrospective transition approach, and the Company has elected to use the modified retrospective approach. FASB has issued several accounting standards updates to clarify certain topics within ASU 2014-09. The Company has adopted ASU 2014-09, and its related clarifying amendments (collectively known as ASC 606), effective on April 1, 2018. Please see section included below within Note 3 titled "Revenue from Contracts with Customers" for the required disclosures related to the impact of adopting this standard and a discussion of the Company's updated policies related to revenue recognition and accounting for costs to obtain and fulfill a customer contract.

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

Revenue from Contracts with Customers

The Company adopted ASC 606 on April 1, 2018, and ASC 606 is effective from the period beginning April 1, 2016 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 reported results for 2017 reflect the application of ASC 606 guidance while the reported results for 2016 were prepared under the guidance of ASC 605, Revenue Recognition (ASC 605), which is also referred to herein as "legacy GAAP" or the "previous guidance". 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.

To achieve this core principle, the Company applied the following five steps:

1) Identify the contract with a customer

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. None of the Company's contracts contain financing or variable consideration components.

4) Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

5) Recognize revenue when or as the Company satisfies a performance obligation

The Company satisfies performance obligations at a point in time as discussed in further detail under "Disaggregation of Revenue" below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

Disaggregation of Revenue

All of the Company's performance obligations, and associated revenue, are generally transferred to customers at a point in time.

O&O Services

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

- Ignite, a mobile application management software that enables mobile operators and OEMs to control, manage, and monetize applications installed at the time of activation and over the life of a mobile device. Ignite allows mobile 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: Wizard, Silent, or Software Development Kit ("SDK"). Optional notification features are available throughout the life-cycle of the device, providing operators additional opportunity for advertising revenue streams.

- Other products and professional services directly related to the Ignite platform.

Carriers and OEMs

The Company generally offers these services under a vendor contract revenue share model or under a customer contract per device license fee model with carriers and OEMs two to four year software as a service ("SaaS") license agreement. These agreements typically include the following services: the access to the SaaS platform, hosting fees, solution features, and general support and maintenance. The Company has concluded that each promised service is delivered concurrently with all other promised service over the contract term and, as such, has concluded these promises are a single performance obligation that includes a series of distinct services that have the same pattern of transfer to the customer. Consideration for the Company’s license arrangements consist of fixed and usage based fees, invoiced monthly or quarterly. The Company's contracts do not include advance non-refundable fees. Monthly license fees are based on the number of devices on a per device license fee basis. Monthly hosting and maintenance fees are generally fixed. These monthly fees are subject to a service level agreement ("SLA"), which requires that the services are available to the customer based on a predefined performance criteria. If the services do not meet these criteria, monthly fees are subject to adjustment or refund. The Company satisfies its performance obligation by providing access to its SaaS platform over time and processing transactions. For non-usage based fees, the period of time over which the Company performs its obligations is inherently commensurate with the contract term. The performance obligation is recognized on time elapsed basis, by month for which the services are provided. For usage-based fees, revenue is recognized in the month in which the Company provides the usage to the customer.

Third-Party Advertisers

The Company generally offers these services under a 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 through partner networks, defined as carriers or OEMs, to home screens of devices. The Company has concluded that the delivery of the advertisers application is delivered at a point in time and, as such, has concluded these deliveries are a single performance obligation. The Company invoices fees which are generally variable based on the arrangement, which would typically include the number of applications delivered at a specified price per application. For applications delivered, revenue is recognized in the month in which the Company delivers the application to the end consumer.

Professional Services

The Company offers professional services that support the implementation of its Ignite platform for carriers and OEMs, including technology development and integration services. These contracts generally include delivery and integration of the technology development product and revenue recognized when formal acceptance is confirmed by the customer. Services are billed in one lump sum. For the majority of these contracts, for which the Company has the right to invoice the customer in an amount that directly corresponds with the value to the customer of the Company's performance to date, the Company recognizes revenue based on the amount billable to the customer in accordance with practical expedient ASC 606-10-55-18.

Costs to Obtain and Fulfill a Contract

The Company capitalizes commission expenses paid to internal sales personnel that are incremental to obtaining customer contracts. These costs are deferred in “prepaid expenses and other current assets,” net of any long-term portion included in “other non-current assets." The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract. Costs to obtain a contract are amortized as sales and marketing expense on a straight line basis over the expected period of benefit. These costs are periodically reviewed for impairment. The Company has evaluated related activity in prior periods and have determined the costs to obtain a contract to be immaterial and do not require disclosure.

The Company capitalizes costs incurred to fulfill its contracts that i) relate directly to the contract, ii) are expected to generate resources that will be used to satisfy the Company’s performance obligation under the contract and iii) are expected to be recovered through revenue generated under the contract. Contract fulfillment costs are expensed to cost of revenue as the Company satisfies its performance obligations by transferring the service to the customer. These costs, which are classified in “prepaid expenses and other current assets,” net of any long term portion included in “other non-current assets,” principally relate to direct costs that enhance resources under the Company’s demand response contracts that will be used in satisfying future performance obligations. The Company has evaluated related activity in prior periods and have determined the costs to fulfill a contract to be immaterial and do not require disclosure.

Financial Statement Impact of Adopting ASC 606

The Company adopted ASC 606 using the modified retrospective method. After applying the new guidance to all contracts with customers that were not completed as of April 1, 2017, the Company has determined no changes in revenues or contract costs for which an adjustment would be required to accumulated deficit as of the adoption date. As a result of applying the modified retrospective method to adopt the new revenue guidance, the Company determined that the impact of adoption was not material and that no adjustments would need to be made to accounts to the consolidated balance sheet as of April 1, 2017.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and accounts receivable. A significant portion of the Company’s cash is held at one major financial institution that the Company's management has assessed to be of high credit quality. The Company has not experienced any losses in such accounts.

The Company mitigates its credit risk with respect to accounts receivable by performing credit evaluations and monitoring advertisers' and carriers' accounts receivable balances. The Company counts all advertisers and carriers within a single corporate structure as one customer, even in cases where multiple brands, branches, or divisions of an organization enter into separate contracts with the Company. As of September 30, 2018, one major customer represented approximately 41.4% of the Company's net accounts receivable balance. As of March 31, 2018, one major customer represented 28.3% of the Company's net accounts receivable balance.

With respect to 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 three and six months ended September 30, 2018, Oath Inc. represented 39.0% and 32.7% of net revenues, respectively. During the three and six months ended September 30, 2017, Oath Inc. represented 25.0% and 22.9% of net revenues, respectively, Machine Zone, Inc. represented 13.0% and 15.2% of net revenues, respectively, and Cheetah Mobile Inc represented 10.1% and 10.4% of net revenues, respectively.

The Company partners with mobile carriers and OEMs to deliver applications on our Ignite platform through the carrier network. During the three and six months ended September 30, 2018, Verizon Wireless, a carrier partner, generated 49.7% and 50.2%, respectively, while AT&T Inc., a carrier partner, including its Cricket subsidiary, generated 38.8% and 38.3%, respectively, of our net revenues. During the three and six months ended September 30, 2017, Verizon Wireless, generated 54.2% and 55.4%, respectively, while AT&T Inc., including its Cricket subsidiary, generated 29.5% and 26.8%, respectively, of our net revenues.

There is no assurance that the Company will continue to receive significant revenues from any of these or from other large customers. A reduction or delay in operating activity from any of the Company's significant customers, or a delay or default in payment by any significant customer, or a termination of agreements with significant customers, could materially harm the Company's business and prospects. Because of the Company's significant customer concentrations, its net sales and operating income could fluctuate significantly due to changes in political or economic conditions, or the loss of, reduction of business from, or less favorable terms with any of the Company's significant customers.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates that impact the reported amounts in the consolidated financial statements and accompanying notes. These estimates are recurring in nature and relate to transactions occurring in the normal course of business. In the opinion of management, these are appropriate estimates for arrangements to be settled at a later date based on the facts and circumstances available at the time of filing. Actual results could differ materially from those estimates.

4. 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 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. Subsequent to the transaction closing 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 are presented below as assets and liabilities held for disposal. As of September 30, 2018, the Company has determined there to be uncertainty surrounding the collectability of the receivables due to ongoing discussions with the business partner. If at a later date it is determined that the amounts recorded are not collectible due to disputes surrounding the content delivered, the related payables would also be withheld. At this time, the Company does not have enough information to reasonably estimate which receivables and payables, if any, may be uncollectable. The total net exposure to the Company if all of the remaining receivables and payables are determined to be uncollectable is approximately $931. These assets and liabilities remain on our books as a component of discontinued operations as of September 30, 2018.

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 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 three months ended June 30, 2018.

These dispositions will allow the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus. Additionally, the Company expects to be able to generate additional cash via the announced transactions that can be re-invested into key O&O growth initiatives.

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)
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2018	**2017**	**2018**	**2017**
Net revenues	$7	$11,986	$3,877	$22,953
Total cost of revenues	(4)	10,234	3,070	19,736
Gross profit	11	1,752	807	3,217
Product development	95	596	666	1,180
Sales and marketing	116	404	343	825
General and administrative	142	537	1,052	1,003
Income / (loss) from operations	(342)	215	(1,254)	209
Interest and other income / (expense), net	(14)	(70)	(146)	(152)
Net income / (loss) from discontinued operations, net of taxes	$(356)	$145	$(1,400)	$57
Comprehensive income / (loss)	$(356)	$145	$(1,400)	$57
Basic and diluted net loss per common share	—	—	(0.02)	—
Weighted-average common shares outstanding, basic	77,193	66,846	76,644	66,723
Weighted-average common shares outstanding, diluted	78,780	66,846	79,019	66,723

Details on assets and liabilities classified as held for disposal in the accompanying consolidated balance sheets are presented in the following table:

	September 30, 2018	**March 31, 2018**
	(Unaudited)	
Assets held for disposal		
Accounts receivable, net of allowances of $209 and $578, respectively	$3,156	$8,013
Property and equipment, net	270	377
Goodwill	—	309
Prepaid expenses and other current assets	246	54
Current assets held for disposal	3,672	8,753
Total assets held for disposal	$3,672	$8,753
Liabilities held for disposal		
Accounts payable	$4,432	$8,789
Accrued license fees and revenue share	1,124	3,059
Accrued compensation	299	529
Other current liabilities	60	349
Current liabilities held for disposal	5,915	12,726
Total liabilities held for disposal	$5,915	$12,726

Assets and liabilities held for disposal as of September 30, 2018 and March 31, 2018 are classified as current since we expect the dispositions to be completed within one year.

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

	Six months ended September 30,	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net income / (loss) from discontinued operations, net of taxes	$(1,400)	$57
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	214	519
Change in allowance for doubtful accounts	(369)	31
Stock-based compensation	37	119
Loss on disposal of fixed assets	—	—
(Increase) / decrease in assets:		
Accounts receivable	5,328	(1,986)
Goodwill	309	—
Prepaid expenses and other current assets	(406)	14
Increase / (decrease) in liabilities:		
Accounts payable	(4,357)	(1,290)
Accrued license fees and revenue share	(1,935)	1,084
Accrued compensation	(230)	138
Other current liabilities	(289)	(25)
Cash used in operating activities	(3,098)	(1,339)
Cash flows from investing activities		
Capital expenditures	(41)	(75)
Cash used in investing activities	(41)	(75)
Cash used in discontinued operations	$(3,139)	$(1,414)

5. Accounts Receivable

	September 30, 2018	March 31, 2018
	(Unaudited)	
Billed	$ 13,794	$ 9,172
Unbilled	7,934	8,390
Allowance for doubtful accounts	(866)	(512)
Accounts receivable, net	$ 20,862	$ 17,050

Billed accounts receivable represent amounts billed to customers that have yet to be collected. Unbilled accounts receivable represent revenue recognized, but billed after period end. All unbilled receivables as of September 30, 2018 and March 31, 2018 are expected to be billed and collected within twelve months.

The Company recorded $81 and $170 of bad debt expense during the three and six months ended September 30, 2018, respectively, and $101 and $165 of bad debt expense during the three and six months ended September 30, 2017, respectively.

6. Property and Equipment

	September 30, 2018 (Unaudited)	March 31, 2018
Computer-related equipment	$ 5,994	$ 5,464
Furniture and fixtures	116	115
Leasehold improvements	412	166
Property and equipment, gross	6,522	5,745
Accumulated depreciation	(3,469)	(2,988)
Property and equipment, net	$ 3,053	$ 2,757

Depreciation expense was $371 and $765 for the three and six months ended September 30, 2018, respectively, and $292 and $544 for the three and six months ended September 30, 2017, respectively. Depreciation expense for the three and six months ended September 30, 2018 includes $199 and $421, respectively, related to internal-use assets included in General and Administrative Expense and $172 and $344, respectively, related to internally-developed software to be sold, leased, or otherwise marketed included in Other Direct Costs of Revenue. Depreciation expense for the three and six months ended September 30, 2017 includes $231 and $450, respectively, related to internal-use assets included in General and Administrative Expense and $61 and $94, respectively, related to internally-developed software to be sold, leased, or otherwise marketed included in Other Direct Costs of Revenue.

7. Intangible Assets

The components of intangible assets at September 30, 2018 and March 31, 2018 were as follows:

	As of September 30, 2018 (Unaudited)		
	Cost	Accumulated Amortization	Net
Software	$ 5,826	$ (5,265)	$ 561
Total	$ 5,826	$ (5,265)	$ 561

	As of March 31, 2018		
	Cost	Accumulated Amortization	Net
Software	$ 5,826	$ (4,595)	$ 1,231
Total	$ 5,826	$ (4,595)	$ 1,231

The Company has included amortization of acquired intangible assets directly attributable to revenue-generating activities in cost of revenues; since all of our acquired intangible assets are directly attributable to revenue-generating activities, all intangible amortization is included in cost of revenues.

The Company recorded amortization expense of $336 and $671 during the three and six months ended September 30, 2018, respectively, and $369 and $745 during the three and six months ended September 30, 2017, respectively.

Based on the amortizable intangible assets as of September 30, 2018, we estimate amortization expense for the next five years to be as follows:

Year Ending March 31,	Amortization Expense
2019	$ 1,231
2020	—
2021	—
2022	—
2023	—
Thereafter	—
Total	$ 1,231

8. Debt

	September 30, 2018 (Unaudited)	March 31, 2018
Short-term debt		
Short-term debt, net of debt issuance costs of $120 and $205, respectively	$ 1,480	$ 1,445
Total short-term debt	$ 1,480	$ 1,445

	September 30, 2018 (Unaudited)	March 31, 2018
Long-term debt		
Convertible notes, net of debt issuance costs and discounts of $1,482 and $1,827, respectively	$ 3,418	$ 3,873
Total long-term debt	$ 3,418	$ 3,873

Convertible Notes

On September 28, 2016, the Company sold to BTIG, LLC (the "Initial Purchaser"), $16,000 aggregate principal amount of 8.75% convertible notes maturing on September 23, 2020 (the "Notes"), unless converted, repurchased or redeemed in accordance with their terms prior to such date. The $16,000 aggregate principal received from the issuance of the Notes was initially allocated between long-term debt at $11,084, the convertible note embedded derivative liability at $3,693 (see Note 9. "Fair Value Measurements" for more information), and the warrant liability at $1,223 (see Note 8. "Fair Value Measurements" for more information), within the consolidated balance sheet. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the liability. Fair value of the Notes is determined using the residual method of accounting whereby, first, a portion of the proceeds from the issuance of the Notes is allocated to derivatives embedded in the Notes and the warrants issued in connection with the issuance of the Notes, and the proceeds so allocated are accounted for as a convertible note embedded derivative liability and warrant liability, respectively (see Note 9. "Fair Value Measurements" for more information), and second, the remainder of the proceeds from the issuance of the Notes is allocated to the convertible notes, resulting in an original issue debt discount amounting to $4,916. As of the close of the issuance of the Notes on September 28, 2016, the Company incurred $1,700 in debt issuance costs directly related to the issuance of the Notes, which in accordance with ASU 2015-03, the Company has recorded these costs as a direct reduction to the face value of the Notes and will amortize this amount over the life of the Notes as a component of interest expense on the consolidated statement of operation and comprehensive loss. During the three months ended December 31, 2016, the Company further incurred $212 in costs directly associated with the issuance of the Notes, for the preparation and filing of a registration statement on Form S-1 to register the underlying common stock related to the Notes issued and related Warrants issued along with the Notes, which was required to be done in accordance with the Indenture (as defined below). The convertible notes will remain on the consolidated balance sheet at historical cost, accreted up for the amount of cumulative amortization of the debt discount over the life of the debt. If we or the note holders elect not to settle the debt through conversion, we must settle the Notes at face value. Therefore, the liability component will be accreted up to the face value of the Notes, which will result in additional non-cash interest expense being recognized within the consolidated statements of operations and comprehensive loss through the Notes maturity date.

The Company sold the Notes to the Initial Purchaser at a purchase price of 92.75% of the principal amount. The initial purchaser also received an additional 250,000 warrants on the same terms as the warrants issued with the Notes (as detailed below) and has the right to receive 2.5% of any cash consideration received by the Company in connection with a future exercise of any of the warrants issued with the Notes. The Notes were issued under an Indenture dated September 28, 2016, as amended and supplemented (the "Indenture"), between Digital Turbine, Inc., US Bank National Association, as trustee, and certain wholly-owned subsidiaries of the Company, specifically, DT USA, DT Media, DT EMEA, and DT APAC (collectively referred to as the "Guarantors"). The Notes are senior unsecured obligations of the Company, and bear interest at a rate of 8.75% per year, payable semiannually in arrears on March 15th and September 15th of each year, beginning on March 15, 2017. The Notes are unconditionally guaranteed by the Guarantors as to the payment of principal, premium, if any, and interest on a senior unsecured basis. The Notes were issued with an initial conversion price equal to $1.364 per share of the Company's common stock, subject to proportional adjustment for adjustments to outstanding common stock and anti-dilution provisions in case of dividends or distributions, stock split or combination, or if the Company issues or sells shares of common stock at a price per share less than the conversion price on the trading day immediately preceding such issuance of sale.

With respect to any conversion prior to September 23, 2019, in addition to the shares deliverable upon conversion, holders of the Notes will be entitled to receive a payment equal to the remaining scheduled payments of interest that would have been made on the notes being converted from the date of conversion until September 23, 2019 (an "Early Conversion Payment"). We may pay the Early Conversion Payment in cash or, subject to certain equity-related conditions set forth in the Indenture, in shares of our common stock.

Without stockholder approval, as required by NASDAQ rules, the Company would not have the right to issue shares of common stock as payment of the Early Conversion Payment, if the aggregate number of shares issued (and any other transaction aggregated for such purpose) after giving effect to such conversion or payment, as applicable, would exceed 19.99% of the number of shares of the Company's common stock outstanding as of the conversion date (or the "Notes Exchange Cap"). In such case, the Company will pay cash in lieu of any shares that would otherwise be deliverable in excess of the Notes Exchange Cap. The required stockholder approval was originally obtained at our annual meeting of stockholders held in January 2017. Due to the supplemental indenture entered in May 2017, a new stockholder approval was required to issue shares in excess of the Notes Exchange Cap, and such new stockholder approval was obtained at our annual meeting of stockholders held in January 2018. Please see the proxy statement for our 2018 annual meeting of stockholders for more information about the effect of the stockholder approval and our ability to issue shares of stock to satisfy our obligations under the Indenture and the warrants issued in connection with the Notes.

The Company may redeem the Notes, for cash, in whole or in part, at any time after September 23, 2018, at a redemption price equal to $1 per $1 principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, plus an additional payment (payable in cash or stock) equivalent to the amount of, and subject to equivalent terms and conditions applicable for, an Early Conversion Payment had the notes been converted on the date of redemption, if (1) the closing price of our common shares on the NASDAQ Capital Market has exceeded 200% of the conversion price then in effect (but disregarding the effect on such price from certain anti-dilution adjustments) for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending within the five trading days immediately preceding the date on which we provide the redemption notice, (2) for the 15 consecutive trading days following the last trading day on which the closing price of our common shares was equal to or greater than 200% of the conversion price in effect (but disregarding the effect on such price from certain anti-dilution adjustments) on such trading day for the purpose of the foregoing clause, the closing price of our common shares remains equal to or greater than 150% of the conversion price in effect (but disregarding the effect on such price from certain anti-dilution adjustments) on the given trading day, and (3) we are in compliance with certain other equity-related conditions as set forth in the Indenture.

If we undergo a fundamental change (as described below), holders may require us to purchase the Notes in whole or in part for cash at a price equal to 120% of the principal amount of the Notes to be purchased plus any accrued and unpaid interest, including additional interest, if any, to, but excluding, the repurchase date. Conversions that occur in connection with a fundamental change may entitle the holder to receive an increased number of shares of common stock issuable upon such conversion, depending on the date of such fundamental change and the valuation of the Company's common stock related thereto. A fundamental change is defined as follows:

- a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than the Company, the Company's Subsidiaries or the Company's or the Company's Subsidiaries' employee benefit plans files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Company's common equity representing more than 50% of the voting power of all outstanding classes of the Company's common equity entitled to vote generally in the election of the Company's directors;

- consummation of (A) any share exchange, consolidation or merger involving the Company pursuant to which the Common Stock will be converted into cash, securities or other property or (B) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and the Company's Subsidiaries, taken as a whole, to any person other than one or more of the Company's Subsidiaries; provided, however, that a share exchange, consolidation or merger transaction described in clause (A) above in which the holders of more than 50% of all shares of Common Stock entitled to vote generally in the election of the Company's directors immediately prior to such transaction own, directly or indirectly, more than 50% of all shares of Common Stock entitled to vote generally in the election of the directors of the continuing or surviving entity or the parent entity thereof immediately after such transaction in substantially the same proportions (relative to each other) as such ownership immediately prior to such transaction will not, in either case, be a Fundamental Change;

- the Company's shareholders approve any plan or proposal for the liquidation or dissolution of the Company; or

- the Common Stock (or other Capital Stock into which the Notes are then convertible pursuant to the terms of this Indenture) ceases to be listed on any of The New York Stock Exchange, The NASDAQ Global Select Market, The NASDAQ Global Market, The NASDAQ Capital Market, or The NYSE MKT (or their respective successors) (each, an " Eligible Market ").

Subject to limited exceptions, the Indenture prohibits us from incurring additional indebtedness at any time while the Notes remain outstanding.

Each purchaser of the Notes also received warrants to purchase 256.60 shares of the Company's common stock for each $1 in Notes purchased, or up to 4,105,600 warrants in aggregate, in addition to the 250,000 warrants issued to the initial purchaser, as described above. 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 are immediately exercisable on the date of issuance at an initial exercise price of $1.364 per share and will expire on September 23, 2020. The exercise price is subject to proportional adjustment for adjustments to outstanding common stock and anti-dilution provisions in case of dividends or distributions, stock split or combination, or if the Company issues or sells shares of common stock at a price per share less than the conversion price on the trading day immediately preceding such issuance of sale. Certain caps on the number of shares that could be issued under the Notes and the Warrants were effectively lifted by our stockholders approving the full issuance of all potentially issuable shares at our January 2017 annual meeting of stockholders, and again at our January 2018 annual meeting of stockholders in respect of our May 2017 supplemental indenture.

In the event of a fundamental change, as set forth in the Warrant Agreement, the holders can elect to exercise their warrants or to receive an amount of cash under a Black-Scholes calculation of the value of such warrants.

The Company received net cash proceeds of $14,316, after deducting the initial purchaser's discounts and commissions and the estimated offering expenses payable by Digital Turbine. The net proceeds from the issuance of the Notes were used to repay $11,000 of secured indebtedness, retiring such debt in its entirety, and will otherwise be used for general corporate purposes and working capital.

In May 2017, the Company entered a supplemental indenture and warrant amendment, described in its Current Report on Form 8-K filed May 24, 2017, which 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.

During fiscal year 2018, holders of $10,300 of Notes elected to convert such Notes. These Notes were extinguished by issuing shares of common stock, based on the applicable conversion price of $1.364 per share, plus additional shares of common stock and cash to satisfy the early conversion payments required by the Indenture. Associated with this conversion, gross debt, net of debt discount and capitalized debt issuance costs of $2,591 and $1,019, respectively, was extinguished for a net debt extinguishment of $6,690. In total, 8,624,445 shares of common stock were issued and $247 in cash was paid to settle these positions. This resulted in an adjustment of approximately $14,238 to additional paid-in capital to reflect the shares issued upon conversion. A loss on extinguishment of debt of $1,785 was recorded as a result of the difference in carrying value of the debt, inclusive of the associated debt discount and capitalized debt issuance costs, compared to the fair market value of the consideration given comprising both common stock issued and cash paid. The proportionate amount of the underlying derivative instrument was also extinguished, as calculated on the respective conversion dates.

During the six months ended September 30, 2018, holders of $800 of Notes elected to convert such Notes. These Notes were extinguished by issuing shares of common stock, based on the applicable conversion price of $1.364 per share, plus additional shares of common stock and cash to satisfy the early conversion payments required by the Indenture. Associated with this conversion, gross debt, net of debt discount and capitalized debt issuance costs of $174 and $68, respectively, was extinguished for a net debt extinguishment of $558. In total, 670,878 shares of common stock were issued to settle these positions. This resulted in an adjustment of approximately $948 to additional paid-in capital to reflect the shares issued upon conversion. A loss on extinguishment of debt of $15 was recorded as a result of the difference in carrying value of the debt, inclusive of the associated debt discount and capitalized debt issuance costs, compared to the fair market value of the consideration given comprising both common stock issued and cash paid. The proportionate amount of the underlying derivative instrument was also extinguished, as calculated on the respective conversion dates. See Note 9. "Fair Value Measurements" for more information.

As of September 30, 2018, the outstanding principal on the Notes was $4,900, the unamortized debt issuance costs and debt discount in aggregate was $1,482, and the net carrying amount of the Notes was $3,418, which was recorded as long-term debt within the consolidated balance sheet. The Company recorded $27 and $188 of aggregate debt discount and debt issuance cost amortization during the three and six months ended September 30, 2018, respectively, and $327 and $680 during the three and six months ended September 30, 2017, respectively.

Senior 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 6.25%), with a floor of 4.0%.

(2) Annual Facility Fee of $45.5.

(3) Early termination fee of 0.5% 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 DT 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.

As of September 30, 2018, the Company was in compliance with the covenants of the Credit Agreement.

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.

The Credit Agreement contains other customary covenants, representations, indemnities, and events of default.

At September 30, 2018, the gross outstanding principal on the Credit Agreement was $1,600, which is presented, net of capitalized debt issuance costs of $120, as net secured short-term line of credit of $1,480.

Interest Expense

Inclusive of the Notes issued on September 28, 2016 and the Credit Agreement entered into on May 23, 2017, the Company recorded $108 and $266 of interest expense during the three and six months ended September 30, 2018, respectively, and $335 and $689 during the three and six months ended September 30, 2017, respectively.

Additionally, aggregate debt discount and debt issuance cost amortization related to the Notes, detailed in the paragraphs above, are reflected on the Consolidated Statement of Operations as interest expense. Inclusive of this amortization of $27 and $188 recorded during the three and six months ended September 30, 2018, respectively, and $327 and $680 recorded during the three and six months ended September 30, 2017, respectively, the Company recorded $135 and $454 of total interest expense for the three and six months ended September 30, 2018, respectively, and $662 and $1,369 of total interest expense for the three and six months ended September 30, 2017, respectively.

9. Fair Value Measurements

The inputs to the valuation techniques used to measure fair value are classified into the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Company's financial liabilities as of the issuance date of the convertible notes on the initial measurement date of September 28, 2016 are presented below at fair value and were classified within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Balance at Inception
Financial Liabilities				
Convertible note embedded derivative liability	$ —	$ —	$ 3,693	$ 3,693
Warrant liability	—	—	1,223	1,223
Total	$ —	$ —	$ 4,916	$ 4,916

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the liability. Considerable judgment is necessary to interpret market data and determine an estimated fair value. The use of different market assumptions or valuation methods may have a material effect on the estimated fair values. Fair value of the Notes is determined using the residual method of accounting whereby, first, a portion of the proceeds from the issuance of the Notes is allocated to derivatives embedded in the Notes and the warrants issued in connection with the issuance of the Notes, and the proceeds so allocated are accounted for as a convertible note embedded derivative liability and warrant liability, respectively, and second, the remainder of the proceeds from the issuance of the Notes is allocated to the convertible notes, resulting in an original debt discount amounting to $4,916. The convertible notes will remain on the consolidated balance sheet at historical cost, accreted up for the amount of cumulative amortization of the debt discount over the life of the debt. The method of determining the fair value of the convertible note embedded derivative liability and warrant liability are described subsequently in this note. Market risk associated with the convertible note embedded derivative liability and warrant liability relates to the potential reduction in fair value and negative impact to future earnings from an increase in price of the Company's common stock. Please refer to Note 8. "Debt" for more information.

The carrying amounts of certain financial instruments, such as cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximate fair value due to their relatively short maturities.

As of September 30, 2018 and March 31, 2018, the Company's financial assets and financial liabilities are presented below at fair value and were classified within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Balance as of September 30, 2018 (Unaudited)
Financial Liabilities				
Convertible note embedded derivative liability	$ —	$ —	$ 1,728	$ 1,728
Warrant liability	—	—	1,484	1,484
Total	$ —	$ —	$ 3,212	$ 3,212

	Level 1	Level 2	Level 3	Balance as of March 31, 2018
Financial Liabilities				
Convertible note embedded derivative liability	$ —	$ —	$ 4,676	$ 4,676
Warrant liability	—	—	3,980	3,980
Total	$ —	$ —	$ 8,656	$ 8,656

Convertible Note Embedded Derivative Liability

We evaluated the terms and features of our convertible notes and identified embedded derivatives (conversion options that contain “make-whole interest” provisions, fundamental change provisions, or down round conversion price adjustment provisions; collectively called the "convertible note embedded derivative liability") requiring bifurcation and accounting at fair value because the economic and contractual characteristics of the embedded derivatives met the criteria for bifurcation and separate accounting. ASC 815-10-15-83 (c) states that if terms implicitly or explicitly require or permit net settlement, then it can readily be settled net by means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement. The conversion features related to the convertible notes consists of a “make-whole interest” provision, fundamental change provision, and down round conversion price adjustment provisions, which if the convertible notes were to be converted, would put the convertible note holder in a position not substantially different from net settlement. Given this fact pattern, the conversion features meet the definition of embedded derivatives and require bifurcation and accounting at fair value.

The convertible note embedded derivative liability represents the fair value of the conversion option, fundamental change provision, and "make-whole interest" provisions, as well as the down round conversion price adjustment or conversion rate adjustment provisions of the convertible notes. There is no current observable market for these types of derivatives and, as such, the Company determined the fair value of the derivative liability using a lattice approach that incorporates a Monte Carlo simulation valuation model. A Monte Carlo simulation valuation model considers the Company's future stock price, stock price volatility, probability of a change of control, and the trading information of the Company's common stock into which the notes are or may become convertible. The Company marks the derivative liability to market at the end of each reporting period due to the conversion price not being indexed to the Company's own stock.

Changes in the fair value of the convertible note embedded derivative liability is reflected in our Consolidated Statements of Operations as “Change in fair value of convertible note embedded derivative liability.”

The following table provides a reconciliation of the beginning and ending balances for the convertible note embedded derivative liability measured at fair value using significant unobservable inputs (Level 3):

		Level 3
Balance at March 31, 2018	$	4,676
Change in fair value of convertible note embedded derivative liability		(2,572)
Derecognition on extinguishment or conversion		(376)
Balance at September 30, 2018	$	1,728

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. During the three and six months ended September 30, 2018, the Company recorded a gain from change in fair value of convertible note embedded derivative liability of $952 and $2,572, respectively, due to the decrease in the Company's closing stock price during the current quarter from $1.51 to $1.24 and during the six months ended September 30, 2018 from $2.01 to $1.24. During the three and six months ended September 30, 2017, the Company recorded a loss from change in fair value of convertible note embedded derivative liability of $3,344 and $4,652, respectively, due to the increase in the Company's closing stock price during the three months ended September 30, 2017 from $1.03 to $1.51 and during the six months ended September 30, 2017 from $0.94 to $1.51.

The market-based assumptions and estimates used in valuing the convertible note embedded derivative liability include the following amounts:

	September 30, 2018
Stock price volatility	60 %
Probability of change in control	1.75 %
Stock price (per share)	$1.24
Expected term	2.00 years
Risk-free rate (1)	2.77 %
Assumed early conversion/exercise price (per share)	$2.73

(1) The Monte Carlo simulation assumes the continuously compounded equivalent (CCE) interest rate of 1.0% based on the average of the 2-year and 3-year U.S. Treasury securities as of the valuation date.

Changes in valuation assumptions can have a significant impact on the valuation of the convertible note embedded derivative liability. For example, all other things being equal, a decrease/increase in our stock price, probability of change of control, or stock price volatility decreases/increases the valuation of the liabilities, whereas a decrease/increase in risk-free interest rates increases/decreases the valuation of the liabilities.

Warrant Liability

The Company issued detachable warrants with the convertible notes issued on September 28, 2016. The Company accounts for its warrants 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. 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. We estimated the fair value of these warrants at the respective balance sheet dates using a lattice approach that incorporates a Monte Carlo simulation that considers the Company's future stock price. Option pricing models employ subjective factors to estimate warrant liability; and, therefore, the assumptions used in the model are judgmental.

Changes in the fair value of the warrant liability are primarily related to the change in price of the underlying common stock of the Company and is reflected in our consolidated Consolidated Statements of Operations as “Change in fair value of warrant liability.”

The following table provides a reconciliation of the beginning and ending balances for the warrant liability measured at fair value using significant unobservable inputs (Level 3):

		Level 3
Balance at March 31, 2018	$	3,980
Change in fair value of warrant liability		(2,496)
Balance at September 30, 2018	$	1,484

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. During the three and six months ended September 30, 2018, the Company recorded a gain from change in fair value of warrant liability of $926 and $2,496, respectively, due to the decrease in the Company's closing stock price during the current quarter from $1.51 to $1.24 and during the six months ended September 30, 2018 from $2.01 to $1.24. During the three and six months ended September 30, 2017, the Company recorded a loss from change in fair value of warrant liability of $1,164 and $1,628, respectively, due to the increase in the Company's closing stock price during the three months ended September 30, 2017 from $1.03 to $1.51 and during the six months ended September 30, 2017 from $0.94 to $1.51.

The market-based assumptions and estimates used in valuing the warrant liability include amounts in the following amounts:

	September 30, 2018
Stock price volatility	60 %
Probability of change in control	1.75 %
Stock price (per share)	$1.24
Expected term	2.00 years
Risk-free rate (1)	2.77 %
Assumed early conversion/exercise price (per share)	$2.73

(1) The Monte Carlo simulation assumes the continuously compounded equivalent (CCE) interest rate of 1.0% based on the average of the 2-year and 3-year U.S. Treasury securities as of the valuation date.

Changes in valuation assumptions can have a significant impact on the valuation of the warrant liability. For example, all other things being equal, a decrease/increase in our stock price, probability of change of control, or stock price volatility

decreases/increases the valuation of the liabilities, whereas a decrease/increase in risk-free interest rates increases/decreases the valuation of the liabilities.

10. Description of Stock Plans

Employee Stock Plan

The Company is currently issuing stock awards 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. No future grants will be made under the previous plan, the 2007 Employee, Director and Consultant Stock Plan (the “2007 Plan”). The 2011 Plan and 2007 Plan are collectively referred to as "Digital Turbine's Incentive Plans." In the year ended March 31, 2015, in connection with the acquisition of Appia (i.e., DT Media), the Company assumed the Appia, Inc. 2008 Stock Incentive Plan (the “Appia Plan”). Digital Turbine’s Incentive Plans and the Appia Plan are all collectively referred to as the “Stock Plans.”

The 2011 Plan provides 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 (“SARs”), restricted stock, and restricted stock units (sometimes referred to individually or collectively as “Awards”). 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”).

The 2011 Plan reserves 20,000,000 shares for issuance, of which 8,320,739 and 9,135,513 remained available for future grants as of September 30, 2018 and March 31, 2018, respectively. The change over the comparative period represents stock option grants, stock option forfeitures/cancellations, and restricted shares of common stock of 1,240,425, 964,863, and 539,213, respectively.

Stock Option Agreements

Stock options granted under Digital Turbine's Stock Plans typically vest over athree-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. Compensation expense for all stock options is recognized on a straight-line basis over the requisite service period.

Stock Option Activity

The following table summarizes stock option activity for the Stock Plans for the periods or as of the dates indicated:

	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, 2018	9,741,969	$ 2.08	7.82	$ 6,286
Granted	1,240,425	1.67		
Forfeited / Cancelled	(964,863)	4.71		
Exercised	(261,201)	0.88		
Options Outstanding, September 30, 2018	9,756,330	1.80	6.64	380
Vested and expected to vest (net of estimated forfeitures) at September 30, 2018 (a)	8,298,074	1.89	7.44	1,205
Exercisable, September 30, 2018	4,836,214	$ 2.37	6.64	$ 381

(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 September 30, 2018 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 September 30, 2018. The intrinsic value changes based on changes in the price of the Company's common stock.

Information about options outstanding and exercisable at September 30, 2018 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number of Shares	Weighted-Average Exercise Price
$0.00 - 0.50	6,204	$ 0.24	1.48	6,204	$ 0.24
$0.51 - 1.00	2,696,614	$ 0.73	8.08	582,288	$ 0.75
$1.01 - 1.50	2,567,615	$ 1.28	7.68	1,517,113	$ 1.28
$1.51 - 2.00	1,534,339	$ 1.65	9.23	309,398	$ 1.58
$2.01 - 2.50	597,766	$ 2.18	9.37	67,419	$ 2.04
$2.51 - 3.00	827,992	$ 2.61	5.63	827,992	$ 2.61
$3.51 - 4.00	757,800	$ 3.96	5.84	757,800	$ 3.96
$4.01 - 4.50	658,000	$ 4.15	5.53	658,000	$ 4.15
$4.51 - 5.00	60,000	$ 4.65	4.49	60,000	$ 4.65
$5.01 and over	50,000	$ 5.89	5.95	50,000	$ 5.89
	9,756,330			4,836,214	

Other information pertaining to stock options for the Stock Plans for the six months ended September 30, 2018 and 2017, as stated in the table below, is as follows:

	September 30,	
	2018	2017
Total fair value of options vested	$ 855	$ 1,461
Total intrinsic value of options exercised (a)	$ 162	$ 9

(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 six months ended September 30, 2018 and 2017.

During the six months ended September 30, 2018 and 2017, the Company granted options to purchase 1,240,425 and 872,000 shares of its common stock, respectively, to employees with weighted-average grant-date fair values of $1.67 and $1.06, respectively.

At September 30, 2018 and 2017, there was $3,417 and $3,254 of total unrecognized stock-based compensation expense, respectively, net of estimated forfeitures, related to unvested stock options expected to be recognized over a weighted-average period of 2.23 and 2.02 years, respectively.

Valuation of Awards

For stock options granted under Digital Turbine's Stock 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 for options granted during the six months ended September 30, 2018 are presented below.

	September 30, 2018
Risk-free interest rate	2.79% to 3.04%
Expected life of the options	5.62 to 9.69 years
Expected volatility	66%
Expected dividend yield	—%
Expected forfeitures	29%

Expected volatility is based on a blend of implied and historical volatility of the Company's common stock over the most recent period commensurate with the estimated expected term of the Company's stock options. The Company 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 Stock Plans for the three and six months ended September 30, 2018 and 2017, which includes both stock options and restricted stock, was $602 and $1,150, respectively, and $719 and $1,510, respectively. Please refer to Note 11. "Capital Stock Transactions" regarding restricted stock.

11. 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 of Series A 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 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 if-converted basis.

Common Stock and Warrants

For the six months ended September 30, 2018, the Company issued 261,201 shares of common stock for the exercise of employee options.

The following table provides activity for warrants issued and outstanding during the six months ended September 30, 2018:

	Number of Warrants Outstanding	Weighted-Average Exercise Price
Outstanding as of March 31, 2018	4,536,857	1.56
Expired	(412,857)	3.43
Outstanding as of September 30, 2018	4,124,000	1.37

Restricted Stock Agreements

From time to time, the Company enters into restricted stock agreements ("RSAs") with certain employees, directors, 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 19, 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.

Service and Time Condition RSAs

Awards of restricted stock are grants of restricted stock 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. Compensation expense for restricted stock awards with a service condition is recognized on a straight-line basis over the requisite service period.

In June 2018, the Company issued 232,558 restricted shares 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 August 2018, the Company issued 306,655 restricted shares to its Board of Directors for their next annual service period. The shares vest quarterly over one year. The fair value of the shares on the date of issuance was $426.

With respect to time condition RSAs, the Company expensed $123 and $208 during the three and six months ended September 30, 2018, respectively, and $74 and $150 during the three and six months ended September 30, 2017, respectively.

The following is a summary of restricted stock awards and activities for all vesting conditions for the six months ended September 30, 2018:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested restricted stock outstanding as of March 31, 2018	132,569	1.09
Granted	539,213	1.53
Vested	(132,569)	1.09
Unvested restricted stock outstanding as of September 30, 2018	539,213	1.53

All restricted shares, vested and unvested, cancellable and not cancelled, have been included in the outstanding shares as of September 30, 2018.

At September 30, 2018, there was $723 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to non-vested restricted stock awards expected to be recognized over a weighted-average period of approximately 1.60 years.

12. Net Income (Loss) Per Share

Basic 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 had net losses. Because the Company was in a net loss position for the three and six months ended September 30, 2017, 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 the three and six months ended September 30, 2018, the Company was in a net income position, and has included the dilutive effect of employee stock-based awards using the treasury method and assuming an average stock price over the period of $1.39 and $1.55, respectively.

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

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Net income / (loss) from continuing operations, net of taxes	$ 2,068	$ (6,603)	$ 3,596	$ (10,690)
Weighted-average common shares outstanding, basic	77,193	66,846	76,644	66,723
Weighted-average common shares outstanding, diluted	78,780	66,846	79,019	66,723
Basic and diluted net income / (loss) per common share	$ 0.03	$ (0.10)	$ 0.05	$ (0.16)
Common stock equivalents included in net income per diluted share	1,587	—	2,375	—
Common stock equivalents excluded from net loss per diluted share because their effect would have been anti-dilutive	—	1,428	—	1,238

13. Income Taxes

Our provision for income taxes as a percentage of pre-tax earnings (“effective tax rate”) is based on a current estimate of the annual effective income tax rate, adjusted to reflect the impact of discrete items. In accordance with ASC 740, jurisdictions forecasting losses that are not benefited due to valuation allowances are not included in our forecasted effective tax rate.

During the three and six months ended September 30, 2018, a tax benefit of $23 and $59, respectively, resulted in an effective tax rate of (1.3)% and (2.7)%, respectively. Differences in the tax provision and the statutory rate are primarily due to changes in the valuation allowance.

During the three and six months ended September 30, 2017, a tax benefit of $884 and $853, respectively, resulted in an effective tax rate of (12.0)% and (7.4)%, respectively. Differences in the tax provision and statutory rate are primarily due to changes in the valuation allowance. The tax benefit reported in the quarter is largely due to changes resulting from the finalization of the transfer pricing study.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering U. S. corporate income tax rate from 35% to 21% and implementing a territorial tax system. As a result of the valuation allowance against U.S. deferred tax assets and the Company’s U.S. federal and state NOL carryovers, the changes in U.S. tax law have not impacted the Company’s annual effective tax rate for the three and six months ended September 30, 2018.

14. Commitments and Contingencies

No legal matters or other proceedings requiring disclosure exist at this time.

15. Geographic Information

The following table sets forth geographic information on our net revenues for the three and six months ended September 30, 2018 and 2017. Net revenues by geography are based on the billing addresses of our customers.

	Three months ended September 30,	
	2018	2017
	(Unaudited)	
Net revenues		
United States and Canada	$ 17,141	$ 8,780
Europe, Middle East, and Africa	3,246	1,234
Asia Pacific and China	2,393	5,070
Mexico, Central America, and South America	1,074	821
Consolidated net revenues	$ 23,854	$ 15,905

	Six months ended September 30,	
	2018	2017
	(Unaudited)	
Net revenues		
United States and Canada	$ 32,919	$ 14,834
Europe, Middle East, and Africa	7,084	2,497
Asia Pacific and China	4,397	11,300
Mexico, Central America, and South America	1,566	2,427
Consolidated net revenues	$ 45,966	$ 31,058

16. Guarantor and Non-Guarantor Financial Statements

On September 28, 2016, the Company sold to the Initial Purchaser $16,000 principal amount of 8.75% convertible notes maturing on September 23, 2020, unless converted, repurchased, or redeemed in accordance with their terms prior to such date. The Notes were issued under the Indenture, as amended and supplemented to date, between Digital Turbine, Inc., US Bank National Association, as trustee, and certain wholly-owned subsidiaries of the Company, specifically, DT USA, DT Media, DT EMEA, and DT APAC. Given the Notes are unconditionally guaranteed as to the payment of principal, premium, if any, and interest on a senior unsecured basis by four of the wholly-owned subsidiaries of the Company, the Company is required by SEC Reg S-X 210.3-10 to include, in a footnote, consolidating financial information for the same periods with a separate column for:

- The parent company;
- The subsidiary guarantors on a combined basis;
- Any other subsidiaries of the parent company on a combined basis;
- Consolidating adjustments; and
- The total consolidated amounts.

The following consolidated financial information includes:

(1) Consolidated balance sheets as of September 30, 2018 and March 31, 2018; consolidated statements of operations for the three and six months ended September 30, 2018 and 2017; and consolidated statements of cash flows for the six months ended September 30, 2018 and 2017 of (a) Digital Turbine, Inc. as the parent, (b) the guarantor subsidiaries, (c) the non-guarantor subsidiaries, and (d) Digital Turbine, Inc. on a consolidated basis; and

(2) Elimination entries necessary to consolidate Digital Turbine, Inc., as the parent, with its guarantor and non-guarantor subsidiaries.

Digital Turbine, Inc. owns 100% of all of the guarantor subsidiaries, and as a result, in accordance with Rule 3-10(d) of Regulation S-X promulgated by the SEC, no separate financial statements are required for these subsidiaries as of and for the three and six months ended September 30, 2018 or 2017.

Consolidated Balance Sheet

as of September 30, 2018 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated Total
ASSETS				
Current assets				
Cash	$ 205	$ 7,823	$ 321	$ 8,349
Restricted cash	256	175	—	431
Accounts receivable, net of allowance of $866	—	20,604	258	20,862
Deposits	34	114	4	152
Prepaid expenses and other current assets	312	394	10	716
Current assets held for disposal	—	3,515	157	3,672
Total current assets	807	32,625	750	34,182
Property and equipment, net	576	2,470	7	3,053
Deferred tax assets	655	—	—	655
Intangible assets, net	1	560	—	561
Goodwill	1,065	40,201	1,000	42,266
TOTAL ASSETS	$ 3,104	$ 75,856	$ 1,757	$ 80,717
INTERCOMPANY				
Intercompany payable / (receivable), net	113,747	(96,749)	(16,998)	—
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 1,068	$ 25,684	$ —	$ 26,752
Accrued license fees and revenue share	—	5,322	395	5,717
Accrued compensation	34	512	35	581
Short-term debt, net of debt issuance costs and discounts of $120	1,480	—	—	1,480
Other current liabilities	1,060	376	41	1,477
Current liabilities held for disposal	—	5,639	276	5,915
Total current liabilities	3,642	37,533	747	41,922
Convertible notes, net of debt issuance costs and discounts of $1,482	3,418	—	—	3,418
Convertible note embedded derivative liability	1,728	—	—	1,728
Warrant liability	1,484	—	—	1,484
Total liabilities	10,272	37,533	747	48,552
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 $1,000)	100	—	—	100
Common stock				
$0.0001 par value: 200,000,000 shares authorized; 78,214,570 issued and 77,480,114 outstanding at September 30, 2018	10	—	—	10
Additional paid-in capital	320,361	—	—	320,361
Treasury stock (754,599 shares at September 30, 2018)	(71)	—	—	(71)
Accumulated other comprehensive loss	30	(1,489)	1,136	(323)
Accumulated deficit	(213,851)	(56,937)	(17,124)	(287,912)
Total stockholders' equity	106,579	(58,426)	(15,988)	32,165
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 116,851	$ (20,893)	$ (15,241)	$ 80,717

Consolidated Balance Sheet

as of March 31, 2018 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated Total
ASSETS				
Current assets				
Cash	$ 501	$ 11,800	$ 419	$ 12,720
Restricted cash	156	175	—	331
Accounts receivable, net of allowance of $512	—	16,777	273	17,050
Deposits	34	113	4	151
Prepaid expenses and other current assets	330	406	14	750
Current assets held for disposal	—	8,610	143	8,753
Total current assets	1,021	37,881	853	39,755
Property and equipment, net	257	2,485	15	2,757
Deferred tax assets	596	—	—	596
Intangible assets, net	—	1,231	—	1,231
Goodwill	—	41,268	1,000	42,268
TOTAL ASSETS	$ 1,874	$ 82,865	$ 1,868	$ 86,607
INTERCOMPANY				
Intercompany payable / (receivable), net	117,873	(114,234)	(3,639)	—
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 1,031	$ 18,841	$ 23	$ 19,895
Accrued license fees and revenue share	—	7,989	243	8,232
Accrued compensation	2,285	661	20	2,966
Short-term debt, net of debt issuance costs and discounts of $205	1,445	—	—	1,445
Other current liabilities	911	231	—	1,142
Current liabilities held for disposal	—	12,246	480	12,726
Total current liabilities	5,672	39,968	766	46,406
Convertible notes, net of debt issuance costs and discounts of $1,827	3,873	—	—	3,873
Convertible note embedded derivative liability	4,676	—	—	4,676
Warrant liability	3,980	—	—	3,980
Total liabilities	18,201	39,968	766	58,935
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 $1,000)	100	—	—	100
Common stock				
$0.0001 par value: 200,000,000 shares authorized; 76,843,278 issued and 76,108,822 outstanding at March 31, 2018	10	—	—	10
Additional paid-in capital	318,066	—	—	318,066
Treasury stock (754,599 shares at March 31, 2018)	(71)	—	—	(71)
Accumulated other comprehensive loss	(15)	(621)	311	(325)
Accumulated deficit	(216,544)	(70,716)	(2,848)	(290,108)
Total stockholders' equity	101,546	(71,337)	(2,537)	27,672
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 119,747	$ (31,369)	$ (1,771)	$ 86,607

Consolidated Statement of Operations and Comprehensive Loss

for the three months ended September 30, 2018 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated Total
Net revenues	$ —	$ 43,766	$ 180	$ (20,092)	$ 23,854
Cost of revenues					
License fees and revenue share	—	35,804	90	(20,092)	15,802
Other direct cost of revenues	—	508	—	—	508
Total cost of revenues	—	36,312	90	(20,092)	16,310
Gross profit	—	7,454	90	—	7,544
Operating expenses					
Product development	82	2,435	120	—	2,637
Sales and marketing	234	1,483	196	—	1,913
General and administrative	1,252	1,345	82	—	2,679
Total operating expenses	1,568	5,263	398	—	7,229
Income / (loss) from operations	(1,568)	2,191	(308)	—	315
Interest and other income / (expense), net					
Interest expense	(134)	(1)	—	—	(135)
Foreign exchange transaction gain / (loss)	—	15	(14)	—	1
Change in fair value of convertible note embedded derivative liability	952	—	—	—	952
Change in fair value of warrant liability	926	—	—	—	926
Loss on extinguishment of debt	(15)	—	—	—	(15)
Other income / (expense)	24	(24)	1	—	1
Total interest and other income / (expense), net	1,753	(10)	(13)	—	1,730
Income / (loss) from continuing operations before income taxes	185	2,181	(321)	—	2,045
Income tax benefit	(23)	—	—	—	(23)
Net income / (loss) from continuing operations, net of taxes	208	2,181	(321)	—	2,068
Loss from discontinued operations	—	(356)	—	—	(356)
Net loss from discontinued operations, net of taxes	—	(356)	—	—	(356)
Net income / (loss)	$ 208	$ 1,825	$ (321)	$ —	$ 1,712
Comprehensive income / (loss)	$ 208	$ 1,825	$ (321)	$ —	$ 1,712

Consolidated Statement of Operations and Comprehensive Loss

for the six months ended September 30, 2018 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated Total
Net revenues	$ —	$ 84,693	$ 384	$ (39,111)	$ 45,966
Cost of revenues					
License fees and revenue share	—	69,949	180	(39,111)	31,018
Other direct cost of revenues	—	1,015	—	—	1,015
Total cost of revenues	—	70,964	180	(39,111)	32,033
Gross profit	—	13,729	204	—	13,933
Operating expenses					
Product development	172	5,339	235	—	5,746
Sales and marketing	358	2,991	400	—	3,749
General and administrative	2,414	2,835	134	—	5,383
Total operating expenses	2,944	11,165	769	—	14,878
Income / (loss) from operations	(2,944)	2,564	(565)	—	(945)
Interest and other income / (expense), net					
Interest expense	(454)	—	—	—	(454)
Foreign exchange transaction gain / (loss)	—	25	(16)	—	9
Change in fair value of convertible note embedded derivative liability	2,572	—	—	—	2,572
Change in fair value of warrant liability	2,496	—	—	—	2,496
Loss on extinguishment of debt	(15)	—	—	—	(15)
Other income / (expense)	918	(1,040)	(4)	—	(126)
Total interest and other income / (expense), net	5,517	(1,015)	(20)	—	4,482
Income / (loss) from continuing operations before income taxes	2,573	1,549	(585)	—	3,537
Income tax benefit	(59)	—	—	—	(59)
Net income / (loss) from continuing operations, net of taxes	2,632	1,549	(585)	—	3,596
Income / (loss) from discontinued operations	(37)	(1,372)	9	—	(1,400)
Net income / (loss) from discontinued operations, net of taxes	(37)	(1,372)	9	—	(1,400)
Net income / (loss)	$ 2,595	$ 177	$ (576)	$ —	$ 2,196
Comprehensive income / (loss)	$ 2,595	$ 177	$ (576)	$ —	$ 2,196

Consolidated Statement of Operations and Comprehensive Loss

for the three months ended September 30, 2017 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated Total
Net revenues	$ —	$ 29,026	$ 267	$ (13,388)	$ 15,905
Cost of revenues					
License fees and revenue share	—	23,183	70	(13,388)	9,865
Other direct cost of revenues	—	430	—	—	430
Total cost of revenues	—	23,613	70	(13,388)	10,295
Gross profit	—	5,413	197	—	5,610
Operating expenses					
Product development	7	2,216	18	—	2,241
Sales and marketing	72	1,143	69	—	1,284
General and administrative	2,393	1,038	120	—	3,551
Total operating expenses	2,472	4,397	207	—	7,076
Income / (loss) from operations	(2,472)	1,016	(10)	—	(1,466)
Interest and other income / (expense), net					
Interest expense	(659)	(3)	—	—	(662)
Foreign exchange transaction loss	—	(47)	—	—	(47)
Change in fair value of convertible note embedded derivative liability	(3,344)	—	—	—	(3,344)
Change in fair value of warrant liability	(1,164)	—	—	—	(1,164)
Loss on extinguishment of debt	(882)	—	—	—	(882)
Other income	(24)	102	—	—	78
Total interest and other income / (expense), net	(6,073)	52	—	—	(6,021)
Income / (loss) from continuing operations before income taxes	(8,545)	1,068	(10)	—	(7,487)
Income tax provision	(884)	—	—	—	(884)
Net income / (loss) from continuing operations, net of taxes	(7,661)	1,068	(10)	—	(6,603)
Income / (loss) from discontinued operations	(73)	620	(402)	—	145
Net income / (loss) from discontinued operations, net of taxes	(73)	620	(402)	—	145
Net income / (loss)	$ (7,734)	$ 1,688	$ (412)	$ —	$ (6,458)
Other comprehensive income / (loss)					
Foreign currency translation adjustment	—	211	(216)	—	(5)
Comprehensive income / (loss)	$ (7,734)	$ 1,899	$ (628)	$ —	$ (6,463)

Consolidated Statement of Operations and Comprehensive Loss

for the six months ended September 30, 2017 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	Consolidated Total
Net revenues	—	56,093	517	(25,552)	31,058
Cost of revenues					
License fees and revenue share	—	44,904	105	(25,552)	19,457
Other direct cost of revenues	—	839	—		839
Total cost of revenues	—	45,743	105	(25,552)	20,296
Gross profit	—	10,350	412	—	10,762
Operating expenses					
Product development	12	4,373	30	—	4,415
Sales and marketing	174	2,125	122	—	2,421
General and administrative	4,645	2,070	194	—	6,909
Total operating expenses	4,831	8,568	346	—	13,745
Income / (loss) from operations	(4,831)	1,782	66	—	(2,983)
Interest and other income / (expense), net					
Interest expense	(1,369)	—	—	—	(1,369)
Foreign exchange transaction loss	—	(110)	—	—	(110)
Change in fair value of convertible note embedded derivative liability	(4,652)	—	—	—	(4,652)
Change in fair value of warrant liability	(1,628)	—	—	—	(1,628)
Loss on extinguishment of debt	(882)	—	—	—	(882)
Other income	(21)	102	—	—	81
Total interest and other income / (expense), net	(8,552)	(8)	—	—	(8,560)
Income / (loss) from continuing operations before income taxes	(13,383)	1,774	66	—	(11,543)
Income tax provision	(853)	—	—	—	(853)
Net income / (loss) from continuing operations, net of taxes	(12,530)	1,774	66	—	(10,690)
Income / (loss) from discontinued operations	(73)	576	(446)	—	57
Net income / (loss) from discontinued operations, net of taxes	(73)	576	(446)	—	57
Net income / (loss)	(12,603)	2,350	(380)	—	(10,633)
Other comprehensive income / (loss)					
Foreign currency translation adjustment	—	(5)	—	—	(5)
Comprehensive income / (loss)	(12,603)	2,345	(380)	—	(10,638)

Consolidated Statement of Cash Flows

for the six months ended September 30, 2018 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated Total
Cash flows from operating activities				
Net income / (loss) from continuing operations, net of taxes	$ 2,632	$ 1,549	$ (585)	$ 3,596
Adjustments to reconcile net income / (loss) from continuing operations to net cash used in operating activities:				
Depreciation and amortization	17	1,417	2	1,436
Loss on disposal of fixed assets	—	—	—	—
Change in allowance for doubtful accounts	—	319	35	354
Amortization of debt discount and debt issuance costs	188	—	—	188
Stock-based compensation	942	—	—	942
Stock-based compensation for services rendered	208	—	—	208
Change in fair value of convertible note embedded derivative liability	(2,572)	—	—	(2,572)
Change in fair value of warrant liability	(2,496)	—	—	(2,496)
Loss on extinguishment of debt	15	—	—	15
(Increase) / decrease in assets:				
Accounts receivable	—	(4,549)	383	(4,166)
Deferred tax assets	(59)	—	—	(59)
Prepaid expenses and other current assets	18	10	5	33
Increase / (decrease) in liabilities:				
Accounts payable	38	6,986	(167)	6,857
Accrued license fees and revenue share	—	(2,594)	79	(2,515)
Accrued compensation	(2,250)	(113)	(15)	(2,378)
Accrued interest	3	—	—	3
Other current liabilities	4,422	(3,564)	(450)	408
Other non-current liabilities	(11)	—	—	(11)
Cash provided by / (used in) operating activities - continuing operations	1,095	(539)	(713)	(157)
Cash used in operating activities - discontinued operations	—	(2,648)	(450)	(3,098)
Net cash provided by / (used in) operating activities	1,095	(3,187)	(1,163)	(3,255)
Cash flows from investing activities				
Capital expenditures	(336)	(749)	—	(1,085)
Proceeds from intercompany transfer of assets between subsidiaries	(1,065)	—	1,065	—
Cash provided by / (used in) investing activities - continuing operations	(1,401)	(749)	1,065	(1,085)
Cash used in investing activities - discontinued operations	—	(41)	—	(41)
Net cash provided by / (used in) investing activities	(1,401)	(790)	1,065	(1,126)
Cash flows from financing activities				
Options exercised	160	—	—	160
Repayment of debt obligations	(50)	—	—	(50)
Net cash used in financing activities	110	—	—	110
Net change in cash	(196)	(3,977)	(98)	(4,271)
Cash and restricted cash, beginning of period	657	11,975	419	13,051
Cash and restricted cash, end of period	$ 461	$ 7,998	$ 321	$ 8,780

Consolidated Statement of Cash Flows

for the six months ended September 30, 2017 (Unaudited)

(in thousands, except par value and share amounts)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated Total
Cash flows from operating activities				
Net income / (loss) from continuing operations, net of taxes	$ (12,530)	$ 1,774	$ 66	$ (10,690)
Adjustments to reconcile net income / (loss) from continuing operations to net cash used in operating activities:				
Depreciation and amortization	9	872	408	1,289
Amortization of debt discount and debt issuance costs	680	—	—	680
Change in allowance for doubtful accounts	—	219	(15)	204
Stock-based compensation	1,360	—	—	1,360
Stock-based compensation for services rendered	150	—	—	150
Change in fair value of convertible note embedded derivative liability	4,652	—	—	4,652
Change in fair value of warrant liability	1,628	—	—	1,628
Loss on extinguishment of debt	882	—	—	882
(Increase) / decrease in assets:				
Accounts receivable	—	(5,697)	215	(5,482)
Deposits	—	4	—	4
Deferred tax assets	(336)	—	—	(336)
Prepaid expenses and other current assets	33	30	(11)	52
Increase / (decrease) in liabilities:				
Accounts payable	(272)	5,006	(35)	4,699
Accrued license fees and revenue share	—	740	88	828
Accrued compensation	501	164	—	665
Accrued interest	(24)	—	—	(24)
Other current liabilities	2,096	(1,669)	(500)	(73)
Other non-current liabilities	(529)	—	—	(529)
Intercompany movement of cash	3	(28)	25	—
Cash provided by / (used in) operating activities - continuing operations	(1,697)	1,415	241	(41)
Cash provided by / (used in) operating activities - discontinued operations	46	(1,047)	(338)	(1,339)
Net cash provided by / (used in) operating activities	(1,651)	368	(97)	(1,380)
Cash flows from investing activities				
Capital expenditures	—	(743)	(5)	(748)
Cash provided by / (used in) investing activities - continuing operations		(743)	(5)	(748)
Cash provided by / (used in) investing activities - discontinued operations	—	(75)	—	(75)
Net cash used in investing activities	—	(818)	(5)	(823)
Cash flows from financing activities				
Proceeds from short-term borrowings	2,500	—	—	2,500
Payment of debt issuance costs	(346)	—	—	(346)
Options exercised	19	—	—	19
Repayment of debt obligations	(247)	—	—	(247)
Net cash provided by financing activities	1,926	—	—	1,926
Effect of exchange rate changes on cash	—	(5)	—	(5)
Net change in cash	275	(455)	(102)	(282)
Cash and restricted cash, beginning of period	414	5,508	558	6,480
Cash and restricted cash, end of period	$ 689	$ 5,053	$ 456	$ 6,198

17. Subsequent Events

None.

ITEM 2. 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 Quarterly Report on Form 10-Q (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 1993, 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 our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, 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 it 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.

All numbers are in thousands, except share and per share amounts.

Company Overview

Digital Turbine, Inc., through its subsidiaries, operates 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 mobile content and generate higher-value user acquisition. The Company operates its business in one reporting segment – Advertising.

The Company's Advertising business consists of Operator and OEM ("O&O"), an advertiser solution for unique and exclusive carrier and OEM inventory, which is comprised of services including:

- Ignite™ ("Ignite"), a mobile device management platform with targeted application distribution capabilities, and
- Other products and professional services directly related to the Ignite platform.

Prior to the sale of the A&P Assets described under Note 4. Discontinued Operations in our consolidated financial statements in Item 1 of this Report, the O&O reporting segment also included the A&P Assets as an operating segment within O&O.

Advertising

O&O Business

The Company's O&O business is an advertiser solution for unique and exclusive carrier and OEM inventory, which is comprised of Ignite and other professional services directly related to the Ignite platform.

Ignite is a mobile application management software that enables mobile operators and OEMs to control, manage, and monetize applications installed at the time of activation and over the life of a mobile device. Ignite allows mobile operators to personalize the app 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: Wizard, Silent, or Software Development Kit ("SDK"). Optional notification features are available throughout the life cycle of the device, providing operators additional opportunity for advertising revenue streams. The Company has launched Ignite with mobile operators and OEMs in North America, Latin America, Europe, Asia-Pacific, India, and Israel.

Disposition of the Content Reporting Segment and A&P Business

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 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 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 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 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 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 the Advertising segment, the Company's sole continuing reporting segment.

These dispositions will allow the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus. Additionally, the Company expects to be able to generate additional cash via the announced transactions that can be re-invested into key O&O growth initiatives.

Discontinued Operations

As a result of the dispositions, the results of operations from our Content reporting segment and A&P business within 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 1 of this report. The Company has recast prior period amounts presented within this Report to provide visibility and comparability.

All discussions in this Item 2 – 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 O&O business.

RESULTS OF OPERATIONS
(unaudited)

	Three months ended September 30,			Six months ended September 30,		
	2018	2017	% of Change	2018	2017	% of Change
	(in thousands, except per share amounts)			(in thousands, except per share amounts)		
Net revenues	$ 23,854	$ 15,905	50.0 %	$ 45,966	$ 31,058	48.0 %
License fees and revenue share	15,802	9,865	60.2 %	31,018	19,457	59.4 %
Other direct cost of revenues	508	430	18.1 %	1,015	839	21.0 %
Gross profit	7,544	5,610	34.5 %	13,933	10,762	29.5 %
Total operating expenses	7,229	7,076	2.2 %	14,878	13,745	8.2 %
Income / (loss) from operations	315	(1,466)	(121.5)%	(945)	(2,983)	(68.3)%
Interest expense	(135)	(662)	(79.6)%	(454)	(1,369)	(66.8)%
Foreign exchange transaction gain / (loss)	1	(47)	(102.1)%	9	(110)	(108.2)%
Change in fair value of convertible note embedded derivative liability	952	(3,344)	(128.5)%	2,572	(4,652)	(155.3)%
Change in fair value of warrant liability	926	(1,164)	(179.6)%	2,496	(1,628)	(253.3)%
Loss on extinguishment of debt	(15)	(882)	(98.3)%	(15)	(882)	(98.3)%
Other income / (expense)	1	78	(98.7)%	(126)	81	(255.6)%
Income / (loss) from continuing operations before income taxes	2,045	(7,487)	(127.3)%	3,537	(11,543)	(130.6)%
Income tax benefit	(23)	(884)	(97.4)%	(59)	(853)	(93.1)%
Net income / (loss) from continuing operations, net of taxes	2,068	(6,603)	(131.3)%	3,596	(10,690)	(133.6)%
Net income / (loss)	$ 1,712	$ (6,458)	(126.5)%	$ 2,196	$ (10,633)	(120.7)%
Basic and diluted net income / (loss) per common share	$ 0.03	$ (0.10)	(130.0)%	$ 0.03	$ (0.16)	(118.8)%
Weighted-average common shares outstanding, basic	77,193	66,846	15.5 %	76,644	66,723	14.9 %
Weighted-average common shares outstanding, diluted	78,780	66,846	17.9 %	79,019	66,723	18.4 %

Comparison of the three and six months ended September 30, 2018 and 2017

Net Revenues

During the three and six months ended September 30, 2018, there was an approximately $7,949 and $14,908, respectively, or 50.0% and 48.0%, respectively, increase in overall revenue as compared to the three and six months ended September 30, 2017.

The Company's O&O business is an advertiser solution for unique and exclusive carrier and OEM inventory. During the three and six months ended September 30, 2018, the main revenue driver for the O&O business was the Ignite platform. Ignite is a mobile application management software that enables mobile operators and OEMs to control, manage, and monetize applications installed at the time of activation and over the life of a mobile device. This increase in Ignite net revenue was attributable to increased demand for the Ignite service, driven primarily by increased revenue from advertising partners across existing commercial deployments of Ignite with carrier partners as well as expanded distribution with new carrier partners and the deployment of new Ignite services and products.

During the three and six months ended September 30, 2018, Oath Inc. represented 39.0% and 32.7% of net revenues, respectively. During the three and six months ended September 30, 2017, Oath Inc. represented 25.0% and 22.9% of net revenues, respectively, Machine Zone, Inc. represented 13.0% and 15.2% of net revenues, respectively, and Cheetah Mobile Inc represented 10.1% and 10.4% of net revenues, respectively.

The Company partners with mobile carriers and OEMS to deliver applications on our Ignite platform through the carrier network. During the three and six months ended September 30, 2018, Verizon Wireless, generated 49.7% and 50.2%, respectively, while AT&T Inc., including its Cricket subsidiary, generated 38.8% and 38.3%, respectively, of our net revenues. During the three and six months ended September 30, 2017, Verizon Wireless, a carrier partner, generated 54.2% and 55.4%, respectively, while AT&T Inc., a carrier partner, including its Cricket subsidiary, generated 29.5% and 26.8%, respectively, 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 expects to maintain these relationships and does not expect to experience material reductions or delays in operating activity with these customers or partners.

Gross Margin

	Three months ended September 30,			Six months ended September 30,		
	2018	2017	% of Change	2018	2017	% of Change
	(in thousands)			(in thousands)		
Gross margin $	$ 7,544	$ 5,610	34.5 %	$ 13,933	$ 10,762	29.5 %
Gross margin %	31.6%	35.3%	(10.5)%	30.3%	34.7%	(12.7)%

Total gross margin, inclusive of the impact of other direct costs of revenues (including amortization of intangibles), was approximately $7,544 and 13,933, respectively, or 31.6% and 30.3%, respectively, for the three and six months ended September 30, 2018 versus approximately $5,610 and 10,762, respectively, or 35.3% and 34.7%, respectively, for the three and six months ended September 30, 2017. The increase in gross margin dollars of $1,934 and $3,171, respectively, or 34.5% and 29.5%, respectively, is primarily attributable to an increase in Carrier and Advertiser demand in the O&O business. The decrease in gross margin percentage of 10.5% and 12.7%, respectively, is primarily attributable to higher percentage partner revenue share as certain revenue partners continue to reach volume thresholds.

Operating Expenses

	Three months ended September 30,			Six months ended September 30,		
	2018	2017	% of Change	2018	2017	% of Change
	(in thousands)			(in thousands)		
Product development	$ 2,637	$ 2,241	17.7 %	$ 5,746	$ 4,415	30.1 %
Sales and marketing	1,913	1,284	49.0 %	3,749	2,421	54.9 %
General and administrative	2,679	3,551	(24.6)%	5,383	6,909	(22.1)%
Total operating expenses	$ 7,229	$ 7,076	2.2 %	$ 14,878	$ 13,745	8.2 %

Total operating expenses for the three and six months ended September 30, 2018 and 2017 were approximately $7,229 and $14,878, respectively, and $7,076 and $13,745, respectively, an increase of approximately $153 and $1,133, respectively, or an increase of approximately 2.2% and 8.2%, respectively, over the comparative period.

Product development expenses include the development and maintenance of the Company's product suite. Expenses in this area are primarily a function of personnel. Product development expenses for the three and six months ended September 30, 2018 and 2017 were approximately $2,637 and $5,746, respectively, and $2,241 and $4,415, respectively, an increase of approximately $396 and $1,331, respectively, or 17.7% and 30.1%, respectively, over the comparative period. The increase in costs over the comparative three-month period was primarily a function of recently hired incremental personnel and hosting expenses associated with development activity.

Sales and marketing expenses represent the costs of sales and marketing personnel, advertising and marketing campaigns, and campaign management. Sales and marketing expenses for the three and six months ended September 30, 2018 and 2017 were approximately $1,913 and $3,749, respectively, and $1,284 and $2,421, respectively, an increase of

approximately $629 and $1,328, respectively, or 49.0% and 54.9%, respectively, over the comparative period. The increase in sales and marketing expenses over the comparative three-month period was primarily attributable to increased travel expenses 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.

General and administrative expenses represent management, finance, and support personnel 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 three and six months ended September 30, 2018 and 2017 were approximately $2,679 and $5,383, respectively, and $3,551 and $6,909, respectively, a decrease of approximately $872 and $1,526, respectively, or 24.6% and 22.1%, respectively, over the comparative period. The decrease over the comparative three-month period is primarily attributable to lower legal, accounting, and professional consulting costs.

Interest and Other Income / (Expense)

	Three months ended September 30,			Six months ended September 30,		
	2018	2017	% of Change	2018	2017	% of Change
	(in thousands)			(in thousands)		
Interest expense	$ (135)	$ (662)	(79.6)%	$ (454)	$ (1,369)	(66.8)%
Foreign exchange transaction gain / (loss)	1	(47)	(102.1)%	9	(110)	(108.2)%
Change in fair value of convertible note embedded derivative liability	952	(3,344)	(128.5)%	2,572	(4,652)	(155.3)%
Change in fair value of warrant liability	926	(1,164)	(179.6)%	2,496	(1,628)	(253.3)%
Loss on extinguishment of debt	(15)	(882)	(98.3)%	(15)	(882)	(98.3)%
Other income / (expense)	1	78	(98.7)%	(126)	81	(255.6)%
Total interest and other income / (expense), net	$ 1,730	$ (6,021)	(128.7)%	$ 4,482	$ (8,560)	(152.4)%

Total interest and other income / (expense), net, for the three and six months ended September 30, 2018 and 2017 was approximately $1,730 and $4,482, respectively, and $(6,021) and $(8,560), respectively, an increase in other income (expense) of approximately $7,751 and $13,042, respectively, or 128.7% and 152.4%, respectively, over the comparative period. The increase in other income over the comparative three-month period is primarily attributable to the change in fair value of convertible note embedded derivative liability and the change in fair value of warrant liability. Interest and other income / (expense), net, includes net interest expense, foreign exchange transaction gain / (loss), change in fair value of convertible note embedded derivative liability, change in fair value of warrant liability, and other ancillary income / (expense) earned or incurred by the Company.

Interest Expense, Net

Interest expense is generated from the $16,000 aggregate principal amount of 8.75% Convertible Notes due 2020 (the “Notes”), issued on September 28, 2016, and from our business finance agreement (the “Credit Agreement”) with Western Alliance Bank (the “Bank”). The Credit Agreement provides for a $5,000 total facility. Interest income consists of interest income earned on our cash. Interest expense, net, is primarily attributable to 1) fees related to the obtainment of debt (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 Notes at a stated interest rate of 8.75%, and interest expense incurred on the Credit Agreement at approximately 6.25% (Wall Street Journal Prime Rate + 1.25%); and 3) amortization of debt discount related to the Notes, which are expensed as a component of interest expense over the life of the debt. Inclusive of the Notes issued on September 28, 2016 and the Credit Agreement entered into on May 23, 2017, the Company recorded $135 and $454, respectively, and $662 and $1,369, respectively, of interest expense during the three and six months ended September 30, 2018 and 2017, inclusive of debt discount and debt issuance cost amortization. The decrease in interest expense is primarily due to lower principle debt outstanding as a function of the conversion of some of our Notes between the comparative periods.

Change in Fair Value of Convertible Note Embedded Derivative Liability

The Company accounts for the convertible note embedded derivative liability 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.

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. During the three and six months ended September 30, 2018, the Company recorded a gain from change in fair value of convertible note embedded derivative liability of $952 and $2,572, respectively, due to the decrease in the Company's closing stock price during the current quarter from $1.51 at June 30, 2018 to $1.24 at September 30, 2018 and due to the decrease in the Company's closing stock price from $2.01 at March 31, 2018 to $1.24 at September 30, 2018. During the three and six months ended September 30, 2017, the Company recorded a loss from change in fair value of convertible note embedded derivative liability of $3,344 and $4,652, respectively, due to the increase in the Company's closing stock price from June 30, 2017 to September 30, 2017 of $1.03 to $1.51 and from March 31, 2017 to September 30, 2017 of $0.94 to $1.51.

Change in Fair Value of Warrant Liability

The Company accounts for the warrants issued in connection with the above-noted sale of Notes to the Initial Purchaser 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.

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. During the three and six months ended September 30, 2018, the Company recorded a gain from change in fair value of warrant liability of $926 and $2,496, respectively, due to the decrease in the Company's closing stock price during the current quarter from $1.51 at June 30, 2018 to $1.24 at September 30, 2018 and due to the decrease in the Company's closing stock price from $2.01 at March 31, 2018 to $1.24 at September 30, 2018. During the three and six months ended September 30, 2017, the Company recorded a loss from change in fair value of warrant liability of $1,164 and $1,628, respectively, due to the increase in the Company's closing stock price from June 30, 2017 to September 30, 2017 of $1.03 to $1.51 and from March 31, 2017 to September 30, 2017 of $0.94 to $1.51.

Liquidity and Capital Resources

Selected Liquidity Information

	September 30, 2018	March 31, 2018
	(unaudited)	
	(in thousands)	
Cash		
Cash	$ 8,349	$ 12,720
Restricted cash	431	331
Total cash and restricted cash	8,780	13,051
Short-term debt		
Short-term debt, net of debt issuance costs of $120 and $205, respectively	1,480	1,445
Total short-term debt	$ 1,480	$ 1,445
Long-term debt		
Convertible notes, net of debt issuance costs and discounts of $1,482 and $1,827, respectively	3,418	3,873
Total long-term debt	$ 3,418	$ 3,873
Total debt	$ 4,898	$ 5,318
Working capital [(1)]		
Current assets	$ 30,510	$ 31,002
Current liabilities	36,007	33,680
Working capital [(1)]	$ (5,497)	$ (2,678)

[(1)] Working capital number excludes assets and liabilities held for disposal on the balance sheet.

Working Capital

Cash and restricted cash totaled approximately $8,780 and $13,051 at September 30, 2018 and March 31, 2018, respectively, a decrease of approximately $4,271 or 32.7%. Current assets including assets held for disposal totaled $34,182 and $39,755 at September 30, 2018 and March 31, 2018, respectively, a decrease of approximately $5,573 or 14.0%. As of September 30, 2018 and March 31, 2018, the Company had approximately $20,862 and $17,050, respectively, in net accounts receivable, an increase of $3,812 or 22.4%. As of September 30, 2018 and March 31, 2018, the Company's working capital deficit was $5,497 and $2,678, respectively, an increase in working capital deficit of $2,819 or 105.3%. The decrease in working capital was primarily attributable to an increase in accounts payable of $6,857 and a decrease in cash and restricted cash of $4,271, offset by an increase in net accounts receivable of $3,812 and a decrease in accrued license fees and revenue share of $2,515.

Our primary sources of liquidity have historically been issuances of common and preferred stock and debt. As of September 30, 2018, we had cash and restricted cash totaling approximately $8,780.

On May 23, 2017, the Company entered into 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 years and accrue interest at prime-plus-1.25%, subject to a 4.00% floor, with the prime rate defined as that published in the Wall Street Journal. The Credit Facility also carries an annual facility fee of $45.5, and an early termination fee of 0.5% 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 pledges of stock of non-US subsidiaries. In addition to customary covenants, including restrictions on payments and restrictions on indebtedness, the Credit Agreement requires the Company to comply with certain financial covenants as described in Note 8. "Debt" in our consolidated financial statements in Item 1 of this Report.

The Company believes that it has sufficient financial resources to meet its business requirements for at least twelve months from the issuance date of this Report.

Cash Flow Summary

	Six months ended September 30,		
	2018	2017	% of Change
	(in thousands)		
Consolidated statement of cash flows data:			
Net cash used in operating activities - continuing operations	$ (157)	$ (41)	(282.9)%
Capital expenditures	(1,085)	(748)	(45.1)%
Proceeds from short-term borrowings	—	2,500	(100.0)%
Options exercised	160	19	742.1 %
Repayment of debt obligations	(50)	(247)	79.8 %
Payment of debt issuance costs	—	(346)	100.0 %
Effect of exchange rate changes on cash	—	(5)	100.0 %

Operating Activities

During the six months ended September 30, 2018 and 2017, the Company's net cash used in operating activities from continuing operations was $157 and $41, respectively, a positive change of $116 or 282.9%. The increase in net cash provided by operating activities was primarily attributable to the change in working capital accounts over the comparative periods.

During the six months ended September 30, 2018, net cash used in operating activities from continuing operations was $157, resulting from a net income of $3,596 offset by net non-cash expenses of $1,925, which included depreciation and amortization expense, loss on disposal of fixed assets, change in allowance for doubtful accounts, amortization of debt discount and debt issuance costs, stock-based compensation expense, stock-based compensation related to the vesting of restricted stock for services, change in fair value of convertible note embedded derivative liability, and change in fair value of warrant liability of approximately $1,436, $0, $354, $188, $942, $208, $(2,572), and $(2,496), respectively. Net cash used in operating activities during the six months ended September 30, 2018 was also impacted by the change in net working capital accounts as of September 30, 2018 compared to March 31, 2018, with a net increase in current liabilities of approximately $2,375 (inclusive of accounts payable, accrued interest, accrued license fees and revenue share, accrued compensation, and other current liabilities) offset by a net increase in current assets of approximately $4,133 (inclusive of accounts receivable and prepaid expenses and other current assets) over the comparative periods. The net increase in working capital liabilities of $2,375 was driven primarily by the increase in accounts payable, accrued interest, and other current liabilities, offset by decreases in accrued license fees and revenue share, mostly due to the timing of payments to our carrier partners, and accrued compensation. The net increase in working capital assets of $4,133 was driven primarily by the increase in accounts receivable, mostly due to the timing of payments from our advertising customers. Furthermore, non-current deferred tax assets increased by $59 due to the impact of the tax benefit booked during the period and non-current liabilities decreased by $11.

Investing Activities

For the six months ended September 30, 2018 and 2017, net cash used in investing activities from continuing operations was approximately $1,085 and $748, respectively, which is comprised of capital expenditures related mostly to internally-developed software.

Financing Activities

For the six months ended September 30, 2018, net cash provided by financing activities was approximately $110, inclusive of $160 in proceeds from the exercise of stock options offset by cash paid for the settlement of debt of $50. For the six months ended September 30, 2017, net cash provided by financing activities was approximately $1,926, due to proceeds from short-term borrowings of $2,500 and proceeds from the exercise of stock options of $19, offset by the payment of $346 in debt issuance costs and the repayment of debt obligations of $247.

As of September 30, 2018, our total contractual cash obligations were as follows:

		Payments Due by Period			
	Total	Within the Next 12 Months	1 to 3 Years	3 to 5 Years	More Than 5 Years
Contractual cash obligations		(in thousands)			
Convertible notes (a)	$ 4,900	$ —	$ 4,900	$ —	$ —
Operating leases (b)	5,106	1,078	1,711	1,772	545
Interest and bank fees	1,094	551	543	—	—
Uncertain tax positions (c)	—	—	—	—	—
Total contractual cash obligations	$ 11,100	$ 1,629	$ 7,154	$ 1,772	$ 545

(a) Convertible notes maturing on September 23, 2020 (the "Notes"), unless converted, repurchased, or redeemed in accordance with their terms prior to such date.
(b) Consists of operating leases for our office facilities.
(c) We have approximately $929 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.

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 risk that would arise if we engaged in such relationships.

Critical Accounting Policies and Judgments

Management's discussion and analysis of our financial condition and results of operations is based on our unaudited financial statements. The preparation of these financial statements is based on management's selection of accounting policies and the application of significant accounting estimates, some of which require management to make judgments, estimates, and assumptions that affect the amounts reported in the financial statements and notes. For more information regarding our critical accounting estimates and policies, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" of our Annual Report on Form 10-K for the year ended March 31, 2018.

ITEM 3. 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, primarily interest rate 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 and cash equivalents consist of cash and deposits, which are sensitive to interest rate changes.

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 foreign currencies and then translated into U.S. dollars, the vast majority of our media costs are billed in U.S. dollars, causing both our revenue and, disproportionately, our operating loss and net loss to be impacted by fluctuations in exchange rates. In addition, gains/(losses) 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.

ITEM 4. CONTROLS AND PROCEDURES

This Report includes the certifications of our Chief Executive Officer and Chief Financial Officer, as required by Rule 13a-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). See Exhibits 31.1 and 31.2. Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Evaluation of Disclosure Controls and Procedures

Under the supervision of 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 the end of the period covered by this 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, or the Exchange Act, means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, 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 the end of the period covered by this report, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective. As a result, the 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 SEC'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 Controls Over Financial Reporting

There were no changes in our internal controls 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 period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Potential SEC Settlement

The Company is in discussions with the staff of the division of enforcement of the SEC to settle the previously disclosed internal control over financial reporting matter. The general parameters of the proposed settlement are an aggregate fine of $100 payable by the Company and an order applicable to the Company to cease and desist from committing or causing any violations and any future violations of Sections 13(a) and 13(b)(2)(B) of the Exchange Act and Rule 13a-15, thereunder, which generally relate to maintaining internal controls and filing reports with the SEC. We are in the process of finalizing this matter; however, no settlement is final until approved by the SEC and the Company, and there is no assurance that the matter will settle on these terms or at all. The Company expects that the resolution of this matter will not have a material impact on its operations or financial position.

Item 1 (A). Risk Factors

Registrant is not aware of any material risk factors since those set forth under “Risk Factors” in its Annual Report in Form 10-K, for the year ended March 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

ITEM 6. EXHIBITS

10.22.1	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.†
10.24	Software as a Service Renewal Agreement between Cellco Partnership d/b/a Verizon Wireless and the Company dated as of August 14, 2018 * ††
10.25	License and Software Agreement between AT&T Mobility LLC and the Company, dated as of November 2, 2015.* ††
10.25.1	Amendment No. 1 to License and Software Agreement between AT&T Mobility LLC and the Company, dated as of October 17, 2018.*
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 U.S.C. Section 1350. +
32.2	Certification of Barrett Garrison, Principal Financial Officer pursuant to U.S.C. Section 1350. +
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.

† Management contract or compensatory plan or arrangement

†† Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 406 under the Securities Act. In accordance with Rule 406, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.

\+ In accordance with SEC Release No. 33-8212, these exhibits are being furnished, and are not being filed, as part of the Report on Form 10-Q or as a separate disclosure document, and are not being incorporated by reference into any Securities Act registration statement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Digital Turbine, Inc.

Dated: November 5, 2018

By: /s/ William Stone

William Stone
Chief Executive Officer
(Principal Executive Officer)

Digital Turbine, Inc.

Dated: November 5, 2018

By: /s/ Barrett Garrison

Barrett Garrison
Chief Financial Officer
(Principal Financial Officer)

SOFTWARE AS A SERVICE RENEWAL AGREEMENT

This Software As A Service Renewal Agreement ("Renewal Agreement"), effective as of August 14, 2018, is between Cellco Partnership d/b/a Verizon Wireless, a Delaware general partnership, having a place of business at One Verizon Way, Basking Ridge, New Jersey 07920 on behalf of itself and for the benefit of its Affiliates (individually and collectively "Verizon") and Digital Turbine USA, Inc., a Delaware corporation with offices located at 110 San Antonio St., Suite 160, Austin, Texas 78701 ("Digital Turbine"). Verizon and Digital Turbine may be referred to individually as a "Party" and collectively as the "Parties." This Renewal Agreement shall become effective on and as of the date of execution by the last signing Party hereto ("Effective Date").

The Parties previously entered into a Software As A Service Agreement (the "Original Agreement"), covering certain services to be performed by Digital Turbine for Verizon relating to installation of applications on Interactive Wireless Devices, which became effective on August 14, 2014 for a four-year term expiring on August 13, 2018. The Parties wish to enter into this Renewal Agreement to provide for the continuation of their relationship, and to update the terms of the Original Agreement to incorporate the updated and expected changes to the relationship previously described in the Original Agreement.

1. Definitions.

1.1 Affiliate. An entity that Controls, is Controlled by, or is under common Control with a Party. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a corporation, partnership, person or other entity, whether through the ownership of voting securities, or by contract or otherwise.

1.2 Confidential Information. Information (in written, graphic, oral, or other tangible or intangible form) concerning the disclosing party's business, customers, products, services, technology, trade secrets, and personnel, and designated as confidential by the disclosing party (if tangible information) by conspicuous markings or (if oral information) by announcement at the time of initial disclosure and written documentation thereof within thirty days thereafter, or, if not so marked or announced and documented, should reasonably have been understood as being Confidential Information of the disclosing party either because of other legends or markings, the circumstances of disclosure, or the nature of the information itself. Confidential Information may include proprietary material as well as material subject to and protected by laws regarding secrecy of communications or trade secrets, and may include information acquired by the disclosing party from a third party under an obligation of confidentiality. Confidential Information shall not include any information to the extent that it (a) is or becomes publicly available without breach of this Renewal Agreement; (b) can be shown by documentation to have been independently developed by recipient without reference to discloser's Confidential Information; or (c) is rightfully received from a third party without any obligation of confidentiality.

1.3 CPI Inventory. An application placed in the Digital Turbine App Server for which an application developer, distributor, advertiser or other party pays a fee to Digital Turbine (directly or indirectly) when a Subscriber installs, downloads, opens, or activates such application or otherwise responds to an advertising call-to-action. All applications placed by Digital Turbine into the Digital Turbine App Server pursuant to this Renewal Agreement shall be CPI Inventory, except that any application placed by Digital Turbine into the Digital Turbine App Server that meets the definition of Verizon Non-CPI Inventory below is excluded from the definition of CPI Inventory.

1.4 Digital Turbine App. Digital Turbine's mobile application, and all updates thereto, installed on an Interactive Wireless Device, that allows for the retrieval and installation of pre-selected applications at the initial setup of an Interactive Wireless Device or post-setup based upon conditions mutually agreed by the Parties.

1.5 Digital Turbine App Server. Digital Turbine's back-end system supporting the Digital Turbine App which includes the stored applications for installation, the management platform for developing installation queues, activating campaigns and pushing applications to devices, and the system for campaign verification and reporting.

1.6 Interactive Wireless Devices. Any and all wireless devices approved by Verizon for use on the Verizon network.

1.7 Preload. A method of distributing applications by Verizon on Interactive Wireless Devices prior to the completion of initial setup of the devices via factory pre-install, or delivery via the Digital Turbine App.

1.8 Subscribers. Any persons, including natural persons, corporations, partnerships, or other entities, who subscribe to Verizon services.

1.9 Unauthorized Code. Unauthorized Code means any virus, Trojan horse, worm, back door, trap door, time bomb, drop-dead device, timer, clock, counter or other limiting routine, as well as any other instructions, designs, software routines, or hardware components designed to: (a) disable, erase, or otherwise harm software, hardware, data, text or any other information stored in electronic form; (b) cause any of the foregoing with the passage of time; or (c) place a program or hardware under the positive control of a person other than an owner or licensee of the program or hardware. Unauthorized Code does not include software routines in a computer program, if any, designed to permit the owner or licensor of the program, or any other person acting by authority of the owner or licensor, to obtain access to a licensee's computer system(s) for purposes of maintenance or technical support.

1.10 Verizon LTE Services. The package of wireless communications, entertainment, and/or voice services, including data, messaging, voice, and web access services, offered by Verizon that let Subscribers use their Interactive Wireless Devices on the Verizon LTE network.

1.11 Verizon Non-CPI Inventory . Any Verizon-branded or co-branded application, any Oath-branded or Yahoo-branded or co-branded application, any application developed for Verizon by a third party, any third-party application that is used in whole or in part to deliver a service for which Verizon directly bills a Subscriber, and any other application, installed via the Digital Turbine App by Verizon. No installation or activation fee shall be paid to Digital Turbine for the installation or download of Verizon Non-CPI Inventory by a Subscriber unless otherwise agreed in writing by the Parties.

2. The Service.

2.1. The Service. Subject to the terms of this Renewal Agreement, Digital Turbine shall provide the service and hosting, administration and maintenance services described herein, including Digital Turbine's obligations as set forth in Sections 4.1, 4.6 and 4.7 (the "Service"), to Verizon and its Affiliates, agents, distributors, and suppliers, including a non-exclusive, assignable, sublicensable (except to a mobile virtual network operator), and royalty-free license, for an unlimited number of Interactive Wireless Devices, to: (i) copy, reproduce, reformat, display, and perform the Digital Turbine App, including any related documentation provided by Digital Turbine to Verizon, for Preload onto Interactive Wireless Device models; (ii) store, exploit, use, integrate, distribute, transmit, and sublicense an unlimited number of copies of the Digital Turbine App, including any related documentation provided by Digital Turbine to Verizon, to Subscribers in object code format only; and (iii) use the Digital Turbine App Server to review and manage the installation campaigns enabled herein. All rights in the Digital Turbine App and Digital Turbine App Server not granted in this Renewal Agreement are reserved by Digital Turbine.

2.2. Scope and Duration. The Service shall be provided to Verizon pursuant to Section 2.1 for an unlimited number of Interactive Wireless Devices selected in Verizon's sole and absolute discretion. Termination of the Agreement shall not affect the rights or licenses herein of Verizon and its Affiliates, agents, distributors, suppliers, and Subscribers relating to copies of the Digital Turbine App Preloaded prior to termination of the Agreement. If Verizon in its sole and absolute discretion decides to cease preloading the Digital Turbine App on any new devices prior to termination of this Renewal Agreement, such action will not affect the rights or licenses herein of Verizon and its Affiliates, agents, distributors, suppliers, and Subscribers related to copies of the Digital Turbine App previously Preloaded. Digital Turbine acknowledges that Verizon cannot remove the Digital Turbine App from Verizon Interactive Wireless Devices once it has been Preloaded on an Interactive Wireless Device that has been sold to a Subscriber.

2.3. Except as provided in Sections 2.1 and 2.2, this Renewal Agreement does not grant either Party any express or implied right or license in any of the other Party's patents, copyrights, trade secrets, trademarks, trade names, service marks, logos, or other property. Neither Party may use the marks or other trade indicia of the other Party except as otherwise agreed in writing in advance. Subject to the licenses granted herein, Digital Turbine is and will remain the owner of all right, title, and interest in and to those features and functionalities of the Digital Turbine App which Verizon elects to utilize in Interactive Wireless Devices, including but not limited to, all trade secret, confidential, and proprietary information Digital Turbine supplies to Verizon in connection with the Digital Turbine App.

3. Use of the Digital Turbine App.

3.1. Correction of Errors. For any version of the Digital Turbine App that Digital Turbine or Verizon plans to Preload on an Interactive Wireless Device, Digital Turbine must comply, at its sole expense, with standard testing required by Verizon and the supplier of the applicable Interactive Wireless Device. Verizon or the supplier of the applicable Interactive Wireless Device may notify Digital Turbine of any bugs or errors associated with the use of the Digital Turbine App on such Interactive Wireless Device by providing Digital Turbine a prioritized list, as testing is performed in accordance with standard testing processes. Digital Turbine will correct such bugs or errors at Digital Turbine's own expense within the time specified by Verizon or the supplier of the Interactive Wireless Device.

3.2. Schedule and Milestones. Verizon will specify, in consultation with Digital Turbine and with Verizon's suppliers, the delivery schedule and the project milestones that must be met to enable the Digital Turbine App to be Preloaded on each Interactive Wireless Device. However, even if Digital Turbine meets the specified schedule or project milestones and corrects any reported bugs and errors, as provided in Section 3.1 above, Verizon may still elect in its sole and absolute discretion, at any time, not to Preload the Digital Turbine App on particular Interactive Wireless Devices, or to cease Preloading the Digital Turbine App on Interactive Wireless Devices on which it had previously been Preloaded.

3.3. Unauthorized Code. The Digital Turbine App will contain no Unauthorized Code. Digital Turbine will not use the Digital Turbine App to engage in any fraudulent, illegal, or unauthorized use. Digital Turbine will continuously monitor the Digital Turbine App for the presence of any Unauthorized Code. In the event Digital Turbine detects the presence of any Unauthorized Code, it will: (a) notify Verizon in writing the same day the Unauthorized Code is detected; (b) promptly remove the Unauthorized Code; and (c) promptly remedy any condition caused by the Unauthorized Code.

4. Application Features.

4.1. Digital Turbine shall host the Digital Turbine Server in the United States.

4.2. Verizon may elect, in its sole and absolute discretion, to mediate the data usage charges incurred by Subscribers who download applications via the Digital Turbine App; in other words, Verizon may elect to not apply data charges against a Subscriber's data plan or allowance if such charges were incurred as the direct result of downloading or installing an application via the Digital Turbine App.

4.3. Placement of the applications distributed to an Interactive Wireless Device via the Digital Turbine App within the application tray will be determined by the Interactive Wireless Device's default setting, unless otherwise agreed by the Parties.

4.4. Any branding of the Digital Turbine App will be determined by Verizon in its sole and absolute discretion.

4.5. The Digital Turbine App must complete the installation and delivery of each Verizon Non-CPI Inventory application to at least [***] of Interactive Wireless Devices within [***] days of such Interactive Wireless Device's initial setup. In the event that Verizon can show that the Digital Turbine App has failed to meet this requirement for a Verizon Non-CPI Inventory application (a "Performance Failure"), Digital Turbine shall increase the revenue share paid to Verizon for CPI Inventory by [***] for each instance of a Performance Failure for the duration of such Performance Failure. The [***] target rate does not include failures stemming from a lack of network connectivity or device failure.

4.6. Digital Turbine shall provide first tier customer support to Verizon for any customer- facing issues stemming from the installation, delivery or hosting of applications by the Digital Turbine App. Verizon shall provide first-tier customer support for all network and device related issues.

4.7. Digital Turbine agrees to comply with the requirements set forth in Exhibit B when scheduling maintenance windows to provide maintenance to the Digital Turbine App.

4.8. This Renewal Agreement does not provide for carrier billing, however, the Parties agree in good faith to discuss and work toward the future implementation of carrier billing, either directly through Verizon by integrating Verizon's Direct Carrier Billing API into the Digital Turbine App or through a third party billing vendor. The Parties further agree to discuss in good faith the possibility of integrating the Digital Turbine App with other Verizon billing systems, at Verizon's request.

5. Submission, Testing, and Acceptance of Applications.

5.1. Application Submission. Digital Turbine will submit the Digital Turbine App, including any updates or upgrades thereto, to Verizon for testing and certification as agreed by the Parties.

5.2. Application Testing and Certification. Verizon, or the manufacturer of an Interactive Wireless Device, will test and certify each version of the Digital Turbine App to be included with each Interactive Wireless Device. In connection with testing and certification, the Parties will agree to a plan for testing the functionality and features of the Digital Turbine App. The Parties acknowledge that any information and tools provided by the other Party under this Section 5.2 are Confidential Information subject to the confidentiality obligations in Section 12 below.

6. CPI Inventory and Revenue Shares.

6.1. Verizon, in its sole and absolute discretion, shall have the right to designate any number of inventory spots for use by Digital Turbine to place its CPI Inventory into the Digital Turbine App on Interactive Wireless Devices ("DT Placed CPI Inventory"). Verizon, in its sole and absolute discretion, shall also have the right to review and approve the applications selected by Digital Turbine prior to their inclusion in CPI Inventory. As between Verizon and Digital Turbine, Digital Turbine will be responsible for securing all necessary rights, including licensing rights and IP clearances, to display and distribute the applications included in DT Placed CPI Inventory.

6.2. Verizon, in its sole and absolute discretion, shall have the right to place, deliver and distribute on Interactive Wireless Devices via the Digital Turbine App applications that it has sold as CPI Inventory ("Verizon Sold CPI Inventory").

6.3. Verizon shall have the right to place, deliver and distribute, at no cost to Verizon and subject to [***] set forth in Section 6.4, an unlimited quantity of Verizon Non-CPI Inventory on an Interactive Wireless Device via the Digital Turbine App (with the exception of third-party applications for which Verizon receives a revenue share, which shall be limited to [***] such applications per Interactive Wireless Device), provided that Verizon authorizes on that Interactive Wireless Device at least [***] slots for applications to be offered as CPI Inventory.

The Parties agree to discuss in good faith a fee for the distribution of Verizon Non- CPI Inventory that would apply in those instances where Verizon does not authorize the required number of slots for applications to be offered as CPI Inventory, or where Verizon seeks to distribute through the Digital Turbine App more than [***] third- party applications for which Verizon receives a revenue share. Verizon shall not be obligated to pay any such fee, and shall have the right to place, deliver and distribute, at no cost to Verizon and subject to no revenue share set forth in Section 6.4, an unlimited quantity of Verizon Non-CPI Inventory on an Interactive Wireless Device via the Digital Turbine App in the event that Digital Turbine does not present to Verizon at least [***] applications for possible inclusion as CPI Inventory for that Interactive Wireless Device. Furthermore, the Parties agree that, notwithstanding any prior written agreement between them (including but not limited to Amendment Three to the Original Agreement, effective May 4, 2017, which is hereby rescinded), AppFlash shall hereafter be considered Non-CPI Inventory and AppFlash's distribution via the Digital Turbine App shall be at no cost to Verizon.

6.4. In consideration for the Service provided by Digital Turbine to Verizon hereunder, the Parties shall pay to one another a share of all revenues generated from CPI Inventory for as long as the Interactive Wireless Devices on which the Digital Turbine App is installed are in use within the Verizon Wireless Network. The schedule of revenue share for the Term is as follows:

Annual Gross Revenue Tiers	**DT Placed CPI Inventory**		**Verizon Sold CPI Inventory (Including Oath Sold CPI Inventory)**	
	Digital Turbine Revenue Share (%)	**Verizon Revenue Share (%)**	**Digital Turbine Revenue Share (%)**	**Verizon Revenue Share (%)**
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]

7. Taxes.

With the intent to drive substantially above normal revenue growth, Verizon has agreed to incentivize Digital Turbine by providing revenue tiers for accelerated revenue share. Verizon and Digital Turbine agree to work together in good faith beginning thirty (30) days prior to each anniversary of the Renewal Agreement, to revise (as applicable) the Revenue Tiers and/or Revenue Shares, any such change shall become effective as of next year. For the purposes of calculating each Party's revenue share shall reset to zero on each one-year anniversary of the Renewal Agreement.

7.1. If taxes are legally required to be withheld on any amounts to be paid by one Party to the other, the paying Party will deduct such taxes from the amount otherwise owed and pay the tax directly to the appropriate taxing authority. The paying Party will furnish the other Party with a tax certificate or other appropriate documentation evidencing such payment. The Parties will use reasonable efforts to help ensure that any taxes withheld are minimized to the extent possible under applicable law.

7.2 If Digital Turbine is obligated to make payment to a third party content provider ("Provider") for content or services provided on Interactive Wireless Devices, Digital Turbine shall not make payment to any Provider, unless it first obtains valid withholding exemption documentation (e.g. US Form W-9 and California withholding exemption forms). Unless prior approval is obtained from Verizon, Digital Turbine shall not make payment to Providers outside the United States that could be subject to income tax withholding under 26 U.S.C. § 1441 or § 1442. Should Digital Turbine fail to remit any withholding tax on payments made to a Provider, Digital Turbine shall indemnify Verizon for any resulting liability, including tax, penalty, interest, and reasonable litigation expenses.

7.3. If any product or service provided by Digital Turbine is subject to a transaction tax imposed on Verizon and required to be collected by Digital Turbine, then Digital Turbine shall bill Verizon such tax and Verizon shall pay such tax, unless Verizon has provided valid exemption documentation to Digital Turbine. If any product or service provided by Verizon is subject to a transaction tax imposed on Digital Turbine and required to be collected by Verizon, then Verizon shall bill Digital Turbine such tax and Digital Turbine shall pay such tax, unless Digital Turbine has provided valid exemption documentation to Verizon. As to any other tax, such as income, payroll, property, privilege, excise, occupation, franchise, or gross receipts tax, the Party with the legal incidence of such tax shall pay such tax. Each Party will bear financial responsibility for Tax, interest, and penalties resulting from its own failure to comply with applicable law. Both Parties agree that the delivery location of any good and the location of beneficial enjoyment of any service is the address shown on the first page of this Renewal Agreement, unless advance written notice of a substitute location is provided.

7.4. Digital Turbine shall be responsible for any sales, use, excise, value added, service, consumption, property, franchise, income, or other taxes and duties based upon or measured by Digital Turbine's cost in acquiring goods or services furnished or used by Digital Turbine in performing its obligations under this Renewal Agreement.

7.5. If either Party is audited by a taxing authority or other governmental entity the other Party agrees to reasonably cooperate with the Party being audited in order to respond to any audit inquiries in a proper and timely manner so that the audit and/or any resulting controversy may be resolved expeditiously.

7.6. If applicable law places the responsibility on Digital Turbine to collect a Tax from Verizon and Digital Turbine fails to do so, Verizon will not be responsible for any interest or penalties associated with Digital Turbine's failure to collect such Tax. Furthermore, Digital Turbine shall not invoice a Tax to Verizon on products and/or services under this Renewal Agreement which are, by law, not taxable. Any rebate, refund or other credit for any Taxes paid by Verizon shall be credited, refunded, or otherwise returned to Verizon within 30 days of Digital Turbine's receipt of such rebate, refund or credit.

7.7 Both Parties shall endeavor to avoid cross border payments (across US borders) and all payments to a Party shall be made in US dollars from an account in the United States to an account in the United States.

8. Charges and Accounting.

8.1. Charges for Verizon LTE Services . The amounts charged by Verizon to Subscribers for their use of Verizon LTE Services needed to use the Digital Turbine App will be determined by Verizon in its sole discretion. Verizon will be responsible for billing Subscribers, as well as for all associated collection activity for such charges.

8.2. Application Cost. The Digital Turbine App shall be at no cost to Subscribers for download and use.

8.3. No Additional Fees . Except to the extent otherwise mutually agreed under a SOW, Addendum or Amendment with respect to future functionalities of the Digital Turbine App or other services which may be rendered by Digital Turbine from time to time, there shall be no additional fee or royalties paid to Digital Turbine for the Digital Turbine App and Service provided pursuant to this Renewal Agreement.

8.4. Activity Reports. Within ten (10) calendar days after the end of each calendar month, each Party that has received revenue subject to the sharing obligations of Section 6.4 shall provide a monthly report that allows the receiving Party to properly and independently validate the revenue share to be paid pursuant to Section 6.4 (each an "Activity Report"). The Activity Reports will include the following information at a minimum, or such other information as the Parties may agree to in writing: month and year that is covered by the report, total monthly revenue, identity of each CPI Inventory application on which revenue was received (a "CPI Revenue Application"), number of units on which payment was made for each CPI Revenue Application, per-unit payment amount for each CPI Revenue Application, and revenue share due to the other Party. The Parties will provide Activity Reports in .csv file format (or such other format as both Parties may agree in writing to use). If an Activity Report needs to be adjusted, the sending Party must revise the report and resubmit it within five (5) calendar days of receiving notice that a change is required.

8.5. Payment Process. In the event that both Parties submit an Activity Report to the other in a given month, the Parties shall, within five (5) days of the receipt of these reports, determine the net amount due to the Party that is owed the larger payment for that month. The net owing Party shall make payment to the other Party of the net owed amount within [***] calendar days of the date on which the reconciliation is completed. In the event that only one Party submits an Activity Report to the other in a given month, that Party shall make payment to the other Party of the owed amount within [***] calendar days of the date on which the Activity Report was sent.

8.6. Payment. Digital Turbine is responsible for keeping remittance and address information up-to-date. Payments to Verizon shall be made by wire as follows, unless Verizon designates an alternative preferred method of payment: [Omitted]

After the wire is sent, Digital Turbine must notify Verizon by email that a payment from Digital Turbine has been sent, with the amount specified, at:

Corporatebilling_collections@hq.verizonwireless.com

9. **Reporting Records and Audits** .

9.1. Testing. From time to time, with reasonable frequency and in a manner that is not disruptive to the business of Digital Turbine, Verizon may perform testing to ensure that any qualifying actions that qualify for the revenue share are properly captured by the processes Digital Turbine uses to compile Activity Reports and make payment to Verizon. Digital Turbine will support Verizon's test scenarios to verify proper reporting of these transactions.

9.2. Payment Audit. Digital Turbine will allow a nationally recognized accounting firm ("Auditor") upon thirty (30) days prior written notice to audit Digital Turbine's books and records (in whatever form kept) solely to verify Digital Turbine's compliance with all payment provisions of this Renewal Agreement. At Verizon's request and not more than twice during any 12-month period during which Digital Turbine is required to maintain records, the Auditor shall have access to Digital Turbine's books and records at reasonable times and in such a manner as to not unreasonably interfere with Digital Turbine's business operations. Verizon agrees that it will require any such Auditor to be subject to a written confidentiality agreement requiring such Auditor and its agents to treat all books and records and any other materials necessary for the Auditor to conduct the audit as confidential information of Digital Turbine and not to disclose any such confidential information to any party and to use all such confidential information solely for the purposes of performing the audit. Digital Turbine shall maintain complete records of all charges payable to Verizon under the terms of this Renewal Agreement for one year after termination of the Agreement. All such records shall be maintained in accordance with recognized accounting practices. The correctness of Digital Turbine's payments shall be determined by such audits. This audit right will survive for the one (1) year period following expiration or termination of this Renewal Agreement. Prompt adjustments shall be made to compensate for any errors or omissions disclosed by such review or examination. If such review or examination reveals an underpayment by Digital Turbine with respect to the revenue share of more than ten percent (10%) and at least twenty-five thousand dollars ($25,000) for any calendar month, then Digital Turbine will promptly reimburse Verizon for all reasonable, third-party audit fees.

10. Limitation of Obligations.

Neither Party is under any obligation by this Renewal Agreement to develop or post any content for use with the Digital Turbine App, or ensure that Subscribers use the Digital Turbine App.

11. Network Usage Guidelines.

The Digital Turbine App shall be designed, given its intended functions, to make as efficient use of Verizon network resources as possible. Verizon will make a set of network usage guidelines available on the VDC website that establish baseline parameters for the operation of applications. The network usage guidelines will be subject to change from time to time by Verizon.

12. Confidentiality and Publicity.

12.1 Confidentiality. The Parties have entered into a Non-Disclosure Agreement ("NDA") dated as of October 14, 2013, attached as Exhibit C and incorporated herein by reference. The Parties hereby agree that the expiration date of the NDA shall be extended to be coterminous with this Renewal Agreement, and that the terms of this Renewal Agreement will be deemed Confidential Information under the terms of the NDA.

12.2 Subscriber Information. Verizon will not provide Digital Turbine with any individualized information about Subscribers under this Renewal Agreement. Digital Turbine may not collect any information about Subscribers from the Digital Turbine App for any purpose without Verizon's prior written approval; provided however that Digital Turbine may use device identifiers for the sole purpose of providing its Service.

12.3 Publicity. Verizon and Digital Turbine agree to announce the nature of the business relationship between the Parties, using mutually-agreed upon language and distribution. Digital Turbine may not issue any further marketing or other communications intended for public disclosure, including press releases, advertisements and web sites, which reference Verizon without Verizon's prior written consent. Similarly, Digital Turbine may not use the Verizon logo or Verizon's trademarks, trade names, service marks or other proprietary indicia without Verizon's prior written consent. Verizon may not issue any marketing or other communications intended for public disclosure, including press releases, advertisements and websites, which reference Digital Turbine without Digital Turbine's prior written consent. Similarly, Verizon may not use the Digital Turbine logo or Digital Turbine's trademarks, trade names, service marks or other proprietary indicia without Digital Turbine's prior written consent. Notwithstanding the foregoing, any Party may disclose information concerning this Renewal Agreement as required by the rules, orders, regulations, subpoenas or directives of a court, government or governmental agency, after giving prior notice to the other Party.

13. **Insurance**.

13.1 Digital Turbine shall maintain, during the Term of this Renewal Agreement, at its own expense, the following insurance:

13.1.1 Professional Liability (Errors and Omissions) with limits of not less than $[***] per occurrence; and

13.1.2 Commercial general liability insurance (including, but not limited to, premises operations, broad-form property damage, products/completed operations, contractual liability, independent contractors, personal injury) and, if the use of automobiles is required, comprehensive automobile liability insurance, each with limits of at least $[***] for combined single limit per occurrence.

13.2 The insuring carriers shall be rated AM Best A- or better. Such policies shall be primary and non-contributory by Verizon. Verizon shall be named as an additional insured on all such policies. Digital Turbine shall furnish to Verizon certificates of such insurance within ten (10) days of the execution of this Renewal Agreement. The certificates shall provide that ten (10) days prior written notice of cancellation or material change of the insurance to which the certificates relate shall be given to Verizon. The fulfillment of the obligations hereunder in no way modifies any indemnification obligations under this Renewal Agreement.

13.3 Digital Turbine shall also require Digital Turbine's subcontractors, if any, who may enter upon Verizon's premises to maintain insurance policies with the same coverage and limits as those listed in Section 13.1 above, and to agree to furnish Verizon, if requested, certificates or adequate proof of such insurance. Certificates furnished by Digital Turbine's subcontractors shall contain a clause stating that Verizon is to be notified in writing at least ten (10) days prior to cancellation of, or any material change in, the policy.

14. Representations and Warranties.

14.1 General Representations and Warranties. Digital Turbine represents and warrants that: (i) Digital Turbine has the full right, power, and authority to enter into this Renewal Agreement; (ii) Digital Turbine's acceptance of this Renewal Agreement, as well as Digital Turbine's performance of the obligations set forth in this Renewal Agreement, do not and will not violate any other agreement to which Digital Turbine is a party; and (iii) any and all activities that Digital Turbine undertakes in connection with this Renewal Agreement will be performed in compliance with all applicable laws, rules, and regulations. Verizon represents and warrants that: (i) Verizon has the full right, power, and authority to enter into this Renewal Agreement; (ii) Verizon's acceptance of this Renewal Agreement, as well as Verizon's performance of the obligations set forth in this Renewal Agreement, do not and will not violate any other agreement to which Verizon is a party; (iii) any and all activities that Verizon undertakes in connection with this Renewal Agreement will be performed in compliance with all applicable laws, rules, and regulations; and (iv) to the extent required under applicable laws and regulations, as between the Parties Verizon is responsible for obtaining Subscriber consent for the features and functionalities of the Digital Turbine App which Verizon elects to utilize on Interactive Wireless Devices.

14.2 Application Representation and Warranty. Digital Turbine represents and warrants that, for as long as the Digital Turbine App continues to be available for Preload on Interactive Wireless Devices, the Digital Turbine App will perform as described by Digital Turbine at the time that the Digital Turbine App was submitted to Verizon, and that the Digital Turbine App will comply with other applicable documentation and standards, including but not limited to the functionality and specifications set forth in Exhibit A hereto. If Verizon believes that this representation and warranty is breached, Verizon will so notify Digital Turbine in writing and, within 10 days, Digital Turbine will: (i) repair the Digital Turbine App to conform its performance with applicable documentation and standards; or (ii) replace such Digital Turbine App with a version that performs in accordance with applicable documentation and standards.

14.3 Digital Turbine Representations and Warranties. Digital Turbine represents and warrants that the Digital Turbine App and Digital Turbine App Server do not violate or infringe any copyright, patent, trademark or trade secret or right of privacy or publicity or any other personal or proprietary right of any third Parties, will not contain any Unauthorized Code, and will not be used for any fraudulent, illegal or unauthorized use. Digital Turbine represents and warrants that it has the authority to license the Digital Turbine App, as well as any content, material or services that Digital Turbine makes available in or with the Digital Turbine App, for use by Verizon and Subscribers in accordance with this Renewal Agreement.

14.4 Verizon Representations and Warranties . Verizon represents and warrants that it has the authority to provide any Verizon Sold Inventory, any Verizon Non-CPI Inventory, as well as any content, material or services that Verizon makes available in or with the Digital Turbine App, for use by Verizon and Subscribers in accordance with this Renewal Agreement.

14.5 EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT OR THE NDA, NEITHER DIGITAL TURBINE NOR VERIZON MAKE ANY OTHER REPRESENTATIONS OR WARRANTIES. EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

15. Indemnification.

15.1 Indemnification by Digital Turbine. Digital Turbine shall defend, indemnify and hold harmless Verizon, Verizon's Affiliates, the officers, directors, employees and representatives of Verizon and Verizon's Affiliates, and all Subscribers (each a "Verizon Indemnified Party") against any and all claims, demands, causes of action, damages, costs, expenses, penalties, losses and liabilities, whether under a theory of negligence, strict liability, contract, or otherwise, incurred or to be incurred by a Verizon Indemnified Party (each a "Claim"), including, but not limited to, reasonable attorneys' fees, arising out of, resulting from or related to: (i) the Digital Turbine App or Digital Turbine App Server, including any third party claim that the Digital Turbine App or Digital Turbine App Server contains Unauthorized Code or any other code that is alleged to disrupt, disable, harm or otherwise impede the operation of any software, firmware, hardware, Interactive Wireless Device, computer system or network; (ii) a breach by Digital Turbine of any of the representations or warranties contained in this Renewal Agreement or the NDA; (iii) any actual or alleged infringement or misappropriation of any patent, trademark, copyright, trade secret or any actual or alleged violation of any other intellectual property or proprietary rights arising from or in connection with the Digital Turbine App or Digital Turbine App Server; (iv) any copying, reproduction, display, performance, storage, exploitation, use, distribution, transmission, sublicensing, transfer, or assignment of the Digital Turbine App or related documentation permitted under this Renewal Agreement that allegedly causes harm or infringement of any patent, copyright, trademark, trade secret, or other property rights of one or more third Parties arising in any jurisdiction throughout the world; (v) a claim that the Digital Turbine App or Digital Turbine App Server infringes any right of publicity or right of privacy or (vi) any failure by Digital Turbine to obtain rights or licenses to content, services, or material made available in or through the Digital Turbine App.

15.2 Without limitation of Section 15.1, if sale, use, or distribution of the Digital Turbine App becomes subject to a Claim for infringement of any intellectual property right, Digital Turbine shall, at Verizon's option and Digital Turbine's expense:

15.2.1 Procure for Verizon the right to use the Digital Turbine App (including related products furnished hereunder);

15.2.2 Replace the Digital Turbine App with equivalent, non-infringing products and/or services; or

15.2.3 Modify the Digital Turbine App so it becomes non-infringing.

15.3 Indemnification by Verizon. Verizon shall defend, indemnify and hold harmless Digital Turbine, Digital Turbine's Affiliates, the officers, directors, employees and representatives of Digital Turbine and Digital Turbine's Affiliates, (each a "DT Indemnified Party") against any and all claims, demands, causes of action, damages, costs, expenses, penalties, losses and liabilities, whether under a theory of negligence, strict liability, contract, or otherwise, incurred or to be incurred by a DT Indemnified Party (each a "Claim"), including, but not limited to, reasonable attorneys' fees, arising out of, resulting from or related to a breach by Verizon of the representations or warranties set forth in Sections 14.1 and 14.4 of this Renewal Agreement.

15.4 An indemnified Party receiving a Claim will provide the indemnifying Party with prompt, written notice of any written Claim covered by this indemnification and will cooperate appropriately with the indemnifying Party in connection with the indemnifying Party's evaluation of such Claim. The indemnifying Party shall defend any indemnified Party, at the indemnified Party's request, against any Claim. Promptly after receipt of such request, the indemnifying Party shall assume the defense of such Claim with counsel reasonably satisfactory to the indemnified Party. The indemnifying Party shall not settle or compromise any such Claim or consent to the entry of any judgment without the prior written consent of each indemnified Party and without an unconditional release of all claims by each claimant or plaintiff in favor of each indemnified Party.

16. Liability Limitations.

16.1 EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS ARISING UNDER SECTION 15, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY IN ANY MANNER, UNDER ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHER THEORY, FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE, OR STATUTORY DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF DATA, REVENUES, BUSINESS, OR PROFITS. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE LIMITATIONS CONTAINED IN THIS SECTION APPLY REGARDLESS WHETHER THEY ARE ADVISED OF OR WERE AWARE OF THE POSSIBILITY OF THE DAMAGES SET FORTH IN THE PRECEDING SENTENCE.

16.2 THE LIMITATIONS SET FORTH IN THIS SECTION WILL APPLY TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, RULE AND REGULATION, NOTWITHSTANDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDIES SET FORTH IN THIS AGREEMENT. THE PARTIES ACKNOWLEDGE AND AGREE THAT THEY HAVE FULLY CONSIDERED THE FOREGOING ALLOCATION OF RISK AND FIND IT REASONABLE, AND THAT THE LIMITATIONS SET FORTH IN THIS SECTION ARE AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES.

17. Term and Termination.

17.1. Term. This Renewal Agreement shall, unless terminated as otherwise provided herein, shall continue in effect for a period of four (4) years beginning from the Effective Date.

17.2. Termination by Verizon. Verizon may terminate this Renewal Agreement immediately, upon written notice to Digital Turbine, if any of the following events occurs: (i) Digital Turbine files a voluntary petition in bankruptcy; (ii) Digital Turbine is adjudged bankrupt; (iii) a court assumes jurisdiction of the assets of Digital Turbine under a federal reorganization act; (iv) a trustee or receiver is appointed by a court for all or a substantial portion of the assets of Digital Turbine; (v) Digital Turbine becomes insolvent or suspends its business; (vi) Digital Turbine makes an assignment of its assets for the benefit of its creditors except as required in the ordinary course of business; or (vii) Digital Turbine's business is materially changed by sale of its business, transfer of control of its outstanding stock, merger or otherwise.

17.3 Termination by Either Party. Each Party shall have the right to terminate this Renewal Agreement for cause in the event the other Party is in material breach of its obligations hereunder and fails to cure such material breach within thirty (30) days from receipt of written notice by the non-breaching Party. In addition, either Party may terminate this Renewal Agreement for convenience by giving the other Party at least ninety (90) calendar days prior written notice of termination.

17.4 Cessation of Distribution: Upon termination of this Renewal Agreement, Verizon shall cease Preloading the Digital Turbine App on Verizon Interactive Wireless Devices.

17.5. Survival. The respective obligations of the Parties under this Renewal Agreement that by their nature would continue beyond the termination, cancellation or expiration, shall survive any termination, cancellation or expiration, including, but not limited to, Sections 1, 9, 12, 14-16, 17.5, 18-20, 21.1-21.2, and 21.5-21.11. In addition, the terms of Sections 6.4, 7, and 8.5-8.7 shall remain in effect for as long as the Interactive Wireless Devices on which the Digital Turbine App is installed are in use by the Verizon LTE Services.

18. Offshore Restrictions.

18.1 Except with Verizon's advance written consent, in no event shall Confidential Information regarding or pertaining to Verizon's systems, infrastructure, employees, or customers be stored, transmitted, or accessed at, in, through, or from a site located outside the United States nor made available to any person who is located outside the United States unless such Confidential Information relates solely, directly and independently: (i) to Verizon employees or customers located outside of the United States, (ii) to voice or data communications of Verizon or its customers that originate and terminate outside the United States, (iii) to Verizon systems and/or infrastructure dedicated to the provision of Verizon's voice or data services outside the United States, or (iv) to necessary storage or access outside the United States in connection with security, back-up, disaster recovery, or related purposes that have been expressly required and authorized by Verizon through services specifications, security and/or technical requirements. This Section shall not apply to Verizon Wireless Customer Data, which shall be governed by the provisions of Section 18.2.

18.2 Unless Digital Turbine secures Verizon Wireless' prior written consent, in no event:
(i) shall Digital Turbine provide, direct, control, supervise, or manage any voice or data communication with regard to Verizon Wireless customers that occurs between United States locations (or the United States portion of any international communication that may originate or terminate within the United States) from a location outside of the United States, nor (ii) shall Verizon Wireless Customer Data be stored, transmitted, or accessed, from, at, in, or through a site located outside the United States. "Verizon Wireless Customer Data" shall include: (a) any subscriber information, including, without limitation, name, address, telephone phone number or other personal information of the Verizon Wireless subscriber; (b) any call- associated data, including without limitation, the telephone number, internet address or other similar identifying designator associated with a communication; (c) any billing records; (d) the time, date, size, duration of a communication or physical location of equipment used in connection with a communication; or (e) the content of any Verizon Wireless customer communication.

19. Privacy and Data Security; Work Rules and Access Requirements.

19.1 Digital Turbine represents and warrants that it and its directors, shareholders, officers, employees, agents and all permitted subcontractors are currently in compliance, and will continue to be in compliance, with all laws pertaining to the safeguarding, protection, privacy, security, encryption, unauthorized disclosure, breach notification and disposal of personal or similar information used, maintained, and/or accessed on Verizon's behalf. In addition, Digital Turbine shall perform in compliance with Verizon's information security requirements available at http://www.verizon.com/suppliers (or successor website) and incorporated herein by this reference, as the same may be updated from time to time.

19.2 In the event of an unauthorized disclosure of personal or similar information, including personally identifiable information provided by or on behalf of Verizon hereunder, resulting from a breach, or potential breach, of security of any system, website, database, storage medium or other facility ("Security Breach") used or otherwise maintained by or on behalf of Digital Turbine in connection with the provision of Services, Digital Turbine shall (i) provide notice of same by e-mail to security.issues@verizon.com within forty-eight (48) hours, and to the contract notice addressee set forth in Section 21.9 by the means set forth therein, (ii) make best efforts to re-secure its systems immediately, and (iii) cooperate with Verizon in the investigation and remediation of any such occurrence.

19.3 Digital Turbine agrees that, in addition to any applicable indemnification obligations hereunder, it shall assume or reimburse Verizon, for all reasonable and documented remediation costs, including, but not limited to, any governmental fees or fines, costs for notifications, costs for credit monitoring, and customer reimbursements incurred by Verizon in connection with a Security Breach.

19.4 If Digital Turbine is given access, whether on-site or through remote facilities, to any Verizon computer or electronic data storage system, Digital Turbine shall limit such access and use solely to perform actions within the scope of this Renewal Agreement, shall not without prior written authorization of Verizon export or transmit any Verizon computer system, electronic file, software or other electronic services, or data contained therein, to entities or locations other than those specified in this Renewal Agreement, and shall not access or attempt to access any computer system, electronic file, software or other electronic services other than those specifically required to accomplish the work required under this Renewal Agreement and only as permitted in this Renewal Agreement. Digital Turbine shall limit such access to those of its employees who are qualified and required, subject to Verizon requiring written authorization, to have such access in connection with this Renewal Agreement, and shall strictly follow all Verizon's security rules (as provided in writing) for use of Verizon's electronic resources. All user identification numbers and passwords disclosed to Digital Turbine and any information obtained by Digital Turbine as a result of Digital Turbine's access to and use of Verizon's computer and electronic data storage systems shall be deemed to be, and shall be treated as, Verizon Confidential Information under applicable provisions of this Renewal Agreement. Verizon reserves the right to monitor such actions by Digital Turbine and Digital Turbine agrees to cooperate with Verizon in the investigation of any apparent unauthorized access by Digital Turbine to Verizon's computer or electronic data storage systems or unauthorized release of Confidential Information by Digital Turbine.

19.5 If Digital Turbine is given such access to any Verizon computer or electronic storage system, or if Digital Turbine otherwise exchanges electronic messages or communications with Verizon (including but not limited to Verizon accessing any of Digital Turbine's data bases or systems on-site or remotely), or if Digital Turbine furnishes software or other electronic transmissions to Verizon: (i) Digital Turbine shall not transmit or introduce any Unauthorized Code to Verizon or into its network, computers, electronic storage systems or other systems; and (ii) any software provided to Verizon by Digital Turbine for use by Digital Turbine or Verizon shall:
(a) contain no hidden files; (b) not replicate, transmit, or activate itself without control of a person operating computing equipment on which it resides; (c) not alter, damage, or erase any data or computer programs without control of a person operating the computing equipment on which it resides; and (d) contain no encrypted imbedded key unknown to Verizon, node lock, time-out or other function, whether implemented by electronic, mechanical or other means, which restricts or may restrict use or access to any programs or data developed under this Renewal Agreement, based on residency on a specific hardware configuration, frequency of duration of use, or other limiting criteria.

19.6 Verizon reserves the right to request at any time and for any reason that specific employees, subcontractors, and agents of Digital Turbine be removed from and not assigned by Digital Turbine to perform Services for Verizon, and Digital Turbine acknowledges, agrees and understands that Digital Turbine will immediately comply with such request by Verizon.

19.7 Digital Turbine agrees to comply with Verizon's Supplier Code of Conduct located at https://www.verizon.com/about/sites/default/files/Verizon-Supplier-Code-of- Conduct.pdf, which may be updated from time to time.

20. Background Checks.

20.1 For each of the Employees that Digital Turbine wishes to assign to perform tasks associated with this Renewal Agreement, Digital Turbine shall certify to Verizon that it has conducted (or caused to be conducted) a background check as described herein (collectively referred to as "Background Checking"). For purposes of this Section, "Employee" shall include Digital Turbine's employees and any of Digital Turbine's contract personnel.

20.2 Where permitted by law, the criminal history check shall consist of a federal and state check for felony and misdemeanor criminal convictions (or the equivalent thereof under relevant law) in all locations where the assigned Employee has resided, has been employed, or has attended school in the immediately preceding seven (7) years, and a check of U.S. Government Specially Designated National (OFAC) and export denial lists. This criminal history check shall include, to the extent available and permitted by law, a check for outstanding warrants and a check for pending felony charges in all such locations. Statewide county searches shall be performed in all states where such search mechanism is available without requiring specialized data (such as fingerprints or DNA), and the National Criminal File database shall also be searched. Employment history shall be verified for at least the previous seven (7) years of employment and military service, or less if the employee was a full-time student during that period. The name to which Employee's Social Security Number is attributed shall be verified. The Employee's citizenship, most recent country of permanent residence, and legal right to work in the jurisdiction in which the Employee will be performing Services for Verizon shall be verified.

20.3 For any period of time encompassed in the foregoing background check requirement when the Employee was resident outside of the United States, such background checking shall be conducted by a reputable investigative agency that conducts background checking in the relevant country(ies) for transnational technology firms comparable to Verizon, utilizing database checking, field checking and interviews as needed. The criminal convictions check shall include the equivalent, under relevant non-US law, of those convictions described in Section 20.2.

20.4 Digital Turbine shall comply with all applicable laws in conducting the background check specified in this Section 20 including but not limited to securing from each Employee who performs tasks under this Renewal Agreement such Employee's written consent to perform the background checking specified in this Section 20 and to disclose the results thereof to Verizon upon Verizon's request. Without limitation of the foregoing, Digital Turbine will make all written disclosures to and obtain written consent from each Employee to obtain consumer reports as defined in and required by the Fair Credit Reporting Act. Digital Turbine shall provide such results and written consent to Verizon upon request from Verizon. Digital Turbine may be required to recertify on an annual basis that such background checks were performed. Digital Turbine shall indemnify and hold Verizon harmless from any loss or damage arising from Digital Turbine's violation of this Section.

20.5 Without prior review with and consent of Verizon, Digital Turbine shall not assign any Employee to tasks related to this Renewal Agreement if such employee has been convicted of a felony or misdemeanor (or the equivalent thereof under relevant law) within the last seven (7) years if such felony or misdemeanor has any bearing on the Employee's honesty and integrity, or for whom a warrant is outstanding, or for whom a felony or misdemeanor charge is currently pending, or is on a U.S. Government Specially Designated National or export denial list. The foregoing shall not apply to a minor traffic violation (a moving traffic violation other than reckless driving, hit and run, driving to endanger, vehicular homicide, driving while intoxicated or other criminal offense involving gross negligence, recklessness, intentional or willful misconduct while operating a motor vehicle), to a conviction that has been legally expunged, or to a conviction for a misdemeanor that occurred while the Employee was under the age of twenty-one (21) years.

20.6 Digital Turbine shall certify to Verizon that Digital Turbine has caused the foregoing Background Checking to be performed for each Employee involved in the work to be done pursuant to this Renewal Agreement within thirty (30) days of the Effective Date; further, Digital Turbine shall annually certify no later than the anniversary of the Effective Date that it has met the foregoing Background Checking requirements for all Employees involved in work done pursuant to this Renewal Agreement.

21. General.

21.1. Governing Law/Jurisdiction. This Renewal Agreement will be construed and controlled by the laws of the State of New York, excluding New York's choice of law provisions, and both Parties consent to the exclusive jurisdiction and venue in the federal courts sitting in the Southern District of New York, unless no federal subject matter jurisdiction exists, in which case both Parties consent to exclusive jurisdiction and venue in the state courts located in the Borough of Manhattan, New York. Both Parties waive all defenses of lack of personal jurisdiction and forum non- conveniens. Process may be served on either Party in the manner authorized by applicable law or court rule.

21.2. Compliance with Law. Each Party and its Affiliates will comply with all applicable laws, rules, and regulations in fulfilling its obligations under this Renewal Agreement, including, without limitation, the U.S. Export Administration Regulations, as well as applicable securities laws, end-user, end use, and destination restrictions issued by U.S. and other governments. Each Party acknowledges that the proprietary data, know-how, software, or other materials or information obtained from the other Party under this Renewal Agreement are commodities and/or technical data that may be subject to the Export Administration Regulations ("EAR") of the
U.S. Department of Commerce, and that any export or re-export thereof must be in compliance with the EAR. Each Party agrees that it will not export or re-export, directly or indirectly, any commodities and/or technical data provided under this Renewal Agreement in any form to destinations in Country Groups D:1 or E:2, as specified in Supplement No.1 to Part 740 of the EAR, and as modified from time to time by the U.S. Department of Commerce, or to destinations that are otherwise controlled or embargoed under U.S. law.

21.3. Force Majeure. Neither Party shall be responsible for any delay or failure in performance of any part of this Renewal Agreement to the extent that such delay is caused by reason of acts of God, wars, revolution, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, or any other circumstances beyond the reasonable control and not involving any fault or negligence of the Delayed Party ("Condition"). If any such Condition occurs, the Party delayed or unable to perform ("Delayed Party"), upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis during the continuance of such Condition (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis during the same period); provided, however, that the Party so affected shall use its best reasonable efforts to avoid or remove such Condition, and both Parties shall proceed immediately with the performance of their obligations under this Renewal Agreement whenever such causes are removed or cease. Labor difficulties, including without limitation, strikes, slowdowns, work stoppage, picketing or boycotts, shall not constitute a Condition that excuses Digital Turbine from performance of its obligations under this Renewal Agreement. In the event of such labor difficulties, Digital Turbine shall use all lawful means to perform Services agreed to under this Renewal Agreement.

21.4. Severability. If any provision of this Renewal Agreement is found to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of any of the remaining provisions will not in any way be affected or impaired, and a valid, legal, and enforceable provision of similar intent and economic impact will be substituted therefore.

21.5. Waiver. The failure by either Party to require the performance of the other Party under any provision of this Renewal Agreement will not affect the right of such Party to require performance under such provision at any time thereafter. No waiver by either Party of a breach of any provision of this Renewal Agreement be taken or held to be a waiver of the provision itself.

21.6. Construction. The headings and captions of this Renewal Agreement are inserted only for convenience and identification and are in no way intended to define, limit, or expand the scope and/or intent of this Renewal Agreement.

21.7. Relationship of Parties. Digital Turbine and Verizon are independent contractors under this Renewal Agreement, and nothing in this Renewal Agreement shall be deemed to establish any relationship of partnership, joint venture, employment, franchise, or agency between Digital Turbine and Verizon. Neither Digital Turbine nor Verizon will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent.

21.8. Assignment. Verizon may assign this Renewal Agreement in whole without Digital Turbine's consent to any of its Affiliates. Otherwise, a Party may not assign this Renewal Agreement in whole or in part without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed. This Renewal Agreement will bind and inure to the benefit of the respective successors and permitted assigns of Verizon.

21.9. Notices. All notices required by this Renewal Agreement must be in writing and delivered, via United States mail, postage prepaid, courier, or facsimile. Unless otherwise indicated, notices to Verizon will be delivered to the following address: [Omitted] Unless otherwise indicated, notices to Digital Turbine will be delivered to Bill Stone, CEO, Digital Turbine USA, Inc., 110 San Antonio Suite 160 Austin, TX 78701, bill@digitalturbine.com, with a courtesy copy to: Legal Department, Digital Turbine USA, Inc., 110 San Antonio Suite 160 Austin, TX 78701, legal@digitalturbine.com. Notice will be deemed effective upon receipt.

21.10. Counterparts. This Renewal Agreement may be executed (including by electronic transmission of scanned signature pages) in one or more counterparts with the same effect as if the Parties had signed the same document. Each counterpart so executed shall be deemed to be an original, and all such counterparts shall be construed together and shall constitute one agreement.

21.11. Entire Agreement and Amendment. This Renewal Agreement completely and exclusively states the agreement between Digital Turbine and Verizon regarding its subject matter. Notwithstanding SOW No. 11 to the Original Agreement - Facebook App Manager Integration signed August 16, 2017 and amendments thereof; Amendment One to the Original Agreement (Precession Data) signed June 23, 2015 and SOW No. 8 (Segment By Eligibly) to the Original Agreement signed February 6, 2017, which shall continue to apply, this Agreement supersedes and replaces all prior or contemporaneous understandings, representations, agreements, or other communications between Digital Turbine and Verizon, whether oral or written, regarding its subject matter, and all previous agreements, including but not limited to the Original Agreement No modification of this Renewal Agreement will be valid except in writing signed by Digital Turbine and Verizon.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Renewal Agreement to be executed by their duly authorized officers or representatives.

Cellco Partnership d/b/a Verizon Wireless	**Digital Turbine USA, Inc.**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date: _____	Date: _____

EXHIBIT A

[***]

EXHIBIT B

[***]

EXHIBIT C

[***]

LICENSE AND SERVICE AGREEMENT

THIS LICENSE AND SERVICE AGREEMENT is entered into as of the 2nd day of November, 2015 (the "Effective Date"), by and between Digital Turbine USA, Inc. ("**Company**") and AT&T Mobility LLC, on behalf of itself and its Affiliates including Cricket Wireless, LLC ("**AT&T**"). Company and AT&T may each be referred to herein as a "Party" and collectively, as the "Parties."

WHEREAS, AT&T and Company desire to launch a "white label" AT&T Application Download Service ("**AADS**") pursuant to which End Users will be able to discover and download Applications to their Interactive Devices and provide ongoing support, upgrades, maintenance, administration, and reporting services related thereto.

NOW, THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:

1. DEFINITIONS; INTERPRETATION

1.1 Definitions. In addition to terms defined elsewhere in this Agreement, the following terms will have the following meanings:

"**Affiliate**" means any Person that directly or indirectly, through one of more intermediaries, controls, is controlled by, or is under common control with another person or entity. In the case of AT&T, "Affiliate" excludes AT&T, Inc.

"Agreement" means this License and Service Agreement, including all Exhibits and Schedules.

"**Application(s)**" means AT&T-branded or third-party branded software applications for use on Interactive Devices.

"**AT&T Acceptance Testing** " means acceptance of the Information Service in accordance with the standard testing requirements of AT&T.

"**AT&T Application Download Service or "AADS** " means the Company's software application ("**Client**") and service for use on Interactive Devices as described in Exhibit A and A-1 of Supplement No. l to this Agreement.

"**AT&T Interfaces**" means the interfaces through which AT&T may present and distribute the AADS to End Users.

"**AT&T's Marks**" means those Marks of AT&T identified in writing by AT&T from time to time during the Term.

"**AT&T Service**" means the wireless data services delivered over AT&T's wireless data network to End Users.

"**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the State of New York, as applicable.

"**Commercial Launch Date**" means the first date that the AT&T Application Download Service is made available to End Users commercially for use with the AT&T Service.

"**Company's Marks**" means those Marks of Company used by Company in conjunction with the AT&T Application Download Service as identified by Company in writing from time to time during the Term, as well as any Marks of third parties (other than AT&T) included in the AT&T Application Download Service.

"**Confidential Information**" means any information which is confidential in nature or that is treated as confidential by a Party and that is furnished by or on behalf of such Party (collectively, the "Disclosing Party") to the other Party (collectively, the "Receiving Party"), whether such information is or has been conveyed verbally or in written or other tangible form, and whether such information is acquired directly or indirectly such as in the course of discussions or other investigations by the Receiving Party, including, but not limited to, trade secrets and technical, financial or business information, data, ideas, concepts or know-how that is considered and treated as being confidential by the Disclosing Party. Confidential Information disclosed in tangible or electronic form shall be identified by the Disclosing Party as confidential with conspicuous markings, or otherwise identified with a legend as being confidential, but in no event shall the absence of such a mark or legend preclude disclosed information which would be considered confidential by a Disclosing Party exercising reasonable business judgment from being treated as Confidential Information by Receiving Party.

"**Content**" means any Company and third party applications, software, text, images, photographs, graphics, artwork, animation, video, audio and other data products delivered to End Users in connection with the AT&T Application Download Service (a) through an application operated by Company, and (b) under System level Permissions (defined in Section 3.2.2 below). Content is considered "Provided Elements" as defined in Section
10.2 below.

"**End User**" means any user of the AT&T Service who is qualified, under rules established by AT&T and communicated to Company, to use the AT&T Application Download Service.

"**Intellectual Property Right**" means any right that is or may be granted or recognized under any federal, state or local law regarding patents, copyrights, moral rights, trade- marks, trade names, service marks, confidential information (including Confidential Information as defined herein), industrial designs, mask work, integrated circuit topography, privacy, publicity, celebrity and personality rights and any other statutory provision or common or civil law principle regarding intellectual and industrial property, whether registered or unregistered.

"**Interactive Device**" means any wireless communication and/or computing devices, including cellular phones and advanced wireless devices such as laptop or netbook computers, personal digital assistants, tablets, smartphones, or other equipment made available for operation on the AT&T Service with AADS.

"**Mark**" means trade names, trademarks, service marks, logos, domain names, marks or other business identifiers of any entity.

"**Person**" means any individual, corporation, partnership, joint venture, association, trust or other entity or group.

"**Term**" shall have the meaning ascribed to that term in Section 11.1.

"**Unsuitable Information Services**" means those portions of the AADS and all applications and Content therein as provided by Company (including materials that are "hidden" or unlockable) that contain materials which (i) are unlawful, threatening, defamatory, obscene or harassing; (ii) include viruses, malware or spyware or similar technology; or (iii) facilitate illegal activity, depict sexually explicit images, promote violence, promote discrimination, promote illegal activities, or incorporate any materials that infringe or assist others to infringe on any copyright, trademark, or other intellectual property rights.

"**Use**" includes any act, which if committed without the proper authorization of the owner of an Intellectual Property Right, would constitute an infringement of such Intellectual Property Right.

"**User Granted Permissions**" means permission to access capabilities or information on a mobile device that the Android operating system does not allow a mobile app to access without prior end user acceptance, which may include but are not limited to, location, identity, contacts, and device/app history.

2. GRANT OF RIGHTS

2.1 Rights Granted. Company hereby grants to AT&T a worldwide, non-exclusive, irrevocable (except as set forth in this Agreement and Supplement 1 hereto) right and license, but not the obligation, during the Term with respect to each element of the AADS to: (i) offer, market and promote the AADS (or any aspect of it); (ii) copy and distribute (and sub-license its distributors to copy and distribute the AT&T Application Download Service as a pre-load on Interactive Devices; (iii) permit End Users to use the AADS on Interactive Devices and to download Applications through to Interactive Devices through the AADS and (iv) use, perform, distribute, display and demonstrate the AADS as is reasonably necessary in performing any of the activities contemplated under this Agreement. The Parties agree that the End Users' use of the AADS is subject to the terms and conditions of the EULA (defined in Section 3.6. below).

2.2 Restrictions on Use of AADS . Except as explicitly permitted in Section 2.1, AT&T shall not copy, decompile or reverse compile, reverse engineer or reverse assemble the AADS.

2.3 Right to Use AT&T 's Marks. The Marks used by AT&T and its Affiliates are the property of AT&T Intellectual Property II, L.P. d/b/a/ AT&T Intellectual Property ("ATTIP"). ATTIP hereby specifically consents to Company's use of certain AT&T Marks for the limited purpose described herein. ATTIP hereby grants Company a limited, non-exclusive, non- transferable (with no right to sub-license) right to use, reproduce, publish, display, distribute and transmit AT&T 's Marks within the Information Service and on materials promoting the availability of the Information Service. Company shall not be permitted to use any of AT&T 's Marks for any other purpose without ATTIP's prior written consent. Prior to the first use of AT&T 's Marks, Company must submit a sample of such proposed use to AT&T for its prior written approval to the AT&T Brand Center at brand.att.com. Once ATTIP approves a particular use of an AT&T Mark, the approval will remain in effect for such use until withdrawn by AT&T with written notice to Company. Without limiting the generality of the foregoing, Company must strictly comply with all standards with respect to AT&T 's Marks as set forth in the AT&T Branding Guidelines located on the AT&T Brand Center site, as may be revised or supplemented from time to time in the sole discretion of ATTIP. Company will not (i) attack the AT&T Marks, nor assist anyone in attacking them, or (ii) make any application to register the AT&T Marks, nor use any confusingly similar trademark, service mark, trade name, iconography, or derivation thereof including, but not limited to, the registration of any domain name or combination mark including any of the AT&T Marks, during the term of this Agreement and thereafter. AT&T Mobility LLC is duly authorized to execute this Agreement on behalf of ATTIP, solely in relation to ATTIP's obligations as set for in this Section.

2.4 Right to Use Company's Marks . Company hereby grants AT&T a limited, non- exclusive non-transferable (with no right to sub-license) license to Use, reproduce, publish, display distribute and transmit Company's Marks on materials promoting the AT&T Service (including the availability of the Information Service therein). Prior to the first Use of Company's Marks in the manner permitted herein, AT&T must submit a sample of such proposed Use to Company for Company's prior written approval, which may not be unreasonably withheld or delayed. Company will be responsible for obtaining any third party approvals with respect to the Use by Company of any third-party Marks in, or in connection with, the Information Service. Once Company approves a particular Use of a Mark, the approval will remain in effect for such Use until withdrawn with reasonable prior written notice.

2.5 Service Level Agreement . Company shall provide the AADS and Cricket Application Download Service ("CADS") in accordance with the terms of the Service Level Agreement, attached as Exhibits B.

2.6 The Cricket Affiliate . The terms and conditions of this Agreement are available to Affiliates of AT&T Mobility LLC, and such Affiliates may execute separate supplements with Company to modify or add certain terms specifically applicable to such Affiliates. The Parties acknowledge and agree that Cricket Wireless LLC, ("Cricket") an AT&T Affiliate, has appended

Supplement No.1 with Exhibits and Schedules to this Agreement, and all terms and conditions of this Agreement will apply to Cricket, unless specifically changed by the terms and conditions of Supplement No.1, its Exhibits or Schedules. In the event of any conflict between the Agreement and Supplement No.1, its Exhibits and Schedules, Supplement No. 1 and its Exhibits and Schedules shall control, but only with respect to the subject matter therein.

3. AADS REQUIREMENTS

3.1 Company Responsibility.

1. Company is solely responsible for creating, hosting and maintaining the AADS in accordance with Exhibit A and the Cricket Application Download Service ("CADS") in accordance with Exhibit A-1 to Supplement 1.

2. Company will ensure that the AADS and any third party apps delivered through AADS will not include any Unsuitable Information Services.

3. AT&T will have the right to specify the order in which Applications are presented to End Users in the AT&T Application Download Service and whether or not specific Applications are made available through the AT&T Application Download Service.

4. Launch of the AADS is subject to Company's successful completion of AT&T Acceptance Testing. The AADS will be delivered in accordance with the Delivery Schedule attached as **Schedule 1**. Company may not make a material modification to any feature or functionality of any aspect of the AADS without AT&T's written permission. If Company desires to make a material modification, Company shall present such modification to AT&T for Acceptance Testing at least twenty (20) Business Days in advance of the proposed implementation.

5. Company will ensure that the AT&T Application Download Service ("AADS") operates on Android V 4.0.3 and any upgrades thereto. Company will be required to support operating system updates as follows: Company shall conduct testing and repair of the AT&T Application Download Service as well as provide analysis on any known issues within a minimum of 30 days prior to the device's MR (Maintenance Release) lab entry date. If the AT&T Application Download Service is not delivered to AT&T at least 30 days before the MR lab entry date or if the AT&T Application Download Service is not compatible with the operating system AT&T reserves the right to remove any version of the AT&T Application Download Service already pre- loaded from the Interactive Devices via the MR.

6. Company shall use commercially reasonable efforts to submit commercially-ready device versions of its AT&T Application Download Service for AT&T testing on each of the Interactive Devices.

7. Company will make available to AT&T (at no additional cost to AT&T) the standard platform (backend) enhancements, upgrades and releases for the AADS supported by the Interactive Devices ("Standard Upgrades") no later than the date on which Company makes Standard Upgrades available to other distributors of Company's "DT Ignite" or equivalent products; provided, AT&T shall not be required to accept any such Standard Upgrades. Standard Upgrades include additional features added to "DT Ignite" or such equivalent products unless material changes are required to be added to the AT&T-specific user interface, in which case the parties will negotiate a mutually agreed statement of work. All Standard Upgrades that are accepted by AT&T are subject to AT&T Acceptance Testing. AT&T will have sole discretion to determine the branding of the AADS and user experience (including, without limitation, on the user interfaces).

8. AT&T will have sole discretion to determine whether to include the AT&T Application Download Service on any AT&T Device.

9. Company grants to AT&T a non-exclusive, non-transferable, fully paid- up license to Use and display the art supplied by Company (excluding any Company Marks, which are subject to Section 2.5) and included within the user interface for the AADS during the Term and thereafter for use in such user interfaces and in marketing and promotional materials.

10. Company will perform, at its expense, all hosting and related operational activities in support of the operation of the AT&T Application Download Service in accordance with the Service Level Agreement attached hereto as Exhibit B.

11. Company will ensure that the AT&T Application Download Service conforms to applicable federal, state and local laws, rules and regulations as from time to time in effect and AT&T's standards for protection of privacy and security. In addition, Company will comply with the requirements contained in Exhibit D ("SISR").

12. Based on device type, device memory and network performance, AT&T shall use commercially reasonable efforts to make available for Company placement at least [***] Company-sourced Applications in each Interactive Device model's list of applications presented to End Users.

Thee frequency and timing of each Interactive Device model's list of applications presented to End Users is at the sole discretion of AT&T.

3.2 Permissions.

1. User Permissions. Company will:

(a) provide notice to End Users of the size of the Application package and the potential for data usage and messaging charges (if applicable) prior to the initial installation of each Application and item of Content delivered to an Interactive Device over the AT&T Service. Company will control the form, content and display of such notices and messages; however, i) Company will incorporate any reasonable feedback or suggestions provided by AT&T, and ii) any references to the carrier require prior AT&T review and approval; End User acceptance of user granted permissions may be required either before initial download of the AADS download or at other points during use as determined by AT&T.

(b) provide notice and obtain end user consent for all applicable User Granted Permissions also including System Level Permissions, such notice and consent to be consistent with the Android platform conventions for permissions for downloaded applications and updates;

(c) ensure mutual client/server authentication is performed between the Application performing the installation and the server that is delivering the Application and/or Content prior to installing the Application and/or Content;

(d) implement protection mechanisms to ensure the Applications downloaded and installed on AT&T Devices are authentic versions of the software;

(e) not install or update any other software or applications except for the AADS or those apps distributed through AADS as requested by End User;

(f) obtain prior written approval from AT&T, which shall not be unreasonably withheld or delayed, prior to enabling automatic software updates over the AT&T Service.

2. System Level Permissions.

System Level Permissions. "System Level Permissions" means the Android system permissions, as expressed in the system's manifest and listed at http://developer.android.com/reference/android/Manifest.permission.html and with a protection level of signature or system. Company agrees that it will not grant System Level Permissions for any applications or software without AT&T's prior written permission, email to suffice.

(a) No later than forty-five (45) days prior to lab entry date for an Interactive Device, Company will notify AT&T in writing, email to suffice, of any System Level Permissions requested for Content to be *pre-loaded* on such device.

(b) Prior to distributing any Content via the AADS that requires any System Level Permissions, Company shall provide AT&T with at least forty-five (45) days prior written notice, email to suffice.

(c) AT&T shall have the right to require Company to remove System Level Permissions for Content or restrict distribution of the Content to AT&T customers.

(d) The list of system level permissions which Company must have approved by AT&T is set forth on Schedule 2 is attached hereto and incorporated herein.

3.3 Guidelines. The AT&T Application Download Service should be designed to make as efficient use of AT&T's wireless network resources as possible given its intended functions. AT&T may make a set of network usage guidelines that will establish baseline parameters for the operation of AT&T Application Download Service. If AT&T finds any Unsuitable Information Services, AT&T may request removal of said Unsuitable Information Services email notice to suffice and Company will remove such Unsuitable Information Services within two hours of receiving such notification during US business hours. Outside of US business hours, said Unsuitable Information Services shall be removed by Company within twenty-four hours of receiving such notification.

3.4 Takedown. Company recognizes AT&T has the right to remove, disable or require Company to remove or disable any Application or Content if the Application or Content acts in any one of the ways described in subsections (a)-(d) below. Upon request to Company, Company will use commercially reasonable efforts to remove or disable the Application or Content within 24 hours of receipt of the request to takedown from AT&T, email notice to suffice.

(a) The Application or Content contains a virus, malware, or spyware;

(b) The application or Content causes material harm or disruption to AT&T's network or Devices; or

(c) The Application or Content violates any applicable law or regulation.

(d) The use of the AADS and any application included therein by End Users is prohibited by AT&T's Terms of Service (found at www.att.com/legal/terms.wirelesscustomeragreement-list.html).

3.5 Responsibility for Costs. Except as otherwise expressly provided hereunder, each Party shall be responsible for all costs and expenses incurred by it in connection with its performance of this Agreement.

3.6 Customer Care; and EULA. As between the Parties, AT&T will be responsible for first tier customer care to End Users with respect to the AADS. Company will provide tier 2 support to AT&T and in-app support directly to End Users. AT&T will be responsible for first tier customer care in connection with the AT&T Services, including billing, network and Interactive Device issues. As part of the provisioning process, each End User will be required to accept the "End User License Agreement" with AT&T that governs the use of the AADS ("EULA"). AT&T will be responsible for developing the AADS EULA, after consultation with Company.

4. COMPENSATION, SETTLEMENT, PAYMENT, AND REPORTING

4.1 No Carrier Billing; No Advertising . Unless otherwise agreed in writing (or as otherwise directed by AT&T), the Parties agree that Applications made available through the AT&T Application Download Service will be free to End Users. Upgrades and in-Application purchases may be made through Google Play. Except with AT&T's written permission, Company will not include Advertising within the AT&T Application Download Service. For the purposes of clarity, "Advertising" includes display advertising (e.g., banner ads).

4.2 Revenue Share and Payment Terms . Exhibit C sets forth the revenue share and payment terms with respect to the AADS.

4.3 Reports. Exhibit C and C-1 to Supplement 1 set forth the reporting requirements with respect to the AADS.

4.4 Audit. Company will maintain accurate and complete records and books of account, which will include, at a minimum, all documentation needed by AT&T to compute and verify the payments payable to the AT&T hereunder and verify all of the information required to be delivered to or otherwise made available to the AT&T in connection with the performance of this Agreement (the "Books and Records"). Upon reasonable advance written notice of not less

than thirty (30) days, AT&T will have the right to cause its auditors to examine the Books and Records of the Company at any time during the Company's normal business hours (including any systems used to create or maintain such Books and Records at Company's principal place of business

or wherever such records are retained (on request, be made available in electronic, searchable and analyzable format (e.g., Microsoft Excel or another database format)); provided, however, that AT&T shall only be entitled to exercise such right not more than once per year during the Term, plus once after the end of the Term. With respect to each such examination, the Company will cooperate with AT&T's representatives to provide reasonable access to the relevant Books and Records.

4.5 Taxes. Each Party shall be liable for, and shall pay and forever hold the other Party hereto harmless from, any and all federal, state and/or local sales, use, excise, income, franchise, corporate and similar taxes and other charges which are or should have been imposed upon or assessed against such Party under applicable law, and/or which are based upon or measured by revenues derived by such Party pursuant to this Agreement.

5. MARKETING

5.1 Marketing Programs. AT&T may initiate programs designed to promote the AT&T Application Download Service and drive awareness of the value. These programs would be initiated, continued or discontinued at the sole discretion of AT&T during the course of this Agreement.

5.2 Publicity. Neither Party may issue or release for publication any articles or publicity matter relating to the work performed hereunder or mentioning or implying the name of the other Party without the prior written consent of such Party; provided, to the extent required by law or regulation, a party may disclose the existence of this Agreement.

5.3 Review. AT&T and Company will agree to jointly evaluate the AT&T Application Download Service UI/UX no less than once every quarter to determine major or minor changes required to further improve the user experience and value of the business.

6. USER DATA; SERVICE SECURITY

6.1 AT&T Data

A. *Definitions*. For purposes of this Section:

(a) "AT&T Data" means any data or information (i) of AT&T or its customers, that is disclosed or provided to Company by, or otherwise obtained by Company from, AT&T or any of its customers, including any customer proprietary network information (as that term is defined in Section 222 of the Communications Act of 1934, as amended, 47 U.S.C. §222) and Subscriber Information, as well as data and

information with respect to the businesses, customers, operations, networks, systems, facilities, products, rates, regulatory compliance, competitors, consumer markets, assets, expenditures, mergers, acquisitions, divestitures, billings, collections, revenues and finances of AT&T; and (ii) not supplied by AT&T or any of its customers but created, generated, collected or harvested by Company either

(a) in furtherance of this Agreement or (b) as a result of Company's having access to AT&T infrastructure, systems, data, hardware, software or processes (for example, through data processing input and output, service level measurements, or ascertainment of network and system information).

(b) "AT&T Derived Data" means any data or information that is a result of any modification, adaption, revision, translation, abridgement, condensation, compilation, evaluation, expansion or other recasting or processing of the AT&T Data, for example, as a result of Company's observation, analysis, or visualization of AT&T Data arising out of the performance of Company's obligations hereunder.

(c) "Anonymized Data" means AT&T Data or AT&T Derived Data that are aggregated and non-identifiable to specific End Users.

B. *Ownership of AT&T Data and AT&T Derived Data* .

(a) AT&T Data is the property of AT&T. To the extent needed to perfect AT&T's ownership in AT&T Data, Company hereby assigns all right, title and interest in AT&T Data to AT&T. No transfer of title in AT&T Data to Company is implied or shall occur under this Agreement. AT&T Data shall not be (a) utilized by Company for any purpose other than as required to fulfill its obligations under this Agreement, (b) sold, assigned, leased, commercially exploited or otherwise provided to or accessed by third parties, whether by or on behalf of Company, (c) withheld from AT&T by Company, or (d) used by Company to assert any lien or other right against or to it. Company shall promptly notify AT&T if Company believes that any use of AT&T Data by Company contemplated under this Agreement or to be undertaken as part of the performance of this Agreement is inconsistent with the preceding sentence.

(b) AT&T shall own all right, title and interest in and to the AT&T Derived Data. To the extent needed to perfect AT&T's ownership in AT&T Derived Data, Company hereby assigns all right, title and interest in AT&T Derived Data to AT&T. AT&T grants to Company a license to access, use, and copy the AT&T Derived Data, with no right to grant sublicenses, solely for the performance of Company's obligations during the Term of this Agreement and solely in compliance with AT&T's privacy policies, including obligations relating to Customer Information. For the avoidance of doubt, Company shall not create or develop AT&T Derived Data after the expiration or termination of this Agreement.

(c) Notwithstanding the foregoing, Company will have the right to use and disclose to third parties Anonymized Data as mutually agreed before any usage, solely for purposes of performing its obligations under this Agreement. Note to DT; AT&T needs to know the specific data elements required to perform your obligations hereunder; to whom the data will be disclosed and how frequently.

(d) Company shall promptly deliver AT&T Data and AT&T Derived Data to AT&T at no cost to AT&T, and in the format, on the media and in the timing mutually agreed by Company and AT&T (i) at any time at AT&T's request, (ii) at the expiration or termination of this Agreement and the completion of any requested termination assistance services or (iii) with respect to particular AT&T Data or AT&T Derived Data, at such earlier date that such data is no longer required by Company to perform the Services. Thereafter, Company shall return or destroy, as directed by AT&T, all copies of the AT&T Data and AT&T Derived Data in Company's possession or under Company's control within ten (10) business days and deliver to AT&T written certification of such return or destruction signed by an officer of Company.

(e) The provisions of this Section shall apply to all AT&T Data and AT&T Derived Data, regardless of whether such data was first disclosed or otherwise provided to, or created, developed, modified, recast or processed by, Company before, on or after the Effective Date of this Agreement, and shall survive the expiration or termination of this Agreement. Company shall secure AT&T Data and AT&T Derived Data pursuant to the provisions applicable to AT&T Information under the SISR. Company's obligation to return AT&T Data and AT&T Derived Data upon AT&T's request shall not apply to such data which, at the time of AT&T's request for return, is no longer retained by or on behalf of Company.

6.3 Non-diversion of AT&T Customers . At all times during the term of this Agreement and afterwards, neither Company nor any successor entity to Company or permitted assignee may use any AT&T Data, AT&T Derived Data or any information regarding the identity of AT&T's customers or the usage or habits of End Users of the Information Service, to solicit, divert, or attempt to divert any such customer or End User from patronizing the AT&T Service.

6.4 No CPNI, SPI or PII . Unless mutually agreed in writing by the Parties, AT&T will not share with Company customer proprietary network information ("CPNI"), Sensitive Private Information ("SPI") as defined in the SISR or Personal Identification Information ("PII") information that either directly or indirectly allows identification of end users. Company shall comply with all applicable privacy laws and regulations and requirements, including, but not limited to, the CPNI restrictions contained in Section 222 of the Communications Act of 1934, 47 U.S.C. 222.

7. WARRANTY

7.1 Mutual Representations. Each Party represents and warrants to the other Party that (a) it has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; (b) the execution of this Agreement by such Party and performance of its obligations hereunder do not and will not violate any agreement to which it is a Party or by which it is bound; (c) it will comply with all applicable federal, state and local laws, rule and regulations in performance of its obligations under this Agreement; (d) it has all necessary rights in Company's and AT&T's Marks, as applicable, (including third-party Marks included within the AADS by Company) for use within the scope of this Agreement, and has the power and authority to authorize the use of any and all Intellectual Property Rights which it purports to authorize hereunder, free and clear of any and all security interests, liens, claims, charges or encumbrances and (e) when executed and delivered, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms.

7.2 Additional Warranties by Company. Company warrants to AT&T that: (a) as of the Effective Date, the AADS and any and all other materials provided to AT&T by Company pursuant to this Agreement, and the Use thereof by AT&T in accordance with this Agreement will not infringe upon or violate any applicable laws or regulations or any rights of third parties, including, but not limited to, laws, regulations and rights concerning infringement or misappropriation of Intellectual Property Rights, or defamation and libel; (b) to the extent that Company is required under this Agreement to obtain any rights, licenses, permissions, clearances and/or approvals necessary in connection with the performance of this Agreement and/or AT&T 's exercise of the rights granted to AT&T hereunder, Company has done so; and (c) that the AADS shall not contain any unlawful material. Without limiting the generality of the foregoing provisions of this Section 7.2, as between Company and AT&T, Company shall be solely responsible for all fees, royalties and other amounts of any kind or nature payable with respect to Content.

7.3 No Other Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, BOTH PARTIES ' SERVICES, INFORMATION, INFORMATION SERVICE AND OTHER MATERIALS ARE PROVIDED ON AN "AS IS," "AS AVAILABLE " BASIS. EXCEPT FOR THE EXPRESS WARRANTIES MADE IN THIS AGREEMENT: (1) NEITHER PARTY MAKES ANY WARRANTY THAT ITS SERVICE WILL BE UNINTERRUPTED, SECURE OR ERROR FREE; AND (2) EACH PARTY SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING ANY MATERIALS PROVIDED UNDER THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR PERFORMANCE. THE PARTIES ACKNOWLEDGE THAT USE OF ANY DATA OR INFORMATION OBTAINED BY END USERS THROUGH EITHER PARTY 'S INFORMATION SERVICE OR SERVICE IS AT SUCH END USERS ' OWN DISCRETION AND RISK, AND THAT END USERS WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE RESULTING FROM USE OF THAT SERVICE.

8. CONFIDENTIALITY

8.1 Use/Safeguarding Confidential Information. The Party receiving Confidential Information from the other Party (**"**Receiving Party**"**) shall not use the Confidential Information of such disclosing Party (**"**Disclosing Party**"**) for any purpose other than to exercise or perform its rights or obligations under this Agreement. Receiving Party shall not, without the prior written consent of Disclosing Party, copy or otherwise reproduce Disclosing Party**'**s Confidential Information, or disclose, disseminate or otherwise communicate, in whole or in part, Disclosing Party**'**s Confidential Information to any third party except to officers, directors and employees of Receiving Party who need to know the Confidential Information and who will have undertaken to treat the Confidential Information in accordance with the provisions of this Section. Receiving Party further agrees that it shall safeguard Disclosing Party**'**s Confidential Information from disclosure using efforts no less commensurate with those Receiving Party employs for protecting the confidentiality of its own Confidential Information which it does not desire to disclose or disseminate, but in no event less than reasonable care. If Receiving Party becomes compelled by law, subpoena or order of court or administrative body (collectively, **"**Requirement**"**) to disclose any Disclosing Party**'**s Confidential Information, Receiving Party shall be entitled to disclose such Confidential Information provided that: (i) Receiving Party provides Disclosing Party with prompt prior written notice of such requirements to allow Disclosing Party to take any necessary action to safeguard the Confidential Information; and (ii) if required to do so, Receiving Party shall furnish only that portion of Disclosing Party**'**s Confidential Information which is legally required to be disclosed and shall exercise its commercially reasonable efforts to obtain assurances that Confidential Information will be treated in confidence. To the fullest extent permitted by law, the Receiving Party will continue to protect as confidential and proprietary all Confidential Information disclosed in response to such Requirement. The Parties' rights and obligations under this Section 8 shall survive and continue in effect until five (5) years after the expiration or termination date of this Agreement with regard to all Confidential Information exchanged during the term of this Agreement. Thereafter, the Parties' rights and obligations hereunder shall survive and continue in effect with respect to any Confidential Information that is and remains a trade secret protected under applicable law.

8.2 Exceptions. Notwithstanding anything to the contrary herein, the following will not constitute **"**Confidential Information**"** for the purposes of this Agreement: (i) information that Receiving Party can show, by documented and competent evidence, was known prior to the disclosure thereof of it, or independently developed by the Receiving Party , in both cases, without using the Confidential Information; (ii) information that is or becomes generally available to the public other than as a result of a disclosure directly or indirectly by Receiving Party in breach of this Agreement; (iii) information that is or becomes available to Receiving Party on a non-confidential basis from a source other than Disclosing Party, provided that such source is not known by Receiving Parry to be subject to any prohibition against transmitting the information to Receiving Party; or (iv) information for which Disclosing Party has authorized the relevant disclosure or other use.

8.3 Remedies. Receiving Party agrees that Disclosing Party may be irreparably injured by a breach of Section 8 and that Disclosing Party may be entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court to prevent breaches of Section 8 and to enforce specifically the terms and provisions hereof in any action instituted in any court having; subject matter jurisdiction, in addition to any other remedy to which Disclosing Party may be entitled at law or in equity in the event of any breach of the provisions hereof. Such remedies shall not be deemed to be the exclusive remedies for a breach of Section 8 but shall be in addition to all other remedies available at law or in equity.

8.4 Return of Confidential Information . Upon the Disclosing Party **'**s request and, in any event, when this Agreement has expired or terminated, the Receiving Party will, upon request of the Disclosing Party, promptly return to the Disclosing Party or destroy:

A. all Confidential Information that has been supplied by the Disclosing Party and is in the Receiving Party**'**s possession or control; and

B. all copies, notes, summaries, extracts, analyses, studies, or other materials, or part thereof, that were created by the Receiving Party, to the extent they are based on or contain Confidential Information of the Disclosing Party.

8.5 Certification. Upon the Disclosing Party **'**s request, a senior officer of the Receiving Party shall certify in writing on behalf of the Receiving Party that all Confidential Information required to be returned or destroyed pursuant to this Agreement has been returned or destroyed, as applicable.

9. PROPERTY RIGHTS

9.1 AT&T. As between AT&T and Company, AT&T reserves and retains all right, title, and interest, including but not limited to all Intellectual Property Rights in the technology used by AT&T in connection with this Agreement, and no title to or ownership of any such technology is transferred to Company or any other Person under this Agreement. As between the Parties, AT&T retains all Intellectual Property Rights and all other right, title, and interest in and to the AT&T Service, the AT&T Marks, the AT&T Data, and the AT&T Interfaces and any pre- existing intellectual property of AT&T (collectively, **"**AT&T Intellectual Property**"**). In addition, **"**AT&T Intellectual Property**"** will include such custom features and look and feel (e.g., color schemes) included within the AT&T Application Download Service at the request of AT&T. Company obtains no right to use AT&T Intellectual Property beyond the term of this Agreement.

9.2 Company. As between AT&T and Company, Company reserves and retains all right, title and interest, including but not limited to all Intellectual Property Rights in the technology used by Company in connection with this Agreement, including Company**'**s technology product currently known as DT Ignite, and no title to or ownership of any of such technology is transferred to AT&T or any other Person under this Agreement. As between the Parties, Company retains all Intellectual Property Rights and all right, title, and interest in and to the Information Service and the Company Marks (other than the AT&T Intellectual Property). AT&T obtains no right to use Company Intellectual Property beyond the term of this Agreement.

9.3 Further Assurances. Each Party will take, at the other Party's expense, such action (including, without limitation, execution of affidavits or other documents) as the other Party may reasonably request to effect, perfect, or confirm such other Party's ownership interests and other rights as set forth above in this Section 9.

9.4 AT&T Owned Work Product.

1. For purposes of this Section 9.4, "Work Product" means any services set forth in an Order, which may include, but is not limited to, Company's consultant, professional, technical and engineering services, hosting, maintenance, software development services, installation services, repair, training, and on-site support. "Order" means any written order executed by AT&T and Company for services in accordance with this Section 9.4. The Intellectual Property Rights referenced in this Section 9.4.1 shall be applicable when AT&T funds the Work Product via direct payment and the parties have expressly agreed in writing to such an Order. The Parties expressly agree that this Section 9.4 shall not apply to any work undertaken by company outside the scope of an Order. An Order will be effective only when mutually agreed in writing by both Parties. Ownership of and all rights in all content, developments, software and work product resulting from work performed by Company under an Order ("Work Product") including all Intellectual Property Rights, vests exclusively in AT&T regardless of whether the Work Product was created solely by Company or jointly by AT&T and Company. The Parties expressly agree to consider as a "work made for hire" any Work Product that qualifies as such under the laws of the United States or other jurisdictions. To the extent that the Work Product does not qualify as a "work made for hire" or where necessary for any other reason, Company hereby assigns to AT&T all rights, title and interest in such Work Product, and covenants to provide all reasonable assistance, including providing technical information relating to the Work Product and executing all documents of assignment (and cause its employees to provide such information and execute such documents) which AT&T may deem necessary or desirable to perfect its ownership interest in such Work Product, including trademark, patent or copyright applications, or otherwise, in such Work Product. Subject to the terms of the Order and this Agreement, specifically Section 9.4 (b), if the Work Product contains materials Company or others previously or independently developed, Company grants and agrees to grant to AT&T, or obtain for AT&T, a perpetual, non-exclusive, worldwide, assignable transferable, royalty-free license to use, copy, modify, distribute, publicly display, publicly perform, import, manufacture, have made, sell, offer to sell (whether directly or through channels of distribution), exploit and sublicense such materials (and have others do any of the foregoing acts on AT&T's behalf), but only as a part of AT&T's exercise of its rights in the Work Product. Any such license shall include AT&T's right to grant an unrestricted, royalty-free license to its Affiliates. You shall place a copyright or other proprietary notice on the Work Product at AT&T's written request. The Work Product shall constitute AT&T's Confidential Information under this Agreement.

(a) If Company wishes to obtain a license from AT&T to any Work Product, and where there is mutual benefit to Company and AT&T, the parties agree to negotiate in good faith, under separate written agreement, mutually agreeable terms and conditions, and to execute and comply with such terms and conditions between Company and AT&T Intellectual Property, the exclusive third party authorized licensor of AT&T's intellectual property, to grant such license to Company to the Work Product or intellectual property.

(b) The Parties understand and agree that the AADS and Intellectual Property Rights, except for AT&T branding and the AT&T user interfaces to which AT&T reserves all rights, in the AADS and DT Ignite are the property of Company and not Work Product as herein defined. AT&T understands and acknowledges that the foregoing provisions shall not interfere in any way with Company's ability to continue to use, market and exploit DT Ignite.

9.5 Obligations Upon Termination; Survival; Wind Down Period . Company agrees that, upon the expiration of this Agreement or termination of this Agreement by AT&T, AT&T may elect (on written notice, email to suffice) to have company continue to provide the White Label Application to End Users who have subscribed to the White Label Application on or before such expiration or termination ("Wind Down Users"). If AT&T makes such election, the Parties will continue to meet their obligations hereunder with respect to such Wind Down Users (but no new End Users will be added) for a period equal to the remainder of the Wind Down Users' then-current contracts. Except as specifically provided above, upon the expiration or termination of this Agreement, all rights and obligations of the Parties will cease to be effective as of the date of the termination or expiration; provided that all provisions of this Agreement that reasonably may be interpreted or construed as surviving will survive, including but not limited to any obligations necessary to comply with the post-termination obligations of this
Section. (Without limitation, upon the termination or expiration of this Agreement, AT&T shall cease its marketing, promotion, offering and selling of the White Label Application.)

9.6 IP Ownership Additional Representations & Warranties

Offshore Company represents and warrants that all development work done for AT&T under the Agreement shall be performed in a manner that will not conflict with provisions of the Agreement that grant to AT&T ownership of or licenses to Intellectual Property in the developed work. For avoidance of doubt, the foregoing includes Company's representing and warranting that no work will be done in any country having laws that interfere with, diminish, or encumber rights of ownership or licenses granted to AT&T under the terms of the Agreement unless the work is carried out in a way which does not interfere with or diminish such rights or licenses of AT&T. Country laws that prevent the complete assignment of all rights in intellectual property or valid waiver of, or agreement not to enforce, moral rights, or which require compensation be paid to individuals so that developments they create may be used by a business that employs or hires them, will be deemed to interfere with, diminish and/or encumber rights of ownership or licenses granted to AT&T unless the Company puts in place effective arrangements to ensure that the rights or licenses of AT&T are not interfered with, diminished or encumbered. Company represents and warrants that contractual agreements either are or will be in place between all of the following parties, as applicable:

i. Company and other entities doing work in furtherance of the Agreement (such as between Company and Company's Subcontractor(s));

ii. Entities doing work in furtherance of the Agreement (such as between Company's Subcontractor and its Subcontractor(s)); and

iii. Company or other entities doing work in furtherance of the Agreement, on the one hand, and their respective employees, on the other hand,

Each of which agreements is or will be sufficient under applicable law to ensure that AT&T's rights of ownership or licenses to intellectual property granted under the Agreement are not interfered with, diminished or encumbered.

Upon reasonable notice from AT&T, Company shall give AT&T access to the intellectual property provisions of the agreements referenced in this paragraph, as reasonably requested by AT&T, to verify the Company's compliance with the foregoing. Company shall ensure that Company's agreements with its Subcontractors allow Company to comply with this clause.

10. INDEMNITY

10.1 General Indemnification. Each Party agrees to defend, indemnify and hold harmless the other Party, its Affiliates, and their respective directors, officers, employees, independent contractors and agents (each an "Indemnified Party") from any and all third party claims, including any claim(s) from application providers or developers not a party to this Agreement, losses, liabilities, damages, taxes, expenses and costs, including without limitation, attorneys' fees and court costs (collectively, "Losses"), incurred by an Indemnified Party and arising from or related to the Indemnifying Party's breach of any certification, covenant, obligation, representation or warranty in this Agreement. In addition, Company agrees to indemnify and hold harmless the AT&T Indemnified Parties from and against all Losses to the extent arising from a claim that an Advertisement is false, misleading or otherwise violates any applicable law.

(b) Indemnity Procedure. The Indemnified Party will promptly provide written notice to the Indemnifying Party of any Claim(s) for which such indemnity applies. Any delay in such notice shall not relieve the Indemnifying Party of its obligations under this Section, except insofar as the Indemnifying Party can show that such delay actually and materially prejudiced the Indemnifying Party. The Indemnified Party will reasonably cooperate with the Indemnifying Party and the Indemnified Party may participate in the defense with counsel of its choosing, at its expense. The Indemnifying Party will not, without the written permission of the Indemnified Party, settle any such claim in a manner that would require the Indemnified Party to admit liability or discontinue or modify its products or services (or offerings thereof).

10.2 Intellectual Property Infringement Indemnity.

A. Definitions. For purposes of this Section:

1. "Litigation Expense" means any court filing fee, court cost, arbitration fee, and each other reasonable fee and cost of investigating or defending an indemnified claim or asserting any claim for indemnification or defense under this Agreement, including without limitation reasonable attorneys' fees and other professionals' fees, and disbursements.

2. "Provided Elements" shall mean any products, hardware, software, interfaces, systems, content, services, processes, methods, documents, materials, data or information, or any functionality therein, provided to any AT&T Indemnified Party by or on behalf of Company pursuant to this Agreement (including, without limitation, the Information Service).

B. Obligations.

1. Company shall indemnify, hold harmless, and defend (which shall include, without limitation, cooperating with AT&T as set forth below in the defense of) the AT&T Indemnified Parties against any Loss resulting from, arising out of or relating to any allegation, threat, demand, claim or lawsuit brought by any third party ("Covered Claim"), regardless of whether such Covered Claim is meritorious, of:

a) infringement (including, without limitation, direct, contributory and induced infringement) of any patent, copyright, trademark, service mark, or other Intellectual Property Right in connection with the Provided Elements, including, for example, any Covered Claim of infringement based on:

(1) making, repair, receipt, use, importing, sale or disposal (and offers to do any of the foregoing) of Provided Elements (or

having others do any of the foregoing, in whole or in part, on behalf of or at the direction of the AT&T Indemnified Parties), or

(2) use of Provided Elements in combination with products, hardware, software, interfaces, systems, content, services, processes, methods, documents, materials, data or information not furnished by Company, including, for example, use in the form of the making, having made or using of an apparatus or system, or the making or practicing of a process or method unless the function performed by the Provided Elements in such combination is of a type that is neither normal nor reasonably anticipated for such Provided Elements (a "Combination Claim");

b) misappropriation of any trade secret, proprietary or non-public information in connection with the Provided Elements;

any and all such Loss referenced in this Section B ("Obligations") being hereinafter referred to as a "Covered Loss."

2. Insofar as Company's obligations under paragraph B.1. result from, arise out of, or relate to a Covered Claim that is a Combination Claim, Company shall be liable to pay only its Proportionate Share of the Covered Loss associated with such Combination Claim. The "Proportionate Share" payable by Company shall be a portion of the Covered Loss determined on an objectively fair and equitable basis to be attributable to Company based on the relative materiality of the role played by the applicable Provided Elements in the Combination Claim. If Company believes AT&T's assessment of Company's Proportionate Share is not fair and equitable, then Company's Proportionate Share shall be determined, insofar as possible, through good faith negotiation between the Parties; provided, however, that a failure of the Parties to agree on Company's Proportionate Share shall not relieve Company of its obligations to pay its Proportionate Share under this Section. Company shall make payments in satisfaction of its Proportionate Share obligation whenever such payments become due.

3. AT&T shall have sole control over the defense of (i) any Combination Claim and (ii) any other Covered Claim that involves Company and one or more other suppliers of AT&T or its Affiliates ((i) and (ii) being hereinafter referred to separately and collectively as a "Compound Claim"). Company shall cooperate in every reasonable way with AT&T to facilitate the defense and may, at its option and at its own expense, participate with AT&T in the defense with counsel of its own choosing. Where AT&T controls the defense under this paragraph, AT&T shall make good faith efforts to enter into a reasonable joint defense or common interest agreement with Company.

4. Insofar as Company's obligations under paragraph B.1. result from, arise out of, or relate to other than a Compound Claim, Company may control the defense of the Covered Claim provided that, promptly upon any of the AT&T

Indemnified Parties' giving Company written notice of the Covered Claim, Company delivers to AT&T a written, properly executed, unconditional, irrevocable, and binding promise to fully indemnify and hold harmless the AT&T Indemnified Parties from and against all Losses related to the Covered Claim as provided under this Section. In the event that Company controls the defense of the Covered Claim, Company shall retain as its lead counsel, subject to AT&T's reasonable approval, one or more competent attorneys from a nationally recognized law firm who have significant experience in litigating intellectual property claims of the type at issue; and the AT&T Indemnified Parties may, at their option and expense, participate with Company in the defense of such Covered Claim.

5. AT&T shall notify Company promptly of any Covered Claim; provided, however, that any delay in such notice shall not relieve Company of its obligations under this Section, except insofar as Company can show that such delay actually and materially prejudiced Company.

6. In no event shall Company settle, without AT&T's prior written consent, any Covered Claim, in whole or in part, in a manner that would require any AT&T Indemnified Party to discontinue or materially modify its products or services (or offerings thereof). In no event shall Company enter into any agreement related to any Covered Claim or to the Intellectual Property Rights asserted therein that discharges or mitigates Company's liability to the third-party claimant but fails to fully discharge all of AT&T's liabilities as to the Covered Loss.

C. Continued Use of Provided Elements Upon Injunction.

Without in any manner limiting the foregoing indemnification, if, as a result of a Covered Claim, (i) AT&T Indemnified Parties' rights under this Agreement are restricted or diminished; or (ii) an injunction, exclusion order, or other order from a court, arbitrator or other competent tribunal or governmental authority preventing or restricting the AT&T Indemnified Parties' use or enjoyment of the Provided Elements ("Adverse Judicial Order") is issued, imminent, or reasonably likely to be issued, then, in addition to its other obligations set forth in this Section, Company, in any case at its sole expense (or, in the case of a Combination Claim, at its fairly and equitably apportioned expense) and at no loss, cost or damage to the AT&T Indemnified Parties or their customers, shall use commercially reasonable efforts to obtain for the AT&T Indemnified Parties the right to continue using or conducting other activities with respect to the Provided Elements (or, in the case of a Combination Claim, shall use commercially reasonable efforts, in cooperation as reasonably needed with other interested parties, to obtain for the AT&T Indemnified Parties the right to continue using or conducting other activities with respect to the Provided Elements in the combination at issue); provided that if Company is unable to

obtain such right, Company shall, provide modified or replacement non-infringing Provided Elements that are (or, in the case of a Combination Claim, shall use commercially reasonable efforts, in cooperation as reasonably needed with other interested parties, to provide a modified or replacement non-infringing combination, with the Provided Elements being modified or replaced as needed therein, that is) equally suitable and functionally equivalent while retaining the quality of the original Provided Elements and complying fully with all the representations and warranties set forth in this Agreement; provided further that if Company is unable in this way to provide such modified or replacement non- infringing Provided Elements, AT&T shall have the right, at its option and without prejudice to any other rights or remedies that AT&T has in contract, law or equity: (i) to terminate this Agreement or relevant purchase or funding commitments hereunder; and/or (ii) to require Company, as applicable, to remove, accept return of, or discontinue the provision of the Provided Elements.

D. Exceptions. Company shall have no liability or obligation to any of the AT&T Indemnified Parties for that portion of a Covered Loss which is based on (and only to the extent such portion is based on):

(1) use of the Provided Elements by the AT&T Indemnified Parties in a manner that constitutes a material breach of this Agreement; or

(2) an unauthorized modification of the Provided Elements by an AT&T Indemnified Party; or

(3) Company's contractually required conformance to the AT&T Indemnified Party's written specifications, unless any one or more of the following is true:

(a) there was a technically feasible non-infringing means of complying with those specifications; or

(b) the relevant specifications are designed to bring the Provided Elements into compliance with, or have the Provided Elements conform to, an industry standard; or

(c) the Provided Elements are or have been provided by or on behalf of Company to any third party at any time; or

(d) the Provided Elements are or have been available on the open market (i.e., provided or offered for general availability to all interested customers by a third party other than the third party who brought the Covered Claim against the AT&T Indemnified Parties) at any time; or

(e) the relevant specifications for the Provided Elements are of Company's (or one or more of its sub-suppliers') origin, design, or selection.

E. OTHER LIMITATIONS OF LIABILITY NOT APPLICABLE. THE FOREGOING INDEMNIFICATION OBLIGATIONS ARE THE SOLE AND EXCLUSIVE REMEDIES IN THE EVENT OF A CLAIM OF INTELLECTUAL PROPERTY INFRINGEMENT BY THE PROVIDED ELEMENTS. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT TO THE CONTRARY (AND WHETHER OR NOT SUCH A PROVISION CONTAINS LANGUAGE TO THE EFFECT THAT THE PROVISION TAKES PRECEDENCE OVER OTHER PROVISIONS CONTRARY TO IT), WHETHER EXPRESS OR IMPLIED, NONE OF THE LIMITATIONS OF LIABILITY (INCLUDING, WITHOUT LIMITATION, ANY LIMITATIONS REGARDING TYPES OF OR AMOUNTS OF DAMAGES OR LIABILITIES) CONTAINED ANYWHERE IN THIS AGREEMENT WILL APPLY TO COMPANY'S OBLIGATIONS UNDER THIS SECTION.

F. Notwithstanding any provision to the contrary in the Section entitled "Indemnity" or elsewhere in this Agreement, AT&T shall have no obligation to indemnify, defend, or hold harmless Company for any Loss resulting from, arising out of or relating to any allegation, threat, demand, claim or lawsuit brought by any third party in connection with any intellectual property right or other proprietary right held or asserted by such third party.

10.3 LIMITATION OF LIABILITY . EXCEPT FOR CLAIMS FOR BREACH OF SECTIONS 6, 8, OR 10, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE OR LOSS OF PROFITS, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR ANY BREACH OF SECTIONS 6 OR 8, THE OBLIGATIONS UNDER SECTIONS 10.1 AND 10.2, AND EITHER PARTY 'S PAYMENT OBLIGATIONS, NEITHER PARTY SHALL BE LIABLE OR OBLIGATED TO THE OTHER PARTY UNDER ANY SECTION OF THIS AGREEMENT OR UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY AMOUNTS IN EXCESS OF REVENUE SHARE PAID TO AT&T FOR THE PAST TWO YEARS PRIOR TO THE DATE SUCH PAYMENT OBLIGATION ACCRUES.

11. TERM, TERMINATION AND TRANSITION

11.1 Term/Renewal. This Agreement shall have a term (the "Term") commencing on the Effective Date and ending on the date which is two years from the Commercial Launch Date (the "Initial Term"). After the expiration of the Initial Term, this Agreement will be automatically renewed for successive ninety-day terms (each, a "Renewal Term") until terminated by either Party with at least thirty (30) days ' written notice prior to the end of the Initial Term or any Renewal Term. The Initial Term and any Renewal Term are collectively referred to as the "Term." AT&T will have the right to suspend or terminate the Agreement at any time due to regulatory issues, detected fraudulent activity, harm to AT&T's mobile network or the AT&T Service or to End Users. AT&T will give Company at least thirty (30) days' written notice of any such termination or suspension. In addition to the foregoing, AT&T will have the right to terminate this Agreement for convenience on ninety (90) days' written notice to Company.

11.2 Insolvency. Either Party may immediately terminate this Agreement, upon written notice to the other Party, if such other Party is subject to proceedings in bankruptcy or insolvency, voluntarily or involuntarily, if a receiver is appointed with or without the other Party's consent, if the other Party assigns its property to its creditors or performs any other act of bankruptcy or if the other Party becomes insolvent and cannot pay its debts when they are due.

11.3 Material Breach. Either Party (the "Terminating Party") may terminate this Agreement in the event of a material breach by the other Party (the "Defaulting Party") of its obligations hereunder, provided that such breach in the Terminating Party's reasonable opinion is not cured by or on behalf of Defaulting Party within twenty (20) Business Days of written notification by the Terminating Party of such breach.

11.4 Obligations Upon Termination; Survival. Company agrees that, upon the expiration of this Agreement or termination of this Agreement for any reason, AT&T may elect (on written notice to Company) to have Company continue to provide the AADS to End Users who have subscribed to the AADS on or before such expiration or termination.

11.5 No Prejudice. Except as otherwise provided above, the Parties ' right to terminate this Agreement is without prejudice to, and shall not affect any other remedies available to, the Parties.

12. GENERAL PROVISIONS

12.1 Assignment. This Agreement may not be assigned by either Party in whole or in part, without the other Party's prior written consent; provided, AT&T may (i) exercise its rights and perform its obligations hereunder through its Affiliates, and (ii) engage in internal reorganizations without Company's consent. The foregoing notwithstanding, nothing herein shall be deemed to prevent a Party from engaging in a change in control transaction (through the sale of all or substantially all of a Party's assets or stock, or otherwise); provided it is understood that

upon written notice of a change of control by Company, AT&T may terminate this Agreement on written notice to Company if AT&T does not approve of such change in control.

12.2 Insurance.

12.2.1 Requirements. With respect to Company's performance under this Agreement, and in addition to Company's obligation to indemnify, Company shall at its sole cost and expense:

i. maintain the insurance coverages and limits required by this Section and any additional insurance and/or bonds required by law:

1. at all times during the term of this Agreement; and

2. with respect to any coverage maintained in a "claims-made" policy, for two (2) years following the Term of this Agreement.

ii. require each subcontractor who may perform under this Agreement to maintain coverages, requirements, and limits at least as broad as those listed in this Section from the time when the subcontractor begins work, throughout the term of the subcontractor's work and, with respect to any coverage maintained on a "claims-made" policy, for two (2) years thereafter;

iii. procure the required insurance from an insurance company eligible to do business in the state or states where work will be performed hereunder and having and maintaining a Financial Strength Rating of "A-" or better and a Financial Size Category of "VII" or better, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies, except that, in the case of **Workers' Compensation** insurance, Company may procure insurance from the state fund of the state where work is to be performed; and

iv. deliver to AT&T certificates of insurance stating the types of insurance and policy limits upon AT&T's request.

12.2.2 Additional Insurance Agreements. The Parties agree:

i. the failure of AT&T to demand such certificate of insurance or failure of AT&T to identify a deficiency will not be construed as a waiver of Company's obligation to maintain the insurance required under this Agreement;

ii. that the insurance required under this Agreement does not represent that coverage and limits will necessarily be adequate to protect Company, nor be deemed as a limitation on Company's liability to AT&T in this Agreement;

iii. Company may meet the required insurance coverages and limits with any combination of primary and Umbrella/Excess liability insurance; and

iv. Company is responsible for any deductible or self-insured retention.

12.2.3 The insurance coverage required by this Section includes:

i. **Workers' Compensation** insurance with benefits afforded under the laws of any state in which the work is to be performed and **Employers Liability** insurance with limits of at least:
[***] for Bodily Injury – each accident [***] for Bodily Injury by disease – policy limits
[***] for Bodily Injury by disease – each employee
To the fullest extent allowable by law, the policy must include a waiver of subrogation in favor of AT&T, its Affiliates, and their directors, officers and employees.
In states where **Workers' Compensation** insurance is a monopolistic state-run system, Company shall add **Stop Gap Employers Liability** with limits not less than [***] each accident or disease.

ii. **Commercial General Liability** insurance written on Insurance Services Office (ISO) Form CG 00 01 12 04 or a substitute form providing equivalent coverage, covering liability arising from premises, operations, personal injury, products/completed operations, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract) with limits of at least:
[***] General Aggregate limit
[***] each occurrence limit for all bodily injury or property damage incurred in any one (1) occurrence
[***] each occurrence limit for Personal Injury and Advertising Injury
[***] Products/Completed Operations Aggregate limit
[***] each occurrence limit for Products/Completed Operations
[***] Representations and Warranties Coverage The **Commercial General Liability** insurance policy must:

1. include AT&T, its Affiliates, and their directors, officers, and employees as Additional Insureds. Company shall provide a copy

   of the Additional Insured endorsement to AT&T. The Additional Insured endorsement may either be specific to AT&T or may be "blanket" or "automatic" addressing any person or entity as required by contract. A copy of the Additional Insured endorsement must be provided within sixty (60 days) of execution of this Agreement and within sixty (60) days of each **Commercial General Liability** policy renewal; include a waiver of subrogation in favor of AT&T, its Affiliates, and their directors, officers and employees; and
2. be primary and non-contributory with respect to any insurance or self-insurance that is maintained by AT&T.
3. Not contain an exclusion for Professional Liability. If such an exclusion does exist on the policy, refer to the contingent BI/PD requirement under the Professional Liability requirement below.

iii. **Business Automobile Liability** insurance with limits of at least [***] each accident for bodily injury and property damage, extending to all owned, hired, and non-owned vehicles.

iv. **Umbrella/Excess Liability** insurance with limits of at least [***] each occurrence with terms and conditions at least as broad as the underlying Commercial General Liability, Business Auto Liability, and Employers Liability policies. **Umbrella/Excess Liability** limits will be primary and non-contributory with respect to any insurance or self-insurance that is maintained by AT&T.

v. **Professional Liability (Errors & Omissions)** insurance with limits of at least [***] each claim or wrongful act. Such coverage shall include contingent bodily injury and property damage if excluded under the commercial general liability policy.

vi. Internet Liability and Network Protection (Cyberrisk) denial of service, network security with limits of at least [***] each claim or wrongful act. Can be included on the Professional Liability policy identified above.

12.3 Relationship of Parties. Company is an independent contractor of AT&T. This Agreement shall not be construed to and does not create a relationship of partnership, employment or joint venture. Except for the express limited agency appointments hereunder, this Agreement does not create an agency relationship between the Parties. Neither Party shall have the authority to bind the other Party without the prior written consent of the Party who is sought to be bound.

12.4 Force Majeure. No Party to this Agreement shall be liable to the other Party for any failure or delay in fulfilling an obligation hereunder, if said failure or delay is attributable

to circumstances beyond its control, including, but not limited to, any fire, terrorism, power failure, labor dispute or government measure (**"**Force Majeure**"**). The Parties agree that the deadline for fulfilling the obligation in question shall be extended for a period of time equal to that of the continuance of the Force Majeure. Company shall use all commercially reasonable efforts to minimize the effect of the Force Majeure on its performance under this Agreement. Notwithstanding the continuance of an event of Force Majeure, Company may not delay performance of its obligations under any circumstances by more than thirty (30) Business Days, otherwise AT&T may terminate this Agreement upon written notice to Company.

12.5 Survival. The following sections shall survive the expiration or termination of this. Agreement, regardless of the reasons for its expiration or termination, in addition to any other provision which by law or by its nature should survive: Sections 4, 6, 7, 8, 9, 10 and its subsections, 11.4, and 12.6.

12.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to choice of laws principles thereof.

12.7 Exclusivity. The parties agree under no circumstances this Agreement shall be construed or interpreted as an exclusive dealing agreement by either party or to restrict either party from entering into any agreement with any other party, even if similar to or competitive with the transactions contemplated hereunder.

12.8 Notices. All notices under the terms of this Agreement shall be given in writing and sent by registered mail, recognized overnight courier service or facsimile transmission or shall be delivered by hand to the following addresses:

Company: Attention: Title: Address:
With a copy to:
VP – Consumer
AT&T Mobility,
Company: LLC
Attention: Title:
Data Products Address:
City, State Zip Email
Phone Fax

If Notice to AT&T:
1300 Guadalupe St. Suite 302
Austin, Texas, 78701 legal@digitalturbine.com

With a copy to:
Digital Turbine USA, Inc. Legal Department
1300 Guadalupe St. Suite 302
Austin, Texas, 78701
philip.bramson@digitalturbine.com

Company: Attention: Title: Address:
City, State Zip Email
Digital Turbine USA, Inc. Phil Bramson
Company: Attention: Title: Address:
City, State Zip Email
Phone Fax
If Notice to Company:

Phone Fax	City, State Zip Email Phone Fax

CRICKET WIRELESS	**Company**
[Omitted]	Phil Bramson Philip.bramson@digital turbine.com
Escalation	
[Omitted]	Nick Montes Nick.montes@digitalturbine.com

All notices shall be presumed to have been received when they are hand delivered, or five (5) Business Days of their mailing, or on the Business Day following the day of facsimile transmission.

12.8 Severability. If any provision, or portion thereof, of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions of this Agreement, and each provision, or portion thereof, is hereby declared to be separate, severable and distinct.

12.9 Waiver. A waiver of any provision of this Agreement shall only be valid if provided in writing and shall only be applicable to the specific incident and occurrence so waived. The failure by either Party to insist upon the strict performance of this Agreement, or to exercise any term hereof, shall not act as a waiver of any right, promise or term, which shall continue in full force and effect.

12.10 Business Days. Any payment or notice that is required to be made or given pursuant to this Agreement on a day that is not a Business Day shall be made or given on the next business day.

12.11 Conflicts. In the event of any conflict or inconsistency between the terms of the main body of this Agreement and any Exhibit, Schedule or Order, the terms of the main body of this Agreement shall prevail, unless otherwise expressly indicated and subject to any applicable provisions or laws in respect of tariffs or other regulatory matters.

12.12 Amendment. This Agreement may only be amended by written agreement duly executed by authorized representatives of the Parties.

12.13 Entire Agreement. This Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and, except as explicitly provided herein, shall replace all prior promises or understandings, oral or written.

12.14 Counterparts. This Agreement may be executed in one or more counterparts, by facsimile or otherwise, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.15 Representatives. Each of the Parties shall appoint a representative (each, an " Account Representative") who shall serve as such Party's day-to-day representative and shall (a) have day-to-day responsibility for managing and coordinating the performance of such Party's obligations under this Agreement and (b) be authorized to act for and on behalf of such Party with respect to all matters relating to this Agreement. The Account Representatives shall meet in- person, telephonically, or via video-conference at least once per week or at such other times as the Parties may agree. The initial Account Representatives are listed on **Exhibit I**. Either Party may substitute or replace its Account Representative at its discretion by providing written notice to the other Party of such substitution or replacement.

AGREED TO AND SIGNED by the duly authorized representatives of the Parties as of the date first set forth above.

AT&T MOBILITY LLC **DIGITAL TURBINE USA, INC.**

By:_____ By:_____

Name:_____ Name:_____

Title:_____ Title:_____

Date: _____ Date: _____

SUPPLEMENT NO. 1 TO LICENSE AND SERVICE AGREEMENT

This SUPPLEMENT NO. 1 TO LICENSE AND SERVICE AGREEMENT ("Supplement") is entered into as of the day of October, 2015 ("Supplement Effective Date"), by and between Cricket Wireless, LLC, an affiliate of AT&T Mobility LLC ("Cricket") and Digital Turbine USA, Inc. ("Company").

WHEREAS, Company and AT&T Mobility LLC, on behalf of itself and its Affiliates ("AT&T") executed the License and Service Agreement dated as of October , 2015 (the "Agreement"). Capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Agreement;

WHEREAS, the Agreement provides that Affiliates of AT&T, like Cricket, may execute supplements with Company to modify and/or add certain terms specifically with respect to such Affiliate;

WHEREAS, Cricket and Company desire to so supplement the Agreement to modify and/or add certain terms specifically with respect to Cricket as provided herein, but maintaining all other applicable terms of the Agreement.

NOW, THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:

1. Definitions.

(a) New Definitions. The following definitions are added to the Agreement solely with respect to Cricket:

"**Cricket Application Download Service**" or **"CADS"** means the Company's software application and service described in Exhibit A-1, which is made for use on Interactive Devices that allows End Users to (1) discover and download Applications to their Interactive Devices; and (2) support the preloading of Applications to End Users Interactive Devices during First Boot. All references in the Agreement to AT&T Application Download Service and Exhibit A are supplemented to include references to the Cricket Application Download Service and Exhibit A-1.

"Cricket Set-Up Deliverables" means the Company deliverables as described in Appendix 1 hereto that are provided to Cricket as part of the Company fee.

"**DT Ignite Management Tool**" means the Company's management, administrative, and reporting web tool that allows Cricket to designate the Cricket-sold Android and Windows Interactive Device SKUs loaded with the CADS and which may contain both Company-sourced Applications and Cricket-sourced Applications.

"First Boot" means the first time that a Cricket-sold Android or Windows Interactive Device

loaded with the Cricket Application Download Service and an End User's SIM card is turned on.

"Unit" means any Interactive Device onto which Cricket has loaded the Cricket Application Download Service.

2. Grant of Rights.

(a) First Boot. In addition to the rights granted in Section 2.1 of the Agreement, Company grants to Cricket the following right, but not the obligation to support passive delivery to preload Applications through the Cricket Application Download Service to End User's Interactive Devices during First Boot.

(b) Cricket Brands. Section 2.3 of the Agreement is supplemented to require that, prior to the first use of the AT&T Marks that include the name or branding of Cricket, the proposed use must be submitted for prior written approval to Cricket Brand Center at www.cricketwirelessbrand.com.

3. Cricket Application Download Service Requirements.

(a) Company Responsibility and Deliverables. Section 3.1(1) of the Agreement is supplemented to add a reference to Exhibit A-1 in addition to Exhibit A. Section 3.1(4) of the Agreement is supplemented to require that the Cricket Set-Up Deliverables be delivered in accordance with Appendix 1.

(b) Delivery. As it relates to Cricket only, Section 3.1(4) of the Agreement is supplemented to add the following: "The Cricket Application Download Service will be delivered in accordance with the Delivery Schedule, Company Set-Up Deliverables as described in Appendix 1."

(c) Lab Entry. As it relates to Cricket only, Section 3.1(5) of the Agreement is replaced with the following:

(i) "Company will ensure that the Cricket Application Download Service operates on Android V 4.0.3 and above and will exercise commercially reasonable efforts to ensure that the Cricket Application Download Service operates on Windows 10 by December 31, 2015 above pending receipt of permission rights from Microsoft. Cricket and ATT understand and acknowledge that such permission rights are a condition precedent to such efforts being exercised by Company and AT&T will exercise commercially reasonable efforts to assist Company in obtaining such permission rights." New Device Launches. At least sixty (60) days prior to new Cricket-sold Android and Windows Interactive Device's lab entry ("LE") date, Company will be required to submit a commercially-ready version of Cricket Application Download Service to the designated original equipment manufacturer for testing - and notify Cricket in writing, email to suffice, upon delivery. At least thirty (30) days prior to a new Cricket-sold Android or Windows Interactive Device's LE

date, Company will conduct and complete all testing and defect resolution on the Cricket Application Download Service and deliver a clean-version to Cricket.

(ii) Updates to Existing Devices. At least thirty (30) days prior to the formal market announcement of an updated or revised version of in-market Android and Windows operating systems, Company must update the Cricket Application Download Service to be compatible with such operating system revision."

(d) Compliance. As it relates to Cricket only, Section 3.1(12) of the Agreement is replaced with the following:

"Device Memory. Cricket shall use commercially reasonable efforts to make available an average of [***] Company-sourced Applications on approximately [***] of Cricket-sold Android and Windows Interactive Devices' SKUS loaded with CADS in use with AT&T Service. On six- month intervals and aggregate-basis (Cricket-sold Android and Windows Interactive Devices loaded with the CADS), Cricket will use the data elements in Company's DT Ignite Management Tool to manage this metric."

(e) Customer Care. Customer care with respect to the Cricket Application Download Service is described in Appendix 2. Cricket will be responsible for developing a EULA governing the Cricket Application Download Service.

(f) Guidelines. As it relates to Cricket only, the following is inserted after the first sentence of Section 3.3 of the Agreement:

"Company shall design the Cricket Application Download Service to: (1) make as efficient use of AT&T's wireless network resources as possible given its intended functions; (2) optimize background data running during off-peak hours and/or over WiFi; (3) send notification to End Users that applications downloaded using WiFi or downloaded using mobile network will consume large amounts of data and, (4) include End User option to 'remind later' or 'continue'."

(g) Additional Cricket Requirements. The Agreement is supplemented to add the following sections with respect to Cricket only:

1. "Bring Your Own Device" (BYOD). Cricket and Company agree to use best efforts during the Term to develop a solution to support the loading of the Cricket Application Download Service on Interactive Devices brought by End Users (i.e., not purchased from Cricket) for use with AT&T Service."

2. Automatic Preload. Revenue share tiers, as described in Exhibit C-1, are based on

Cricket using a passive delivery approach to preload Applications to Interactive Devices during First Boot (e.g., not user-directed). Should Cricket decide to change this approach, Company and Cricket agree to negotiate in good faith any changes to revenue share as currently described in Exhibit C-1.

3. Maintenance Releases. Cricket will in good faith assess and consider loading the Cricket Application Download Service in Cricket maintenance releases for Cricket- sold Android and Windows Interactive Devices in use with AT&T Service as of the Supplement

Effective Date.

4. No Revenues. Should Cricket decide not to participate in Company sourced Applications and continue to use the CADS with [***] revenue sharing for [***] consecutive months ("[***] Revenues End of Period"), Cricket and Company agree to discuss a new remuneration model; provided that Company will notify Cricket no less than twenty (20) days in advance of the [***] Revenues End of Period.

5. Heartbeat. Company may in its sole discretion operate a "heartbeat" test from time-to-time, which checks in with Interactive Devices to identify the usage of Applications in connection with the Cricket Application Download Service. Company will not run "heartbeats" without express permission of customers. Cricket will have the sole discretion and the right to determine the: heartbeat run frequency, heartbeat timing (e.g. only between 2am-3am), heartbeat mechanism (e.g. AT&T Network, WiFi-only, etc.), and maximum per heartbeat data usage (e.g. not to exceed 1mb / per heartbeat) on the End User's Interactive Device."

4. Compensation, Settlement, Payment, and Reporting. Exhibit C-1 sets forth the revenue share provisions sets forth the reporting requirements with respect to the Cricket Application Download Service to meet settlement, revenue assurance, and financial reporting requirements.

5. Marketing. As it relates to Cricket, the reference to att.com in Section 5.1 of the Agreement shall include a reference to cricketwireless.com.

6. Term, Termination and Transition. This Supplement will be co-terminous with the Agreement; provided, (a), if the Agreement expires or is terminated by AT&T, Cricket will have the option (exercisable by written notice to Company) to continue the Term of the Agreement on a month-to-month basis. In the case of (b), all of the applicable terms and conditions in the Agreement necessary for Cricket and Company to continue operating under this Supplement (including all representations, warranties and indemnities) will be deemed incorporated herein by reference.

7. Notices. In addition to the notices identified in Section 12.7, copies of notices to AT&T should be delivered to [Omitted].

8. No Further Changes. Except as supplemented hereby, the Agreement will continue in full force and effect in accordance with its terms with no modifications.

Agreed to and Signed by the duly authorized representatives of the parties as of the Supplemental Effective Date.

AGREED TO AND SIGNED by the duly authorized representatives of the Parties as of the date first set forth above.

AT&T MOBILITY LLC for

CRICKET WIRELESS, LLC **DIGITAL TURBINE USA, INC.**

By:_____ By:_____

Name:_____ Name:_____

Title:_____ Title:_____

Date: _____ Date: _____

APPENDIX 1

Delivery Schedule

[***]

APPENDIX 2

CUSTOMER CARE

[***]

EXHIBIT A

[***]

EXHIBIT A-1

[***]

EXHIBIT B
SERVICE LEVEL AGREEMENT

[***]

EXHIBIT C

BUSINESS TERMS

1. AT&T Share. For purposes of this Exhibit C, "Activated Client" means that the Interactive Device is first turned on by an End User and registers with the Company servers. Company will pay AT&T the percentage of gross revenue shown in the table below received by Company from campaigns of third-party-provider Applications recommended and distributed through the AT&T Application Download Service, which the Company sources for the AT&T Application Download Service ("Gross Revenues"). No fee will be payable by AT&T to Company for AT&T Applications or 3rd Party Applications AT&T sources for the AT&T Application Download Service. Company agrees that the rates provided for AT&T Share will be at least as high as any revenue share payable by Company to any other wireless carrier in the United States in market for a comparable download service.

Tiers	Activated Clients	AT&T Share	Company Share
1	[***]	[***]	[***]
2	[***]	[***]	[***]
3	[***]	[***]	[***]
4	[***]	[***]	[***]
5	[***]	[***]	[***]

The foregoing tiers are cumulative and are calculated monthly, so that once a threshold is reached, AT&T Share is payable at the new tier for all revenues so long as the number of Activated Clients is at the new tier level. For example, if there are [***]Activated Clients in January, the AT&T Share of Gross Revenues for that month will be [***]. If there are [***] Activated Clients in February, the AT&T Share of Gross Revenues for that month will be [***].

2. Reporting. Company will provide detailed monthly reporting by device and campaign in the first 15 days of the month for the month prior as set forth in the JRD attached as Exhibit A. Examples of reporting metrics is attached in this spreadsheet below.

3. Remittances. Company will remit what is owed to AT&T ("Company Remittances") thirty (30) days after receipt of AT&T invoice. Company will provide additional reporting in accordance with Exhibit A.

Exhibit C-1

Business Terms

1. Cricket Share. Company will pay Cricket the percentage of gross revenue shown in the table below owed to Company from Campaigns of third-party-provider Applications distributed through the Cricket Application Download Service, which the Company sources for the Cricket Application Download Service ("Gross Revenues"). No fee will be payable by Cricket to Company for Cricket Applications or 3rd Party Applications Cricket sources for the Cricket Application Download Service. Company agrees that the rates provided for Cricket Share will be at least as high as any revenue share payable by Company to any other wireless carriers or operators in the United States.

Tiers	Units	Cricket Share	Company Share
1	[***]	[***]	[***]
2	[***]	[***]	[***]
3	[***]	[***]	[***]
4	[***]	[***]	[***]
5	[***]	[***]	[***]

The foregoing Units tiers are cumulative and are calculated monthly, so that once a Units threshold is reached, Cricket Share is payable at the new Units tier for any/all revenues generated from Units so long as the number of Units is at the new Units tier level. For example, in the first month (January), if there are eight hundred thousand Units added, the Units cumulative total would be [***] and the Cricket Share of Gross Revenues will be calculated at [***] for [***] Units. In the second month (February), if [***] Units were added, the Units cumulative total would be [***] and the Cricket Share of Gross Revenues will be calculate at [***] for the [***] Units, etc.

2. Company Remittances. Company will calculate remittances owed to Cricket ("Company Remittances") at the end of every calendar month. Company will provide a statement describing the Company Remittance due to Cricket and pay that Company Remittance to Cricket in United Stated dollars with in thirty (30) days after the end of each calendar month. A sample of an acceptable revenue share report is attached hereto as an example.

3. Company Fee. Cricket will pay Company a one-time amount of [***] within sixty (60) days after the successful completion of Company's set-up activities and the delivery of the CADS deliverables as described in Appendix 1.

EXHIBIT D

SISR

AT&T Supplier Information Security Requirements (SISR)

[***]

SCHEDULE 1 DELIVERY SCHEDULE

[***]

SCHEDULE 2

SYSTEM LEVEL PERMISSIONS REPORT

[***]

EXHIBIT F

Designated Managers

[Omitted]

AMENDMENT NO. 1
TO THE LICENSE AND SERVICE AGREEMENT

THIS AMENDMENT TO THE LICENSE AND SERVICE AGREEMENT ("**Amendment**") is made effective as of October 17, 2018 (the "**Amendment Effective Date**") by and between Digital Turbine USA, Inc., ("**Company**") and AT&T Mobility LLC, on behalf of itself and its Affiliates ("**AT&T**") (each a "**Party**" and together the "**Parties**"). This Amendment is governed by the terms of that certain License and Service Agreement by and between the Parties, dated as of November 2, 2015 (the "**Agreement**"), which by this reference is made a part hereof. Capitalized terms used, but not otherwise defined, herein shall have the meanings attributed to them in the Agreement.

WHEREAS, Company and AT&T entered into the Agreement; and

WHEREAS, Company and AT&T desire to extend the Term of the Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of and for the terms and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby accepted and acknowledged, the Parties mutually agree as follows:

1. **Extended Term**. Parties agree to extend the Term of the Agreement for an additional period of two (2) years ending on October 16, 2020 (the "**Extended Term**"), thereafter the Agreement shall renew as stipulated in Section 11.1 of the Agreement.
2. **Amendment of Business Terms**. Parties agree to work together in good faith to amend the Business Terms specified in Exhibit C of the Agreement, such that AT&T will pay Company a onetime license fee per Activated Client in consideration for utilizing current features and functionalities of the Client on Interactive Devices.
3. **Integration; Conflicts.** This Amendment and the Agreement set forth the Parties' entire agreement with respect to the subject matter hereof and thereof. Except as expressly modified by this Amendment, each and every term and condition set forth in the Agreement, and each Party's rights and obligations thereunder, shall remain in full force and effect. In the event of a conflict between any term or condition set forth in herein and the Agreement, the terms and conditions of this Amendment shall govern and prevail.
4. **Counterparts.** This Amendment may be executed in separate counterparts, each of which when executed and delivered (including without limitation via facsimile or .pdf transmission) will be deemed an original and all of which together shall constitute one and the same instrument and will be binding upon the Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their duly authorized representatives as of the Amendment Effective Date.

DIGITAL TURBINE USA, INC.	**AT&T MOBILITY LLC**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date: _____	Date: _____

(Signature Page to Amendment No. 1 to the License and Service Agreement.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, William Stone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Digital Turbine, Inc.;

2. Based on my knowledge, this quarterly 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.

Dated: November 5, 2018

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 Quarterly Report on Form 10-Q of Digital Turbine, Inc.;

2. Based on my knowledge, this quarterly 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.

Dated: November 5, 2018

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., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ending September 30, 2018 of the Company (the "Form 10-Q") 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2018

By: /s/ William Stone

William Stone
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ending September 30, 2018 of the Company (the "Form 10-Q") 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2018

By: /s/ Barrett Garrison

Barrett Garrison
Chief Financial Officer
(Principal Financial Officer)