UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended December 31, 2021

or

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

Commission File Number 001-35958

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

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

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

Securities Registered Pursuant to Section 12(b) of the Act:

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

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 of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

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

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

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

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

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

As of January 31, 2022, the Company had 96,961,158 shares of its common stock, $0.0001 par value per share, outstanding.

EXPLANATORY NOTE

Digital Turbine, Inc., referred to in this report as "Digital Turbine," the "Company," "we," "us," and "our," is filing this Amendment No. 1 on Form 10-Q/A (the "Amendment") to its Quarterly Report on Form 10-Q for the three and nine months ended December 31, 2021, originally filed on February 8, 2022 (the "Original Report"). This Amendment amends and restates Items 1, 2, and 4 of Part I and Item 6 of Part II of the Original Report. In Item 1, this Amendment includes our restated condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021 to correct the errors discussed below.

In connection with the integration of the Company's recently acquired businesses (AdColony Holding AS and Fyber N.V. (the "Acquired Companies")), management performed a review of the presentation of revenue and license fees and revenue share expense based on accounting guidance for revenue recognition, including considerations of principal and agent (or "gross and net") presentation. After a detailed review of the Acquired Companies' product lines and related contracts with customers and publishers, the Company concluded each Acquired Company acts as an agent in certain of their respective product lines and, as a result, revenue for those product lines should be reported net of license fees and revenue share expense. Previously, all revenue of the Acquired Companies, which are reported as separate segments referred to as In App Media – AdColony ("IAM-A") and In App Media – Fyber ("IAM-F"), were reported on a gross basis. The Company's legacy business, which is reported in a separate segment referred to as On Device Media, is not impacted by the change described above it's revenue continues to be reported on a gross basis.

In addition, management determined certain hosting costs for the Acquired Companies incorrectly reported as product development expenses should be reclassified as other direct costs of revenue and general and administrative expenses.

The corrections have the effect of:

1. Decreasing both net revenue and license fees and revenue share in a like amount on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021;

2. Increasing other direct costs of revenue and decreasing product development expenses in a like amount on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021; and

3. Increasing other direct costs of revenue and general and administrative expenses and decreasing product development expenses in a like amount on the condensed consolidated statements of operations and comprehensive income / (loss) for the nine months ended December 31, 2021.

These corrections do not relate to or have any impact on the Company's operating performance, income from operations, net income / (loss), or cash flows, and the financial position and liquidity of the Company remain unchanged.

This Amendment amends and restates Item 2 of Part I, which includes our revised discussion of operating results to reflect the impact of the correction discussed above. Item 4 of Part I includes our revised assessment of the effectiveness of our disclosure controls and procedures. This restatement resulted in the identification of a material weakness in our internal control over financial reporting.

In addition, the Exhibits index in Item 6 of Part II of the Original Report is hereby amended and restated in its entirety, and new certifications of the Company's principal executive officer and principal financial officer required under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, dated as of the filing of this Amendment, are filed and furnished, as applicable, as exhibits to this Amendment.

Except as described above, no other changes have been made to the Original Report. This Amendment continues to speak as of the date of the Original Report and does not reflect events occurring after the filing of the Original Report.

Digital Turbine, Inc.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED December 31, 2021

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Digital Turbine, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets[1]
(in thousands, except par value and share amounts)

	December 31, 2021 (Unaudited)	March 31, 2021
ASSETS		
Current assets		
Cash	$ 115,046	$ 30,778
Restricted cash	394	340
Accounts receivable, net	291,200	61,985
Prepaid expenses and other current assets	21,928	4,282
Total current assets	428,568	97,385
Property and equipment, net	25,862	13,050
Right-of-use assets	16,657	3,495
Intangible assets, net	446,535	53,300
Goodwill	554,975	80,176
Deferred tax assets, net	—	12,963
Other non-current assets	883	—
TOTAL ASSETS	**$ 1,473,480**	**$ 260,369**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	$ 171,562	$ 34,953
Accrued license fees and revenue share	111,173	46,196
Accrued compensation	37,106	9,817
Acquisition purchase price liabilities	253,700	—
Short-term debt	12,501	14,557
Other current liabilities	23,586	5,626
Total current liabilities	609,628	111,149
Long-term debt, net of debt issuance costs	341,590	—
Deferred tax liabilities, net	18,856	—
Other non-current liabilities	17,540	4,108
Total liabilities	987,614	115,257
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock		
Series A convertible preferred stock at $0.0001 par value; 2,000,000 shares authorized, 100,000 issued and outstanding (liquidation preference of $1)	100	100
Common stock		
$0.0001 par value: 200,000,000 shares authorized; 97,471,352 issued and 96,731,227 outstanding at December 31, 2021; 90,685,553 issued and 89,949,847 outstanding at March 31, 2021	10	10
Additional paid-in capital	740,592	373,310
Treasury stock (758,125 shares at December 31, 2021 and March 31, 2021)	(71)	(71)
Accumulated other comprehensive loss	(45,051)	(903)
Accumulated deficit	(211,888)	(227,334)
Total stockholders' equity	483,692	145,112
Non-controlling interest	2,174	—
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,473,480**	**$ 260,369**

[1]In the fiscal quarter ended June 30, 2021, the Company initiated two significant acquisitions. Please refer to Note 4 in the accompanying condensed consolidated financial statements.

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

Digital Turbine, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Income / (Loss)[1]
(Unaudited)
(in thousands, except per share amounts)

	Three months ended December 31, 2021	Three months ended December 31, 2020	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	Restated		Restated	
Net revenue	$ 216,818	$ 88,592	$ 563,461	$ 218,497
Costs of revenue and operating expenses				
License fees and revenue share	109,053	50,144	284,369	122,976
Other direct costs of revenue	9,090	749	21,385	1,971
Product development	13,755	5,202	40,594	13,827
Sales and marketing	15,857	5,219	47,072	14,372
General and administrative	39,924	6,761	105,225	22,096
Total costs of revenue and operating expenses	187,679	68,075	498,645	175,242
Income from operations	29,139	20,517	64,816	43,255
Interest and other income / (expense), net				
Change in fair value of contingent consideration	(18,200)	(4,662)	(40,287)	(15,419)
Interest expense, net	(2,195)	(266)	(5,307)	(859)
Foreign exchange transaction gain	2,122	—	1,603	—
Other expense, net	(86)	(13)	(598)	(51)
Total interest and other income / (expense), net	(18,359)	(4,941)	(44,589)	(16,329)
Income before income taxes	10,780	15,576	20,227	26,926
Income tax provision	3,718	1,061	4,799	2,098
Net income	7,062	14,515	15,428	24,828
Less: net income / (loss) attributable to non-controlling interest	48	—	(18)	—
Net income attributable to Digital Turbine, Inc.	7,014	14,515	15,446	24,828
Other comprehensive loss				
Foreign currency translation adjustment	(8,389)	(132)	(45,062)	(319)
Comprehensive income / (loss)	(1,327)	14,383	(29,634)	24,509
Less: comprehensive loss attributable to non-controlling interest	(11)	—	(932)	—
Comprehensive income / (loss) attributable to Digital Turbine, Inc.	$ (1,316)	$ 14,383	$ (28,702)	$ 24,509
Net income per common share				
Basic	$ 0.07	$ 0.16	$ 0.16	$ 0.28
Diluted	$ 0.07	$ 0.15	$ 0.15	$ 0.26
Weighted-average common shares outstanding				
Basic	96,548	89,003	94,620	88,140
Diluted	103,287	96,976	101,346	95,563

[1]In the fiscal quarter ended June 30, 2021, the Company initiated two significant acquisitions. Please refer to Note 4 in the accompanying condensed consolidated financial statements.

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

Digital Turbine, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows[1]
(Unaudited)
(in thousands)

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
Cash flows from operating activities		
Net income	$ 15,428	$ 24,828
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	40,946	5,062
Non-cash interest expense	500	55
Stock-based compensation expense	15,369	4,286
Foreign exchange transaction (gain) / loss	(1,603)	—
Change in fair value of contingent consideration	40,287	15,419
Payment of contingent consideration in excess of amount capitalized at acquisition	—	(5,419)
Right-of-use asset	3,270	430
Deferred income taxes	4,799	—
(Increase) / decrease in assets:		
Accounts receivable, gross	(104,535)	(26,746)
Allowance for credit losses	412	854
Prepaid expenses and other current assets	(5,760)	1,698
Other non-current assets	74	—
Increase / (decrease) in liabilities:		
Accounts payable	38,467	2,563
Accrued license fees and revenue share	29,377	16,765
Accrued compensation	(33,506)	4,029
Other current liabilities	1,114	5,273
Other non-current liabilities	(1,177)	(485)
Net cash provided by operating activities	**43,462**	**48,612**
Cash flows from investing activities		
Business acquisitions, net of cash acquired	(148,192)	(7,968)
Capital expenditures	(15,692)	(6,545)
Net cash used in investing activities	**(163,884)**	**(14,513)**
Cash flows from financing activities		
Payment of contingent consideration	—	(16,957)
Proceeds from borrowings	369,913	—
Payment of debt issuance costs	(4,044)	—
Payment of deferred business acquisition consideration	(98,175)	—
Options and warrants exercised	2,814	5,927
Payment of withholding taxes for net share settlement of equity awards	(7,587)	—
Repayment of debt obligations	(52,623)	(750)
Net cash provided by / (used in) financing activities	**210,298**	**(11,780)**
Effect of exchange rate changes on cash	(5,554)	(319)
Net change in cash	**84,322**	**22,000**
Cash and restricted cash, beginning of period	31,118	21,659
Cash and restricted cash, end of period	$ 115,440	$ 43,659
Supplemental disclosure of cash flow information		
Interest paid	$ 3,882	$ 832
Income taxes paid	$ 954	$ —
Supplemental disclosure of non-cash activities		
Common stock for the acquisition of Fyber	$ 356,686	$ —
Unpaid cash consideration for the acquisition of Fyber Minority Interest	$ 3,106	$ —
Fair value of contingent consideration in connection with business acquisition	$ 204,500	$ —

[1]In the fiscal quarter ended June 30, 2021, the Company initiated two significant acquisitions. Please refer to Note 4 in the accompanying condensed consolidated financial statements.

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

Digital Turbine, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity[1]
(Unaudited)
(in thousands, except share counts)

	Common Stock Shares	Amount	Preferred Stock Shares	Amount	Treasury Stock Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Controlling Interest	Total
Balance at March 31, 2021	89,790,086	$ 10	100,000	$ 100	758,125	$ (71)	$ 373,310	$ (903)	$ (227,334)	$ —	$ 145,112
Net income	—	—	—	—	—	—	—	—	14,284	(31)	14,253
Foreign currency translation	—	—	—	—	—	—	—	(20,019)	—	(762)	(20,781)
Stock-based compensation expense	207,758	—	—	—	—	—	3,705	—	—	—	3,705
Shares issued:											
Exercise of stock options	178,127	—	—	—	—	—	695	—	—	—	695
Shares for acquisition of Fyber	4,716,935	—	—	—	—	—	359,233	—	—	—	359,233
Acquisition of non-controlling interests in Fyber	—	—	—	—	—	—	—	—	—	24,558	24,558
Balance at June 30, 2021	94,892,906	$ 10	100,000	$ 100	758,125	$ (71)	$ 736,943	$ (20,922)	$ (213,050)	$ 23,765	$ 526,775
Net income	—	—	—	—	—	—	—	—	(5,852)	(35)	(5,887)
Foreign currency translation	—	—	—	—	—	—	—	(15,799)	—	(93)	(15,892)
Stock-based compensation expense	28,477	—	—	—	—	—	5,925	—	—	—	5,925
Shares issued:											
Exercise of stock options	480,422	—	—	—	—	—	1,460	—	—	—	1,460
Shares for acquisition of Fyber	1,058,364	—	—	—	—	—	(2,547)	—	—	—	(2,547)
Acquisition of non-controlling interests in Fyber	—	—	—	—	—	—	—	—		(21,452)	(21,452)
Balance at September 30, 2021	96,460,169	$ 10	100,000	$ 100	758,125	$ (71)	$ 741,781	$ (36,721)	$ (218,902)	$ 2,185	$ 488,382
Net income	—	—	—	—	—	—	—	—	7,014	48	7,062
Foreign currency translation	—	—	—	—	—	—	—	(8,330)	—	(59)	(8,389)
Stock-based compensation expense	—	—	—	—	—	—	5,739	—	—	—	5,739
Shares issued:											
Exercise of stock options	201,015	—	—	—	—	—	659	—	—	—	659
Vesting of restricted and performance stock units	70,043	—	—	—	—	—	—	—	—	—	—
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(7,587)	—	—	—	(7,587)
Balance at December 31, 2021	96,731,227	$ 10	100,000	$ 100	758,125	$ (71)	$ 740,592	$ (45,051)	$ (211,888)	$ 2,174	$ 485,866

[1] In the fiscal quarter ended June 30, 2021, the Company initiated two significant acquisitions. Please refer to Note 4 in the accompanying condensed consolidated financial statements.

Digital Turbine, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity[1]
(Unaudited)
(in thousands, except share counts)

	Common Stock Shares*	Amount	Preferred Stock Shares	Amount	Treasury Stock Shares*	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Controlling Interest	Total
Balance at March 31, 2020	87,147,023	$ 10	100,000	$ 100	758,125	$ (71)	$ 360,224	$ (591)	$ (282,218)	$ —	$ 77,454
Net income	—	—	—	—	—	—	—	—	9,940	—	9,940
Foreign currency translation	—	—	—	—	—	—	—	(142)	—	—	(142)
Stock-based compensation expense	—	—	—	—	—	—	1,611	—	—	—	1,611
Shares issued:											
Exercise of stock options	224,012	—	—	—	—	—	437	—	—	—	437
Balance at June 30, 2020	87,371,035	$ 10	100,000	$ 100	758,125	$ (71)	$ 362,272	$ (733)	$ (272,278)	$ —	$ 89,300
Net income	—	—	—	—	—	—	—	—	373	—	373
Foreign currency translation	—	—	—	—	—	—	—	(45)	—	—	(45)
Stock-based compensation expense	106,663	—	—	—	—	—	2,515	—	—	—	2,515
Shares issued:											
Exercise of stock options	1,059,644	—	—	—	—	—	3,089	—	—	—	3,089
Balance at September 30, 2020	88,537,342	$ 10	100,000	$ 100	758,125	$ (71)	$ 367,876	$ (778)	$ (271,905)	$ —	$ 95,232
Net income	—	—	—	—	—	—	—	—	14,515	—	14,515
Foreign currency translation	—	—	—	—	—	—	—	(132)	—	—	(132)
Stock-based compensation expense	15,768	—	—	—	—	—	160	—	—	—	160
Shares issued:											
Exercise of stock options	696,212	—	—	—	—	—	2,399	—	—	—	2,399
Balance at December 31, 2020	89,249,322	$ 10	100,000	$ 100	758,125	$ (71)	$ 370,435	$ (910)	$ (257,390)	$ —	$ 112,174

*De minimis adjustment to previously disclosed share count; no impact on quarter-to-date or year-to-date earnings per share in any period presented.

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

Digital Turbine, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)
December 31, 2021
(in thousands, except share and per share amounts)

1. Description of Business

Digital Turbine, Inc., through its subsidiaries (collectively "Digital Turbine" or the "Company"), is a leading end-to-end solution for mobile technology companies to enable advertising and monetization solutions. Its digital media platform powers frictionless end-to-end applications ("app" or "apps") for brand discovery and advertising, user acquisition and engagement, operational efficiency, and monetization opportunities. The Company provides on-device solutions to all participants in the mobile application ecosystem that want to connect with end users and consumers who hold the device, including mobile carriers and device original equipment manufacturers (“OEMs”) that participate in the app economy, app publishers and developers, and brands and advertising agencies.

2. Restatement of Condensed Consolidated Financial Statements

On May 11, 2022, management and the Audit Committee of the Board of Directors of the Company concluded (a) the Company will restate its financial statements for the three months ended June 30, 2021, the three and six months ended September 30, 2021, and the three and nine months ended December 31, 2021 (the “Relevant Periods”), and (b) the Company’s previously issued unaudited interim condensed consolidated financial statements for the Relevant Periods included in its Quarterly Reports on Form 10-Q for the Relevant Periods, as originally filed with the Securities and Exchange Commission on August 9, 2021, November 2, 2021, and February 8, 2022, respectively, should no longer be relied upon.

In connection with the integration of the Company’s recently acquired businesses (AdColony Holding AS and Fyber N.V. (the “Acquired Companies”)), management performed a review of the presentation of revenue and license fees and revenue share expense based on accounting guidance for revenue recognition, including considerations of principal and agent (or “gross and net”) presentation. After a detailed review of the Acquired Companies' product lines and related contracts with customers and publishers, the Company concluded each Acquired Company acts as an agent in certain of their respective product lines and, as a result, revenue for those product lines should be reported net of license fees and revenue share expense. Previously, all revenue of the Acquired Companies, which are reported as separate segments referred to as In App Media – AdColony ("IAM-A") and In App Media – Fyber ("IAM-F"), were reported on a gross basis. The Company’s legacy business, which is reported in a separate segment referred to as On Device Media, is not impacted by the change described above and it's revenue continues to be reported on a gross basis. Further, the acquisitions of the Acquired Companies were completed during the three-month period ended June 30, 2021, and, as a result, there is no impact to the fiscal year ended March 31, 2021.

In addition, management determined certain hosting costs for the Acquired Companies reported as product development expenses should be reclassified as other direct costs of revenue and general and administrative expenses.

The corrections have the effect of:

1. Decreasing both net revenue and license fees and revenue share in a like amount on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021;

2. Increasing other direct costs of revenue and decreasing product development expenses in a like amount on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021; and

3. Increasing other direct costs of revenue and general and administrative expenses and decreasing product development expenses in a like amount on the condensed consolidated statements of operations and comprehensive income / (loss) for the nine months ended December 31, 2021.

These corrections do not relate to or have any impact on the Company’s operating performance, income from operations, net income / (loss), or cash flows, and the financial position and liquidity of the Company remain unchanged.

The following table summarizes the impact of the restatements on select unaudited condensed consolidated statements of operations and comprehensive income / (loss) line items:

	Three months ended December 31, 2021			Nine months ended December 31, 2021		
	Reported	Adjustment	Restated	Reported	Adjustment	Restated
Net revenue	$ 375,487	$ (158,669)	$ 216,818	$ 898,307	$ (334,846)	$ 563,461
Costs of revenue and operating expenses						
License fees and revenue share	267,722	(158,669)	109,053	619,215	(334,846)	284,369
Other direct costs of revenue	5,125	3,965	9,090	11,496	9,889	21,385
Product development	17,720	(3,965)	13,755	51,171	(10,577)	40,594
Sales and marketing	15,857	—	15,857	47,072	—	47,072
General and administrative	39,924	—	39,924	104,537	688	105,225
Total costs of revenue and operating expenses	346,348	(158,669)	187,679	833,491	(334,846)	498,645
Income from operations	$ 29,139	$ —	$ 29,139	$ 64,816	$ —	$ 64,816

The adjustments in the table above also affect the tables and disclosures within Note 3, "Basis of Presentation and Summary of Significant Accounting Policies," Note 4, "Acquisitions," and Note 5, "Segment Information" of these financial statements.

3. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States (“GAAP”). The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The Company consolidates the financial results and reports non-controlling interests representing the economic interests held by other equity holders of subsidiaries that are not 100% owned by the Company. The calculation of non-controlling interests excludes any net income / (loss) attributable directly to the Company. All intercompany balances and transactions have been eliminated in consolidation.

These financial statements should be read in conjunction with the Company's audited financial statements and related notes included in its Annual Report on Form 10-K for the fiscal year ended March 31, 2021 (the "2021 Form 10-K").

Unaudited Interim Financial Information

These accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial reporting. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring items, considered necessary to present fairly the Company’s financial condition, results of operations, comprehensive income, stockholders’ equity, and cash flows for the interim periods indicated. The results of operations for the three and nine months ended December 31, 2021, are not necessarily indicative of the operating results for the full fiscal year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Significant estimates and assumptions reflected in the financial statements include revenue recognition, including the determination of gross versus net revenue reporting, allowance for credit losses, stock-based compensation, fair value of acquired intangible assets and goodwill, useful lives of acquired intangible assets and property and equipment, fair value of contingent earn-out considerations (please see Note 14, "Commitments and Contingencies," for further information on the fair value of the Company's contingent earn-out considerations), incremental borrowing rates for right-of-use assets and lease liabilities, and tax valuation allowances. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ materially from management’s estimates using different assumptions or under different conditions.

In light of the ongoing and quickly evolving COVID-19 pandemic, management has considered the impacts of the COVID-19 pandemic on the Company's critical and significant accounting estimates. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates or judgments or revise the carrying value of its assets or liabilities as a result of the COVID-19 pandemic. Management's estimates may change as new events occur and additional information is obtained. Actual results could differ from estimates and any such differences may be material to the Company's condensed consolidated financial statements.

Summary of Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies in Note 4, "Summary of Significant Accounting Policies," of the notes to the consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended March 31, 2021, other than changes for revenue recognition related to the principal-versus-agent presentation matter for the businesses acquired discussed below, "New Accounting Standards Adopted" disclosed below, and changes to the Company's segment reporting disclosed in Note 5, "Segment Information."

Revenue Recognition

The Company generates revenue from transactions for the purchase and sale of digital advertising inventory through our various platforms and service offerings. Generally, our revenue is based on a percentage of the ad spend through our platforms, although for certain service offerings, we receive a fixed cost-per-thousand ("CPM") or cost-per-install ("CPI") for ad impressions sold or app installs completed. We recognize revenue upon fulfillment of our performance obligation to our customers, which generally occurs at the point in time when an ad is rendered or an end consumer action, such as an app install, is completed.

On Device Media - Carriers and OEMs

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

ODM - Third-Party Advertisers

The Company generally offers these services through CPI, cost-per-placement ("CPP"), and/or cost-per-action ("CPA") arrangements with third-party advertisers, developers, agencies, and advertising aggregators, generally in the form of insertion orders. The insertion orders specify the type of arrangement and additional terms such as advertising campaign budgets and timelines as well as any constraints on advertising types. These customer contracts can be open ended in regards to length of time and can renew automatically unless terminated; however, specific advertising campaigns are generally short-term in nature. These agreements typically include the delivery of applications to home screens of mobile devices. Access to inventory of application slots is allocated by carriers or OEMs in the contracts identified above. The Company controls these application slots and markets it on behalf of the carriers and OEMs to the advertisers. The Company has concluded that the performance obligation within the contract is complete upon delivery of the application to the device. Revenue recognition related to CPI and CPA arrangements is dependent upon an action of the end user. As a result, the transaction price is variable and is fully constrained until an install or action occurs.

ODM - Programmatic Advertising and Targeted Media Delivery

The Company generally offers these services under CPM impression arrangements and page-view arrangements.

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

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

IAM-A and IAM-F - Marketplace

The Company, through its IAM-A and IAM-F segments provide platforms that allow demand-side platforms ("DSPs") and publishers to buy and sell ad inventory, respectively, in a programmatic, real-time bidding ("RTB") auction. The Company generally contracts with DSPs through an RTB Ad Exchange Agreement ("Exchange Agreement"). It also separately contracts with publishers through an Advertising insertion order or service order to provide access to its auction platform and the ad inventory available through the platform. The auction is held when ad inventory becomes available. AdColony will send bid requests to various DSPs, which may choose to bid on the available ad inventory. Once a DSP wins an auction, it must deliver an ad, which is generally served through the Company's software development kits ("SDK"). The entire auction process is nearly instantaneous. The Company bills the DSP based on the total number of impressions and the bid price. It then remits the payment to the publishers, net of a revenue share agreed with the publisher that is generally a percentage of the DSPs' total spending with the publisher through the platform.

IAM-A - Brand and Performance

The Company, through its IAM-A segment for its Brand and Performance offerings, contracts directly with advertisers or agencies. through insertion orders, that require the Company to fulfill advertising campaigns by identifying and purchasing targeted ad inventory and serving ads on behalf of the advertiser. The insertion orders or addendum communications provide advertising campaign details, such as campaign start and end date, target demographics, maximum budget, and rate. Rates are generally based on an end user action (CPI) or on a CPM basis. Revenue is recognized based on the rate and the number of impressions or end user actions at the time the ad is rendered or the end user action is completed.

Principal vs Agent Reporting

The determination of whether we act as a principal or as an agent in a transaction requires significant judgement and is based on an assessment of the terms of customer arrangements and the relevant accounting guidance. When we are the principal in a transaction, revenue is reported on a gross basis, which is the amount billed to DSPs, advertisers and agencies. When we are an agent in a transaction, revenues are reported net of license fees and revenue share paid to app publishers or developers.

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

The Company recognizes the transaction price received from advertisers, content providers, or websites gross and the carrier or OEM share of such transaction price as costs of revenue - license fees and revenue share - in the accompanying consolidated statements of operations and comprehensive income / (loss).

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

The Company has determined it is a principal for its Brand and Performance offerings as the advertisers or agencies provide parameters for their target audiences, as well as a budget for ad campaigns. Once an advertiser or advertising agency provides its specifications, the Company has the discretion to fulfill the campaign by utilizing its data and proprietary technology. The Company controls the service because it has the ultimate discretion in purchasing ad inventory; and once an ad inventory slot is purchased, filling that ad inventory slot. As a result, the Company reports the revenues billed to advertisers and agencies on a gross basis and revenue shares paid to publishers as license fees and revenue share.

The Company has determined it is an agent in transactions on its Marketplace platforms. The Company acts as an intermediary between DSPs and publishers by providing access to a platform and the SDKs that allow both parties to transact in the buying and selling of ad inventory. The transaction price is determined through a real-time auction and the Company has no pricing discretion or obligation related to the fulfillment of the advertising delivery.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2020-04

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2020-04,*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. These amendments provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. It is intended to help stakeholders during the global market-wide reference rate transition period.

ASU 2020-04 became effective for all entities as of March 12, 2020, and will continue through December 31, 2022. The Company is implementing a transition plan to identify and modify, if necessary, its loans and other financial instruments with attributes that are either directly or indirectly influenced by LIBOR. The Company is continuing to assess ASU 2020-04 and its impact on the Company's condensed consolidated financial statements.

Recently Adopted Accounting Standards

ASU 2019-12

In December 2019, the FASB issued ASU 2019-12,*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* The Company adopted this guidance as of April 1, 2021. ASU 2019-12 did not have a material impact on the Company's condensed consolidated financial statements upon adoption.

4. Acquisitions

Acquisition of Fyber N.V.

On May 25, 2021, the Company completed the initial closing of the acquisition of95.1% of the outstanding voting shares (the "Majority Fyber Shares") of Fyber N.V. ("Fyber") pursuant to a Sale and Purchase Agreement (the "Fyber Acquisition") between Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst (collectively, the "Seller"), the Company, and Digital Turbine Luxembourg S.ar.l., a wholly-owned subsidiary of the Company. The remaining outstanding shares in Fyber (the "Minority Fyber Shares") are (to the Company's knowledge) held by other shareholders of Fyber (the "Minority Fyber Shareholders") and are presented as non-controlling interests within these financial statements.

Fyber is a leading mobile advertising monetization platform empowering global app developers to optimize profitability through quality advertising. Fyber's proprietary technology platform and expertise in mediation, real-time bidding, advanced analytics tools, and video combine to deliver publishers and advertisers a highly valuable app monetization solution. Fyber represents an important and strategic addition for the Company in its mission to develop one of the largest full-stack, fully-independent, mobile advertising solutions in the industry. The combined platform offering is advantageously positioned to leverage the Company's existing on-device software presence and global distribution footprint.

The Company acquired Fyber in exchange for an estimated aggregate consideration of up to $600,000, consisting of:

i. Approximately $150,000 in cash, $124,336 of which was paid to the Seller at the closing of the acquisition and the remainder of which is to be paid to the Minority Fyber Shareholders for the Minority Fyber Shares pursuant to the tender offer described below;

ii. 5,816,588 newly-issued shares of common stock of the Company to the Seller, which such number of shares was determined based on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date, equal in value to $359,233 at the Company's common stock closing price on May 25, 2021, as follows.

   1. 3,216,935 newly-issued shares of common stock of the Company equal in value to $198,678, issued at the closing of the acquisition;

   2. 1,500,000 newly-issued shares of common stock of the Company equal in value to $92,640, issued on June 17, 2021;

   3. 1,040,364 newly-issued shares of common stock of the Company equal in value to $64,253, issued on July 16, 2021;

   4. 59,289 shares of common stock equal in value to $3,662, to be newly-issued during its fiscal second quarter 2022, but subject to a true-up reduction based on increased transaction costs associated with the staggered delivery of the Majority Fyber Shares to the Company, which true-up reduction has been finalized, as described below; and

iii. Contingent upon Fyber's net revenues (revenues less associated license fees and revenue share) being equal to or higher than $100,000 for the 12-month earn-out period ending on March 31, 2022, as determined in the manner set forth in the Sale and Purchase Agreement, a certain number of shares of the Company's common stock, which will be newly-issued to the Seller at the end of the earn-out period, and under certain circumstances, an amount of cash, which value of such shares, based on the weighted average share price for the 30-days prior to the end of the earn-out period, and cash in aggregate will not exceed $50,000 (subject to set-off against certain potential indemnification claims against the Seller). Based on estimates at the time of the acquisition, the Company initially determined it was unlikely Fyber would achieve the earn-out net revenue target and, as a result, no contingent liability was recognized at that time.

The Company paid the cash closing amount on the closing date with a combination of available cash-on-hand and borrowings under the Company's senior credit facility.

On September 30, 2021, the Company entered into the Second Amendment Agreement (the "Second Amendment Agreement") to the Sale and Purchase Agreement for the Fyber Acquisition. Pursuant to the Second Amendment Agreement, the parties agreed to settle the remaining number of shares of Company common stock to be issued to the Seller at 18,000 shares (i.e., a reduction of 41,289 shares from the 59,289 shares described in (ii)(4) above). As a result, the Company issued a total of 5,775,299 shares of Company common stock to the Seller in connection with the Company's acquisition of Fyber.

As of September 30, 2021, the Company determined it was likely Fyber would achieve the earn-out net revenue target, based on estimates available at that time. As a result, the Company recognized and accrued the fair value of the contingent earn-out consideration of $31,000.

As of December 31, 2021, the Company re-evaluated the fair value of the contingent earn-out consideration based on current estimates. The Company recognized a charge to change in fair value of contingent consideration on the condensed consolidated statement of operations and comprehensive income / (loss) of $18,200 for the three months ended December 31, 2021, resulting in a total accrued fair value of the contingent earn-out consideration of $49,200. The fair value of the contingent consideration is subject to material changes based upon certain assumptions, primarily the estimated likelihood of Fyber achieving the earn-out net revenue target. The Company will re-evaluate the fair value of the contingent consideration at the end of the earn-out period on March 31, 2022.

Pursuant to certain German law on public takeovers, following the closing, the Company launched a public tender offer to the Minority Fyber Shareholders to acquire from them the Minority Fyber Shares. The tender offer was approved and published in July 2021, and is subject to certain minimum price rules under German law. The timing and the conditions of the tender offer, including the consideration of €0.84 per share offered to the Minority Fyber Shareholders in connection with the tender offer, was determined by the Company pursuant to the applicable Dutch and German takeover laws. During the fiscal quarter ended September 30, 2021, the Company purchased approximately $21,000 of Fyber's outstanding shares, resulting in an ownership percentage of Fyber of approximately 99.4%. The Company expects to complete the purchase of the remaining outstanding Fyber shares during its fiscal fourth quarter 2022.

The delisting of Fyber's remaining outstanding shares on the Frankfurt Stock Exchange was completed on August 6, 2021.

The fair values of the assets acquired and liabilities assumed at the date of acquisition are presented on a preliminary basis and are as follows[1]:

	May 25, 2021		Measurement Period Adjustments		May 25, 2021 (adjusted)	
Assets acquired						
Cash	$	71,489	$	—	$	71,489
Accounts receivable		64,877		293		65,170
Other current assets		10,470		—		10,470
Property and equipment		1,561		—		1,561
Right-of-use asset		13,191		—		13,191
Publisher relationships		106,400		(95)		106,305
Developed technology		86,900		—		86,900
Trade names		32,100		474		32,574
Customer relationships		31,400		—		31,400
Favorable lease		1,483		—		1,483
Goodwill		303,015		(4,104)		298,911
Other non-current assets		851		—		851
Total assets acquired	**$**	**723,737**	**$**	**(3,432)**	**$**	**720,305**
Liabilities assumed						
Accounts payable	$	78,090	$	(1,501)	$	76,589
Accrued license fees and revenue share		5,929		—		5,929
Accrued compensation		52,929		—		52,929
Other current liabilities		12,273		(224)		12,049
Short-term debt		25,789		—		25,789
Deferred tax liability, net		25,213		707		25,920
Other non-current liabilities		15,386		—		15,386
Total liabilities assumed	**$**	**215,609**	**$**	**(1,018)**	**$**	**214,591**
Total purchase price	**$**	**508,128**	**$**	**(2,414)**	**$**	**505,714**

During the nine months ended December 31, 2021, the Company recorded a cumulative net measurement period adjustment that decreased goodwill by $4,104, as presented in the table above. The Company made these measurement period adjustments to reflect facts and circumstances that existed as of the acquisition date and did not result from intervening events subsequent to such date.

The excess of cost of the Fyber Acquisition over the net amounts assigned to the fair values of the net assets acquired was recorded as goodwill and was assigned to the Company's In App Media - Fyber segment. The goodwill consists largely of the expected cash flows and future growth anticipated for the Company. The goodwill is not deductible for tax purposes.

The identifiable intangible assets consist of publisher relationships, developed technology, trade names, customer relationships, and a favorable lease. The publisher relationships, developed technology, trade names, and customer relationships intangibles were assigned useful lives of 20.0 years, 7.0 years, 7.0 years, and 3.0 years, respectively. The below-market favorable lease was derived from Fyber's office lease in Berlin, Germany and, per ASC 842, *Leases*, will be combined with Fyber's right-of-use asset for that lease and will be amortized over the remaining life of that lease. The values for the identifiable intangible assets were determined using the following valuation methodologies:

[1] The purchase consideration was translated using the Euro-to-United States ("U.S.") dollar exchange rate in effect on the acquisition closing date, May 25, 2021, of approximately € 1.22 to $1.00.

- Publisher Relationships - Multi-Period Excess Earnings Method
- Developed Technology - Relief from Royalty Method
- Trade Names - Relief from Royalty Method
- Customer Relationships - With-and-Without Method
- Favorable Lease - Income Approach

The Company recognized $5,183 and $16,898 of costs related to the Fyber Acquisition, which were included in general and administrative expenses on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021, respectively.

Acquisition of AdColony Holding AS

On April 29, 2021, the Company completed the acquisition of AdColony Holding AS, a Norway company ("AdColony"), pursuant to a Share Purchase Agreement (the "AdColony Acquisition"). The Company acquired all outstanding capital stock of AdColony in exchange for an estimated total consideration in the range of $400,000 to $425,000, to be paid as follows: (1) $100,000 in cash paid at closing (subject to customary closing purchase price adjustments), (2) $100,000 in cash to be paid six months after closing, and (3) an estimated earn-out in the range of $200,000 to $225,000, to be paid in cash, based on AdColony achieving certain future target net revenues, less associated cost of goods sold (as such term is referenced in the Share Purchase Agreement), over a 12-month period ending on December 31, 2021 (the "Earn-Out Period"). Under the terms of the earn-out, the Company would pay the seller a certain percentage of actual net revenues (less associated cost of goods sold, as such term is referenced in the Share Purchase Agreement) of AdColony, depending on the extent to which AdColony achieves certain target net revenues (less associated cost of goods sold, as such term is referenced in the Share Purchase Agreement) over the Earn-Out Period. The earn-out payment will be made following the expiration of the Earn-Out Period.

AdColony is a leading mobile advertising platform servicing advertisers and publishers. AdColony's proprietary video technologies and rich media formats are widely viewed as a best-in-class technology delivering third-party verified viewability rates for well-known global brands. With the addition of AdColony, the Company will expand its collective experience, reach, and suite of capabilities to benefit mobile advertisers and publishers around the globe. Performance-based spending trends by large, established brand advertisers present material upside opportunities for platforms with unique technology deployable across exclusive access to inventory.

On August 27, 2021, the Company entered into an Amendment to Share Purchase Agreement (the "Amendment Agreement") with AdColony and Otello Corporation ASA, a Norway company ("Otello") and AdColony's previous parent company. Pursuant to the Amendment Agreement, the Company and Otello agreed to set a fixed dollar amount of $204,500 for the earn-out payment obligation, to set January 15, 2022, as the payment due date for such payment amount, and to eliminate all of the Company's earn-out support obligations under the Share Purchase Agreement. As a result, the Company recognized an $8,913 reduction of the earn-out payment obligation in change in fair value of contingent consideration on the condensed consolidated statement of operations and comprehensive income / (loss) for the fiscal second quarter ended September 30, 2021.

The Company paid the cash consideration amounts that were due at closing and on October 26, 2021, with a combination of available cash-on-hand and borrowings under the Company's senior credit facility. The Company intends to pay the remaining cash consideration with a combination of available cash-on-hand and borrowings under the Company's New Credit Agreement (as defined in Note 10, "Debt").

The payment made on October 26, 2021, was reduced to $98,175 due to an adjustment for the impact of accrued and unpaid taxes to the net working capital acquired. The difference between the amount due of $100,000 and amount paid resulted in an adjustment to goodwill.

The fair values of the assets acquired and liabilities assumed at the date of acquisition are presented on a preliminary basis and are as follows:

	April 29, 2021	Measurement Period Adjustments	April 29, 2021 (adjusted)
Assets acquired			
Cash	$ 24,793	$ —	$ 24,793
Accounts receivable	57,285	—	57,285
Other current assets	1,845	—	1,845
Property and equipment	1,566	—	1,566
Right-of-use asset	2,460	—	2,460
Customer relationships	102,400	(600)	101,800
Developed technology	51,100	—	51,100
Trade names	36,100	(100)	36,000
Publisher relationships	4,400	—	4,400
Goodwill	202,552	(3,502)	199,050
Other non-current assets	131	—	131
Total assets acquired	**$ 484,632**	**$ (4,202)**	**$ 480,430**
Liabilities assumed			
Accounts payable	$ 21,140	$ —	$ 21,140
Accrued license fees and revenue share	28,920	—	28,920
Accrued compensation	8,453	—	8,453
Other current liabilities	1,867	—	1,867
Deferred tax liability, net	10,520	(2,377)	8,143
Other non-current liabilities	1,770	—	1,770
Total liabilities assumed	**$ 72,670**	**$ (2,377)**	**$ 70,293**
Total purchase price	**$ 411,962**	**$ (1,825)**	**$ 410,137**

During the nine months ended December 31, 2021, the Company recorded a cumulative net measurement period adjustment that decreased goodwill by $3,502, as presented in the table above. The Company made these measurement period adjustments to reflect facts and circumstances that existed as of the acquisition date and did not result from intervening events subsequent to such date.

The excess of cost of the AdColony Acquisition over the net amounts assigned to the fair values of the net assets acquired was recorded as goodwill and was assigned to the Company’s In App Media - AdColony segment. The goodwill consists largely of the expected cash flows and future growth anticipated for the Company. The goodwill is not deductible for tax purposes.

The identifiable intangible assets consist of customer relationships, developed technology, trade names, and publisher relationships and were assigned useful lives of 8.0 years to 15.0 years, 7.0 years, 7.0 years, and 10.0 years, respectively. The values for the identifiable intangible assets were determined using the following valuation methodologies:

- Customer Relationships - Multi-Period Excess Earnings Method
- Developed Technology - Relief from Royalty Method
- Trade Names - Relief from Royalty Method
- Publisher Relationships - Cost Approach

The Company recognized $486 and $3,977 of costs related to the AdColony Acquisition, which were included in general and administrative expenses on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021, respectively.

Acquisition of Appreciate

On March 1, 2021, Digital Turbine, through its subsidiary Digital Turbine (EMEA) Ltd. ("DT EMEA"), an Israeli company and wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with Triapodi Ltd., an Israeli company (d/b/a Appreciate) ("Appreciate"), the stockholder representative, and the stockholders of Appreciate, pursuant to which DT EMEA acquired, on March 2, 2021, all of the outstanding capital stock of Appreciate in exchange for total consideration of $20,003 in cash (the "Appreciate Acquisition"). Under the terms of the Purchase Agreement, DT EMEA entered into bonus arrangements to pay up to $6,000 in retention bonuses and performance bonuses to the founders and certain other employees of Appreciate. None of the goodwill recognized was deductible for tax purposes.

The acquisition of Appreciate delivers valuable deep ad-tech and algorithmic expertise to help Digital Turbine execute on its broader, longer-term vision. Deploying Appreciate's technology expertise across Digital Turbine's global scale and reach should further benefit partners and advertisers that are a part of the combined Company's platform.

Acquisition Purchase Price Liability

The Company has recognized acquisition purchase price liability of $253,700 on its condensed consolidated balance sheet as of December 31, 2021, comprised of the following components:

- $204,500 of contingent earn-out consideration for the AdColony Acquisition
- $49,200 of contingent earn-out consideration for the Fyber Acquisition

Pro Forma Financial Information (Unaudited)

The pro forma information below gives effect to the Fyber Acquisition, the AdColony Acquisition, and the Appreciate Acquisition (collectively, the "Acquisitions") as if they had been completed on the first day of each period presented. The pro forma results of operations are presented for information purposes only. As such, they are not necessarily indicative of the Company's results had the Acquisitions been completed on the first day of each period presented, nor do they intend to represent the Company's future results. The pro forma information does not reflect any cost savings from operating efficiencies or synergies that could result from the Acquisitions and does not reflect additional revenue opportunities following the Acquisitions. The pro forma information includes adjustments to record the assets and liabilities associated with the Acquisitions at their respective fair values, which are preliminary at this time, based on available information, and to give effect to the financing for the Acquisitions.

	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
	Restated		Restated	
	(in thousands, except per share amounts)			
Net revenue	$ 216,818	$ 163,278	$ 585,858	$ 389,651
Net income / (loss) attributable to controlling interest	$ 7,014	$ 19,183	$ (17,255)	$ 15,226
Basic net income / (loss) attributable to controlling interest per common share	$ 0.07	$ 0.20	$ (0.18)	$ 0.16
Diluted net income / (loss) attributable to controlling interest per common share	$ 0.07	$ 0.19	$ (0.18)	$ 0.15

5. Segment Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company has determined that its Chief Executive Officer ("CEO") is the CODM.

Prior to the acquisitions of both AdColony and Fyber disclosed above in Note 4, "Acquisitions," the Company had one operating and reportable segment called Media Distribution. As a result of the acquisitions, the Company reassessed its operating and reportable segments in accordance with ASC 280, *Segment Reporting*. Effective April 1, 2021, the Company reports its results of operations through the following three segments, each of which represents an operating and reportable segment, as follows:

- **On Device Media ("ODM") -** This segment is the legacy single operating and reporting segment of Digital Turbine prior to the AdColony and Fyber acquisitions. This segment generates revenues from services that deliver mobile application media or content media to end users. The Company provides ODM solutions to all participants in the mobile application ecosystem that want to connect with end users and consumers who hold the device, including mobile carriers and device original equipment manufacturers ("OEMs") that participate in the app economy, app publishers and developers, and brands and advertising agencies. This segment's product offerings are enabled through relationships with mobile device carriers and OEMs.

- **In App Media – AdColony ("IAM-A") -** This segment is inclusive of the acquired AdColony business and generates revenues from services provided as an end-to-end platform for brands, agencies, publishers, and application developers to deliver advertising to consumers on mobile devices around the world. IAM-A customers are primarily advertisers.

- **In App Media – Fyber ("IAM-F") -** This segment is inclusive of the acquired Fyber business and generates revenues from services provided to mobile application developers and digital publishers to monetize their content through advanced technologies, innovative advertisement formats, and data-driven decision making. IAM-F customers are primarily publishers.

The Company's CODM evaluates segment performance and makes resource allocation decisions primarily through the metric of net revenues less associated license fees and revenue share, as shown in the segment information summary table below. The Company's CODM does not allocate other direct costs of revenues, operating expenses, interest and other income / (expense), net, or provision for income taxes to these segments for the purpose of evaluating segment performance. Additionally, the Company does not allocate assets to segments for internal reporting purposes as the CODM does not manage the Company's segments by such metrics.

A summary of segment information follows:

	Three months ended December 31, 2021				
		Restated	Restated	Restated	Restated
	ODM	IAM-A	IAM-F	Eliminations	Consolidated
Net revenues	$ 133,594	$ 58,425	$ 30,688	$ (5,889)	$ 216,818
License fees and revenue share	86,504	28,438	—	(5,889)	109,053
Segment profit	$ 47,090	$ 29,987	$ 30,688	$ —	$ 107,765

	Three months ended December 31, 2020				
	ODM	IAM-A	IAM-F	Eliminations	Consolidated
Net revenues	$ 88,592	$ —	$ —	$ —	$ 88,592
License fees and revenue share	50,144	—	—	—	50,144
Segment profit	$ 38,448	$ —	$ —	$ —	$ 38,448

	Nine months ended December 31, 2021				
		Restated	Restated	Restated	Restated
	ODM	IAM-A	IAM-F	Eliminations	Consolidated
Net revenues	$ 383,426	$ 129,368	$ 63,396	$ (12,729)	$ 563,461
License fees and revenue share	232,122	64,976	—	(12,729)	284,369
Segment profit	$ 151,304	$ 64,392	$ 63,396	$ —	$ 279,092

	Nine months ended December 31, 2020				
	ODM	IAM-A	IAM-F	Eliminations	Consolidated
Net revenues	$ 218,497	$ —	$ —	$ —	$ 218,497
License fees and revenue share	122,976	—	—	—	122,976
Segment profit	$ 95,521	$ —	$ —	$ —	$ 95,521

Geographic Area Information

Long-lived assets, excluding deferred tax assets and intangible assets, by region follow:

	December 31, 2021	March 31, 2021
United States and Canada	$ 20,026	$ 12,995
Europe, Middle East, and Africa	5,729	40
Asia Pacific and China	107	15
Mexico, Central America, and South America	—	—
Consolidated property and equipment, net	$ 25,862	$ 13,050

Net revenue by geography is based on the billing addresses of the Company's customers and a reconciliation of disaggregated revenue by segment follows:

	Three months ended December 31, 2021			
		Restated	Restated	Restated
	ODM	IAM-A	IAM-F	Total
United States and Canada	$ 74,431	$ 27,852	$ 17,386	$ 119,6
Europe, Middle East, and Africa	35,667	25,856	8,441	69,9
Asia Pacific and China	19,877	3,790	4,757	28,4
Mexico, Central America, and South America	3,619	927	104	4,6
Elimination	—	—	—	(5,8
Consolidated net revenue	$ 133,594	$ 58,425	$ 30,688	$ 216,8

	Three months ended December 31, 2020			
	ODM	IAM-A	IAM-F	Total
United States and Canada	$ 59,192	$ —	$ —	$ 59,1
Europe, Middle East, and Africa	21,168	—	—	21,1
Asia Pacific and China	7,047	—	—	7,0
Mexico, Central America, and South America	1,185	—	—	1,1
Consolidated net revenue	$ 88,592	$ —	$ —	$ 88,5

	Nine months ended December 31, 2021			
		Restated	Restated	Restated
	ODM	IAM-A	IAM-F	Total
United States and Canada	$ 220,662	$ 60,912	$ 35,198	$ 316,7
Europe, Middle East, and Africa	96,318	57,332	16,925	170,5
Asia Pacific and China	54,636	9,028	11,062	74,7
Mexico, Central America, and South America	11,810	2,096	211	14,1
Elimination	—	—	—	(12,7
Consolidated net revenue	$ 383,426	$ 129,368	$ 63,396	$ 563,4

	Nine months ended December 31, 2020			
	ODM	IAM-A	IAM-F	Total
United States and Canada	$ 144,550	$ —	$ —	$ 144,5
Europe, Middle East, and Africa	54,051	—	—	54,0
Asia Pacific and China	18,159	—	—	18,1
Mexico, Central America, and South America	1,737	—	—	1,7
Consolidated net revenue	$ 218,497	$ —	$ —	$ 218,4

6. Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill, net, by segment follow:

	ODM	IAM-A	IAM-F	Consolidated
Goodwill as of March 31, 2021	$ 80,176	$ —	$ —	$ 80,176
Purchase of AdColony	—	199,050	—	199,050
Purchase of Fyber	—	—	298,911	298,911
Foreign currency translation and other	—	(10)	(23,152)	(23,162)
Goodwill as of December 31, 2021	$ 80,176	$ 199,040	$ 275,759	$ 554,975

Intangible Assets

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

	As of December 31, 2021 (Unaudited)			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	12.34 years	$ 173,408	$ (16,488)	$ 156,920
Developed technology	6.51 years	151,973	(23,675)	128,298
Trade names	6.44 years	68,260	(6,374)	61,886
Publisher relationships	19.00 years	102,587	(3,156)	99,431
Total		$ 496,228	$ (49,693)	$ 446,535

	As of March 31, 2021			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	16.81 years	$ 46,400	$ (4,171)	$ 42,229
Developed technology	9.12 years	20,526	(11,141)	9,385
Trade names	9.92 years	2,000	(314)	1,686
Total		$ 68,926	$ (15,626)	$ 53,300

The Company recorded amortization expense of $13,773 and $34,873, respectively, during the three and nine months ended December 31, 2021, and $670 and $2,011, respectively, during the three and nine months ended December 31, 2020, in general and administrative expenses on the condensed consolidated statements of operations and comprehensive income / (loss).

Estimated amortization expense in future fiscal years is expected to be:

Remainder of fiscal year 2022	$ 13,561
Fiscal year 2023	54,243
Fiscal year 2024	54,243
Fiscal year 2025	46,147
Fiscal year 2026	44,240
Thereafter	234,101
Total	$ 446,535

7. Accounts Receivable

	December 31, 2021 (Unaudited)	March 31, 2021
Billed	$ 201,814	$ 28,636
Unbilled	97,028	38,837
Allowance for credit losses	(7,642)	(5,488)
Accounts receivable, net	$ 291,200	$ 61,985

Billed accounts receivable represent amounts billed to customers for which the Company has an unconditional right to consideration. Unbilled accounts receivable represents revenues recognized but billed after period-end. All unbilled receivables as of December 31, 2021, and March 31, 2021, are expected to be billed and collected (subject to the allowance for credit losses) within twelve months.

Allowance for Credit Losses

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

The Company recorded $512 and $693 of bad debt expense during the three and nine months ended December 31, 2021, respectively, and $187 and $415 of bad debt expense during the three and nine months ended December 31, 2020, respectively, in general and administrative expenses on the condensed consolidated statements of operations and comprehensive income / (loss).

8. Property and Equipment

	December 31, 2021 (Unaudited)	March 31, 2021
Computer-related equipment	$ 2,676	$ 2,263
Developed software	33,510	18,473
Furniture and fixtures	1,966	714
Leasehold improvements	3,724	2,182
Property and equipment, gross	41,876	23,632
Accumulated depreciation	(16,014)	(10,582)
Property and equipment, net	$ 25,862	$ 13,050

Depreciation expense was $2,192 and $6,073 for the three and nine months ended December 31, 2021, respectively, and $1,151 and $3,052 for the three and nine months ended December 31, 2020, respectively. Depreciation expense for the three and nine months ended December 31, 2021, includes $1,316 and $3,137, respectively, related to internal-use assets included in general and administrative expense and $1,510 and $2,936, 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 nine months ended December 31, 2020, includes $403 and $1,081, respectively, related to internal-use assets included in general and administrative expense and $748 and $1,971, respectively, related to internally-developed software to be sold, leased, or otherwise marketed included in other direct costs of revenue.

9. Leases

The Company has entered into various non-cancellable operating lease agreements for certain offices as well as assumed various leases through its recent acquisitions. These leases currently have lease periods expiring between fiscal years 2022 and 2029. The lease agreements may include one or more options to renew. Renewals were not assumed in the Company's determination of the lease term unless the renewals were deemed to be reasonably assured at lease commencement. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The components of lease costs, weighted-average lease term, and discount rates are detailed below.

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

		December 31, 2021
		(Unaudited)
Remainder of fiscal year 2022	$	1,277
Fiscal year 2023		4,576
Fiscal year 2024		4,101
Fiscal year 2025		3,028
Fiscal year 2026		2,578
Thereafter		3,000
Total undiscounted cash flows		18,560
(Less imputed interest)		(1,626)
Present value of lease liabilities	$	16,934

The current portion of the Company's lease liabilities, payable within the next 12 months, is included inother current liabilities, and the long-term portion of the Company's lease liabilities is included in other non-current liabilities on the condensed consolidated balance sheets.

Associated with these financial liabilities, the Company has right-of-use assets of $16,657 as of December 31, 2021, which is calculated using the present value of lease liabilities less any lease incentives received from landlords and any deferred rent liability balances as of the date of implementation. The discount rates used to calculate the imputed interest above range from 2.00% to 6.75% and the weighted-average remaining lease term is 4.76 years.

10. Debt

The following table summarizes borrowings under the Company's debt obligations and the associated interest rates:

	December 31, 2021			
		Balance	Interest Rate	Unused Line Fee
Revolver (subject to variable rate)	$	345,134	1.99 %	0.30 %
Fyber - Bank Leumi (subject to variable rate)	$	12,501	5.90 %	1.00 %

Debt obligations on the condensed consolidated balance sheets consist of the following:

		December 31, 2021		March 31, 2021
		(Unaudited)		
Revolver	$	345,134	$	15,000
Less: Debt issuance costs		(3,544)		(443)
Debt assumed through Fyber Acquisition		12,501		—
Total debt, net		354,091		14,557
Less: Current portion of debt		(12,501)		(14,557)
Non-current debt	$	341,590	$	—

Revolver

On February 3, 2021, the Company entered into a credit agreement (the "Credit Agreement") with Bank of America, N.A. (“BoA”), which provides for a revolving line of credit (the "Revolver") of up to $100,000 with an accordion feature enabling the Company to increase the total amount up to $200,000. Funds are to be used for acquisitions, working capital, and general corporate purposes. The Credit Agreement contains customary covenants, representations, and events of default and also requires the Company to comply with a maximum consolidated leverage ratio and minimum fixed charge coverage ratio.

The Company incurred debt issuance costs of $469 to secure the Revolver and had $15,000 drawn against the Revolver, classified as short-term debt on the condensed consolidated balance sheet, with remaining unamortized debt issuance costs of $443 as of March 31, 2021. Deferred debt issuance costs associated with the Revolver are recorded as a reduction of the carrying value of the debt on the condensed consolidated balance sheets. All deferred debt issuance costs are amortized on a straight-line basis over the term of the loan to interest expense.

On April 29, 2021, the Company amended and restated the Credit Agreement (the "New Credit Agreement") with BoA, as a lender and administrative agent, and a syndicate of other lenders, which provided for a revolving line of credit of up to $400,000. The revolving line of credit matures on April 29, 2026, and contains an accordion feature enabling the Company to increase the total amount of the revolver by $75,000 plus an amount that would enable the Company to remain in compliance with its consolidated secured net leverage ratio, on such terms as agreed to by the parties. The New Credit Agreement contains customary covenants, representations, and events of default and also requires the Company to comply with a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio.

On December 29, 2021, the Company amended the New Credit Agreement (the "First Amendment"), which provides for an increase in the revolving line of credit by $125,000, which increased the maximum aggregate principal amount of the revolving line of credit to $525,000. The First Amendment made no other changes to the term or interest rates of the New Credit Agreement.

The Company incurred debt issuance costs of $4,044 for the New Credit Agreement, inclusive of costs incurred for the First Amendment. The Company had $345,134 drawn against the New Credit Agreement, classified as long-term debt on the condensed consolidated balance sheet, with remaining unamortized debt issuance costs of $3,544 as of December 31, 2021. Deferred debt issuance costs associated with the New Credit Agreement and First Amendment are recorded as a reduction of the carrying value of the debt on the condensed consolidated balance sheets. All deferred debt issuance costs are amortized on a straight-line basis over the term of the loan to interest expense.

Amounts outstanding under the New Credit Agreement accrue interest at an annual rate equal to, at the Company's election, (i) London Inter-Bank Offered Rate ("LIBOR") plus between 1.50% and 2.25%, based on the Company's consolidated leverage ratio, or (ii) a base rate based upon the highest of (a) the federal funds rate plus 0.50%, (b) BoA's prime rate, or (c) LIBOR plus 1.00% plus between 0.50% and 1.25%, based on the Company's consolidated leverage ratio. Additionally, the New Credit Agreement is subject to an unused line of credit fee between 0.15% and 0.35% per annum, based on the Company's consolidated leverage ratio. As of December 31, 2021, the interest rate was 1.99% and the unused line of credit fee was 0.30%.

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

As of December 31, 2021, the Company had $179,866 available to withdraw on the revolving line of credit under the New Credit Agreement and was in compliance with all covenants. The fair value of the Company's outstanding debt approximates its carrying value.

Subsequently to December 31, 2021, the Company drew an additional $179,000 against the New Credit Agreement. The proceeds, combined with available cash-on-hand, were used to satisfy the AdColony Acquisition earn-out payment of $204,500, which was made on January 15, 2022.

Debt Assumed Through Fyber Acquisition

As a part of the Fyber Acquisition, the Company assumed $25,789 of debt previously held by Fyber. This debt was comprised of amounts drawn against three separate revolving lines of credit. The Company settled two of the three revolving lines of credit, resulting in payments of $13,288, during the nine months ended December 31, 2021. Details for the remaining line of credit can be found in the first table in this note. The remaining revolving line of credit from Bank Leumi matures on January 30, 2022. The balance of this line of credit is classified as short-term debt on the condensed consolidated balance sheet as of December 31, 2021.

Interest income / (expense), net

Interest income / (expense), net, amortization of debt issuance costs, and unused line of credit fees were recorded in interest and other income / (expense), net, on the condensed consolidated statements of operations and comprehensive income, as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Interest income / (expense), net	$ (1,940)	$ (266)	$ (4,565)	$ (859)
Amortization of debt issuance costs	(190)	—	(500)	—
Unused line of credit fees and other	(65)	—	(242)	—
Total interest income / (expense), net	$ (2,195)	$ (266)	$ (5,307)	$ (859)

11. Stock-Based Compensation

Equity Plan Activity

The following table summarizes stock option activity:

	Number of Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding as of March 31, 2021	8,146,445	$ 4.01	6.86	$ 622,249
Granted	642,507	71.12		
Forfeited / Cancelled	(288,460)	18.57		
Exercised	(859,564)	3.28		
Options outstanding as of December 31, 2021	7,640,928	$ 9.17	6.21	$ 402,471
Vested and expected to vest (net of estimated forfeitures) at December 31, 2021	7,553,669	$ 8.88	6.18	$ 399,790
Exercisable as of December 31, 2021	5,813,445	$ 4.19	5.48	$ 331,487

At December 31, 2021 and 2020, total unrecognized stock-based compensation expense related to unvested stock options, net of estimated forfeitures, was $24,233 and $6,495, respectively, with expected remaining weighted-average recognition periods of 2.26 years and 2.12 years, respectively.

The following table summarizes restricted stock unit ("RSU") and restricted stock award ("RSA") activity:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested restricted shares outstanding as of March 31, 2021	333,544	$ 4.55
Granted	332,061	45.62
Vested	(298,350)	3.69
Cancelled	(3,526)	13.88
Unvested restricted shares outstanding as of December 31, 2021	363,729	$ 42.65

At December 31, 2021 and 2020, total unrecognized stock-based compensation expense related to RSUs and RSAs was $9,448 and $1,463, respectively, with expected remaining weighted-average recognition periods of 1.86 years and 2.01 years, respectively.

Stock-Based Compensation Expense

As of December 31, 2021, 11,304,613 shares of common stock were available for issuance as future awards under the Company's equity incentive plans. Stock-based compensation expense for the three and nine months ended December 31, 2021, was $5,739 and $15,369, respectively, and was recorded within general and administrative expenses on the condensed consolidated statements of operations and comprehensive income. Stock-based compensation expense for the three and nine months ended December 31, 2020, was $160 and $4,286, respectively, and was recorded within general and administrative expenses on the condensed consolidated statements of operations and comprehensive income.

12. Earnings per Share

Basic net income per common share is calculated by dividing net income by the weighted-average number of shares of common stock outstanding during the period.

Diluted net income per common share is calculated by dividing net income by the weighted-average number of shares of common stock outstanding during the period and including the dilutive effects of employee stock-based awards outstanding during the period.

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

	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Net income	7,062	14,515	15,428	24,8
Less: net income / (loss) attributable to non-controlling interest	48	—	(18)	
Net income attributable to Digital Turbine, Inc.	$ 7,014	$ 14,515	$ 15,446	$ 24,8
Weighted-average common shares outstanding, basic	96,548	89,003	94,620	88,1
Basic net income per common share attributable to Digital Turbine, Inc.	$ 0.07	$ 0.16	$ 0.16	$ 0.
Weighted-average common shares outstanding, diluted	103,287	96,976	101,346	95,5
Diluted net income per common share attributable to Digital Turbine, Inc.	$ 0.07	$ 0.15	$ 0.15	$ 0.

13. Income Taxes

The Company's 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, *Accounting for Income Taxes*, jurisdictions forecasting losses that are not benefited due to valuation allowances are not included in our forecasted effective tax rate.

During the three and nine months ended December 31, 2021, a tax provision of $3,718 and $4,799, respectively, resulted in an effective tax rate of 34.5% and 23.7%, respectively. Differences between the tax provision and the statutory rate primarily relate to state income taxes, nontaxable adjustments to the AdColony and Fyber earn-outs, and tax deductions for stock compensation that exceed the book expense.

The Company recorded a net increase to deferred tax liabilities of $35,733 in the fiscal first quarter 2022 ended June 30, 2021, related to the AdColony and Fyber acquisitions. The increase in deferred tax liabilities primarily resulted from the revaluation of the acquired intangible assets. The Company's valuation allowance increased by $13,667 for certain acquired deferred tax assets of Fyber GmbH due to a history of losses in the taxing jurisdiction. Net operating loss (NOL) carryforwards acquired in the AdColony and Fyber acquisitions were as follows:

AdColony

Jurisdiction	NOLs	Expiration Dates
U.S. Federal	$60,924	2032 through 2037
U.S. Federal	$47,704	Indefinite
State taxing jurisdictions	$129,685	2026 through 2041

Fyber

Jurisdiction	NOLs	Expiration Dates
Germany	$90,203	Indefinite
Israel	$17,885	Indefinite

During the three and nine months ended December 31, 2020, a tax provision of $1,061 and $2,098 resulted in an effective tax rate of 6.8% and 7.8%, respectively. Differences in the tax provision and statutory rate are primarily due to changes in the valuation allowance.

14. Commitments and Contingencies

Contingent Earn-Out Considerations

The Company's acquisitions of AdColony and Fyber include contingent earn-out considerations as part of the purchase prices, under which it will make future payments or issue shares of common stock to the sellers upon the achievement of certain benchmarks.

AdColony

Under the terms of the Share Purchase Agreement for the AdColony Acquisition, the Company must pay an earn-out estimated between $200,000 to $225,000 in cash following December 31, 2021. On August 27, 2021, the Company entered into an Amendment to Share Purchase Agreement (the “Amendment Agreement”) with AdColony and Otello Corporation ASA, a Norway company (“Otello”) and AdColony's previous parent company. Pursuant to the Amendment Agreement, the Company and Otello agreed to set a fixed dollar amount of $204,500 for the earn-out payment obligation, to set January 15, 2022, as the payment due date for such payment amount, and to eliminate all of the Company’s earn-out support obligations under the Share Purchase Agreement. This amount is included in acquisition purchase price liabilities on the condensed consolidated balance sheet as of December 31, 2021 and was paid in full on January 15, 2022.

Fyber

Under the terms of the Fyber Acquisition, the Company may have to make an earn-out payment of up to $50,000 through the issuance of a variable number of shares of its common stock or, under certain circumstances, cash, if Fyber's net revenues are equal to or higher than $100,000 for the 12-month period ending on March 31, 2022. As of December 31, 2021, the Company estimates the fair value of this payment to be $49,200. See Note 4, "Acquisitions," for additional discussion regarding the Fyber earn-out payment.

Acquisition Purchase Price Liability

The Company has recognized acquisition purchase price liabilities of $253,700 on its condensed consolidated balance sheet as of December 31, 2021, comprised of the following components:

- $204,500 of earn-out consideration for the AdColony Acquisition
- $49,200 of contingent earn-out consideration for the Fyber Acquisition

Hosting Agreements

The Company enters into hosting agreements with service providers and in some cases, those agreements include minimum commitments that require the Company to purchase a minimum amount of service over a specified time period ("the minimum commitment period"). The minimum commitment period is generally one-year in duration and the hosting agreements include multiple minimum commitment periods. Our minimum purchase commitments under these hosting agreements total approximately $228,800 over the next five years.

15. Subsequent Events

Debt

Subsequently to December 31, 2021, the Company drew an additional $179,000 against the New Credit Agreement. The proceeds, combined with available cash-on-hand, were used to satisfy the AdColony Acquisition earn-out payment, which was made on January 15, 2022.

Acquisition of AdColony

On January 15, 2022, the Company paid the AdColony Acquisition earn-out consideration of $204,500 with available cash-on-hand and borrowings under the New Credit Agreement.

Please refer to Note 4, "Acquisitions," for further information regarding the AdColony Acquisition.

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 condensed consolidated 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 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements involve substantial risks and uncertainties. When used in this Report, the words "anticipate," "believe," "estimate," "expect," "will," "seeks," "should," "could," "would," "may," and similar expressions, as they relate to our management or us, are intended to identify such forward-looking statements. Our actual results, performance, or achievements could differ materially from those expressed in or implied by these forward-looking statements as a result of a variety of factors, including those set forth under "Risk Factors" in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2021, 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 (collectively "Digital Turbine" or the "Company"), is a leading end-to-end solution for mobile technology companies to enable advertising and monetization solutions. Its digital media platform powers frictionless end-to-end application for brand discovery and advertising, user acquisition and engagement, operational efficiency, and monetization opportunities. The Company provides on-device solutions to all participants in the mobile application ecosystem that want to connect with end users and consumers who hold the device, including mobile carriers and device original equipment manufacturers ("OEMs") that participate in the app economy, app publishers and developers, and brands and advertising agencies.

Recent Developments

Credit Agreement

On February 3, 2021, the Company entered into a credit agreement (the "Credit Agreement") with Bank of America, N.A. ("BoA"), which provides for a revolving line of credit (the "Revolver") of up to $100,000 with an accordion feature enabling the Company to increase the total amount up to $200,000. Funds are to be used for acquisitions, working capital, and general corporate purposes. The Credit Agreement contains customary covenants, representations, and events of default and also requires the Company to comply with a maximum consolidated leverage ratio and minimum fixed charge coverage ratio.

On April 29, 2021, the Company entered into an amended and restated Credit Agreement (the "New Credit Agreement") with BoA, as a lender and administrative agent, and a syndicate of other lenders, which provides for a revolving line of credit of up to $400,000. The revolving line of credit matures on April 29, 2026 and contains an accordion feature enabling the Company to increase the total amount of the revolver by $75,000 plus an amount that would enable the Company to remain in compliance with its consolidated secured net leverage ratio, on such terms as agreed to by the parties. The New Credit Agreement contains customary covenants, representations, and events of default and also requires the Company to comply with a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio.

On December 29, 2021, the Company amended the New Credit Agreement (the "First Amendment"), which provides for an increase in the revolving line of credit by $125,000, which increased the maximum aggregate principal amount of the revolving line of credit to $525,000. The First Amendment made no other changes to the term or interest rates of the New Credit Agreement.

Amounts outstanding under the New Credit Agreement accrue interest at an annual rate equal to, at the Company’s election, (i) the London Inter-Bank Offered Rate ("LIBOR") plus between 1.50% and 2.25%, based on the Company’s consolidated leverage ratio, or (ii) a base rate based upon the highest of (a) the federal funds rate plus 0.50%, (b) BoA's prime rate, or (c) LIBOR plus 1.00% plus between 0.50% and 1.25%, based on the Company’s consolidated leverage ratio. Additionally, the New Credit Agreement is subject to an unused line of credit fee between 0.15% and 0.35% per annum, based on the Company’s consolidated leverage ratio.

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

As of December 31, 2021, we had $345,134 drawn against the revolving line of credit under the New Credit Agreement. The proceeds were used to finance the acquisitions detailed below. As of December 31, 2021, we were in compliance with the consolidated leverage ratio, interest coverage ratio, and other covenants under the New Credit Agreement.

Subsequently to December 31, 2021, the Company drew an additional $179,000 against the New Credit Agreement. The proceeds, combined with available cash-on-hand, were used to satisfy the AdColony Acquisition earn-out payment described below, which was made on January 15, 2022.

Acquisitions

Appreciate On March 1, 2021, Digital Turbine, through its subsidiary Digital Turbine (EMEA) Ltd. ("DT EMEA"), an Israeli company and wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with Triapodi Ltd., an Israeli company (d/b/a Appreciate) (“Appreciate”), the stockholder representative, and the stockholders of Appreciate, pursuant to which DT EMEA acquired, on March 2, 2021, all of the outstanding capital stock of Appreciate in exchange for total consideration of $20,003 in cash (the "Appreciate Acquisition"). Under the terms of the Purchase Agreement, DT EMEA entered into bonus arrangements to pay up to $6,000 in retention bonuses and performance bonuses to the founders and certain other employees of Appreciate. None of the goodwill recognized was deductible for tax purposes.

The acquisition of Appreciate delivers valuable deep ad-tech and algorithmic expertise to help Digital Turbine execute on its broader, longer-term vision. Deploying Appreciate's technology expertise across Digital Turbine’s global scale and reach should further benefit partners and advertisers that are a part of the combined Company’s platform.

AdColony Holding AS. On April 29, 2021, the Company completed the acquisition of AdColony Holding AS, a Norway company (“AdColony”), pursuant to a Share Purchase Agreement (the "AdColony Acquisition"). The Company acquired all outstanding capital stock of AdColony in exchange for an estimated total consideration in the range of $400,000 to $425,000, to be paid as follows: (1) $100,000 in cash paid at closing (subject to customary closing purchase price adjustments), (2) $100,000 in cash to be paid six months after closing, and (3) an estimated earn-out in the range of $200,000 to $225,000, to be paid in cash, based on AdColony achieving certain future target net revenues, less associated cost of goods sold (as such term is referenced in the Share Purchase Agreement), over a 12-month period ending on December 31, 2021 (the “Earn-Out Period”). Under the terms of the earn-out, the Company would pay the seller a certain percentage of actual net revenues (less associated cost of goods sold, as such term is referenced in the Share Purchase Agreement) of AdColony, depending on the extent to which AdColony achieves certain target net revenues (less associated cost of goods sold, as such term is referenced in the Share Purchase Agreement) over the Earn-Out Period. The earn-out payment will be made following the expiration of the Earn-Out Period.

AdColony is a leading mobile advertising platform servicing advertisers and publishers. AdColony’s proprietary video technologies and rich media formats are widely viewed as a best-in-class technology delivering third-party verified viewability rates for well-known global brands. With the addition of AdColony, the Company will expand its collective experience, reach, and suite of capabilities to benefit mobile advertisers and publishers around the globe. Performance-based spending trends by large, established brand advertisers present material upside opportunities for platforms with unique technology deployable across exclusive access to inventory.

On August 27, 2021, the Company entered into an Amendment to Share Purchase Agreement (the "Amendment Agreement") with AdColony and Otello Corporation ASA, a Norway company ("Otello") and AdColony's previous parent company. Pursuant to the Amendment Agreement, the Company and Otello agreed to set a fixed dollar amount of $204,500 for the earn-out payment obligation, to set January 15, 2022, as the payment due date for such payment amount, and to eliminate all of the Company's earn-out support obligations under the Share Purchase Agreement. As a result, the Company recognized an $8,913 reduction of the earn-out payment obligation in change in fair value of contingent consideration on the condensed consolidated statement of operations and comprehensive income / (loss) for the fiscal second quarter ended September 30, 2021.

The Company paid the fixed earn-out payment obligation of $204,500 in full on January 15, 2022. The Company paid the cash consideration amounts that were due at closing, on October 26, 2021, and on January 15, 2022, with a combination of available cash-on-hand and borrowings under the Company's senior credit facility.

The payment made on October 26, 2021, was reduced to $98,175 due to an adjustment for the impact of accrued and unpaid taxes to the net working capital acquired. The difference between the amount due of $100,000 and amount paid resulted in an adjustment to goodwill.

The Company recognized $486 and $3,977 of costs related to the AdColony Acquisition, which were included in general and administrative expenses on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021, respectively.

Fyber N.V. On May 25, 2021, the Company completed the initial closing of the acquisition of at least 95.1% of the outstanding voting shares (the "Majority Fyber Shares") of Fyber N.V. ("Fyber") pursuant to a Sale and Purchase Agreement (the "Fyber Acquisition") between Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst (collectively, the "Seller"), the Company, and Digital Turbine Luxembourg S.ar.l., a wholly-owned subsidiary of the Company. The remaining outstanding shares in Fyber (the "Minority Fyber Shares") are (to the Company's knowledge) widely held by other shareholders of Fyber (the "Minority Fyber Shareholders") and are presented as non-controlling interests within these financial statements.

Fyber is a leading mobile advertising monetization platform empowering global app developers to optimize profitability through quality advertising. Fyber's proprietary technology platform and expertise in mediation, real-time bidding, advanced analytics tools, and video combine to deliver publishers and advertisers a highly valuable app monetization solution. Fyber represents an important and strategic addition for the Company in its mission to develop one of the largest full-stack, fully-independent, mobile advertising solutions in the industry. The combined platform offering is advantageously positioned to leverage the Company's existing on-device software presence and global distribution footprint.

The Company acquired Fyber in exchange for an estimated aggregate consideration of up to $600,000, consisting of:

i. Approximately $150,000 in cash, $124,336 of which was paid to the Seller at the closing of the acquisition and the remainder of which is to be paid to the Minority Fyber Shareholders for the Minority Fyber Shares pursuant to the tender offer described below;

ii. 5,816,588 newly-issued shares of common stock of the Company to the Seller, which such number of shares were determinedbased on the volume-weighted average price of the common stock on NASDAQ during the 30-day period prior to the closing date, equal in value to $359,233 at the Company's common stock closing price onMay 25, 2021, as follows.

   1. 3,216,935 newly-issued shares of common stock of the Company equal in value to $198,678, issued at the closing of the acquisition;

   2. 1,500,000 newly-issued shares of common stock of the Company equal in value to $92,640, issued on June 17, 2021;

   3. 1,040,364 newly-issued shares of common stock of the Company equal in value to $64,253, issued on July 16, 2021;

   4. 59,289 shares of common stock equal in value to $3,662, to be newly-issued during its fiscal second quarter 2022, but subject to a true-up reduction based on increased transaction costs associated with the staggered delivery of the Majority Fyber Shares to the Company, which true-up reduction has been finalized, as described below; and

iii. Contingent upon Fyber's net revenues (revenues less associated license fees and revenue share) being equal to or higher than $100,000 for the 12-month earn-out period ending on March 31, 2022, as determined in the manner set forth in the Sale and Purchase Agreement, a certain number of shares of the Company's common stock, which will be newly-issued to the Seller at the end of the earn-out period, and under certain circumstances, an amount of cash, which value of such shares, based on the weighted average share price for the 30-days prior to the end of the earn-out period, and cash in aggregate will not exceed $50,000 (subject to set-off against certain potential indemnification claims against the Seller). Based on estimates at the time of the acquisition, the Company initially determined it was unlikely Fyber would achieve the earn-out net revenue target and, as a result, no contingent liability was recognized at that time.

The Company paid the cash closing amount on the closing date with a combination of available cash-on-hand and borrowings under the Company's senior credit facility.

On September 30, 2021, the Company entered into the Second Amendment Agreement (the "Second Amendment Agreement") to the Sale and Purchase Agreement for the Fyber Acquisition. Pursuant to the Second Amendment Agreement, the parties agreed to settle the remaining number of shares of Company common stock to be issued to the Seller at 18,000 shares (i.e., a reduction of 41,289 shares from the 59,289 shares described in (ii)(4) above). As a result, the Company issued a total of 5,775,299 shares of Company common stock to the Seller in connection with the Company's acquisition of Fyber.

As of September 30, 2021, the Company determined it was likely Fyber would achieve the earn-out net revenue target, based on estimates available at that time. As a result, the Company recognized and accrued the fair value of the contingent earn-out consideration of $31,000.

As of December 31, 2021, the Company re-evaluated the fair value of the contingent earn-out consideration based on current estimates. The Company recognized a charge to change in fair value of contingent consideration on the condensed consolidated statement of operations and comprehensive income / (loss) of $18,200 for the three months ended December 31, 2021, resulting in a total accrued fair value of the contingent earn-out consideration of $49,200. The fair value of the contingent consideration is subject to material changes based upon certain assumptions, primarily the estimated likelihood of Fyber achieving the earn-out net revenue target. The Company will re-evaluate the fair value of the contingent consideration at the end of the earn-out period on March 31, 2022.

Pursuant to certain German law on public takeovers, following the closing, the Company launched a public tender offer to the Minority Fyber Shareholders to acquire from them the Minority Fyber Shares. The tender offer was approved and published in July 2021, and is subject to certain minimum price rules under German law. The timing and the conditions of the tender offer, including the consideration of €0.84 per share offered to the Minority Fyber Shareholders in connection with the tender offer, was determined by the Company pursuant to the applicable Dutch and German takeover laws. During the quarter ended December 31, 2021, the Company purchased approximately $21,000 of Fyber's outstanding shares, resulting in an ownership percentage of Fyber of approximately 99.4%. The Company expects to complete the purchase of the remaining outstanding Fyber shares during its fiscal fourth quarter 2022.

The delisting of Fyber's remaining outstanding shares on the Frankfurt Stock Exchange was completed on August 6, 2021.

The Company recognized $5,183 and $16,898 of costs related to the Fyber Acquisition, which were included in general and administrative expenses on the condensed consolidated statements of operations and comprehensive income / (loss) for the three and nine months ended December 31, 2021, respectively.

Segment Reporting

Prior to the acquisitions of both AdColony and Fyber, the Company had one operating and reportable segment called Media Distribution. As a result of the acquisitions, the Company reassessed its operating and reportable segments in accordance with ASC 280, *Segment Reporting.* Effective April 1, 2021, the Company reports its results of operations through the following three segments, each of which represents a reportable segment, as follows:

- **On Device Media ("ODM") -** This segment is the legacy single reporting segment of Digital Turbine prior to the AdColony and Fyber acquisitions. This segment generates revenues from services that deliver mobile application media or content media to end users. The Company provides ODM solutions to all participants in the mobile application ecosystem that want to connect with end users and consumers who hold the device, including mobile carriers and device original equipment manufacturers (“OEMs”) that participate in the app economy, app publishers and developers, and brands and advertising agencies. This segment's product offerings are enabled through relationships with mobile device carriers and OEMs.

- **In App Media – AdColony ("IAM-A") -** This segment is inclusive of the acquired AdColony business and generates revenues from services provided as an end-to-end platform for brands, agencies, publishers, and application developers to deliver advertising to consumers on mobile devices around the world. IAM-A customers are primarily advertisers.

- **In App Media – Fyber ("IAM-F") -** This segment is inclusive of the acquired Fyber business and generates revenues from services provided to mobile application developers and digital publishers to monetize their content through advanced technologies, innovative advertisement formats, and data-driven decision making. IAM-F customers are primarily publishers.

Impact of COVID-19

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

RESULTS OF OPERATIONS
(Unaudited)

Net revenues

	Three months ended December 31,			Nine months ended December 31,		
	2021	2020	% of Change	2021	2020	% of Change
	Restated		Restated	Restated		Restated
Net revenue						
On Device Media	$ 133,594	$ 88,592	50.8 %	$ 383,426	$ 218,497	75.5 %
In App Media - AdColony	58,425	—	100.0 %	129,368	—	100.0 %
In App Media - Fyber	30,688	—	100.0 %	63,396	—	100.0 %
Elimination	(5,889)	—	(100.0)%	(12,729)	—	(100.0)%
Total net revenues	$ 216,818	$ 88,592	144.7 %	$ 563,461	$ 218,497	157.9 %

Comparison of the three and nine months ended December 31, 2021 and 2020

Over the three-month comparative periods, net revenues increased by 144.7% ($128,226), and over the nine-month comparative periods, net revenues increased by 157.9% ($344,964). The changes are due to a combination of continuing organic growth of the Company's historical legacy business (now the On Device Media segment) and contributions from recent acquisitions.

On Device Media

The Company's On Device Media segment generates revenues from services that deliver mobile application media or content media to end users. This segment is the legacy single reporting segment of Digital Turbine (previously called Media Distribution) and its customers are mobile device carriers and OEMs that pay for the distribution of media. Over the three and nine months ended December 31, 2021, On Device Media revenues increased by 50.8% ($45,002) and 75.5% ($164,929), respectively, compared to the three and nine months ended December 31, 2020. The increase was primarily due to increased demand for our application media and content media distribution services, which led to higher CPI and CPP revenues per available placement, as well as increased revenues from advertising partners as placement across existing commercial partners expanded, distribution with new partners expanded, and new services and features were deployed or expanded upon.

In App Media - AdColony

The Company's IAM-A segment generates revenues from services provided as an end-to-end platform for brands, agencies, publishers, and application developers to deliver advertising to consumers on mobile devices around the world and is comprised of the AdColony Acquisition and, as a result, there are no revenues in the three and nine months ended December 31, 2020. IAM-A customers are primarily advertisers. Please see Note 4, "Acquisitions," for further information.

In App Media - Fyber

The Company's IAM-F segment generates revenues from services provided to mobile application developers and digital publishers to monetize their content through advanced technologies, innovative advertisement formats, and data-driven decision making, and is comprised of the Fyber Acquisition and, as a result, there are no revenues in the three and nine months ended December 31, 2020. IAM-F customers are primarily publishers. Please see Note 4, "Acquisitions," for further information.

Costs of revenue and operating expenses

	Three months ended December 31,			Nine months ended December 31,		
	2021	2020	% of Change	2021	2020	% of Change
	Restated		Restated	Restated		Restated
Costs of revenue and operating expenses						
License fees and revenue share	$ 109,053	$ 50,144	117.5 %	$ 284,369	$ 122,976	131.2 %
Other direct costs of revenue	9,090	749	1,113.6 %	21,385	1,971	985.0 %
Product development	13,755	5,202	164.4 %	40,594	13,827	193.6 %
Sales and marketing	15,857	5,219	203.8 %	47,072	14,372	227.5 %
General and administrative	39,924	6,761	490.5 %	105,225	22,096	376.2 %
Total costs of revenue and operating expenses	$ 187,679	$ 68,075	175.7 %	$ 498,645	$ 175,242	184.5 %

Comparison of the three and nine months ended December 31, 2021, and 2020

Over the three and nine months ended December 31, 2021, total costs of revenue and operating expenses increased by $119,604 and $323,403, respectively, compared to the three and nine months ended December 31, 2020. The increase in total costs of revenue and operating expenses was a result of continuing organic growth and the acquisitions of Appreciate, AdColony, and Fyber. Costs of revenue and operating expenses included transaction costs of $6,167 and $23,671, respectively, for the three and nine months ended December 31, 2021, compared to $12 and $462, respectively, for the three and nine months ended December 31, 2020.

License fees and revenue share

License fees and revenue share are reflective of amounts paid to our carrier and OEM partners, as well as application developers who drive the revenue generated from advertising via direct CPI, CPP, or CPA arrangements and are recorded as a cost of revenue. In addition, when indirect arrangements exist through advertising aggregators (ad networks) and revenue is shared with our carrier and application development partners, the shared revenue is recorded as a cost of revenue.

License fees and revenue share increased by $58,909 to $109,053 in the three months ended December 31, 2021, and was 50.3% as a percentage of total net revenue compared to $50,144, or 56.6% of total net revenue, for the three months ended December 31, 2020.

License fees and revenue share increased by $161,393 to $284,369 in the nine months ended December 31, 2021, and was 50.5% as a percentage of total net revenue compared to $122,976, or 56.3% of total net revenue, for the nine months ended December 31, 2020.

The increase in license fees and revenue share was attributable to the increase in total net revenue over the same period as these costs are paid as a percentage of our revenue. The decrease in license fees and revenue share as a percentage of total net revenue was primarily due to our recent acquisitions, which report revenue on a net basis for certain product lines. When the Company reports revenue on a net basis, the Company determined we act as an agent in the transactions and, as a result, net revenue from the transactions are reported net of the license fees and revenue share associated with the transactions. Approximately $46,778 and $96,039 of our net revenue for the three and nine months ended December 31, 2021, respectively, were recorded net of the associated license fees and revenue share.

Other direct costs of revenue

Other direct costs of revenue are comprised primarily of hosting expenses directly related to the generation of revenue and depreciation expense accounted for under ASC 985-20, *Costs of Software to be Sold, Leased, or Otherwise Marketed*

Other direct costs of revenue increased by $8,341 to $9,090 in the three months ended December 31, 2021, and was 4.2% as a percentage of total net revenue compared to $749, or 0.8% of total net revenue, for the three months ended December 31, 2020.

Other direct costs of revenue increased by $19,414 to $21,385 in the nine months ended December 31, 2021, and was 3.8% as a percentage of total net revenue compared to $1,971, or 0.9% of total net revenue, for the nine months ended December 31, 2020.

The increase in other direct costs of revenue during both the three and nine months ended December 31, 2021, compared to the prior year comparative periods, was primarily driven by an increase in hosting costs associated with our recent acquisitions and continued On Device Media segment growth. The increase in other direct costs of revenue as a percentage of total net revenue was primarily due to higher hosting expenses growth, as well as reporting certain revenue net of license fees and revenue share.

Product development

Product development expenses include the development and maintenance of the Company's product suite and are primarily a function of personnel.

Product development expenses increased by $8,553 to $13,755 in the three months ended December 31, 2021, and was 6.3% as a percentage of total net revenue compared to $5,202, or 5.9% of total net revenue, for the three months ended December 31, 2020. The three months ended December 31, 2021, included acquisition-related costs of $454.

Product development expenses increased by $26,767 to $40,594 in the nine months ended December 31, 2021, and was 7.2% as a percentage of total net revenue compared to $13,827, or 6.3% of total net revenue, for the nine months ended December 31, 2020. For the nine months ended December 31, 2021, product development expenses included $2,364 of acquisition-related costs. Excluding acquisition-related costs, product development expenses as a percentage of total net revenue was 5.9% in the three months ended December 31, 2021.

The increase in product development expenses in both the three and nine months ended December 31, 2021, compared to the prior year comparative periods, was primarily due to increased headcount, both organically and through our recent acquisitions, and incremental, third-party development costs to support increased development activities to support revenue growth. The decrease in product development expenses as a percentage of total net revenue was primarily due to higher leverage of product development expenses and resources.

Sales and marketing

Sales and marketing expenses represent the costs of sales and marketing personnel, advertising and marketing campaigns, and campaign management.

Sales and marketing expenses increased by $10,638 to $15,857 in the three months ended December 31, 2021, and was 7.3% as a percentage of total net revenue compared to $5,219, or 5.9% of total net revenue, for the three months ended December 31, 2020.

Sales and marketing expenses increased by $32,700 to $47,072 in the nine months ended December 31, 2021, and was 8.4% as a percentage of total net revenue compared to $14,372, or 6.6% of total net revenue, for the nine months ended December 31, 2020.

The increase in sales and marketing expenses in both the three and nine months ended December 31, 2021, compared to the prior year comparative periods, was primarily due to our recent acquisitions and additional headcount in existing markets to support the Company's continued expansion of its global footprint. For the three and nine months ended December 31, 2021, sales and marketing expenses included $37 and $441, respectively, of acquisition-related costs.

General and administrative

General and administrative expenses represent management, finance, and support personnel costs in both the parent and subsidiary companies, which include professional services and consulting costs, in addition to other costs such as rent, stock-based compensation, and depreciation and amortization expense.

General and administrative expenses increased by $33,163 to $39,924 in the three months ended December 31, 2021, and was 18.4% as a percentage of total net revenue compared to $6,761, or 7.6% of total net revenue, for the three months ended December 31, 2020. The three months ended December 31, 2021 and 2020 included acquisition-related costs of $5,676 and $12, respectively. Excluding acquisition-related costs, general and administrative expenses as a percentage of total net revenue were 15.8% and 7.6% in the three months ended December 31, 2021 and 2020, respectively.

General and administrative expenses increased by $83,129 to $105,225 in the nine months ended December 31, 2021, and was 18.7% as a percentage of total net revenue compared to $22,096, or 10.1% of total net revenue, for the nine months ended December 31, 2020. The nine months ended December 31, 2021 and 2020 included acquisition-related costs of $20,866 and $462, respectively. Excluding acquisition-related costs, general and administrative expenses as a percentage of total net revenue were 15.0% and 9.9% in the nine months ended December 31, 2021 and 2020, respectively.

The increase in general and administrative expenses in both the three and nine months ended December 31, 2021, compared to the prior year comparative periods, was primarily due to the recent acquisitions of AdColony and Fyber. In addition, general and administrative expenses increased due to higher employee-related expenses, including stock-based compensation, primarily from higher headcount to support the Company's growth, higher professional service costs, and an increase in amortization of intangibles and depreciation for capitalized internal-use software.

Interest and other income / (expense), net

	Three months ended December 31,			Nine months ended December 31,		
	2021	2020	% of Change	2021	2020	% of Change
Interest and other income / (expense), net						
Change in fair value of contingent consideration	$ (18,200)	$ (4,662)	(290.4)%	$ (40,287)	$ (15,419)	(161.3)%
Interest expense, net	$ (2,195)	$ (266)	(725.2)%	$ (5,307)	$ (859)	(517.8)%
Foreign exchange transaction gain	2,122	—	100.0 %	1,603	—	100.0 %
Other expense, net	(86)	(13)	(561.5)%	(598)	(51)	(1,072.5)%
Total interest and other income / (expense), net	$ (18,359)	$ (4,941)	(271.6)%	$ (44,589)	$ (16,329)	(173.1)%

Comparison of the three and nine months ended December 31, 2021 and 2020

Change in fair value of contingent consideration

For the three and nine months ended December 31, 2021, the Company recorded charges for changes in fair value of contingent consideration of $18,200 and $40,287, respectively. The changes in fair value of contingent consideration were due to changes in the fair value of the contingent earn-out payment obligations for the Fyber and AdColony acquisitions.

For the three and nine months ended December 31, 2020, the Company recorded charges for changes in fair value of contingent consideration of $4,662 and $15,419, respectively. The changes in fair value of contingent consideration were due to Mobile Posse's performance during the quarter.

Interest expense, net

Over the three and nine months ended December 31, 2021, interest expense, net, increased by $1,929 and $4,448, respectively, compared to the three and nine months ended December 31, 2020. The increases were primarily due to borrowings under the New Credit Agreement with Bank of America and interest on the loans we assumed through our acquisition of Fyber. Interest expense also includes the amortization of debt issuance costs related to our New Credit Agreement.

Liquidity and Capital Resources

Our primary sources of liquidity are cash from operations and debt. As of December 31, 2021, we had total cash of approximately $115,440 and $179,866 available to draw under the New Credit Agreement with Bank of America. The maturity date of the New Credit Agreement is April 29, 2026, and the outstanding balance of $345,134 is classified as long-term debt on our condensed consolidated balance sheet as of December 31, 2021. Subsequent to December 31, 2021, the Company drew an additional $179,000 against the New Credit Agreement. The proceeds, combined with available cash-on-hand, were used to satisfy the AdColony Acquisition earn-out payment of $204,500, which was made on January 15, 2022.

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

The Company believes it will generate sufficient cash flow from operations and has the liquidity and capital resources to meet its business requirements for at least twelve months from the filing date of this Quarterly Report on Form 10-Q.

Acquisition Purchase Price Liability

The Company has recognized acquisition purchase price liabilities of $253,700 on its condensed consolidated balance sheet as of December 31, 2021, comprised of the following components:

- $204,500 of earn-out consideration for the AdColony Acquisition
- $49,200 of contingent earn-out consideration for the Fyber Acquisition

The Company intends to pay this consideration with a combination of available cash-on-hand, borrowings under the Company's New Credit Agreement, including utilizing the accordion feature of the senior credit facility, if necessary, and proceeds from future capital financings.

Hosting Agreements

The Company enters into hosting agreements with service providers and in some cases, those agreements include minimum commitments that require the Company to purchase a minimum amount of service over a specified time period ("the minimum commitment period"). The minimum commitment period is generally one-year in duration and the hosting agreements include multiple minimum commitment periods. Our minimum purchase commitments under these hosting agreements total approximately $228,800 over the next five years.

Outstanding Secured Indebtedness

The Company’s outstanding secured indebtedness under the New Credit Agreement is $345,134 as of December 31, 2021. See "Recent Developments - Credit Agreement" for additional information on the New Credit Agreement. The Company's ability to borrow additional amounts under its New Credit Agreement could have significant negative consequences, including:

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

Our credit facility also contains a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio. There can be no assurance we will continue to satisfy these ratio covenants. If we fail to satisfy these covenants, the lender may declare a default, which could lead to acceleration of the debt maturity. Any such default would have a material adverse effect on the Company.

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

Debt Assumed Through Fyber Acquisition

As a part of the Fyber Acquisition, the Company assumed $25,789 of debt previously held by Fyber. This debt was comprised of amounts drawn against three separate revolving lines of credit. The Company settled two of the three revolving lines of credit, resulting in payments of $13,288, during the nine months ended December 31, 2021. Details for the remaining line of credit can be found in Note 10, "Debt," of the condensed consolidated financial statements. The remaining revolving line of credit from Bank Leumi matures on January 30, 2022. The balance of this line of credit is classified as short-term debt on the condensed consolidated balance sheet as of December 31, 2021.

Cash Flow Summary

	Nine months ended December 31,		
	2021	2020	% of Change
	(in thousands)		
Consolidated statements of cash flows data:			
Net cash provided by operating activities	**$ 43,462**	**$ 48,612**	**(10.6)%**
Business acquisitions, net of cash acquired	(148,192)	(7,968)	(1,759.8)%
Capital expenditures	(15,692)	(6,545)	(139.8)%
Net cash used in investing activities	**(163,884)**	**(14,513)**	**(1,029.2)%**
Payment of contingent consideration	—	(16,957)	100.0 %
Proceeds from borrowings	369,913	—	100.0 %
Payment of debt issuance costs	(4,044)	—	(100.0)%
Payment of deferred business acquisition consideration	(98,175)	—	(100.0)%
Options and warrants exercised	2,814	5,927	(52.5)%
Payment of withholding taxes for net share settlement of equity awards	(7,587)	—	(100.0)%
Repayment of debt obligations	(52,623)	(750)	(6,916.4)%
Net cash provided by / (used in) financing activities	**$ 210,298**	**$ (11,780)**	**1,885.2 %**

Operating Activities

Cash provided by operating activities was $43,462 for the nine months ended December 31, 2021, compared to $48,612 for the nine months ended December 31, 2020. The decrease of $5,150 was due to the following:

- $80,094 decrease for changes in operating assets and liabilities, primarily due to higher net working capital to support the Company's growth, and the payout of accrued compensation related to the AdColony and Fyber acquisitions and the Company's annual incentive plan, and

- $74,335 increase due to higher non-cash charges, primarily for depreciation and amortization, change in fair value of contingent consideration, and stock-based compensation expense. These increases were primarily due to the impact of the AdColony and Fyber acquisitions on operating activities post-acquisition.

Investing Activities

For the nine months ended December 31, 2021, net cash used in investing activities was approximately $163,884, comprised of cash expenditures for business acquisitions, net of cash acquired, of $148,192 and capital expenditures related mostly to internally-developed software of $15,692. For the nine months ended December 31, 2020, net cash used in investing activities was approximately $14,513, comprised of cash expenditures for business acquisitions, net of cash acquired, of $7,968 and capital expenditures related mostly to internally-developed software of $6,545. The $140,224 increase in cash expenditures for business acquisitions was due to our acquisitions of AdColony and Fyber during the nine months ended December 31, 2021, as compared to our acquisition of Mobile Posse, Inc., during the nine months ended December 31, 2020. The $9,147 increase in capital expenditures was due to a combination of continued investments in product development across all of our segments, including In App Media - AdColony and In App Media - Fyber.

Financing Activities

For the nine months ended December 31, 2021, net cash provided by financing activities was approximately $210,298, comprised of proceeds from borrowings of $369,913 primarily used for the acquisitions of AdColony and Fyber, and options exercised of $2,814, partially offset by payment of deferred business acquisition consideration of $98,175, repayment of debt obligations of $52,623, payment of withholding taxes for net share settlement of equity awards of $7,587, and payment of debt issuance costs of $4,044. For the nine months ended December 31, 2020, net cash used in financing activities was approximately $11,780, comprised of payment of contingent consideration of $16,957 related to the Mobile Posse acquisition and repayment of debt obligations of $750, offset by proceeds from the exercise of stock options of $5,927.

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 Estimates

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 and application of accounting policies, 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 policies and estimates, please 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 fiscal year ended March 31, 2021, and Note 3, "Basis of Presentation and Summary of Significant Accounting Policies," of this Quarterly Report on Form 10-Q for our fiscal third quarter ended December 31, 2021.

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.

Our borrowings under our credit facility are subject to variable interest rates and thus expose us to interest rate fluctuations, depending on the extent to which we utilize the credit facility. If market interest rates materially increase, our results of operations could be adversely affected. A hypothetical increase in market interest rates of 100 basis points would result in an increase in our interest expense of $0.01 million per year for every $1 million of outstanding debt under the credit facility.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenues 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 revenues and our income from operations and net income to be impacted by fluctuations in exchange rates. In addition, gains / (losses) related to translating certain cash balances, trade accounts receivable and payable balances, and intercompany balances impact our net income. 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 our Chief Financial Officer, as required by Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). See Exhibits 31.3 and 31.4 to this Amendment No. 1 on Form 10-Q/A. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are controls and other procedures designed to ensure information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer, who is the principal executive officer, and the Company’s Chief Financial Officer, who is the principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of December 31, 2021. At the time of the original filing, on February 8, 2022, of our Quarterly Report on Form 10-Q for the three and nine months ended December 31, 2021, management concluded the Company's disclosure controls and procedures were effective.

As previously announced by management on May 17, 2022, and further described in the Explanatory Note of this Amendment and Note 2, "Restatement of Condensed Consolidated Financial Statements," in Item 1 of Part I of this Amendment, the Company determined that it was necessary to restate its financial statements for the three-month period ended June 30, 2021, the three and six-month periods ended September 30, 2021, and the three and nine-month periods December 31, 2021.

The restatements of the previously filed financial statements were due to an error in the presentation of revenue for certain product lines, as well as the classification of certain hosting costs for our recently acquired businesses. As part of the post-acquisition integration process, the Company initially assessed the accounting policies of the recently acquired businesses and determined the Company acted as a principal in the revenue arrangements of the recently acquired businesses. As a result, revenue was reported gross, exclusive of license fees and revenue share expense.

During the fourth quarter of the fiscal year ended March 31, 2022, the Company determined it would be necessary to complete a more comprehensive review of revenue accounting for the recently acquired businesses. As a result of that review, management determined the Company acted as an agent, rather than as a principal, in certain product lines of the recently acquired businesses and, as a result, revenue for those product lines should have been reported net of license fees and revenue share expense. In addition, as part of the continued integration of the recently acquired businesses, management determined the presentation and disclosure of certain hosting costs had not been conformed to our corporate accounting policy. As a result, certain hosting costs were classified as product development expenses rather than other direct costs of revenue and general and administrative expenses.

Management concluded the Company’s internal control for business combinations did not include a control adequately designed to ensure acquiree accounting policies, as they relate to presentation and classification, were conformed to those of the Company and GAAP.

As a result of the identification of the material weakness described above, management reassessed that the Company's disclosure control and procedures were not effective as of December 31, 2021.

Remediation Plans for Material Weaknesses in Internal Control over Financial Reporting

Prior to the identification of the material weakness, management, with oversight from our audit committee, completed a review of the recently acquired business’ product lines with the assistance of a large, third-party accounting firm as part of the annual financial close and reporting process. This included a review, at the acquired businesses, of representative customer contracts and agreements, supply/publisher agreements, and each product line’s business model and operations with key operations personnel. Further, management had taken several actions to strengthen the Company’s control environment, including the hiring of a new Chief Accounting Officer, and the creation of and hiring for key positions, including a Senior Manager of Internal Audit/ICFR and Director of Global Tax.

The Company will improve its policies and procedures by:

- Strengthening the Company’s procedures for reviewing accounting policies of material acquired companies, inclusive of the accounting for revenue, through initial reviews during the due diligence period and alignment of accounting policies prior to the first interim reporting date;

- Standardizing customer and publisher contract review processes to ensure consistent accounting and reporting of revenue transactions; and

- Formalizing the approval process for making changes to the global chart of accounts and accounting systems to ensure the accurate classification of financial statement amounts, including changes resulting from material acquisitions.

Management believes these additional steps will be effective in remediating the material weakness described above and may take additional measures to address the material weakness or modify the remediation plan described above, if deemed necessary.

Changes in Internal Control Over Financial Reporting

The Company acquired AdColony Holding AS on April 29, 2021, and Fyber N.V. on May 25, 2021 (the "Acquired Companies"), and we are in the process of evaluating internal control over the Acquired Companies and integrating them into our existing operations. There have been no other changes in our internal control over financial reporting that occurred during the three months ended December 31, 2021, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

The Company is not aware of any material changes from the risk factors set forth under Part II, Item 1A, “Risk Factors,” in its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2021, filed with the Securities and Exchange Commission on August 9, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1	First Amendment, dated as of December 29, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine USA, Inc., Mobile Posse Inc., AdColony, Inc., AdColony Holdings US, Inc. and Bank of America, N.A. as administrative agent and a lender, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 3, 2022).
31.3	Certification of William Stone, Principal Executive Officer.*
31.4	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.

\+ In accordance with SEC Release No. 33-8212, these exhibits are being furnished, and are not being filed, as part of this Quarterly 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 the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Digital Turbine, Inc.	
Dated: May 27, 2022	By:	/s/ William Stone
		William Stone Chief Executive Officer (Principal Executive Officer)

	Digital Turbine, Inc.	
Dated: May 27, 2022	By:	/s/ Barrett Garrison
		Barrett Garrison Chief Financial Officer (Principal Financial Officer)

Exhibit 31.3

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, William Stone, certify that:

1. I have reviewed this Amendment No. 1 to the Quarterly Report on Form 10-Q of Digital Turbine, Inc.;

2. Based on my knowledge, this 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 officers 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 officers 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.

May 27, 2022	By:	/s/ William Stone
		William Stone Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Barrett Garrison, certify that:

1. I have reviewed this Amendment No. 1 to Quarterly Report on Form 10-Q of Digital Turbine, Inc.;

2. Based on my knowledge, this 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 officers 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 officers 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.

May 27, 2022	By:	/s/ Barrett Garrison
		Barrett Garrison Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Digital Turbine, Inc. (the "Company"), a Delaware corporation, does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ending December 31, 2021 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.

February 8, 2022	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. (the "Company"), a Delaware corporation, does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ending December 31, 2021 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.

February 8, 2022	By:	/s/ Barrett Garrison
		Barrett Garrison
		Chief Financial Officer
		(Principal Financial Officer)