



# Investor Day

Nov. 11. 2021



# Safe Harbor Statement

This presentation includes "forward-looking statements" within the meaning of the U.S. federal securities laws. Statements in this presentation that are not statements of historical fact and that concern future results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events, including financial projections and growth in various products, are forward-looking statements that speak only as of the date made and which involve known and unknown risks, uncertainties and other factors which may, should one or more of these risks, uncertainties or other factors materialize, cause actual results to differ materially from those expressed or implied by such statements. These factors and risks include risks associated with adoption of the Company's platform among existing customers (including the impact of possible delays with major carrier and OEM partners in the roll out for mobile phones deploying the Company's platform); actual mobile device sales and sell-through where the Company's platform is deployed is out of the Company's control; new customer adoption and time to revenue with new carrier and OEM partners is subject to delays and factors out of the Company's control; risks associated with fluctuations in the number of the Company's platform slots across US carrier partners; the challenges, given the Company's comparatively small size, to expand the combined Company's global reach, accelerate growth and create a scalable, low-capex business model that drives EBITDA (as well as Adjusted EBITDA); varying and often unpredictable levels of orders; the challenges inherent in technology development necessary to maintain the Company's competitive advantage such as adherence to release schedules and the costs and time required for finalization and gaining market acceptance of new products; changes in economic conditions and market demand; rapid and complex changes occurring in the mobile marketplace; pricing and other activities by competitors; technology management risk as the Company needs to adapt to complex specifications of different carriers and the management of a

complex technology platform given the Company's relatively limited resources; a decline in general economic conditions nationally and internationally; market acceptance and brand awareness of the Company's products; risks associated with indebtedness and the ability to comply with financial covenants on outstanding indebtedness; the ability to protect the Company's intellectual property rights; the impact of COVID-19 on the Company's results of operations; risks associated with new privacy laws, such as the European Union's GDPR and similar laws which may require changes to the Company's development and user interface for certain functionality of the Company's mobile platform; risks associated with the activities of advertisers; customer adoption that either the Company or the market may expect; ability as a smaller company to manage international operations; system security and cyberattacks; risks and uncertainties associated with the integration of AdColony, including the Company's ability to realize the anticipated benefits of the acquisition; risks and uncertainties associated with the integration of the acquisition of Fyber, including the Company's ability to realize the anticipated benefits of the acquisition and the satisfaction of related earn-out provisions; risks associated with the failure or inability to pay the future consideration due in the AdColony and Fyber acquisitions; challenges and risks associated with the Company's rapid growth by acquisitions and resulting significant demands on the Company's management and infrastructure; challenges and risks associated with the Company's global operations and related business, political, regulatory, operational, financial, and economic risks as a result of the Company's global operations; and other risks including those described from time to time in Digital Turbine's filings on Forms 10-K and 10-Q with the Securities and Exchange Commission (SEC), press releases and other communications. You should not place undue reliance on these forward-looking statements. The Company does not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# Agenda

01

**Company Update** (Bill Stone)  
Mission/Vision/Why We Are Here

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02

**Business Operations  
and Revenue Synergies**  
(Mike Ng)

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03

**Q&A Part 1**

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04

**Product Demos**

05

**Partner Round Table** (Matt  
Tubergen)

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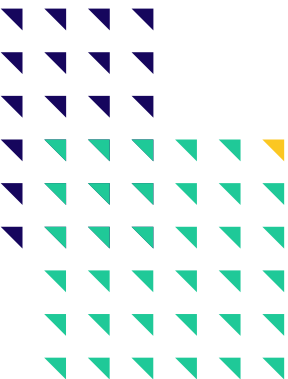
06

**Numbers, Modeling, and  
Looking into the Future**  
(Barrett Garrison)

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07

**Q&A Part 2**



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Bill Stone

# The Company

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# A lot has changed since we last met




## APPS Analyst Day June 2018 (Slide 51)



### PLATFORM NETWORK EFFECTS

## Longer-Term Growth Targets

Multiple drivers of growth combine to create a **\$300m opportunity in 3-5 years**, representing an implied CAGR of 30-60%

|   | Current Annual Rate (TTM) |             |              | 3-5 Year Growth Targets |              |               |
|---|---------------------------|-------------|--------------|-------------------------|--------------|---------------|
|   | U.S.                      | ROW         | Total        | U.S.                    | ROW          | Total         |
|  # of Annual New Devices | 45 million                | 39 million  | 85 million   | 75 million              | 150 million  | 225 million   |
|  RPD – Silent*           | \$1.50                    | \$0.17      | \$0.88       | \$2.25                  | \$0.30       | \$0.95        |
|  RPD - Added Products    | \$0.00                    | \$0.00      | \$0.00       | \$0.75                  | \$0.20       | \$0.38        |
| Total RPD   | \$1.50                    | \$0.17      | \$0.88       | \$3.00                  | \$0.50       | \$1.33        |
| Total Annual Revenue  | \$68 million              | \$7 million | \$75 million | \$225 million           | \$75 million | \$300 million |
| Android Market Share**  |                           |             | 7%           |                         |              | 17%           |

\* Silent revenue includes nominal revenue from other products in current view

\*\* Based on market data provided by Statista

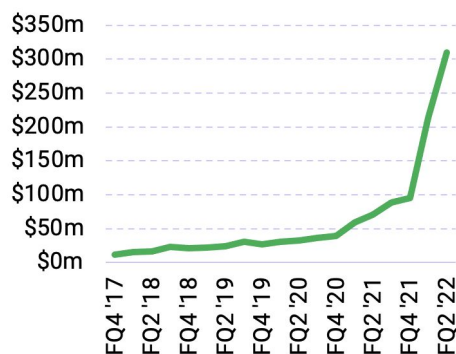
# Operating at global scale with strong results

## Key Stats

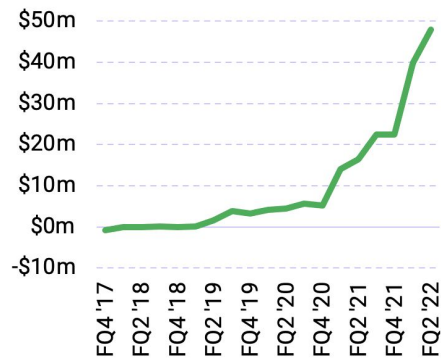
|             |                           |                            |                        |                          |               |
|-------------|---------------------------|----------------------------|------------------------|--------------------------|---------------|
| <b>\$1B</b> | <b>40<sup>+</sup></b>     | <b>750M</b>                | <b>45K</b>             | <b>750<sup>+</sup></b>   | <b>1.5B</b>   |
| Revenue     | Operator/OEM Partnerships | Ignite On-Device Footprint | Publisher Partnerships | Advertiser Relationships | Monthly Reach |

## Rapid & Efficient Growth

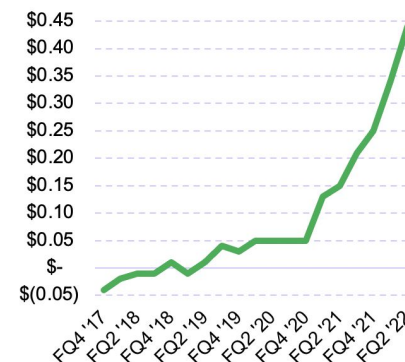
Revenue



EBITDA



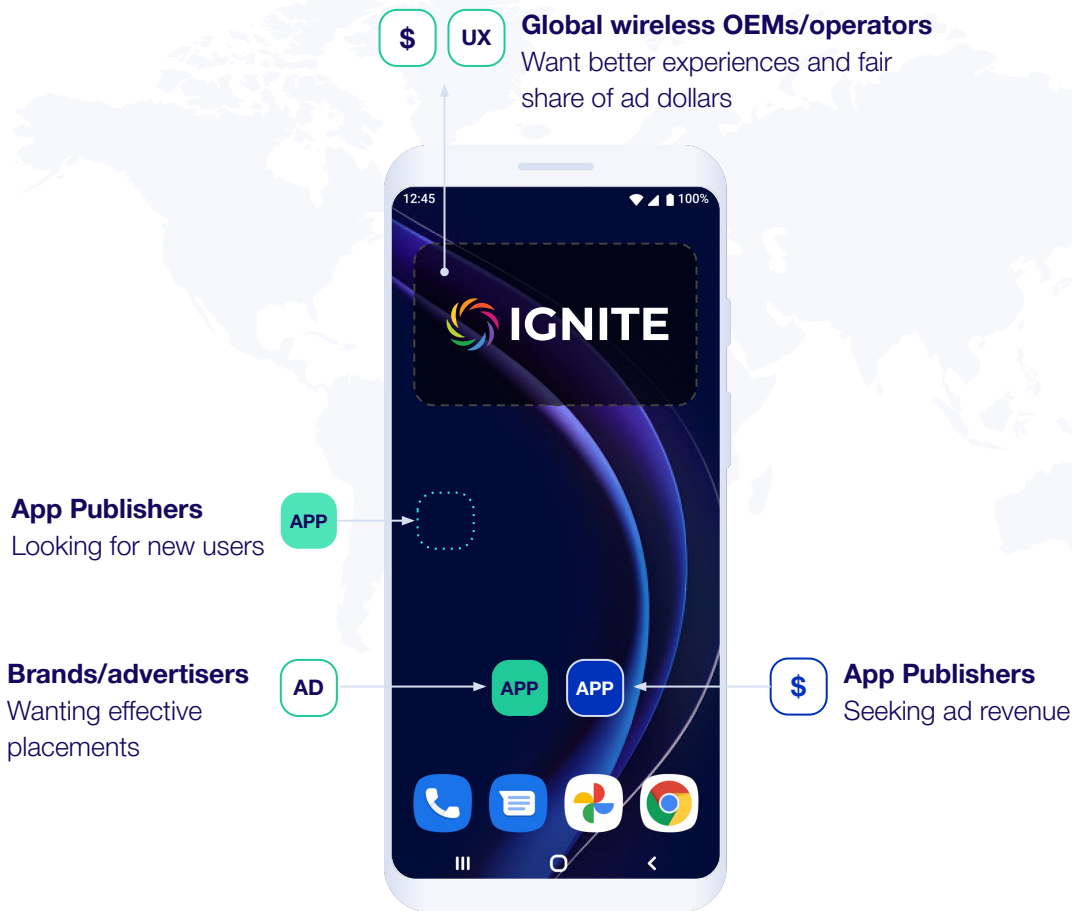
Non-GAAP EPS



# The largest independent mobile growth platform

Powered by on-device technology

- Access to exclusive **carrier & OEM inventory**
- High-impact **On-Device experiences**
- **Full suite** of UA and monetization Solutions
- Immense **scale and reach**
- **Diverse demand** from top brand and performance advertisers



# Market trends & opportunities support our independent growth platform vision

## MARKET TRENDS



### Apps are Ingrained in our Lives

2.7 M apps in Google Play Store while average user has 30 apps on device using 10 per day



### Content Discovery is Increasing

50% of the time consumers unlock their phone, they're simply looking for something interesting.



### The Mobile Ad Market Continues to Grow

Global mobile advertising market is estimated to grow from \$340B in 2021 to > [\\$600B in 2025](#)

## MARKET OPPORTUNITIES



### Advertisers are Seeking Simplicity

Advertising complexity is impacting efficiency – The Duopoly saturation is impacting effectiveness and fostering marketing spend on other platforms for faster incremental growth.



### Advertisers are Seeking Diversity

Over-complication of mobile marketing within fragmented and siloed ecosystem has resulted in economic loss for both Marketers, Publishers, and their ROI measurements.



### Favorable Regulatory Tailwinds

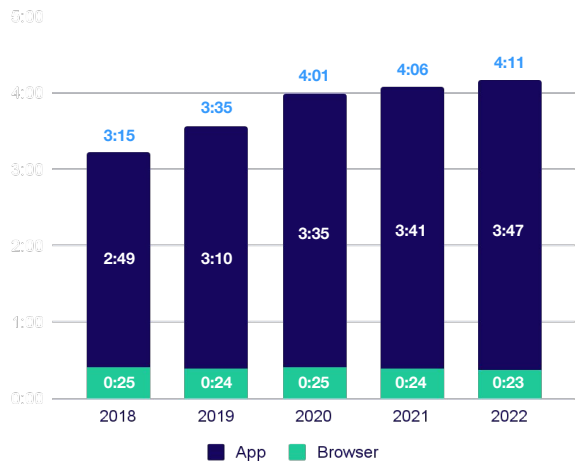
Expected regulatory changes likely to expand market opportunities for third parties like Digital Turbine



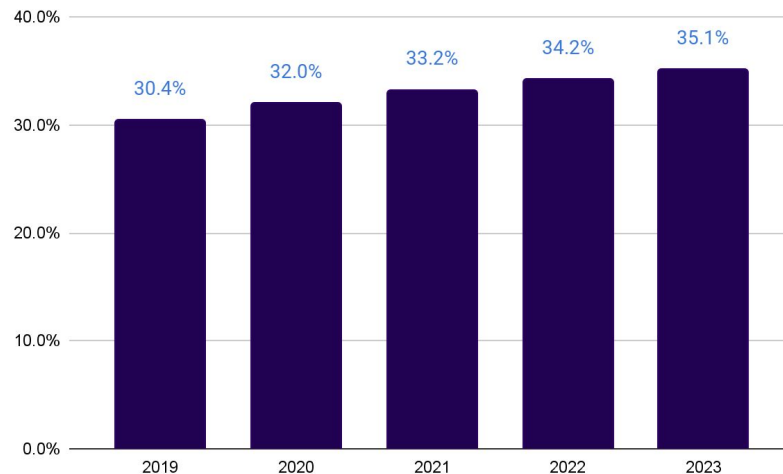
# Consumers are spending more time in mobile ...

**Mobile Internet: average daily time spent in the US, app vs. browser, 2018-2022**

Hrs: mins per day among population



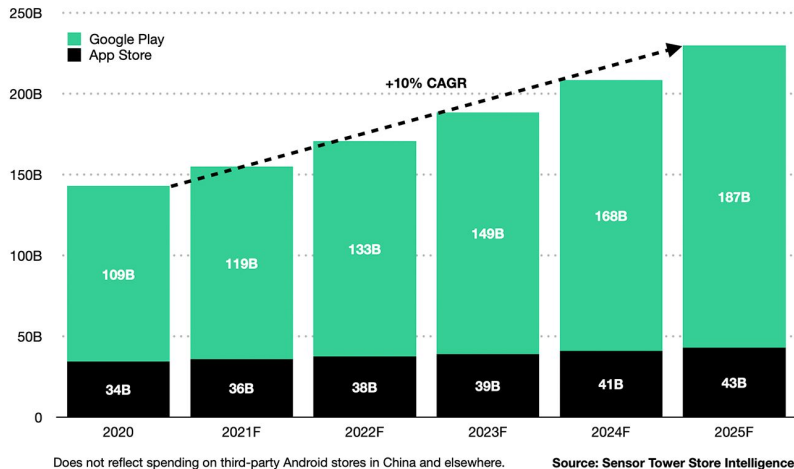
**Share of all media time spent in mobile (U.S.)**



# ... More time in mobile has led to more installs & ad spend

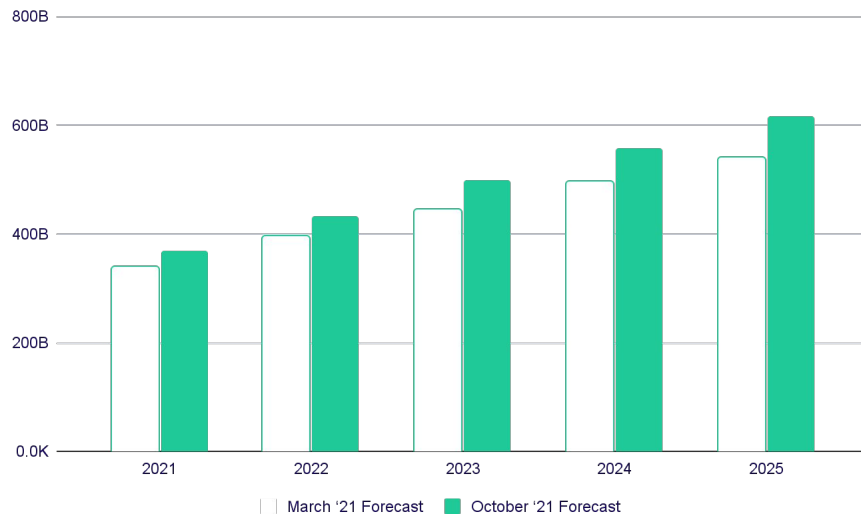
## App Growth Continues to be Strong . . .

Global App Store and Google Play Installs 2020-2025



## . . . Leading to Upward Revisions in Advertising Spend

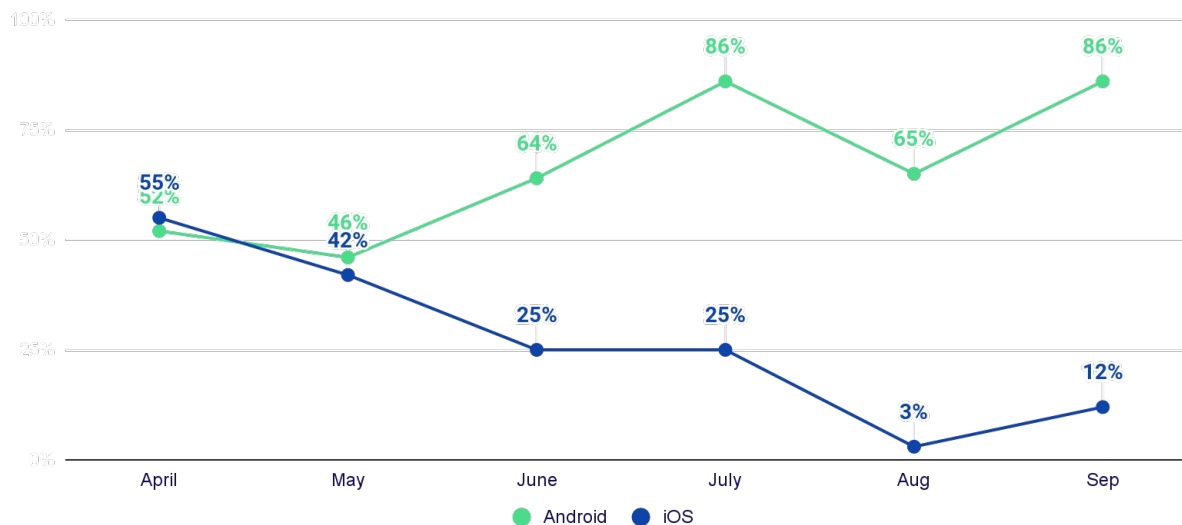
Global Mobile Ad Spend, Billions of Dollars



# . . . And, mobile ad spend has shifted towards Android

## Year over year growth in Facebook US mobile ad spend, by OS

% change vs. same period of prior year



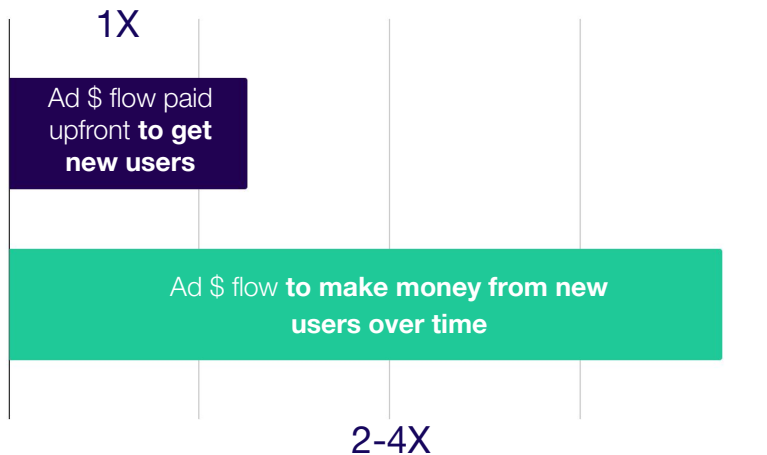
Source eMarketer, Aug. 2021

# ... We've only just begun to tap these growing markets.

## In-App Monetization is Today's Big Opportunity

For every dollar of ad money paid to get new users

2 to 4 dollars of ads flow through ad-tech to make money from new users



## In-App Purchasing is Tomorrow's Opportunity

Legislation points to opportunities to leverage our direct carrier billing

### Smartphone in-app purchase spending

U.S., 2021-2025



Source eMarketer, March 2021 & October 2021

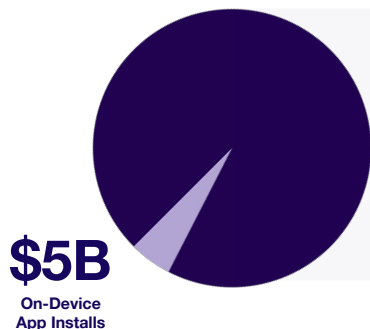
# Digital Turbine now has a significantly larger TAM . . .

Acquisitions have increased our 2021 TAM from a share of \$96B to over \$369B

**Before  
Acquisitions**

**\$96B+**

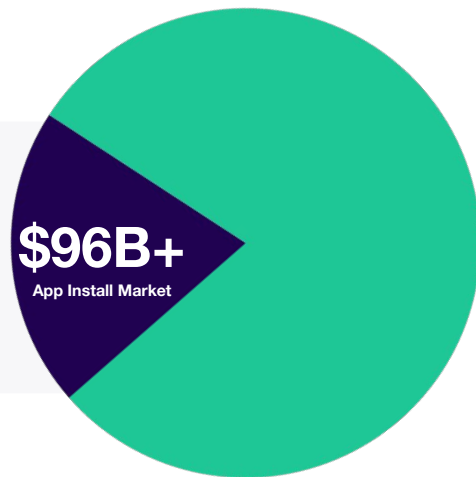
App Install Market, 2021



**After  
Acquisitions**

**\$369B+**

Total Mobile Advertising Market, 2021

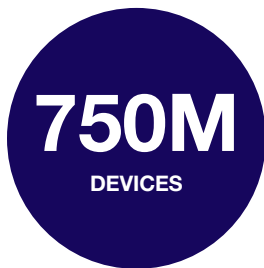


Source: Statistica

Source eMarketer, March 2021 & October 2021

# We service this TAM with much more supply & product

## Before Acquisitions



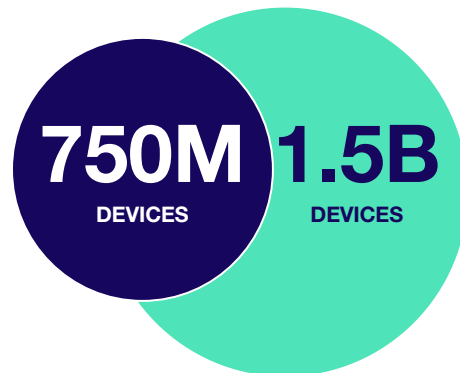
### 1st Day

- Dynamic Installs
- Wizard

### Every Day

- SingleTap
- Notifications

## After Acquisitions



### 1st Day

- Dynamic Installs
- Wizard

### Every Day

- SingleTap
- Notifications
- In-App Monetization
- Brand Video
- Multiple apps/device

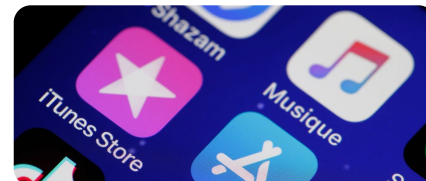
# Significant tailwinds throughout the news cycle



**Facebook ad revenue seen feeling brunt of Apple privacy changes**



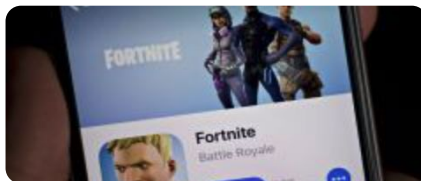
**Snap, Facebook, Twitter and YouTube lose nearly \$10bn after iPhone privacy changes**



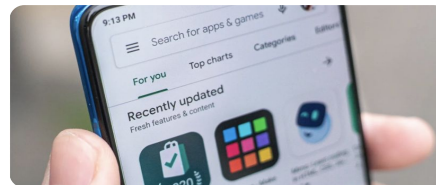
**A new Senate bill would totally upend Apple and Google's app store dominance**



**Google is slashing the amount it keeps from sales on its cloud marketplace as pressure mounts on app stores**



**Across four continents, Apple's control of payments is under attack**



**Google Play to support alternative billing systems in South Korea, following new law**

# Tailwinds support significant future opportunities

Our platform is well situated to expand to take advantage of market tailwinds:



Carrier/OEM App Stores



In-App Payments



iOS & Other OSs



Connected Television  
(Demo)



Cross Device Advertising  
(Demo)



Connected Devices



# Extending Opportunity with Our Telcos

Increasing partner investment

Opportunities

1-2  
Products Live



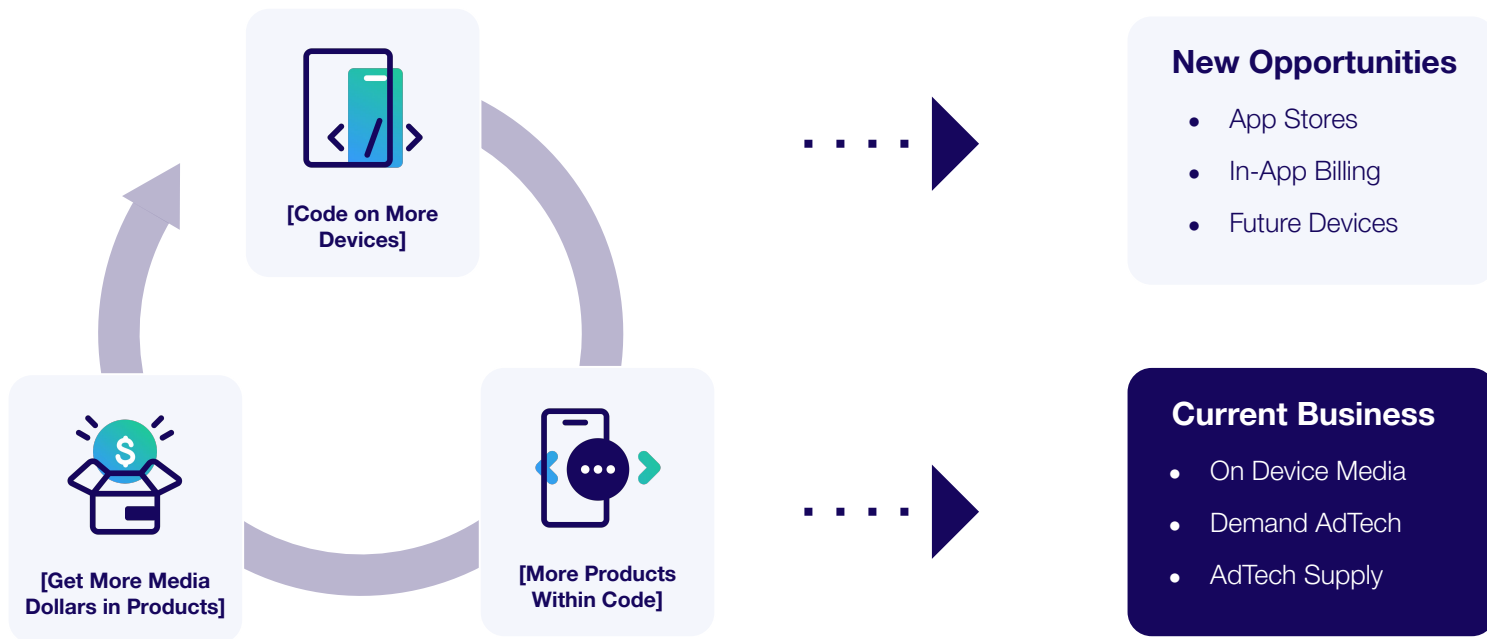
3-4  
Products Live



5-12  
Products Live



# The Same Drivers Support New & Current Business



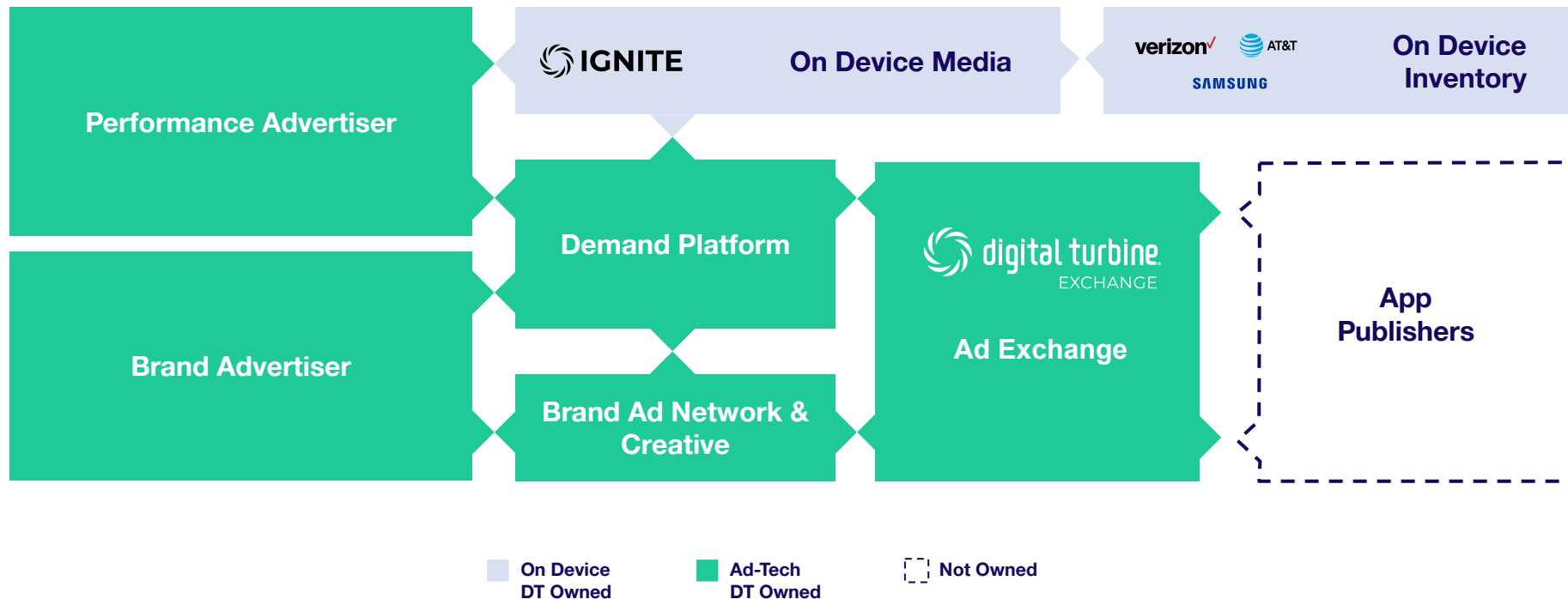


Mike Ng

# **Business Operations and Revenue Synergies**



# Quick Overview of Mobile Ecosystem



# Digital Turbine now has a significantly larger TAM

Acquisitions have increased our TAM to over \$500B by 2023

## SUPPLY

CARRIER/OEM

PUBLISHER

**\$10B**

Brand Advertising  
in Carrier Content Media

**\$400B+**

Brand Advertising in  
Fyber and AdColony Footprint

**\$15B**

Preloads Notifications  
In Carrier Inventory

**\$120B+**

SingleTap Installs  
Monetization

### Synergy 1

Driving performance and SingleTap demand to our own supply

### Synergy 2

Independent demand run on our supply

### Synergy 3

Performance advertisers select Digital Turbine for monetization

### Synergy 4

Driving brand demand to own supply

### Synergy 5

Cross selling accounts

# Our legacy business tapped Day One paid UA

PERFORMANCE  
ADVERTISERS



DIGITAL TURBINE  
DIRECT



APP INSTALLS  
**750M** Devices

## Advertising Benefits

Unique first look devices

## Supply Benefits

Unique monetization for  
OEMs and Carriers

# Synergy 1: Performance & SingleTap ads run on our supply



## Advertising Benefits

Unique first look devices

## Advertising Benefits

Leveraging unique on-device tech (STI)

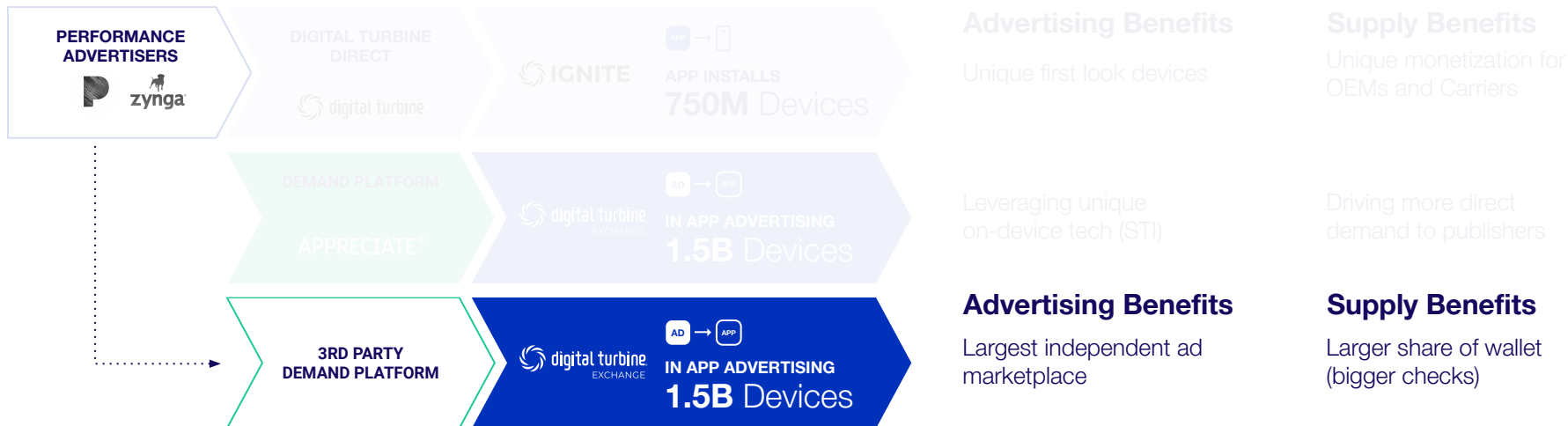
## Supply Benefits

Unique monetization for OEMs and Carriers

## Supply Benefits

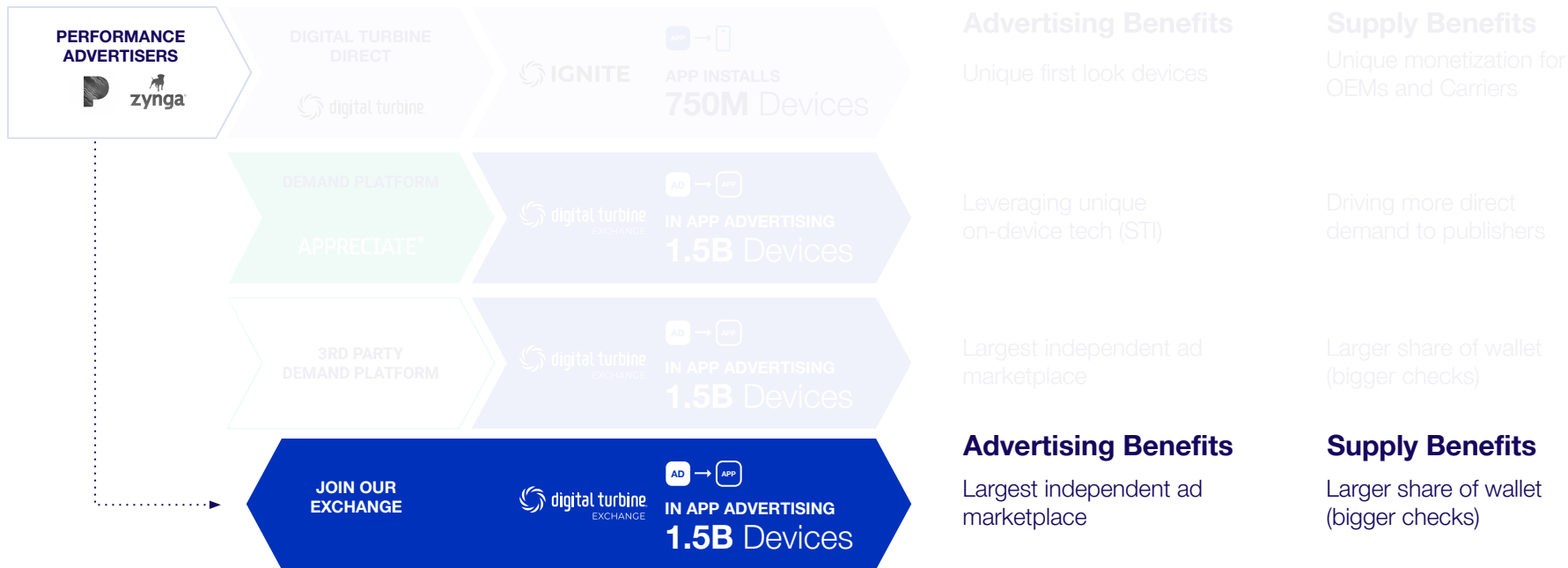
Driving more direct demand to publishers

# Synergy 2: Independent demand runs on our supply

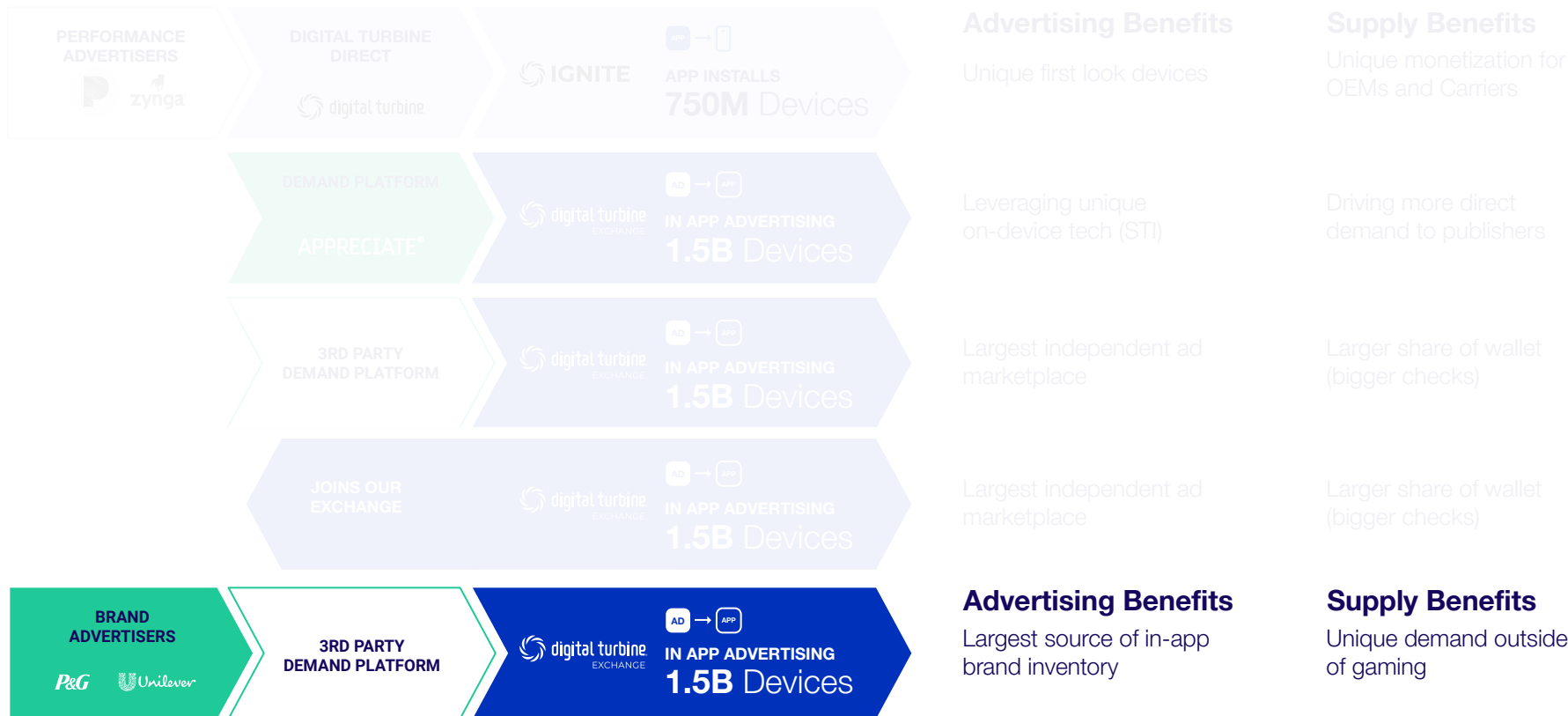




# Synergy 3: Performance advertisers add DT for monetization

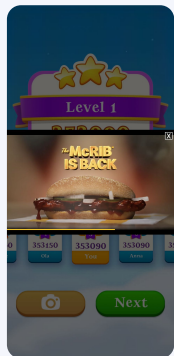


# Synergy 4: Driving brand demand to our own supply

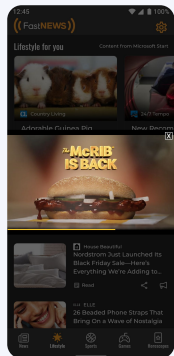


# Synergy 5: Cross-selling has already boosted revenues

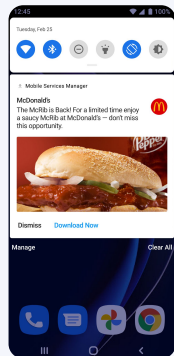
Brand Advertiser



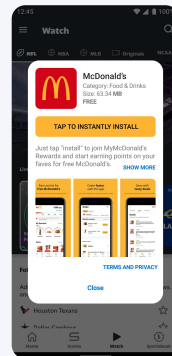
McDonalds  
Brand  
Advertiser



McDonalds  
Video in Content  
Media

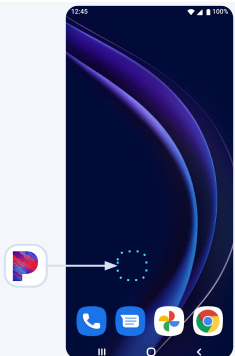


McDonalds  
Carrier  
Notifications

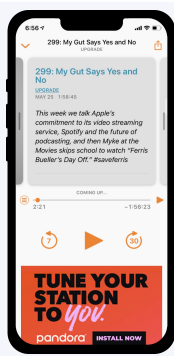


McDonalds  
SingleTap DSP

Performance Advertiser

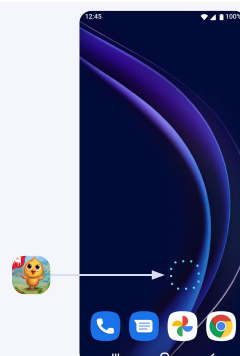


Pandora as  
preload

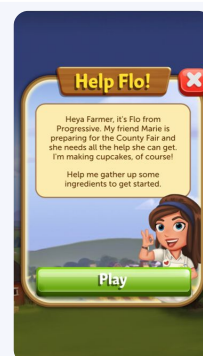


Pandora install  
banner ad in iOS  
app and iOS  
phone

Advertiser to Publisher



Farmville as  
preload  
advertiser

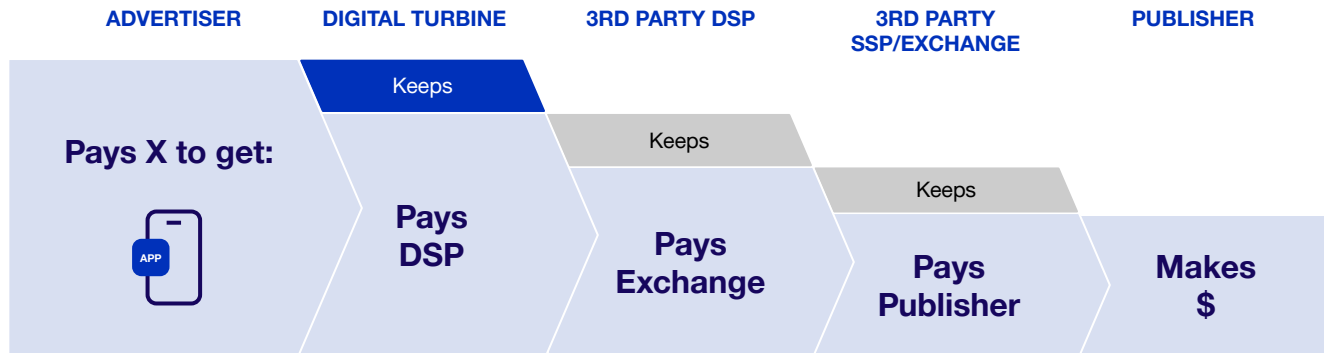


Zynga  
Publisher

# These synergies create an economic flywheel

## THEN

Digital Turbine keeps only a small part of the install revenue stream













## NOW

By owning the DSP and Exchange we keep more, Publishers can make more, while Advertisers could pay less



# SingleTap's path to \$1B+ in revenue

|   | Today   | Future  |
|---|---|---|
| <b>Advertisers Live:</b>                      | ~15   | 150   |
| <b>Typical Advertiser:</b>                    | Top 500 mobile app<br>  SmartNews  | Top 500 mobile app<br>    |
| <b>Average Monthly Spend Per Advertiser:</b>  | ~\$500k   | \$750k  |
| <b>Publishers Live:</b>                       | -   | 8   |
| <b>Typical Publisher:</b>                     | -   | Top mobile install drivers<br>     |
| <b>Average Monthly Revenue Per Publisher:</b> | -   | \$1.5M  |

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Part 1

# Q & A

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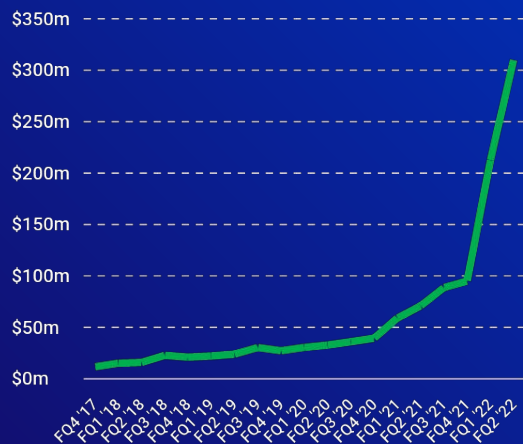
Barrett Garrison

# Financial Outlook

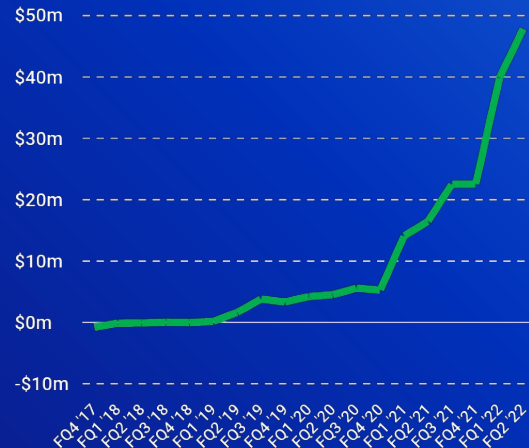
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# Rapid & Efficient Growth

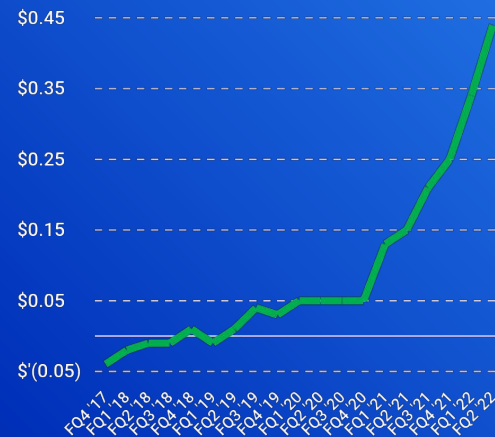
## Revenue



## Non-GAAP Adjusted EBITDA<sup>1</sup>



## Non-GAAP EPS<sup>2</sup>



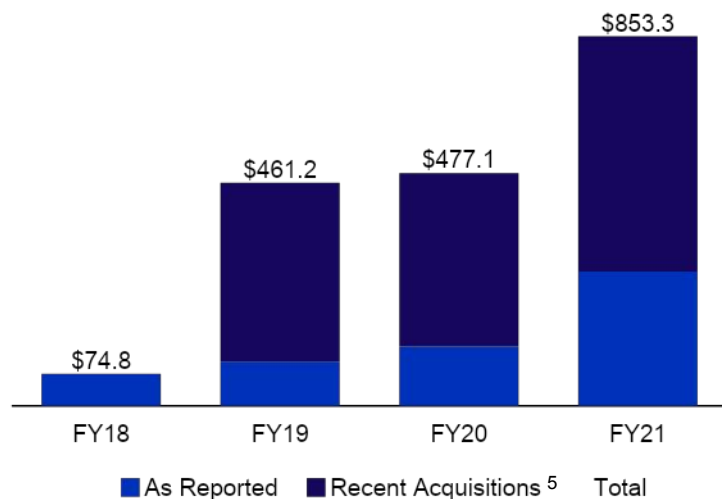
<sup>1</sup>Please see the Appendix for a definition of Non-GAAP Adjusted EBITDA.

<sup>2</sup>Please see the Appendix for a definition of Non-GAAP EPS.

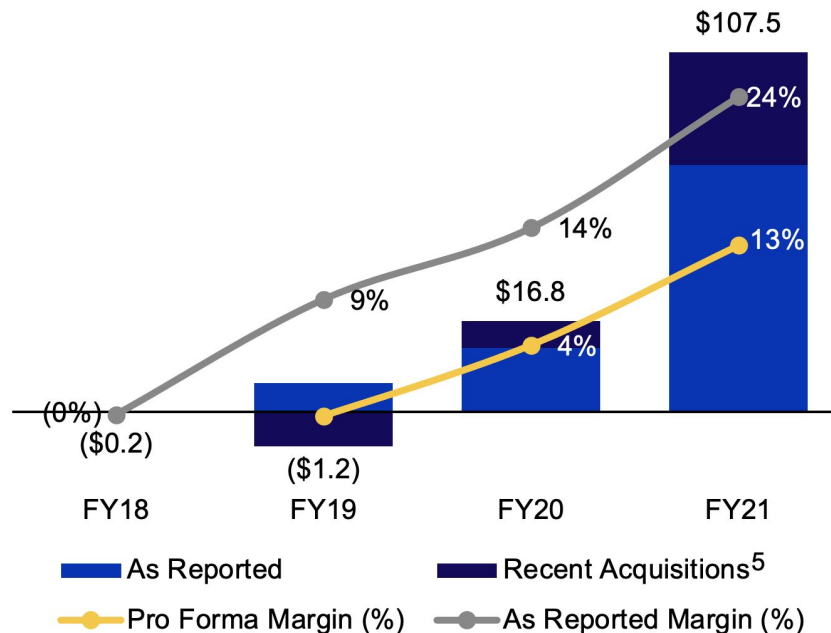


# Significant Scale and Expanding Operating Leverage

Pro Forma Revenue (\$MM)<sup>4</sup>



Pro Forma Non-GAAP Adj. EBITDA<sup>1,4</sup> (\$MM)



<sup>1</sup>Please see the Appendix for a definition of Non-GAAP Adjusted EBITDA and a reconciliation table to GAAP net income.

<sup>4</sup>Please see the Appendix for definition of pro forma results.

<sup>5</sup>Recent Acquisitions include the results of Appreciate, AdColony and Fyber.

# Operating Leverage Drives Growth in Earnings

| in millions except EPS              | 1 <sup>st</sup> Half<br>Fiscal 2022 | 1 <sup>st</sup> Half<br>Fiscal 2021 | Change Y/Y |
|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| Revenue <sup>4</sup>                | \$602.3                             | \$333.0                             | 81%        |
| Non-GAAP Adj. EBITDA <sup>1,4</sup> | \$96.5                              | \$34.0                              | 184%       |
| Non-GAAP EPS <sup>2</sup>           | \$0.78                              | \$0.28                              | 176%       |

<sup>1</sup>Please see the Appendix for a definition of Non-GAAP Adjusted EBITDA and a reconciliation table to GAAP net income.

<sup>2</sup>Please see the Appendix for a definition of Non-GAAP EPS and a reconciliation table to GAAP EPS.

<sup>4</sup>Please see the Appendix for definition of pro forma results.

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Part 2

# Q & A

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# Appendix

# Use of Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements presented in accordance with GAAP, Digital Turbine uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP adjusted net income and earnings per share ("EPS") and non-GAAP adjusted EBITDA. Reconciliations to the nearest GAAP measures of all non-GAAP measures included in this press release can be found in the tables below.

Non-GAAP measures are provided to enhance investors' overall understanding of the Company's current financial performance, prospects for the future and as a means to evaluate period-to-period comparisons. The Company believes that these non-GAAP measures provide meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be indicative of recurring core business operating results. The Company believes the non-GAAP measures that exclude such items when viewed in conjunction with GAAP results and the accompanying reconciliations enhance the comparability of results against prior periods and allow for greater transparency of financial results. The Company believes non-GAAP measures facilitate management's internal comparison of its financial performance to that of prior periods as well as trend analysis for budgeting and planning purposes. The presentation of non-GAAP measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

# Appendix: Definitions of Non-GAAP and Pro Forma Measures

<sup>1</sup>**Non-GAAP Adjusted EBITDA** is calculated as GAAP net income/(loss) excluding the following cash and non-cash expenses: interest expense/(income), foreign exchange transaction loss/(gain), income tax provision, depreciation and amortization, stock-based compensation expense, the change in fair value of warrant liability, the change in fair value of contingent liability, loss on extinguishment of debt, non-recurring severance expense, and transaction-related expenses and compensation costs.

<sup>2</sup>**Non-GAAP EPS** is defined as GAAP EPS adjusted to exclude the effect of stock-based compensation, amortization of intangibles, adjustments in the fair value of earn-out liabilities associated with acquisitions, and transaction-related expenses and compensation costs.

<sup>3</sup>**Non-GAAP gross profit** is defined as GAAP gross profit adjusted to exclude the effect of the amortization of intangibles and depreciation of software.

<sup>4</sup>**Pro Forma financial information** in this presentation were prepared as if the acquisitions of Appreciate, AdColony and Fyber were owned for all full prior periods shown. The historical financial statements of AdColony and Fyber were prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and have not been adjusted to conform with accounting principles generally accepted in the US

# GAAP Net Income to Non-GAAP Adjusted Earnings Per Share

| (in thousands)  |   |   |
|---|---|---|
|   | 6 Months Ended<br>September 30, 2021<br>(Unaudited) | 6 Months Ended<br>September 30, 2020<br>(Unaudited) |
| <b>Continuing Operations:</b>                                     |   |   |
| Net (loss) / income from continuing operations                    | \$ 8,366  | \$ 10,313   |
| Add back items:   |   |   |
| Stock and stock option compensation                               | 9,630   | 4,126   |
| Amortization of intangibles                                       | 21,100  | 1,340   |
| Adjustment to estimated earn-out liability                        | 22,087  | 10,757  |
| Transaction expenses  | 17,504  | 450   |
| Non-GAAP adjusted net income from continuing operations           | \$ 78,687   | \$ 26,986   |
| Non-GAAP adjusted net income per share from continuing operations | \$ 0.78   | \$ 0.28   |
| Weighted average common shares outstanding, diluted               | 100,457   | 94,988  |

# Pro Forma GAAP Net Income to Non-GAAP Adjusted EBITDA

As Reported + Recent Acquisitions (Appreciate, AdColony, Fyber)

(in thousands)

|   | 12 Months Ended March 31, |             |            | 6 months Ended September 30, |             |
|---|---------------------------|-------------|------------|------------------------------|-------------|
|   | 2019                      | 2020        | 2021       | 2021                         | 2022        |
| <b>Continuing Operations:</b>                       |                           |             |            |                              |             |
| Net income from continuing operations               | \$ (162,809)              | \$ (69,977) | \$ 45,736  | \$ (4,253)                   | \$ (28,630) |
| Add back items:                                     |                           |             |            |                              |             |
| Stock and stock option compensation                 | 4,419                     | 4,832       | 6,990      | 5,416                        | 39,790      |
| Depreciation and Amortization                       | 42,712                    | 42,076      | 33,495     | 17,516                       | 28,616      |
| Impairment of Intangibles                           | 96,589                    | 803         | (676)      | (1,011)                      | 1           |
| Interest expense / (income), net                    | 19,257                    | 34,986      | 15,442     | 7,715                        | 6,012       |
| Other expense / (income)                            | (141)                     | (770)       | (610)      | 16                           | 372         |
| Change in fair value of contingent liability        | -                         | -           | 15,751     | 10,757                       | 22,087      |
| Change in fair value of warrant liability           | 5,883                     | 9,580       | -          | -                            | -           |
| Loss on extinguishment of debt                      | 425                       | -           | 452        | -                            | -           |
| Non-recurring severance expense                     | 145                       | -           | -          | -                            | -           |
| Foreign exchange transaction (gain)/loss            | 248                       | 1,665       | 1,030      | 17                           | 475         |
| Income tax provision                                | (7,909)                   | (7,081)     | (14,815)   | (2,668)                      | 3,299       |
| Transactions expenses                               | -                         | 657         | 4,701      | 450                          | 24,520      |
| Non-GAAP adjusted EBITDA from continuing operations | \$ (1,181)                | \$ 16,771   | \$ 107,496 | \$ 33,954                    | \$ 96,542   |