



Investor Presentation

October 2020



# Safe Harbor Statement

This presentation includes "forward-looking statements" within the meaning of the U.S. federal securities laws. Statements in this news release 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 Ignite adoption among existing customers (including the impact of possible delays with major carrier and OEM partners in the roll out for mobile phones deploying Ignite); actual mobile device sales and sell-through where Ignite is deployed is out of our control; new customer adoption and time to revenue with new carrier and OEM partners is subject to delays and factors out of our control; risks associated with fluctuations in the number of Ignite 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; derivative and warrant liabilities on our balance sheet will fluctuate as our stock price moves and will also produce changes in our income statement; these fluctuations and changes might materially impact our reported GAAP financials in an adverse manner, particularly if our stock price were to rise; 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; 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 Overview**

02 **Platform Overview**

03 **Real-Time Update**

Recent Performance  
COVID-19 Impact

04 **Financial Summary**

05 **Q&A**



# A Platform for Simplified App & Content Discovery

Multiple Marketplace Trends Support Opportunity to Monetize Better App and Content Discovery

## CONSUMERS



### 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.

## ADVERTISERS



### Fraud is an Increasing Issue

The rising cost of fraud for mobile app marketers is estimated to be \$1.6B for the first half of 2020



### The Install Market Continues to Grow

Global app install ad spend is estimated to be \$76B in 2020 and forecasted to reach >\$118B in 2022

## OPERATORS & OEMS



### The Device UI/UX is Fertile Ground

Despite control over the device UX, Operators and OEMs are a small fraction of Global App Install and Content Market



### Channel Diversification

Rapidly growing market is fostering spend diversification to other channels and platforms for faster non-incremental growth

# Company Operating at Global Scale

**14<sup>+</sup>**  
**Million**

New devices  
per month

**150<sup>+</sup>**  
**Countries**

with active  
campaigns

**40<sup>+</sup>**

Partnerships

**3.9**  
**Billion**

Apps delivered  
globally across  
devices

**450<sup>+</sup>**  
**Million**

Devices with  
Digital Turbine  
software

**8<sup>+</sup>**  
**Million**

DAUs for  
Content Media  
software

**70%**  
**Top Apps**

on Google Play  
work with us

**Publicly  
Traded**

NASDAQ Ticker -  
APPS




































## **Locations:**

Austin, Durham, Arlington, Mumbai,  
Singapore, Tel Aviv, Mexico City,  
São Paulo

# Validated by Global Market Leaders



# Working with the Top Apps Across Popular Categories

News			SmartNews		Retail				
Social				WhatsApp		Music			
eCommerce				LAZADA	ZALORA	Entertainment			
Finance				Bank of America		Gaming			
Shopping				Walmart		Agency			

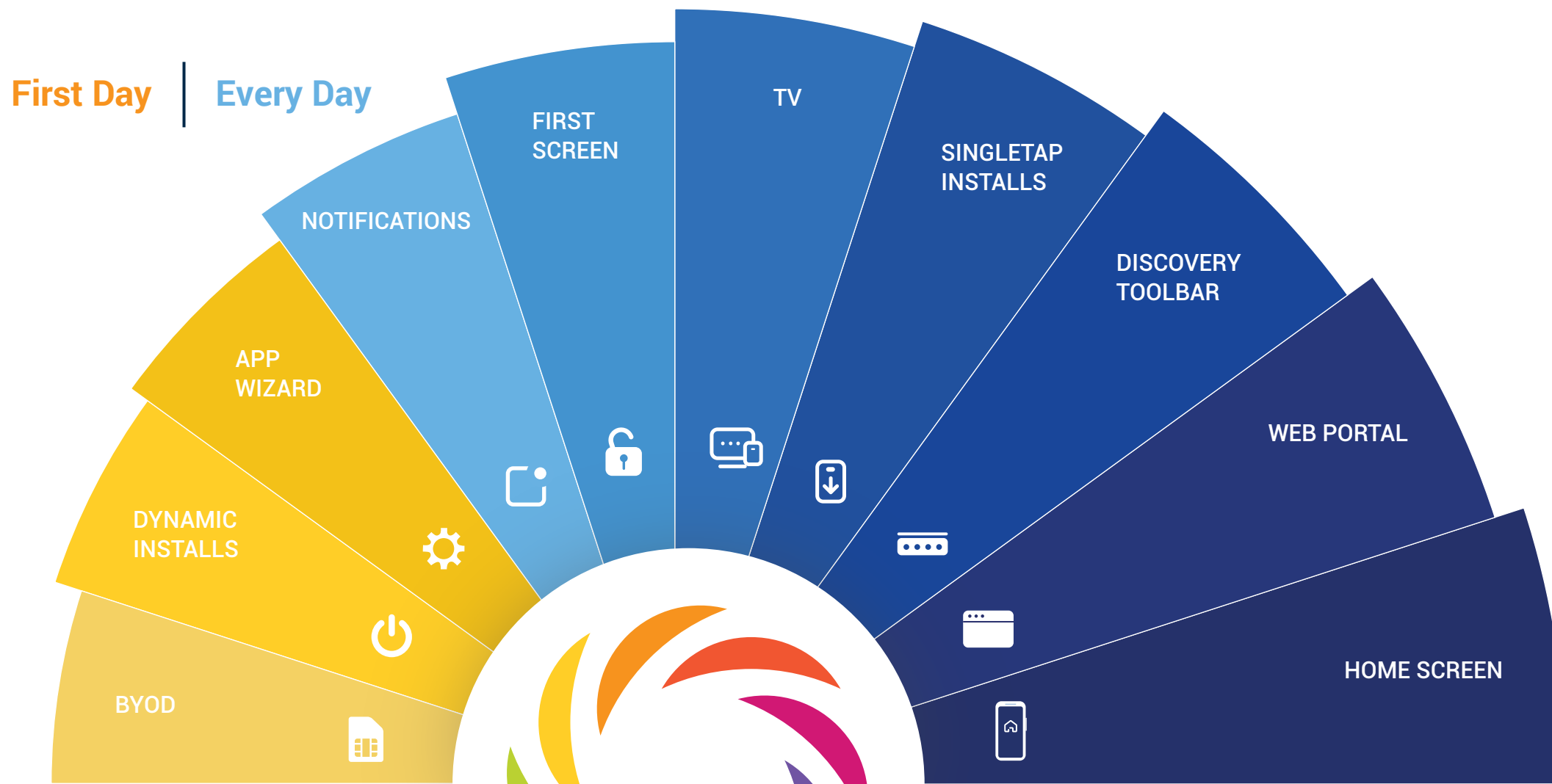
# | Platform Overview





# Diverse Products Drive Revenue at Activation Point & Beyond

Increasing Recurring Revenue from [Everyday Content](#) and [App Engagement](#) Opportunities



# Monetization Starts at First Boot

Dynamic Installs drive engagement and monetization from Day 1

## OVERVIEW

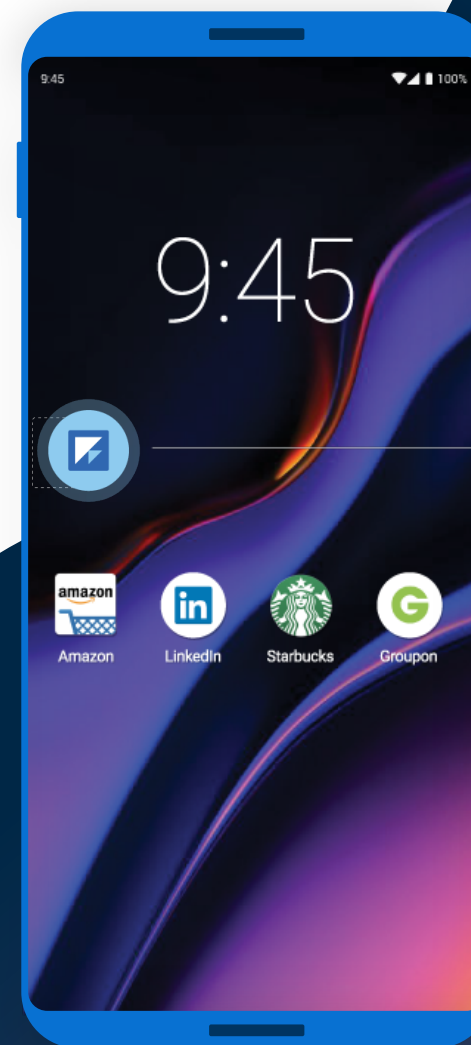
- Next-gen smart “factory preload”
- Dynamic delivery installs most up to date app version

## USER EXPERIENCE

- 100% Seamless – Icon appears in app tray or home screen

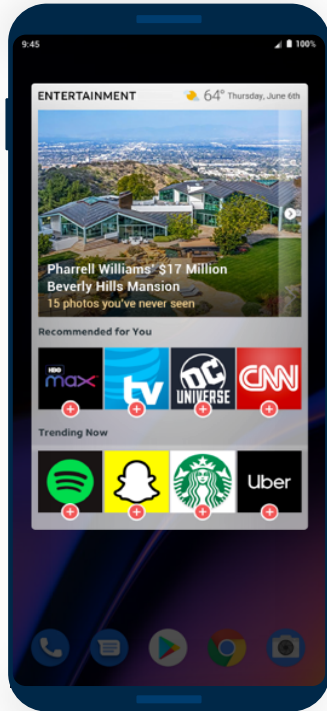
## CONFIGURATION & MONETIZATION

- Optimized for revenue via real-time CPI
- Can promote own apps



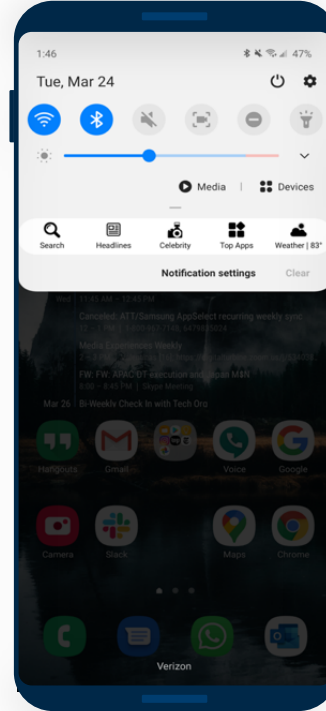
# New Products Drive Ongoing Revenue Streams

Everyday Content and App Experiences create monetization opportunities over life of device



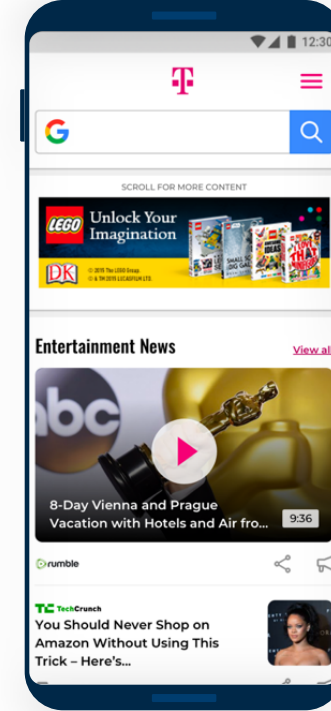
## HOME SCREEN

A blend of news, weather and apps, right on the home screen



## TOOL BAR

Easy access to fresh content and apps via notification shade



## WEB PORTAL

Popular content on the partner's default web page

 ATTRACTIVE NEW PRODUCTS

# Single Tap Installs™

Frictionlessly install apps from mobile ads.

## BETTER USER EXPERIENCE

Provides uninterrupted user experience without redirects away from site.

## COMPREHENSIVE & CUSTOMIZABLE SOLUTION

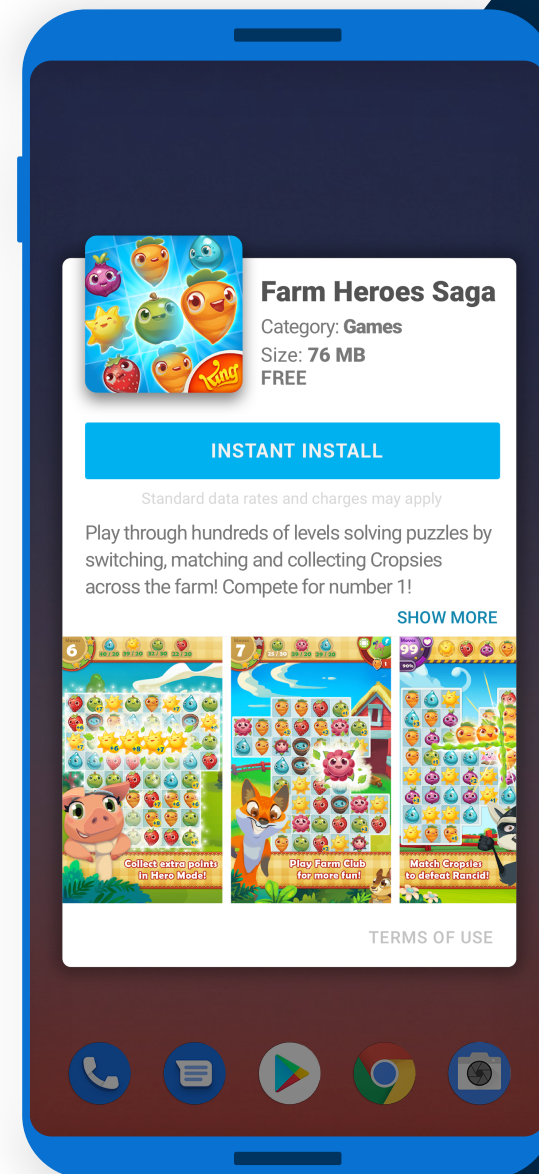
Works in all native apps and most browsers including OEM defaults.

## IMPROVED CONVERSIONS

Reduces friction and improves mobile ad to install conversion rates by 2-5X

## EASY TO IMPLEMENT

Plugs natively into any call-to-action with a simple deep link placement.



# | Real-Time Update



# Real-Time Update – Key Developments

## Strong Financial Results Driven by Rising Demand from Advertisers and Broad Revenue Diversification

- ✓ June quarter revenue of \$59.0 million and Non-GAAP Adjusted EBITDA<sup>1</sup> of \$14.1 million grew 93% and 235%, respectively, on a year-over-year basis
- ✓ Our Application Mobile Delivery Platform has now been installed on more than 450 million devices globally, including more than 43 million devices added in the June quarter, as International and other newer partnerships are now driving more significant growth
- ✓ Revenue-per-device (“RPD”) with U.S.-based partners in the June quarter increased more than 25% year-over-year, as advertisers show preference toward measurable, verifiable value of homescreen opportunity
- ✓ Following completion of the recent Mobile Posse acquisition, new Content Media revenue and other “life-of-device” products are now contributing far more meaningfully to the overall business, driving greater recurring revenue streams and higher profit margins
- ✓ The Company currently has more than 8 million monetizable daily active users (DAUs) for its Content Media products and is actively in the process of extending the reach to additional carrier partners

<sup>1</sup>Adjusted EBITDA is calculated as GAAP net income/(loss) excluding the following cash and non-cash expenses: interest expense, foreign exchange transaction loss/(gain), income tax benefit, depreciation and amortization, stock-based compensation expense, the change in fair value of derivatives and warrants that are recorded related to the September 2016 convertible notes offering, other income / (expense), and a loss on extinguishment of debt.

# COVID Is Accelerating Secular Tailwinds: Surge in App Usage & Spending

TC TechCrunch

Consumers spent a record \$28 billion in apps in Q3, aided by pandemic

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4 days ago



MOBILE TECH AT&T

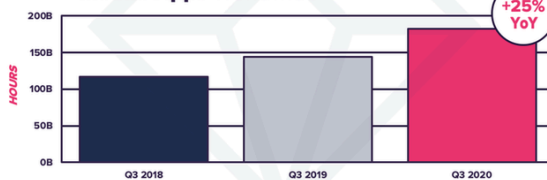
## AT&T CEO addresses major surge in mobile, Wi-Fi usage as more people work from home

Coronavirus pandemic has led to more people relying on the internet

By Julia Alexander | Mar 22, 2020, 1:53pm EDT

APP ANNIE

### Avg. Monthly Hours Spent in Mobile Apps Worldwide



Note: Android phones. All estimates from App Annie Intelligence.

## US Consumers to Spend 1B Hours Shopping on Mobile This Holiday Season

By PRNewswire — On Sep 14, 2020

ANALYTICS

E-COMMERCE AND MOBILE COMMERCE

## The Delivery App Landscape Is Changing and Sustaining Businesses During COVID-19

Panic-buying and fear of contagion are driving many consumers to download apps for groceries and meals during the coronavirus crisis.

By Lydia Dishman, Contributor

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TECH DRIVERS

## Why the coronavirus pandemic may fast-forward 5G adoption in the US

PUBLISHED FRI, MAR 20 2020-9:13 AM EDT | UPDATED FRI, MAR 20 2020-9:36 AM EDT

Todd Wasserman  
@TODDWASSERMAN

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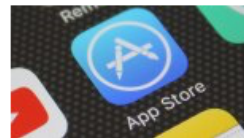
KEY POINTS

- The coronavirus outbreak and the rise in remote work has advanced the need for more robust 5G technologies in the U.S.
- Verizon issued a press release on Wednesday stating the demands on bandwidth increased 75% over the previous week.
- The FCC and federal government are trying to accelerate deployment in urban and rural areas.

Learn about how we respond to COVID-19

verizon

## Coronavirus impact sends app downloads, usage and consumer spending to record highs in Q2



As the world continued to cope with the impact of the coronavirus outbreak, the second quarter of 2020 became the largest yet for mobile app downloads, usage and consumer spending. According to new data from app store intelligence firm App Annie, mobile app usage grew 40% year-over-year in the second quarter of 2020, even hitting ...  
[Continue reading](#)

TC TechCrunch

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TECH

## Gaming Usage Up 75 Percent Amid Coronavirus Outbreak, Verizon Reports

4:23 PM PDT 3/17/2020 by Patrick Shanley

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# Proven Business Model Resilience Despite Near-Term Macro Concerns

- **Near-Term Investor Concerns & Broader Industry Headwinds**

- **Reduced Carrier Store Traffic Poses Risk to New Phone Activation Levels**

- The majority of U.S. carrier stores were at one point closed and are experiencing reduced walk-in traffic, which potentially threatens in-store purchases/activations of smartphones

- **Weaker Advertiser Spending Trends**

- Several high-profile digital advertising companies, including Facebook & Google, have remarked about broad-based declines in ad spending, especially from the harder-hit portions of the economy, such as the travel & leisure industry

- **Mitigating Factors for Digital Turbine**

- **Sharply Higher Online Device Sales in the U.S. as Smartphone Usage Increases**

- The pace of online sales has increased dramatically to help offset declines in physical store sales, as subscribers working remotely from home and entertaining/informing themselves while sheltered at home have proven reliant on the quality and performance of their devices

- **Reduced Dependence on Revenue Directly Tied to U.S. Activations (<60% of Total Today vs. >90% 2 Years Ago)**

- Recently acquired Mobile Posse business & other newer products are more correlated with usage trends
    - DT's international expansion story, with partners such as Samsung, LG and Xiaomi, is entirely a penetration story, as opposed to being dependent on Y/Y activations growth

- **Highly Favorable Advertiser Mix**

- Advertising revenue from a combination of the mobile gaming, streaming, social media and news verticals, where conversion and usage/monetization trends are positive and advertiser demand remains healthy, currently represents approximately >85% of total Application Services revenue
    - Very limited exposure to the more affected travel and hardlines retail verticals



# Beyond The Pandemic: Medium/Longer-Term Tailwinds

- **Residual Demand for App Content/Services**

- Explosion in subscriber usage of apps and app-driven spending for entertainment, information, education, retail, food delivery, etc., is likely to have lasting behavioral effects, thereby reinforcing the value of DT's unique homescreen offering for advertisers within these verticals

- **Advertiser Preference for Directly Measurable ROI Favors Digital Turbine's Platform**

- Advertisers' ability to fully track the performance of campaigns (user acquisition costs, conversion rates and ARPUs) on the DT Platform is more critical than ever as advertiser budgets are streamlined and re-allocated toward "fraud-free" platforms with proven, measurable returns on investment

- **Increased 5G Promotion/Adoption; Android in the Pole Position**

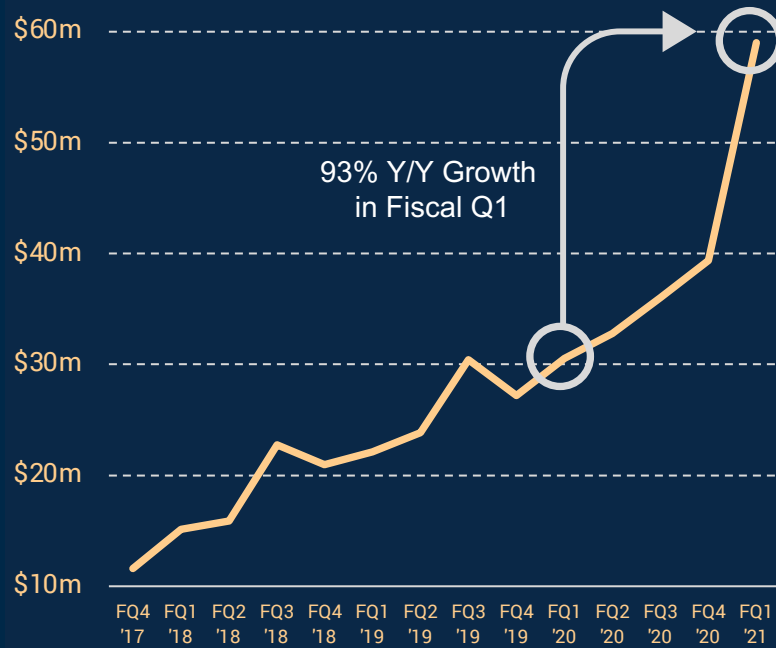
- Carriers & OEMs will aggressively promote 5G devices during the all-important upcoming holiday period in a full-scale effort to accelerate adoption of more economically efficient 5G network services
- Android OEMs are first to the 5G market, and will be in position to offer a wider selection of 5G devices at lower price points amid the blitz of carrier & OEM carrier promotions
- Recent network traffic surges and related performance limitations/outages accentuate the demand ("consumer pull") for 5G capabilities

# | Financial Summary

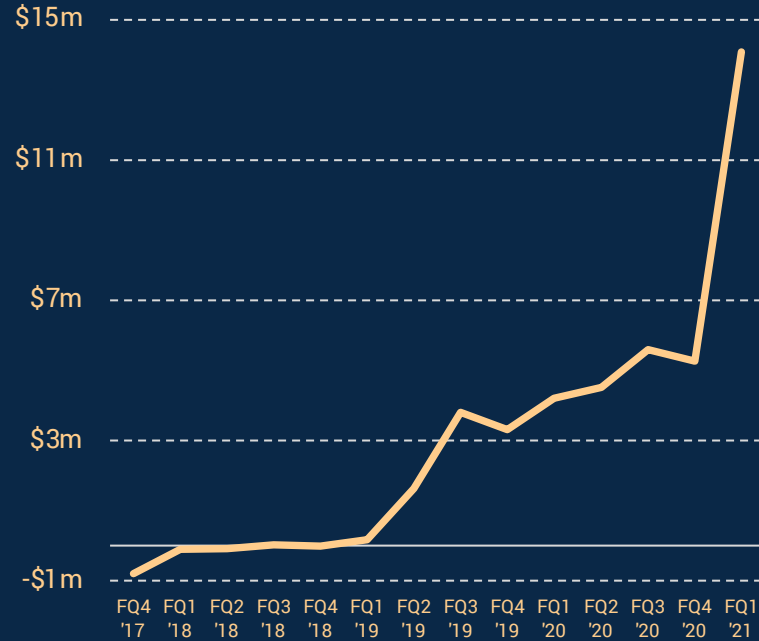


# Rapid and Efficient Growth

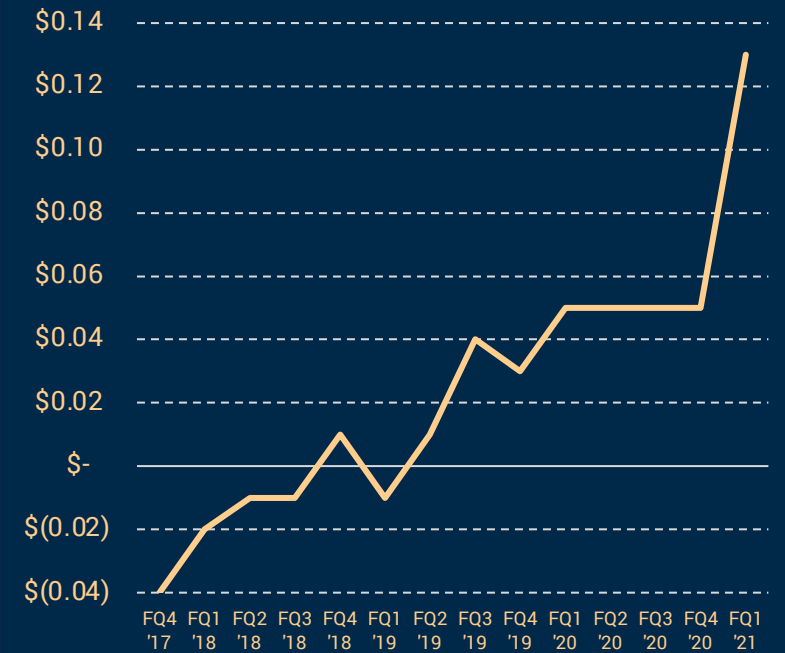
## Revenue



## Adjusted EBITDA<sup>1</sup>



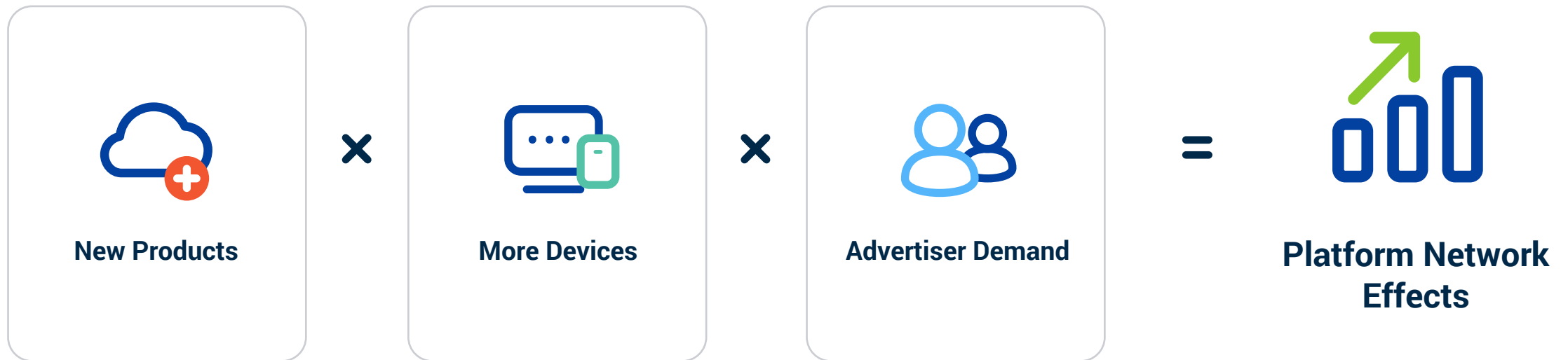
## Non-GAAP EPS<sup>2</sup>



<sup>1</sup>Adjusted EBITDA is calculated as GAAP net income/(loss) excluding the following cash and non-cash expenses: interest expense, foreign exchange transaction loss/(gain), income tax Provision/(benefit), depreciation and amortization, stock-based compensation expense, the change in fair value of derivatives and warrants that are recorded related to the September 2016 convertible notes offering, other income / (expense), and a loss on extinguishment of debt.

<sup>2</sup>Non-GAAP EPS is defined as GAAP EPS adjusted to exclude the effect of stock-based compensation, amortization of intangibles, changes in fair value of derivatives, loss on extinguishment of debt, tax adjustments and transaction expenses.

# 3 Key Drivers Accelerate Growth in Platform





MORE DEVICES

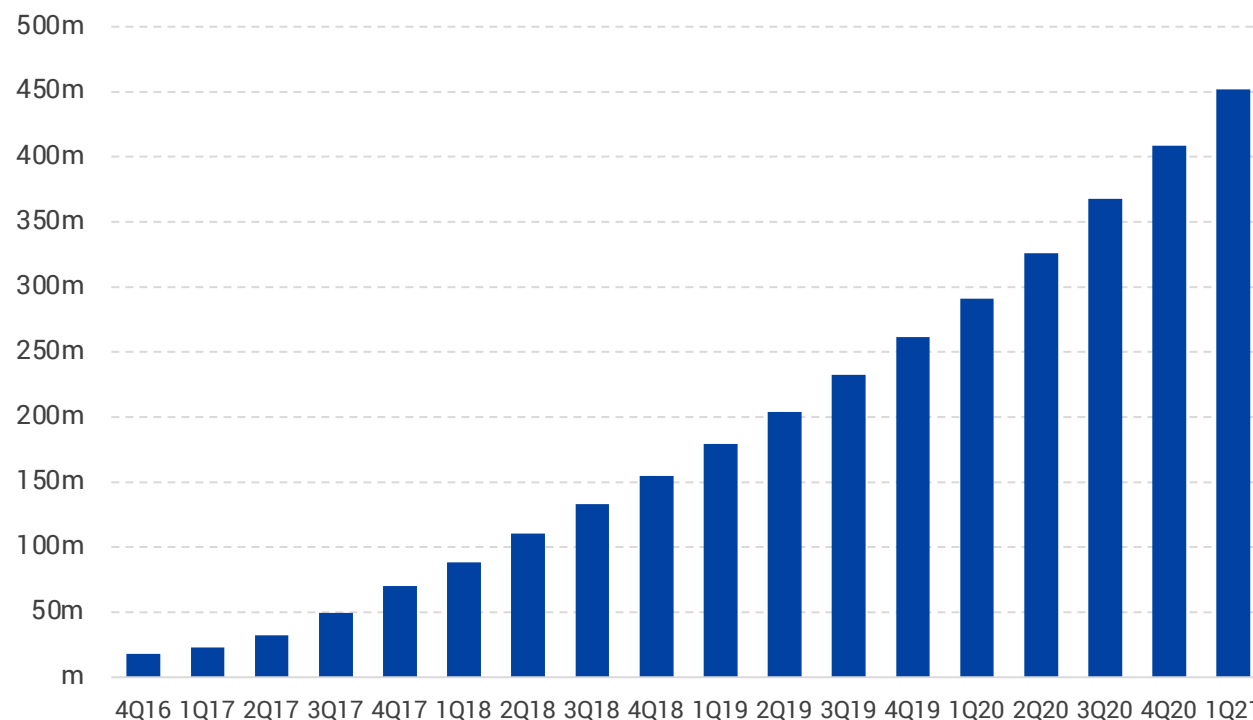
# Growing Installed Base

Digital Turbine's Application Media software has now been **installed on more than 450 million total devices** to date and was installed on more than 40 million new devices worldwide during each of the past three reported quarters

## Device Growth Drivers

- Market share is expanding, but still <15% total global Android smartphone penetration today
- Ongoing rollouts with international OEMs & operators, such as Samsung, LG, Xiaomi, Telefonica, etc. (International device reach more than doubled in fiscal 2020)
- Opportunities for additional partnerships in the U.S. (T-Mobile & Sprint)
- Penetration into additional devices beyond smartphones, such as televisions and wearables

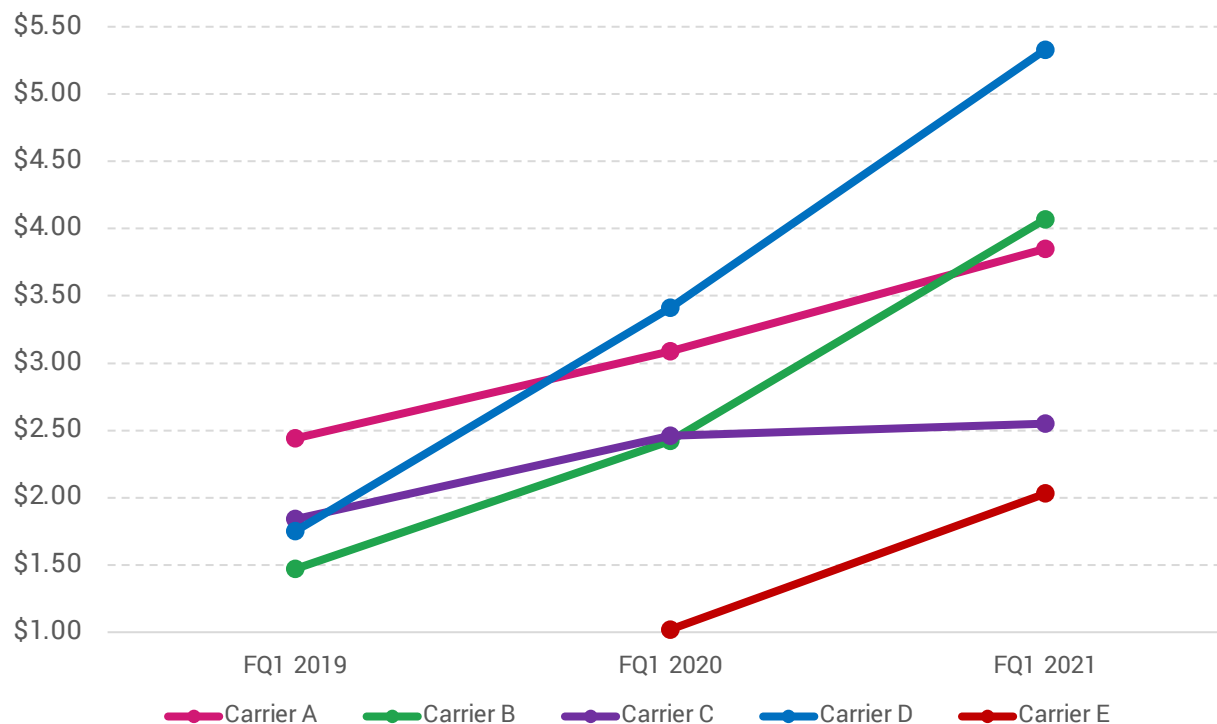
## Cumulative Application Media Devices



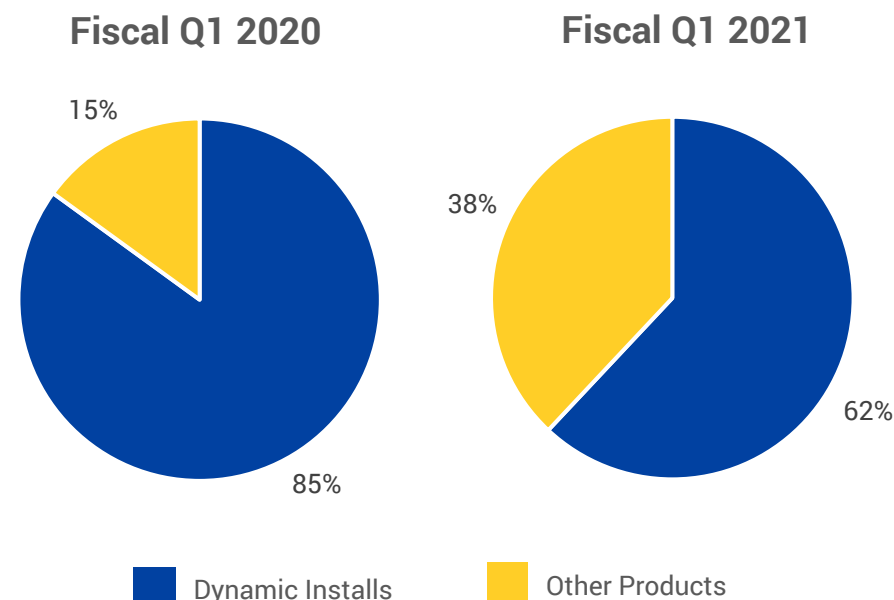
# Strong RPD Trajectory With U.S.-Based Carrier Partners

Robust advertiser demand, along with increased contribution from new products, once again drove a **greater than 25% Y/Y increase in the average revenue-per-device** with U.S.-based partners in Fiscal Q1

Revenue-Per-Device Trends with U.S. Carrier Partners



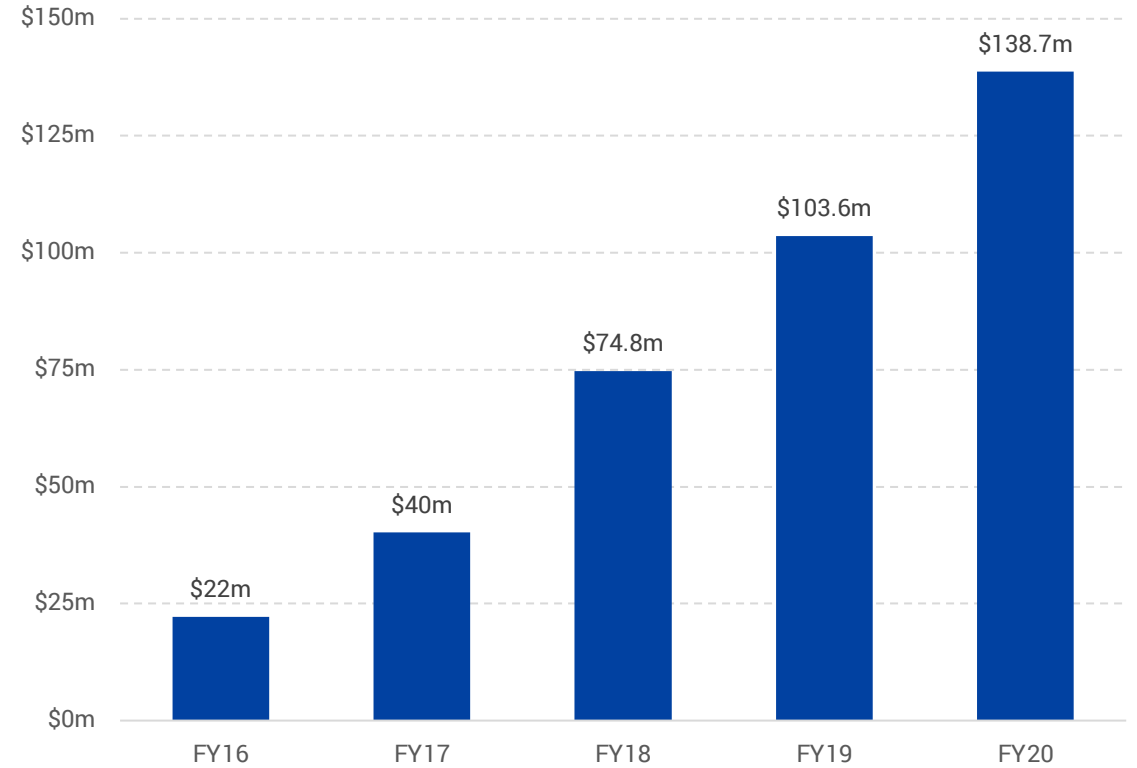
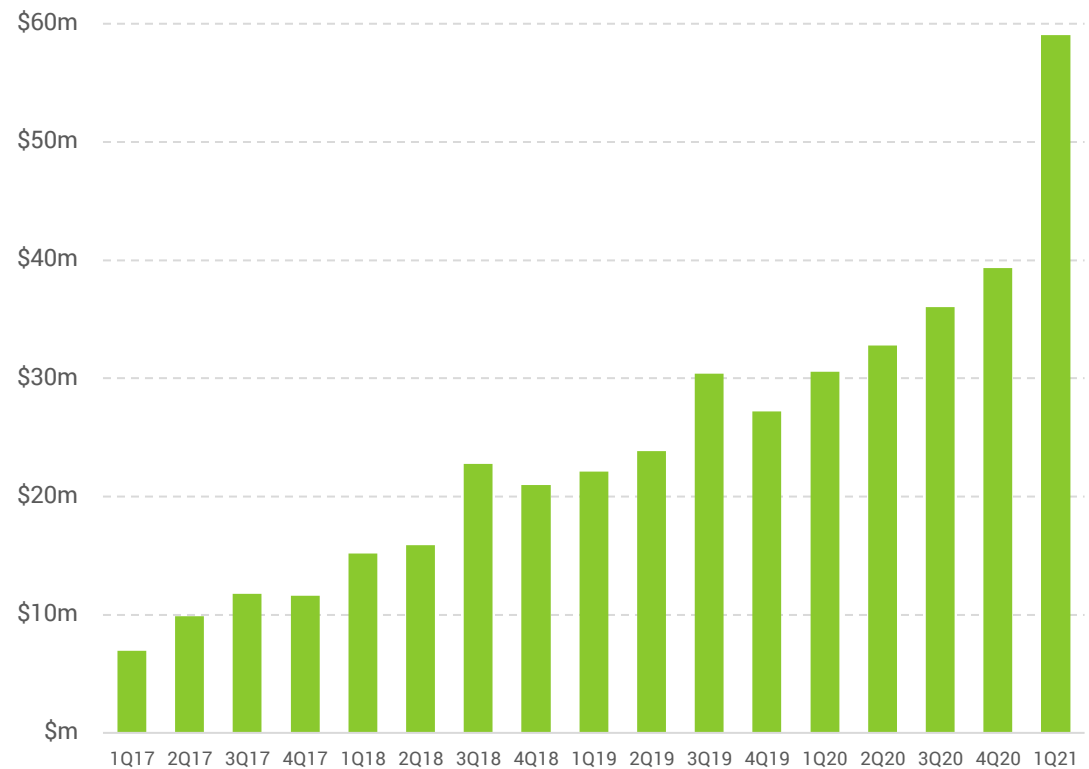
Revenue Breakdown By Product



Nearly 40% of Total Revenue Derived from Content Media and other New Products

# Strong Revenue Growth

Revenue grew 93% year-over-year in the just-reported June quarter and has grown at an overall compounded annual growth rate of greater than 58% over the past four fiscal years.



# Operating Model Leverage

Revenue and gross profit grew 93% and 118%, respectively, in the most recently reported quarter, driving more than 1,000bp of EBITDA margin expansion and record-high non-GAAP EPS of \$0.13, showcasing the inherently profitable operating leverage in the model

(in millions)	Q1 Fiscal 2021	Q1 Fiscal 2020	Change Y/Y
Revenue	\$59.0	\$30.6	93%
Non-GAAP Gross Profit <sup>1</sup>	\$26.7	\$12.3	118%
Adjusted EBITDA <sup>2</sup>	\$14.1	\$4.2	235%
Adjusted EBITDA Margin	24%	14%	>1,000bp
Non-GAAP EPS <sup>3</sup>	\$0.13	\$0.05	160%

<sup>1</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>2</sup>Adjusted EBITDA is calculated as GAAP net income/(loss) excluding the following cash and non-cash expenses: interest expense, foreign exchange transaction loss/(gain), income tax benefit, depreciation and amortization, stock-based compensation expense, the change in fair value of derivatives and warrants that are recorded related to the September 2016 convertible notes offering, other income / (expense), and a loss on extinguishment of debt.

<sup>3</sup>Non-GAAP EPS is defined as GAAP EPS adjusted to exclude the effect of stock-based compensation, amortization of intangibles, changes in fair value of derivatives, loss on extinguishment of debt, tax adjustments and transaction expenses.



# Digital Turbine Investment Highlights



**Highly-scalable platform** business model uniquely positioned in high growth, >\$100 billion mobile advertising market



**93% revenue growth and expanding profit margins** in the first quarter of fiscal 2021 contributed to significantly higher earnings



**Powered >3 billion app preloads** for thousands of advertisers and access to more than one billion mobile subscribers globally



Increasingly diverse revenue mix rapidly shifting to **higher margin revenue** streams amid rapidly expanding global market opportunity



**40+ long-term agreements** with top-tier global partners including Verizon, AT&T, Samsung, LG, America Movil, Telefonica and Reliance Jio and pipeline of launches **high-profile partner** launches & business development opportunities



Experienced management team and board with a **track record** of outstanding business growth at various carriers and technology companies including Verizon, AT&T, Sprint, Nextel, Yahoo, First Data and Sony



Thank you

