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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2025

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of August 1, 2025, the Company had 108,127,174 shares of its common stock, $0.0001 par value per share, outstanding.

DIGITAL TURBINE, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED June 30, 2025

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Digital Turbine, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except par value and share amounts)

	June 30, 2025	March 31, 2025
	(Unaudited)	
ASSETS		
Current assets		
Cash, cash equivalents, and restricted cash	$ 34,132	$ 40,084
Accounts receivable, net	203,869	181,770
Prepaid expenses	6,423	6,923
Value-added tax receivable	9,227	8,291
Other current assets	6,582	5,711
Total current assets	260,233	242,779
Property and equipment, net	44,697	46,966
Right-of-use assets	9,618	9,924
Intangible assets, net	246,344	257,697
Goodwill	223,936	221,741
Other non-current assets	33,528	33,747
TOTAL ASSETS	**$ 818,356**	**$ 812,854**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 113,346	$ 139,944
Accrued revenue share	79,892	35,264
Accrued compensation	9,783	7,503
Acquisition purchase price liabilities	1,163	1,697
Other current liabilities	33,526	38,118
Total current liabilities	237,710	222,526
Long-term debt, net of debt issuance costs	400,503	408,687
Deferred tax liabilities, net	17,416	16,308
Other non-current liabilities	10,433	11,375
Total liabilities	666,062	658,896
Commitments and contingencies (Note 16)		
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		
$0.0001 par value: 200,000,000 shares authorized; 108,670,952 issued and 107,912,827 outstanding at June 30, 2025; 106,735,767 issued and 105,977,642 outstanding at March 31, 2025	10	10
Additional paid-in capital	900,905	892,665
Treasury stock (758,125 shares at June 30, 2025, and March 31, 2025)	(71)	(71)
Accumulated other comprehensive loss	(47,104)	(51,304)
Accumulated deficit	(701,546)	(687,442)
Total stockholders’ equity	152,294	153,958
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	**$ 818,356**	**$ 812,854**

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 (Loss) Income
(Unaudited)
(in thousands, except per share amounts)

	Three months ended June 30, 2025	Three months ended June 30, 2024
Net revenue	$ 130,926	$ 117,989
Costs of revenue and operating expenses		
Revenue share	58,138	55,809
Other direct costs of revenue	10,804	7,790
Product development	10,147	10,714
Sales and marketing	13,589	16,247
General and administrative	42,909	43,517
Total costs of revenue and operating expenses	135,587	134,077
Loss from operations	(4,661)	(16,088)
Interest and other (expense) income, net		
Interest expense, net	(9,954)	(8,250)
Foreign exchange transaction gain (loss)	(914)	818
Other (expense) income, net	(668)	114
Total interest and other (expense) income, net	(11,536)	(7,318)
Loss before income taxes	(16,197)	(23,406)
Income tax provision (benefit)	(2,093)	1,750
Net loss	(14,104)	(25,156)
Other comprehensive income (loss)		
Foreign currency translation gain (loss)	4,200	(1,213)
Comprehensive loss	(9,904)	(26,369)
Net loss per common share		
Basic	$ (0.13)	$ (0.25)
Diluted	$ (0.13)	$ (0.25)
Weighted-average common shares outstanding		
Basic	106,627	102,396
Diluted	106,627	102,396

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

Digital Turbine, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three months ended June 30,	
	2025	**2024**
Cash flows from operating activities		
Net (loss) income	$ (14,104)	$ (25,156)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	23,337	20,819
Non-cash interest expense	1,154	301
Allowance for credit losses	788	214
Stock-based compensation expense	6,267	8,168
Foreign exchange transaction loss (gain)	914	(818)
Non-cash lease expense	790	742
(Increase) decrease in assets:		
Accounts receivable, gross	(22,917)	(5,116)
Prepaid expenses	595	813
Value-added tax receivable	(368)	(1,772)
Other current assets	(727)	372
Right-of-use asset	(141)	(321)
Other non-current assets	291	514
Increase (decrease) in liabilities:		
Accounts payable	(26,939)	9,058
Accrued revenue share	44,493	(7,556)
Accrued compensation	2,112	(299)
Other current liabilities	(6,276)	619
Deferred income taxes	797	(2,074)
Other non-current liabilities	(1,278)	140
Net cash provided by (used in) operating activities	**8,788**	**(1,352)**
Cash flows from investing activities		
Capital expenditures	(7,616)	(5,931)
Net cash used in investing activities	**(7,616)**	**(5,931)**
Cash flows from financing activities		
Proceeds from borrowings	—	17,000
Payment of debt issuance costs	(9,298)	—
Payment of deferred business acquisition consideration	(534)	—
Repayment of debt obligations	(40)	(7,000)
Payment of withholding taxes for net share settlement of equity awards	(144)	(48)
Options exercised	1,560	14
Net cash provided by (used in) financing activities	**(8,456)**	**9,966**
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1,332	(559)
Net change in cash, cash equivalents, and restricted cash	**(5,952)**	**2,124**
Cash, cash equivalents, and restricted cash, beginning of period	40,084	33,605
Cash, cash equivalents, and restricted cash, end of period	**$ 34,132**	**$ 35,729**

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

Digital Turbine, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three months ended June 30,	
	2025	**2024**
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	$ 33,427	$ 35,042
Restricted cash	705	687
Total cash, cash equivalents and restricted cash	$ 34,132	$ 35,729
Supplemental disclosure of cash flow information		
Interest paid	$ 8,665	$ 8,104
Income taxes paid	$ 3,066	$ 703
Supplemental disclosure of non-cash activities		
Assets acquired not yet paid	$ 326	$ 403
Right-of-use assets acquired under operating leases	$ —	$ 888
Fair value of unpaid contingent consideration in connection with business acquisitions	$ 644	$ 1,015

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

Digital Turbine, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(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	Total
Balance at March 31, 2025	105,977,642	$ 10	100,000	$ 100	758,125	$ (71)	$ 892,665	$ (51,304)	$ (687,442)	$ 153,958
Net loss	—	—	—	—	—	—	—	—	(14,104)	(14,104)
Foreign currency translation	—	—	—	—	—	—	—	4,200	—	4,200
Stock-based compensation expense	—	—	—	—	—	—	6,824	—	—	6,824
Shares issued:										
Exercise of stock options	926,215	—	—	—	—	—	1,560	—	—	1,560
Issuance of restricted shares and vesting of restricted units	1,008,970	—	—	—	—	—	—	—	—	—
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(144)	—	—	(144)
Balance at June 30, 2025	107,912,827	$ 10	100,000	$ 100	758,125	$ (71)	$ 900,905	$ (47,104)	$ (701,546)	$ 152,294

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

Digital Turbine, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(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	Total
Balance at March 31, 2024	102,118,932	$ 10	100,000	$ 100	758,125	$ (71)	$ 858,191	$ (48,955)	$ (595,343)	$ 213,932
Net loss	—	—	—	—	—	—	—	—	(25,156)	(25,156)
Foreign currency translation	—	—	—	—	—	—	—	(1,213)	—	(1,213)
Stock-based compensation expense	—	—	—	—	—	—	8,424	—	—	8,424
Shares issued:										
Exercise of stock options	8,599	—	—	—	—	—	14	—	—	14
Issuance of restricted shares and vesting of restricted units	390,752	—	—	—	—	—	—	—	—	—
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(48)	—	—	(48)
Balance at June 30, 2024	102,518,283	$ 10	100,000	$ 100	758,125	$ (71)	$ 866,581	$ (50,168)	$ (620,499)	$ 195,953

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

Digital Turbine, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements
June 30, 2025
(in thousands, except share and per share amounts)

Note 1—Description of Business

Digital Turbine, Inc., through its subsidiaries (collectively "Digital Turbine" or the "Company"), is a leading independent mobile growth platform that levels up the landscape for advertisers, publishers, carriers, and device original equipment manufacturers ("OEMs"). The Company offers end-to-end products and solutions leveraging proprietary technology to all participants in the mobile application ecosystem, enabling brand discovery and advertising, user acquisition and engagement, and operational efficiency for advertisers. In addition, the Company's products and solutions provide monetization opportunities for OEMs, carriers, and application ("app" or "apps") publishers and developers.

Note 2—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. The Company acquired the remaining minority interest shareholders' outstanding shares in one of its subsidiaries during the three months ended June 30, 2023, for $3,751. As a result, the Company owned 100% of all its subsidiaries as of June 30, 2025.

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, 2025.

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 months ended June 30, 2025, 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, 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.

Management considered the potential impacts of ongoing macroeconomic uncertainty due to global events such as the conflicts in Ukraine and Israel, inflation, disruptions in supply chains, recessionary concerns impacting the markets in which the Company operates, and others, 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 such factors. 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 significant changes to the Company's significant accounting policies in Note 2—Basis of Presentation and 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, 2025.

Note 3—Acquisitions

Acquisition of One Store International

On November 26, 2024, the Company completed the acquisition of 100% of all outstanding ownership and voting interests of One Store International Holding B.V. ("One Store International"), pursuant to a Stock Purchase Agreement (the "Purchase Agreement") with One Store Co. LTD ("One Store") and two additional selling parties. The acquisition of One Store International is part of the Company's strategy to help deliver One Store's app to the European market and expand the Company's broader alternative app market business. The acquisition was accounted for as a business combination.

On October 30, 2024, the Company signed an additional agreement with One Store, the App Store Platform Commercial Agreement (the "Commercial Agreement"), which supersedes the Company's original agreement with One Store, dated February 5, 2024, which contemplated a future potential joint venture with One Store. The Commercial Agreement allows the Company to take ownership of a license to (1) use the One Store app ("OSP") within the European, Latin American, and US markets (the "Territories"), (2) market, advertise, merchandise, distribute, and sell the OSP through the Company's distribution channels, (3) market the One Store brand within the Territories, and (4) reproduce, use and distribute One Store's intellectual property. In return, upon launch of the business in the Territories, the Company will pay One Store a discounted monthly platform fee as a percentage of the gross merchandising value the first 18 months of the term.

The Purchase Agreement required total cash consideration of $1,903, to be paid in 18 equal monthly installments starting on the date the Company begins providing service in the United States. On the acquisition date, the Company recorded the fair values of the assets acquired and liabilities assumed in the Purchase Agreement, which resulted in the recognition of: (1) total assets of $26, (2) total liabilities of $114, and (3) non-deductible goodwill of $1,991. One Store International and its value, primarily comprised of goodwill, was purchased for its potential synergistic advantage and value derived from the expertise of its workforce and process efficiencies. Transaction costs associated with the acquisition of One Store International were $207 and recorded in general and administrative expenses. The negotiated purchase price was primarily driven by One Store International's history of OSP distribution and the part it will play in helping the Company to meet its future obligations under the Commercial Agreement.

During the fourth quarter of fiscal year 2025, the Company recognized an adjustment to the purchase price of ($206), related to working capital. As of June 30, 2025, the balance of the purchase price liability was $1,163. $534 in payments were made on the liability during the three months ended June 30, 2025.

Separate operating results and pro forma results of operations for One Store International have not been presented as the effect of this acquisition was not material to our financial results.

Note 4—Fair Value Measurements

Equity securities without readily determinable fair values

Occasionally, the Company may purchase certain non-marketable equity securities for strategic reasons. The Company did not make any such investments during the three months ended June 30, 2025 and the year ended March 31, 2025.

As of June 30, 2025 and March 31, 2025, the carrying value of the Company’s investments in equity securities without readily determinable fair values totaled $27,594 and are included in “Other non-current assets” in the accompanied consolidated balance sheet. These equity securities without readily determinable fair values represent the Company’s strategic investments in alternative app stores.

As the non-marketable equity securities are investments in privately held companies without a readily determinable fair value, the Company elected the measurement alternative to account for these investments. Under the measurement alternative, the carrying value of the non-marketable equity securities is adjusted based on price changes from observable transactions of identical or similar securities of the same issuer or for impairment. Any changes in carrying value are recorded within other income (loss), net in the Company's condensed consolidated statement of operations.

For the three months ended June 30, 2025, there were no adjustments to the carrying value of equity securities without readily determinable fair values.

Fair Value Measurements

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. Significant other inputs that are directly or indirectly observable in the marketplace.

Level 3. Significant unobservable inputs which are supported by little or no market activity.

As of June 30, 2025 and March 31, 2025, Level 1 equity securities recorded at fair value totaled $367 and $367, respectively, and are classified as other non-current assets. As of June 30, 2025 and March 31, 2025, there were no Level 2 or Level 3 equity securities recorded at fair value. The Company recorded an immaterial unrealized (gain)/loss related to these investments for year ended March 31, 2025.

Note 5—Segment Information

Operating segments are identified as components of an enterprise for 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 is the CODM. The Company reports its results of operations through the following two segments, each of which represents an operating and reportable segment, as follows:

- **On Device Solutions (“ODS”) -** This segment generates revenue from the delivery of mobile application media or content to end users with solutions for all participants in the mobile application ecosystem that want to connect with end users and consumers who hold the device. This includes mobile carriers and device 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.

- **App Growth Platform (“AGP”) -** AGP customers are primarily advertisers and publishers, and the segment provides platforms that allow mobile app publishers and developers to monetize their monthly active users via display, native, and video advertising. The AGP platforms allow demand side platforms, advertisers, agencies, and publishers to buy and sell digital ad impressions, primarily through programmatic, real-time bidding auctions and, in some cases, through direct-bought/sold advertiser budgets. The segment also provides brand and performance advertising products to advertisers and agencies.

The Company’s CODM evaluates the performance of the segments and makes resource allocation decisions based on segment net revenue and segment profit. The Company’s CODM regularly reviews the revenue share by segment and treats it as a significant segment expense.

Segment net revenue and revenue share are exclusive of certain activities and expenses that are not allocated to specific segments and are reported on a consolidated basis. In addition, operating expenses are evaluated on a consolidated basis and are not disaggregated or analyzed by segment within the Company's internal reporting, as shown in the reconciling table below.

A summary of segment information follows:

	Three months ended June 30, 2025			
	ODS	AGP	Elimination	Consolidated
Net revenue	$ 95,448	$ 36,292	$ (814)	$ 130,926
Revenue share	52,694	6,258	(814)	58,138
Segment profit	$ 42,754	$ 30,034	$ —	$ 72,788

	Three months ended June 30, 2024			
	ODS	AGP	Elimination	Consolidated
Net revenue	$ 80,650	$ 38,392	$ (1,053)	$ 117,989
Revenue share	49,143	7,719	(1,053)	55,809
Segment profit	$ 31,507	$ 30,673	$ —	$ 62,180

	June 30, 2025	June 30, 2024
Segment profit	$ 72,788	$ 62,180
Other direct costs of revenue	10,804	7,790
Product development	10,147	10,714
Sales and marketing	13,589	16,247
General and administrative	42,909	43,517
Loss from operations	$ (4,661)	$ (16,088)

The reporting package provided to the Company's CODM does not include the measure of assets by segment, as that information is not reviewed by the CODM when assessing segment performance or allocating resources.

Geographic Area Information

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

	June 30, 2025	March 31, 2025
United States and Canada	$ 42,265	$ 40,149
Europe, Middle East, and Africa	2,371	6,751
Asia Pacific and China	61	66
Consolidated property and equipment, net	$ 44,697	$ 46,966

	June 30, 2025	March 31, 2025
United States and Canada	$ 1,836	$ 2,030
Europe, Middle East, and Africa	7,782	7,877
Asia Pacific and China	—	17
Consolidated right-of-use assets	$ 9,618	$ 9,924

	June 30, 2025	March 31, 2025
United States and Canada	$ 102,453	$ 108,580
Europe, Middle East, and Africa	139,933	145,253
Asia Pacific and China	3,958	3,864
Consolidated intangible assets, net	$ 246,344	$ 257,697

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 June 30, 2025		
	ODS	AGP	Consolidated
United States and Canada	$ 37,218	$ 16,313	$ 53,531
Europe, Middle East, and Africa	26,003	11,431	37,434
Asia Pacific and China	31,051	8,391	39,442
Mexico, Central America, and South America	1,176	157	1,333
Elimination	—	—	(814)
Consolidated net revenue	$ 95,448	$ 36,292	$ 130,926

	Three months ended June 30, 2024		
	ODS	AGP	Consolidated
United States and Canada	$ 33,885	$ 25,082	$ 58,967
Europe, Middle East, and Africa	31,704	10,413	42,117
Asia Pacific and China	14,572	2,888	17,460
Mexico, Central America, and South America	489	9	498
Elimination	—	—	(1,053)
Consolidated net revenue	$ 80,650	$ 38,392	$ 117,989

Note 6—Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by segment follows:

	ODS	AGP	Total
Goodwill as of March 31, 2025	$ 80,176	$ 141,565	$ 221,741
Foreign currency translation	$ —	$ 2,195	$ 2,195
Goodwill as of June 30, 2025	$ 80,176	$ 143,760	$ 223,936

The Company evaluates goodwill for impairment at least annually or upon the occurrence of events or circumstances that indicate they would more likely than not reduce the fair value of a reporting unit below its carrying value.

During the three months ended June 30, 2025, no occurrence of events or circumstances indicated they would more likely than not reduce the fair value of a reporting unit below its carrying value. As such, no impairment of goodwill was recognized during the period.

During the year ended March 31, 2025, the Company sustained a decline in its forecasted operating trends, which was identified as a potential indicator of impairment for the Company's AGP reporting unit. As a result, the Company performed a quantitative goodwill impairment evaluation over its reporting units ODS and AGP to determine if their respective fair values were below their carrying values. Based on the evaluation, the Company determined that neither reporting unit was impaired, and no impairment of goodwill was recognized for either the ODS or AGP reporting unit during the fiscal year 2025.

Intangible Assets

Finite-lived intangible assets have been assigned an estimated finite useful life and are amortized on a straight-line basis over the number of years that approximate their respective useful lives. The Company evaluates intangible assets other than goodwill for impairment at least annually or upon the occurrence of events or circumstances that indicate the carrying value of an asset may not be recoverable. In determining whether an impairment exists, the Company considers factors such as changes in the use of the asset, changes in the legal or business environment, and current or historical operating or cash flow losses. Based on the analysis performed, no impairment was identified during the three months ended June 30, 2025 or the fiscal year ended March 31, 2025.

The components of intangible assets were as follows as of the periods indicated:

	As of June 30, 2025			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	11.05 years	$ 138,492	$ (41,900)	$ 96,592
Developed technology	3.10 years	145,744	(84,080)	61,664
Trade names	0.08 years	70,242	(68,706)	1,536
Publisher relationships	15.64 years	109,839	(23,287)	86,552
Total		$ 464,317	$ (217,973)	$ 246,344

	As of March 31, 2025			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	11.29 years	$ 137,094	$ (39,153)	$ 97,941
Developed technology	3.34 years	144,948	(78,526)	66,422
Trade names	0.33 years	69,966	(63,844)	6,122
Publisher relationships	15.89 years	108,879	(21,667)	87,212
Total		$ 460,887	$ (203,190)	$ 257,697

The Company recorded amortization expense of $13,451 during the three months ended June 30, 2025, and $15,204 during the three months ended June 30, 2024, in general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income.

During the year ended March 31, 2025, certain fully amortized intangible assets of approximately $31,000 were eliminated from gross intangible assets and accumulated amortization, with no corresponding impact to the income statement.

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

Fiscal year 2026	$ 28,169
Fiscal year 2027	35,510
Fiscal year 2028	35,510
Fiscal year 2029	18,528
Fiscal year 2030	14,710
Thereafter	113,917
Total	$ 246,344

Note 7—Accounts Receivable

	June 30, 2025	March 31, 2025
Billed	$ 127,115	$ 106,880
Unbilled	86,973	84,438
Allowance for credit losses	(10,219)	(9,548)
Accounts receivable, net	$ 203,869	$ 181,770

Billed accounts receivable represent amounts billed to customers for which the Company has an unconditional right to consideration. Unbilled accounts receivable represent revenue recognized but billed after period-end. All unbilled receivables as of June 30, 2025 are expected to be billed and collected (subject to the allowance for credit losses) within twelve months.

The Company considers various factors, including credit risk associated with customers. To the extent any individual debtor is identified whose credit quality has deteriorated, the Company establishes allowances based on the individual risk characteristics of such customer. The Company makes concerted efforts to collect all outstanding balances due, however account balances are charged off against the allowance when management believes it is probable the receivable will not be recovered.

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 considers a receivable past due when a customer has not paid by the contractually specified payment due date. Account balances are written off against the allowance for credit losses if collection efforts are unsuccessful and the receivable balance is deemed uncollectible (customer default), based on factors such as customer credit assessments as well as the length of time the amounts are past due.

Changes in the allowance for credit losses on trade receivables were as follows:

	Three months ended June 30,	
	2025	2024
Balance, beginning of period	$ 9,548	$ 9,706
Provision for credit losses	788	214
Write-offs	(117)	(705)
Balance, end of period	$ 10,219	$ 9,215

The Company recorded $788 of credit loss expense during the three months ended June 30, 2025, and $214 of credit loss expense during the three months ended June 30, 2024, in general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income.

Note 8—Property and Equipment

	June 30, 2025	March 31, 2025
Computer-related equipment	$ 9,700	$ 7,933
Developed software	121,592	115,816
Furniture and fixtures	1,468	1,442
Leasehold improvements	3,695	3,648
Property and equipment, gross	136,455	128,839
Accumulated depreciation	(91,758)	(81,873)
Property and equipment, net	$ 44,697	$ 46,966

Depreciation expense was $9,885 for the three months ended June 30, 2025, and $5,615 for the three months ended June 30, 2024.

Depreciation expense for the three months ended June 30, 2025, includes $9,602 related to internal-use software included in general and administrative expense and $283 related to internally-developed software to be sold, leased, or otherwise marketed included in other direct costs of revenue. Depreciation expense for the three months ended June 30, 2024, includes $5,481 related to internal-use software included in general and administrative expense and $134 related to internally-developed software to be sold, leased, or otherwise marketed included in other direct costs of revenue.

Cloud Computing Arrangements

As of June 30, 2025, the net carrying value of capitalized implementation costs related to cloud computing arrangements that were incurred during the application development stage was $5,425, of which $1,233 was included in prepaid expenses and other current assets and $4,192 was included in other non-current assets.

As of March 31, 2025, the net carrying value of capitalized implementation costs related to cloud computing arrangements that were incurred during the application development stage was $5,733, of which $1,233 was included in prepaid expenses and other current assets and $4,500 was included in other non-current assets.

For the three months ended June 30, 2025, and 2024 amortization expenses for implementation costs of cloud-based computing arrangements were $308 and $305, respectively.

Note 9—Other Current Liabilities

Other current liabilities consisted of the following:

	June 30, 2025	March 31, 2025
Accrued expenses	$ 9,790	$ 8,913
Accrued interest	2,145	1,949
Foreign income tax payable	8,939	15,015
Current lease liabilities	3,469	3,390
Other current liabilities	9,183	8,851
Total	$ 33,526	$ 38,118

On a quarterly basis, the Company performs an assessment on the fair value of its contingent consideration associated with the Company’s acquisition of In App Video Services UK LTD (“In App”). During the three months ended June 30, 2025, the Company reassessed the fair value of its contingent consideration based on current forecasts. Based on the purchase agreement, executed on November 1, 2022, consideration included potential annual earn-out payments based on meeting annual revenue targets for the calendar years ended December 31, 2022, 2023, 2024, and 2025. The annual earn-out payments are up to $250 for the year ended December 31, 2022, and $1,000 for each of the calendar years ended December 31, 2023, 2024, and 2025. Also, the agreement outlines an incremental earn-out payment to be made for each of the calendar years ended 2023, 2024, and 2025 in an amount equal to 25% of revenue that is more than 150% of that calendar year’s revenue target.

As of June 30, 2025 and March 31, 2025, the combined current and non-current balance of the contingent consideration liability related to In App was $644 and $1,644, respectively. As of June 30, 2025, the entirety of the liability is included within other current liabilities. As a result of the Company’s assessments during the three months ended June 30, 2025, no change in fair value was recorded.

During the three months ended June 30, 2025, the Company made total payments of approximately $1,000 as a result of In App meeting the 2024 calendar goals during the fiscal year ended March 31, 2025. During the three months ended June 30, 2024, the Company made total payments of $0, as the payment for In App meeting the 2023 calendar goals were paid during the fourth quarter of fiscal year 2024. The Company performed an assessment on the fair value of the contingent consideration for the three months ended June 30, 2024 and, as a result, no change in fair value was recorded.

Note 10—Other Non-Current Liabilities

Other non-current liabilities consisted of the following:

	June 30, 2025	March 31, 2025
Non-current lease liabilities	$ 5,739	$ 6,111
Contingent consideration	—	644
Other long-term liabilities	4,694	4,620
Total	$ 10,433	$ 11,375

Note 11—Debt

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

	June 30, 2025		
	Balance	Interest Rate	Unused Line Fee
Revolver (subject to variable interest rate)	$ 410,960	9.92 %	0.35 %

	March 31, 2025		
	Balance	Interest Rate	Unused Line Fee
Revolver (subject to variable interest rate)	$ 411,000	8.17 %	0.35 %

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

	June 30, 2025	March 31, 2025
Revolver	$ 410,960	$ 411,000
Less: Debt issuance costs	(10,457)	(2,313)
Long-term debt, net of debt issuance costs	$ 400,503	$ 408,687

Revolver

On February 3, 2021, the Company entered into a credit agreement (the "Credit Agreement") with Bank of America, N.A. ("BoA"), which provided 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.

On April 29, 2021, the Company amended and restated the Credit Agreement (the "Amended and Restated 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 Amended and Restated Credit Agreement was subsequently amended as follows:

- First Amendment: Increase in the Revolver to $525,000 while retaining the $75,000 accordion feature discussed above, for a total potential revolving line of credit of $600,000 on December 29, 2021.

- Second Amendment: LIBOR was replaced with the Term Secured Overnight Financing Rate ("SOFR"). As a result, borrowings under the Amended and Restated Credit Agreement where the applicable rate was LIBOR will accrue interest at an annual rate equal to SOFR plus between 1.50% and 2.25% beginning on the effective date of the Second Amendment, which was October 26, 2022.

- Third Amendment: On February 5, 2024, the maximum consolidated secured net leverage covenant and the minimum consolidated net interest coverage covenant were amended. In addition, it increased the limit of permitted, other investments, including equity investments and joint ventures from $20,000 in the aggregate in any fiscal year of the Company to $75,000 and increased the annual interest rate to SOFR plus between

1.50% and 2.75%, based on the Company's consolidated secured net leverage ratio.

- Fourth Amendment: On August 6, 2024, the maximum consolidated secured net leverage covenant and the minimum consolidated net interest coverage covenant were amended. Additionally, the Revolver was reduced by $100,000 to $425,000 (while retaining the $75,000 accordion feature), and the annual interest rate for the highest leverage ratio results was increased to SOFR plus between 1.00% and 3.75%, based on the Company's consolidated leverage ratio. The Fourth Amendment also provided for payment against the outstanding Revolver balance to the extent the Company holds unrestricted cash in excess of $40,000, and reduced the permitted investments threshold limit from $75,000 to $25,000.

- Fifth Amendment: On June 13, 2025, the maturity date of the Amended and Restated Credit Agreement was extended from April 29, 2026 to August 29, 2026. The Fifth Amendment effected the following additional amendments: removed the term loan facility; reduced the amount of the Revolver from $425,000 to $411,000, increased the SOFR and letter of credit fee to 5.5%, and the base rate to 4.5% through August 29, 2025 with increases to 7.5% and 6.5%, respectively, after August 29, 2025, removed the consolidated interest coverage ratio, put in place a decreasing consolidated secured net leverage ratio starting at 5.25 and decreasing to 4.00 on and after June 30, 2026 and an increasing fix charge coverage ratio starting at 1.10 increasing to 1.30 on and after June 30, 2026, requires mandatory prepayments of net cash proceeds from equity issuances and certain other extraordinary receipts, and added certain covenants, including additional monthly reporting obligations, quarterly projections, biweekly 13-week cash flow forecast reporting, and access rights. The Company is required to engage a financial advisor which will, among other things, provide written analyses, including variance analyses, of actual amounts and projected amounts as set forth in the Company's business plan and budget and 13-week Cash Flow Forecasts and provide the lenders with reasonable access to the financial adviser to the lenders. The Company granted the lenders a security interest in additional assets, including the issued and outstanding equity of certain foreign subsidiaries, including Digital Turbine (EMEA) LTD., Fyber B.V. and Digital Turbine (IL) Ltd. The Company paid the required amendment fee equal to $8,220 at closing, and will need to pay $10,275 on September 2, 2025 and $1,027 due and payable at the end of each fiscal quarter (beginning on the fiscal quarter ending on September 30, 2025) until the earlier of maturity and the date the facility is repaid in full. In addition, the Company is required to pay an additional administrative collateral monitoring fee of $2,000 if certain closing deliveries with respect to the additional collateral are not satisfied within the timeframe set forth in the Fifth Amendment.

The Company incurred debt issuance costs of $15,861 for the Amended and Restated Credit Agreement, inclusive of costs incurred for the First, Second, Third, Fourth, and Fifth Amendments. Deferred debt issuance costs are recorded as a reduction of the carrying value of the debt on the consolidated balance sheets. All deferred debt issuance costs are amortized on a straight-line basis over the term of the loan to interest expense.

As of June 30, 2025, the Company had $410,960 drawn against the Amended and Restated Credit Agreement, classified as long-term debt on the consolidated balance sheets, with remaining unamortized debt issuance costs of $10,457.

As of June 30, 2025, amounts outstanding under the Amended and Restated Credit Agreement accrue interest at an annual rate equal to, at the Company's election, (i) SOFR plus between 5.50% from June 13, 2025 to August 29, 2025 and 7.50% from August 30, 2025 and thereafter or (ii) SOFR plus 1.00% plus between 4.50% from June 13, 2025 to August 29, 2025 and 6.50% from August 30, 2025 and thereafter. Additionally, the Amended and Restated Credit Agreement is subject to an unused line of credit fee of 0.35% per annum, based on the Company's consolidated leverage ratio. As of June 30, 2025, the interest rate was 9.92% and the unused line of credit fee was 0.35%.

The Company's payment and performance obligations under the Amended and Restated 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 June 30, 2025, the Company had $40 available to draw on the revolving line of credit under the Amended and Restated Credit Agreement, subject to the required covenants. As of June 30, 2025, the Company was in compliance with all covenants. The fair value of the Company's outstanding debt approximates its carrying value.

Interest expense, net

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

	Three months ended June 30,	
	2025	2024
Interest expense, net	$ (8,788)	$ (7,840)
Amortization of debt issuance costs	(1,154)	(301)
Unused line of credit fees and other	(12)	(109)
Total interest expense, net	$ (9,954)	$ (8,250)

Note 12—Stock-Based Compensation

2020 Equity Incentive Plan of Digital Turbine, Inc. (the "2020 Plan")

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

On August 27, 2024, our stockholders approved an amendment to the 2020 Plan to increase the number of shares of common stock reserved for issuance thereunder by 8,560,000 shares, from 12,000,000 shares to 20,560,000 shares and to make certain other changes. As of June 30, 2025, 2,777,603 shares of common stock were available for issuance as future awards under the 2020 Plan.

Stock Options

Stock options are granted with an exercise price no lower than the fair market value at the grant date. They typically encompass a vesting period of two to three years and a contractual term of ten years. Share-based compensation expense for stock options is recognized on a straight-line basis over the requisite vesting period, determined by the grant-date fair value for the portion of the award expected to vest. The Company employs the Black-Scholes options-pricing model to estimate the fair value of its stock options. The Company may issue either new shares or treasury shares upon exercise of these awards.

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, 2025	7,239,383	$ 9.13	6.02	$ 3,738
Granted	1,083,473	4.35		
Exercised	(929,144)	1.68		
Forfeited / Expired	(285,981)	10.73		
Options outstanding as of June 30, 2025	7,107,731	$ 9.13	6.66	$ 14,093
Exercisable as of June 30, 2025	4,280,334	$ 12.42	4.89	$ 8,163

At June 30, 2025, total unrecognized stock-based compensation expense related to unvested stock options, net of estimated forfeitures, was $8,395, with an expected remaining weighted-average recognition period of 2.35 years.

Restricted Stock

Awards of restricted stock units may be either grants of time-based restricted stock units (“RSUs”) or performance-based restricted stock units (“PSUs”) that are issued at no cost to the recipient. The stock-based compensation expense for these awards is determined using the fair market value of the Company’s common stock on the date of the grant. No capital transaction occurs until the units vest, at which time they are converted to restricted or unrestricted stock. Compensation expense for RSUs with a time condition is recognized on a straight-line basis over the requisite service period. The Company periodically grants PSUs to certain key employees that are subject to the achievement of specified internal performance metrics over a specified performance period. The terms and conditions of the PSUs generally allow for vesting of the awards ranging between forfeiture and up to 200% of target. Stock-based compensation expense for PSUs with a performance condition are recognized on a straight-line basis based on the most likely attainment scenario over the performance period. The most likely attainment scenario is re-evaluated each period.

Restricted stock awards (“RSAs”) are awards of common stock that are legally issued and outstanding. RSAs are subject to time-based restrictions on transfer and unvested portions are generally subject to a risk of forfeiture if the award recipient ceases providing services to the Company prior to the lapse of the restrictions. The stock-based compensation expense for these awards is determined using the fair market value of the Company’s common stock on the date of the grant. The RSAs have time conditions and in some cases, once the stock vests, the individual is restricted from selling the shares of stock for a certain defined period, from three months to one year, depending on the terms of the RSA.

The following table summarizes RSU, PSU, and RSA activity:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested restricted shares outstanding as of March 31, 2025	5,575,944	$ 5.53
Granted	2,770,408	4.21
Vested	(1,046,491)	5.15
Forfeited	(238,641)	6.35
Unvested restricted shares outstanding as of June 30, 2025	7,061,220	$ 4.80

At June 30, 2025, total unrecognized stock-based compensation expense related to RSUs, PSUs and RSAs, net of estimated forfeitures was $23,412, with an expected remaining weighted-average recognition period of 2.09 years.

Stock-Based Compensation Expense

Stock-based compensation expense for the three months ended June 30, 2025 and 2024, was $6,267 and $8,168, respectively, and was recorded within general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income. Stock-based compensation expense excludes the portion capitalized to software development costs related to employees who are directly associated with internal-use software development.

Note 13—Earnings per Share

Basic net (loss) income per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted net (loss) income per share is computed based on the weighted average number of common shares outstanding plus the effect of potentially dilutive common shares outstanding during the period using the applicable methods. The Company excludes equity instruments from the calculation of diluted earnings per share if the effect of including such instruments is antidilutive.

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

	Three months ended June 30,	
	2025	2024
Net loss per common share	$ (14,104)	$ (25,156)
Weighted-average common shares outstanding, basic	106,627	102,396
Basic net income per common share attributable to Digital Turbine, Inc.	$ (0.13)	$ (0.25)
Weighted-average common shares outstanding, diluted	106,627	102,396
Diluted net income per common share attributable to Digital Turbine, Inc.	$ (0.13)	$ (0.25)

Potentially dilutive outstanding securities of 5,402,327 and 9,638,950 for the three months ended June 30, 2025 and June 30, 2024, respectively, were excluded from the computation of diluted net income per share because their effect would have been anti-dilutive.

Note 14—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 the Company's forecasted effective tax rate.

During the three months ended June 30, 2025, the Company recognized a tax benefit of $2,093, resulting in an effective tax rate of 12.9%. Differences between the tax provision and the statutory tax rate primarily related to foreign tax rate differences and a valuation allowance on loss from operations.

During the three months ended June 30, 2024, the Company recognized a tax provision expense of $1,750, resulting in an effective tax rate of (7.5)%. Differences between the tax provision and the statutory tax rate primarily related to foreign tax rate differences and a valuation allowance on loss from operations.

On July 4, 2025, President Donald Trump signed into law the reconciliation tax bill, commonly referred to as the "One Big Beautiful Bill Act" ("OBBBA"), which constitutes the enactment date under U.S. GAAP. Key corporate tax provisions of the OBBBA include the restoration of 100% bonus depreciation, the introduction of new Section 174A permitting immediate expensing of domestic research and experimental (R&E) expenditures, modifications to Section 163(j) interest expense limitations, updates to the rules governing global intangible low-taxed income (GILTI) and foreign-derived intangible income (FDII), amendments to energy credit provisions, and the expansion of Section 162(m) aggregation requirements.

Under U.S. GAAP, the effects of changes in tax laws are recognized in the period in which the new law is enacted. Accordingly, the impact of the OBBBA will be reflected in the Company's financial statements for the second quarter ending September 30, 2025. The Company is currently assessing the impact of the OBBBA, and does not expect the new legislation to have a material effect on its financial statements.

Note 15—Transformation Program Activities

In October 2024, the Company began a transformation program intended to improve various measures across the organization. These measures include but are not limited to current and future operating expenses, cash flows, and personnel costs. Additionally, the initiatives intend to simplify and streamline business operations, including product optimization, procurement and cost optimization, and team restructuring.

As part of the transformation program, we implemented a two-phased reduction in our workforce, one in November 2024 and the other in January 2025. The transformation program includes a number of other initiatives that are underway, and the Company substantially completed the transformation program by the fourth quarter of fiscal year 2025.

No charges were incurred related to the transformation program for the three months ended June 30, 2025.

During the year ended March 31, 2025, the Company incurred expenses of $2,886 related to our transformation program, which related specifically to severance costs, and was fully paid as of March 31, 2025. These aggregate pre-tax charges are primarily cash-based and consist of severance and other one-time termination benefits.

Note 16—Commitments and Contingencies

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 $221,229 over the next five fiscal years.

Legal Matters

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

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 (this "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 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements involve substantial risks and uncertainties. When used in this Report, the words "anticipate," "believe," "estimate," "expect," "will," "seek," "should," "could," "can," "would," "may," "might," "intend," "plan," "target," "project," "contemplate," "predict," "suggest," "potential," and "continue" and the negative of these words and other similar expressions, as they relate to our management or us, are intended to identify such forward-looking statements. Our actual results, performance, or achievements could differ materially from those expressed in or implied by these forward-looking statements as a result of a variety of factors, including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, 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 estimates based on assumptions, known historical 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 independent mobile growth platform that levels up the landscape for advertisers, publishers, carriers, and device original equipment manufacturers ("OEMs"). We offer end-to-end products and solutions leveraging proprietary technology to all participants in the mobile application ecosystem, enabling brand discovery and advertising, user acquisition and engagement, and operational efficiency for advertisers. In addition, our products and solutions provide monetization opportunities for OEMs, carriers, and application ("app" or "apps") publishers and developers.

Recent Developments

Impact of Economic Conditions and Geopolitical Developments

Our results of operations are affected by macroeconomic conditions and geopolitical developments, including but not limited to levels of business and consumer confidence, actions taken by governments to counter inflation, potential trade disputes, including but not limited to any U.S. government actions against China based developers and publishers, Russia's invasion of Ukraine, and the recent conflict in Israel.

Inflation, rising interest rates, supply chain disruptions and constraints, changes in regional or global business, political, macroeconomic and market conditions, including as a result of conflicts, hostilities, recessionary fears, the impact of global instability, domestic and foreign tariffs and other trade protection measures, and reduced business and consumer confidence have caused and may continue to cause a global slowdown of economic activity, which has caused and may continue to cause a decrease in demand for a broad variety of goods and services, including those provided by our clients.

We are impacted by declining volume of sales of new mobile devices by our partners. We believe this is driven by the impact of inflation, economic uncertainty, and their potential impacts on consumers. These negative macroeconomic trends have resulted, and may continue to result in, a decrease in mobile phone sales volume. Continued weakness in the sale of new mobile devices is likely to continue to impact our business, financial condition, and results of operations, the full impact of which remains uncertain at this time.

Further, various U.S. federal and state governmental agencies continue to examine the distribution and use of apps developed and/or published by China based companies. In some cases, government agencies have banned certain apps from mobile devices. Further actions by U.S. federal or state governmental agencies or other countries to restrict or ban the distribution of China based apps could negatively impact our business, financial condition, and results of operations.

While Russia's invasion of Ukraine has not had a direct, material impact on our business, any European conflict, if expanded to include other countries, would likely have a material, negative impact on general economic conditions and would impact our business directly.

Additionally, we continue to actively monitor the recent developments in Israel, Gaza, Lebanon, and Syria for any material impacts to our business. While no adverse financial or operational impacts have been noted in the current period, if such conflict continues or escalates, it could have a potential negative impact on our business, given our significant presence in the region.

The extent of the impact of these macroeconomic factors on our operational and financial performance is also dependent on their impact on carriers and OEMs in relation to their sales of smartphones, tablets, and other devices, as well as the impact on application developers and in-app advertisers. If negative macroeconomic factors or geopolitical developments materially impact our partners over a prolonged period, our results of operations and financial condition could also be adversely impacted, the size and duration of which we cannot accurately predict at this time.

We continue to actively monitor these factors and we 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. In addition to monitoring the developments described above, the Company also considers the impact such factors may have on our accounting estimates and potential impairments of our non-current assets, which primarily consist of goodwill and finite-lived intangible assets.

See Part I, Item 1A, "Risk Factors," in its Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the Securities and Exchange Commission on May 28, 2024, for additional information related to risks associated with macroeconomic challenges.

Goodwill and Intangible Assets

The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment, including qualitative and quantitative factors such as the identification of reporting units, identification and allocation of assets and liabilities to reporting units, and determinations of fair value. In estimating the fair value of our reporting units when performing our annual impairment test, or when an indicator of impairment is present, we make estimates and significant judgments about the future cash flows of those reporting units and other estimates including appropriate discount rates. Discount rates can fluctuate based on various economic conditions including our capital allocation and interest rates, including the interest rates on U.S. treasury bonds. Changes in judgments on these assumptions and estimates, particularly expectations of revenue and cash flow growth rates in future periods and discount rates, could result in goodwill impairment charges.

In addition to evaluating goodwill for impairment when events or circumstances indicate they would more likely than not reduce the fair value of a reporting unit below its carrying value, the Company also evaluates goodwill for impairment on an annual basis. The Company's next annual evaluation of goodwill for impairment will be as of March 31, 2026.

Finite-lived intangible assets and property, plant, and equipment have been assigned an estimated finite useful life and are amortized on a straight-line basis over the number of years that approximate their respective useful lives. The Company evaluates intangible assets other than goodwill for impairment at least annually or upon the occurrence of events or circumstances that indicate the carrying value of an asset may not be recoverable. In determining whether an impairment exists, the Company considers factors such as changes in the use of the asset, changes in the legal or business environment, and current or historical operating or cash flow losses.

Transformation Program

Beginning in fiscal year 2023, the Company entered into a business transformation project that includes the implementation of a new, global cloud-based enterprise resource planning (“ERP”) system to upgrade our existing enterprise-wide operating systems. Additionally, a new human resource (“HR”) system was also implemented to streamline employee management processes and enhance organizational effectiveness. We are also undertaking the consolidation of existing ancillary systems and deploying other new platforms and systems to improve our operations and drive business and cost efficiencies.

This is a multi-year project that includes various costs, including software configuration and implementation costs that would be recognized as either capital expenditures or deferred costs in accordance with applicable accounting policies, with certain costs recognized as operating expense associated with project development and project management costs, and professional services with business partners engaged in the planning, design and business process review that would not qualify as software configuration and implementation costs. In addition, the Company is incurring duplicative personnel and other operating costs to maintain legacy systems and operations during the deployment of the new systems and certain other ancillary platforms and systems. The Company completed the first deployment phase in the third quarter of fiscal year 2024. Costs are anticipated to be incurred through various deployment phases that are expected to continue through early fiscal year 2026. The Company incurred $31 and $1,072 of business transformation costs during the three months ended June 30, 2025 and June 30, 2024, respectively. These costs are recorded in General and Administrative expenses and Product Development expenses in our Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

Additionally, the Company is in the process of initiating further transformation efforts. The Company launched an additional transformation effort in October 2024, in which the Company began a transformation program intended to improve various measures across the organization. These measures include but were not limited to current and future operating expenses, cash flows, and personnel costs. Additionally, the initiatives intend to simplify and streamline business operations, including product optimization, procurement and cost optimization, and team restructuring. As part of the transformation program, the Company implemented a two phased reduction in our workforce, one in November 2024 and the other in January 2025. No costs associated with our transformation program were incurred during the three months ended June 30, 2025. During the fiscal year ended March 31, 2025, the Company incurred expenses of $2,886, related to our transformation program primarily consisting of severance and other one-time termination benefits. The transformation program included several other initiatives and was substantially completed the transformation program in the fourth quarter of fiscal year 2025. The transformation program is targeted to yield more than $25,000 in annual cash expense savings.

The business transformation program is inclusive of multiple projects, to which the costs discussed in Note 15 specifically relates to the 2025 transformation program exclusively. Costs incurred in connection with the transformation program are categorized under two primary headings: severance costs and business transformation costs. The costs classified as severance costs primarily reflect expenses associated with workforce reductions aimed at realigning the Company’s structure as part of the transformation program. These severance-related expenses are directly tied to the Company's efforts to reduce headcount and optimize its labor force to better align with its long-term strategic goals. In addition, the business transformation costs primarily reflect investments made in the prior year for the upgrade of key business systems, including the implementation of a global cloud-based ERP system and a new HR system. These costs, while also part of the broader transformation efforts, are not related to workforce reductions but rather to the modernization of the Company’s technological infrastructure to support long-term operational improvements.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the three months ended June 30, 2025 and 2024 (in thousands):

	Three months ended June 30, 2025	Three months ended June 30, 2024	% of Change
Net revenue	$ 130,926	$ 117,989	11.0 %
Costs of revenue and operating expenses			
Revenue share	58,138	55,809	4.2 %
Other direct costs of revenue	10,804	7,790	38.7 %
Product development	10,147	10,714	(5.3)%
Sales and marketing	13,589	16,247	(16.4)%
General and administrative	42,909	43,517	(1.4)%
Total costs of revenue and operating expenses	135,587	134,077	1.1 %
Loss from operations	(4,661)	(16,088)	(71.0)%
Interest and other (expense) income, net			
Interest expense, net	(9,954)	(8,250)	20.7 %
Foreign exchange transaction gain (loss)	(914)	818	(211.7)%
Other (expense) income, net	(668)	114	(686.0)%
Total interest and other (expense) income, net	(11,536)	(7,318)	57.6 %
Loss before income taxes	(16,197)	(23,406)	(30.8)%
Income tax provision (benefit)	(2,093)	1,750	(219.6)%
Net loss	(14,104)	(25,156)	(43.9)%

Net revenue

	Three months ended June 30, 2025	Three months ended June 30, 2024	% of Change
Net revenue			
On Device Solutions	$ 95,448	$ 80,650	18.3 %
App Growth Platform	36,292	38,392	(5.5)%
Elimination	(814)	(1,053)	(22.7)%
Total net revenue	$ 130,926	$ 117,989	11.0 %

Comparison of the three months ended June 30, 2025 and 2024

Net revenue increased by $12,937 or 11.0% for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. See the segment discussion below for further details regarding net revenue.

On Device Solutions

On Device Solutions revenue increased by $14,798 or 18.3% for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Revenue from content media increased by approximately $860 primarily due to increased activity with content providers that resulted in higher daily active users on prepaid devices. Revenue from application media increased by approximately $18,352 due to an increase in new device volumes internationally, offset by a decrease in new device sales in the US, and an increase in revenue-per-device in the US and internationally and a decrease partially due to the winding down of certain strategic demand contracts in the current period.

App Growth Platform

App Growth Platform revenue decreased by $2,100 or 5.5% for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The decrease was primarily a result of a decline in brand and performance advertising of approximately $4,700, which was offset by an increase in advertising exchange of approximately $2,875, which was largely due to an increase in advertiser purchases. This decline was also partially due to a decrease in revenue from reseller partnerships of approximately $275.

Costs of revenue and operating expenses

	Three months ended June 30,		
	2025	2024	% of Change
Costs of revenue and operating expenses			
Revenue share	$ 58,138	$ 55,809	4.2 %
Other direct costs of revenue	10,804	7,790	38.7 %
Product development	10,147	10,714	(5.3)%
Sales and marketing	13,589	16,247	(16.4)%
General and administrative	42,909	43,517	(1.4)%
Total costs of revenue and operating expenses	$ 135,587	$ 134,077	1.1 %

Comparison of the three months ended June 30, 2025 and 2024

Costs of revenue and operating expenses increased by $1,510 or 1.1% for the three months ended June 30, 2025 compared to the three months ended June 30, 2024, primarily due to higher revenue share, which is the result of higher revenue over the same comparative periods, offset by lower operating expenses, primarily sales and marketing costs, over the comparative periods. Costs of revenue and operating expenses included severance costs as well as business transformation costs of $164 and $31, respectively, for the three months ended June 30, 2025, compared to $557 and $1,072, respectively, for the three months ended June 30, 2024. See below for further discussion regarding changes in costs of revenue and operating expenses.

Revenue share

Revenue share is reflective of amounts paid to our carrier and OEM partners, as well as app publishers and developers, and is 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 app development partners, the shared revenue is also recorded as a cost of revenue.

Revenue share increased by $2,329 or 4.2%, to $58,138 for the three months ended June 30, 2025, compared to $55,809, for the three months ended June 30, 2024. The increase in revenue share is similar to the increase in total net revenues for the same comparable periods.

Revenue share as a percentage of total net revenue was 44.4% for the three months ended June 30, 2025, compared to 47.3% for the three months ended June 30, 2024. The decrease in revenue share as a percentage of total net revenue was primarily due to revenue mix changes, specifically a lower mix of revenue reported on a net basis as compared to revenue reported on a gross basis during the three months ended June 30, 2025 compared to the three months ended June 30, 2024 .

Other direct costs of revenue

Other direct costs of revenue are comprised primarily of hosting expenses directly related to the generation of revenue, platform and bidding fees, and depreciation expense associated with capitalized software costs and amortization of developed technology intangible assets.

Other direct costs of revenue increased by $3,014 to $10,804 for the three months ended June 30, 2025 and was 8.3% as a percentage of total net revenue compared to $7,790, or 6.6% of total net revenue, for the three months ended June 30, 2024. The increase in other direct costs was primarily due to higher platform and bidding fees and higher hosting costs between comparable periods.

Product development

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

Product development expenses decreased by $567 to $10,147 for the three months ended June 30, 2025 compared to $10,714 and for the three months ended June 30, 2024. Product development expenses included severance costs of $56 and $71 for the three months ended June 30, 2025 the three months ended June 30, 2024, respectively. Excluding severance costs, product development expenses decreased by $552 for the three months ended June 30, 2025.

The decrease in product development expenses, excluding severance costs, was primarily due to higher offsetting capitalization of labor costs related to internally-developed software of approximately $926 and a reduction in professional service costs of approximately $288, offset by an increase of $662, related to employee reduction, hosting/software, and other related costs.

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 decreased by $2,658 to $13,589 for the three months ended June 30, 2025 compared to $16,247 for the three months ended June 30, 2024. Sales and marketing expenses included severance costs of $63 and $410 for the three months ended June 30, 2025 and the three months ended June 30, 2024, respectively. Excluding severance costs, sales and marketing expenses decreased by $2,311 for the three months ended June 30, 2025.

The decrease in sales and marketing expense after excluding severance costs was primarily due to lower personnel related costs of $1,697, lower travel and other marketing related costs of $434, and other costs, including travel and entertainment, of $495. These decreases were offset by an increase in professional service costs of $315.

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 decreased by $608 to $42,909 for the three months ended June 30, 2025 compared to $43,517 for the three months ended June 30, 2024. General and administrative expenses included severance costs of $45 and business transformation costs of $31 for the three months ended June 30, 2025. General and administrative expenses included severance costs of $76 and business transformation costs of $1,072 for the three months ended June 30, 2024. Excluding severance costs and business transformation costs, general and administrative expenses increased by $464 for the three months ended June 30, 2025.

The increase in general and administrative expenses after excluding severance costs and business transformation costs, was primarily due to increased depreciation and amortization costs of $2,644, increased credit loss expense of $574, and increased personnel related costs of $272. These increases were offset by lower share-based compensation costs of $1,999, professional service costs of $298, and other operating costs, including recruiting fees, of $729.

Interest and other income (expense), net

	Three months ended June 30, 2025	Three months ended June 30, 2024	% of Change
Interest and other (expense) income, net			
Interest expense, net	$ (9,954)	$ (8,250)	20.7 %
Foreign exchange transaction gain (loss)	(914)	818	(211.7)%
Other (expense) income, net	(668)	114	(686.0)%
Total interest and other (expense), net	$ (11,536)	$ (7,318)	57.6 %

Interest expense, net

For the three months ended June 30, 2025, interest expense, net, increased by $1,704 or 20.7% compared to the three months ended June 30, 2024, primarily due to an increase in interest rates of 55 basis points and higher average outstanding borrowings of $12,660 over the comparative period.

Foreign exchange transaction gain (loss)

For the three months ended June 30, 2025 and 2024, the Company recorded foreign exchange transaction losses and gains of $914 and $818, respectively, that were primarily attributable to fluctuations in foreign exchange rates for trade accounts receivables and payables denominated in currencies other than the functional currency of foreign entities.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are our cash and cash equivalents, cash from operations, and borrowings under our Amended and Restated Credit Agreement. As of June 30, 2025, we had unrestricted cash of approximately $33,427 and restricted cash of approximately $705. The Company had $40 available to draw under the Amended and Restated Credit Agreement, subject to the required covenants. The Amended and Restated Credit Agreement matures on August 29, 2026. With the Fifth Amendment, as described below, the Revolver was reduced to $411,000, and was fully drawn as of June 13, 2025. We incurred a net loss of $14,104 and generated cash from operating activities of $8,788 for the three months ended June 30, 2025.

Our principal cash requirements for the twelve-month period following this Report primarily consist of refinancing our Amended and Restated Credit Agreement and payment of interest and required principal payments thereunder in addition to personnel costs, contractual payment obligations, including office leases, cloud hosting costs, capital expenditures, minimum commitments under hosting agreements (see Liquidity and Capital Resources—Hosting Agreements below), cash outlays for income taxes, and cash requirements to fund working capital.

We have been and are continuing to explore various cost saving opportunities, namely through the Company's transformation program, and we intend to continue seeking opportunities to generate additional revenue through operations. There can be no assurance that we will be successful in our plans described above. If we are unable to effectively implement additional cost reductions, generate additional revenue or refinance our Amended and Restated Credit Agreement or raise additional funding, we may be forced to delay, reduce or eliminate some or all of our strategic operational efforts and product and service expansion, and our business, financial condition and results of operations could be materially and adversely affected.

As described above, we are currently seeking to refinance the Amended and Restated Credit Agreement before August 29, 2025 and are exploring options to raise additional capital through a new credit facility with new lenders or the sale of equity securities or equity-linked or debt-financing arrangements. If we successfully refinance the Amended and Restated Credit Agreement by August 29, 2025 on acceptable terms, we believe our existing cash and cash equivalents, cash flow from operations and any available balance under a new financing arrangement would be sufficient to meet our working capital and other business requirements for at least 12 months from the filing date of this Report. However, 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 and our ability to access capital markets and refinance our Amended and Restated Credit Agreement, as well as financial, business, and other factors affecting our operations, many of which are beyond our control. These factors include general and regional economic, financial, competitive, legislative, regulatory, and other factors such as the U.S. and global economic climate uncertainty, the impact of tariffs, the state of the equity and debt markets and the ability to raise capital in such markets, health epidemics, economic and macro-economic factors like labor shortages, supply chain disruptions, and inflation, and geopolitical developments, including the conflict in Ukraine, the political climate related to China, and the conflict in Israel. We cannot guarantee we will generate sufficient cash flow from operations, or that future borrowings or capital markets will be available, in an amount sufficient to enable us to pay our debt, refinance our Amended and Restated Credit Agreement or to fund our other liquidity needs. See Part I, Item 1A, “Risk Factors,” in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the Securities and Exchange Commission on June 16, 2025, for additional information related to the foregoing risks.

Capital Resources

Our outstanding secured indebtedness under the Amended and Restated Credit Agreement is $410,960 as of June 30, 2025. The maturity date of the Amended and Restated Credit Agreement is August 29, 2026, and the outstanding balance is classified as long-term debt, net of debt issuance costs of $10,457, on our consolidated balance sheets as of June 30, 2025. For further description of the terms of the Amended and Restated Credit Agreement, see Note 11—Debt under the heading “Revolver” in the notes to our condensed consolidated financial statements under Part I, Item 1 of this Report.

The collateral pledged to secure our secured debt, consisting of substantially all of 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.

Our Amended and Restated Credit Agreement also contains a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio. 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 us.

The Company entered into a Fourth Amendment to the Amended and Restated Credit Agreement on August 6, 2024 to revise certain covenants and address certain other matters. The Company entered into a Fifth Amendment to the Amended and Restated Credit Agreement on June 13, 2025 to extend the maturity date of the Amended and Restated Credit Agreement from April 29, 2026 to August 29, 2026, revise certain covenants and address certain other matters. Refer to Note 11—Debt for further discussion. As of June 30, 2025, we were in compliance with all covenants under the Amended and Restated Credit Agreement.

As described above, we are currently seeking to refinance the Amended and Restated Credit Agreement before August 29, 2025 and are exploring options to raise additional capital through a new credit facility with new lenders or the sale of equity securities or equity-linked or debt-financing arrangements. If we raise additional funds by issuing equity or equity-linked securities, it may be at a price and on terms and conditions that are less favorable to the Company, and the ownership of our existing stockholders will be diluted. If we raise additional financing by incurring new indebtedness, we may be subject to increased interest rates, increased fixed payment obligations and could also be subject to additional restrictive covenants and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be less favorable to the Company. We cannot assure you that we will be able to refinance any of our indebtedness or enter into equity or equity-linked financing arrangements on commercially reasonable terms, or at all.

If the Company is unable to refinance the existing Amended and Restated Credit Agreement before August

29, 2025, the Company's indebtedness under the Amended and Restated Credit Agreement would be reclassified as short-term debt, which could have a material adverse effect on the Company's business and stock price. There can be no assurance that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives and our expectations, our liquidity and ability to operate our business, our stock price and our ability to continue as a going concern. See Part I, Item 1A, "Risk Factors," in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the Securities and Exchange Commission on June 16, 2025, for more information regarding risks related to liquidity and capital resources.

Hosting Agreements

We enter into hosting agreements with service providers, and, in some cases, those agreements include minimum commitments that require us 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 $221,229 over the next five fiscal years.

Cash Flow Summary ($ in thousands)

	Three months ended June 30,		
	2025	2024	% of Change
Consolidated statements of cash flows data:			
Net cash provided by (used in) operating activities	**$ 8,788**	**$ (1,352)**	**(750.0)%**
Capital expenditures	(7,616)	(5,931)	28.4 %
Net cash used in investing activities	**$ (7,616)**	**$ (5,931)**	**28.4 %**
Proceeds from borrowings	—	17,000	(100.0)%
Payment of debt issuance costs	(9,298)	—	100.0 %
Payment of deferred business acquisition consideration	(534)	—	100.0 %
Repayment of debt obligations	(40)	(7,000)	(99.4)%
Payment of withholding taxes for net share settlement of equity awards	(144)	(48)	200.0 %
Options exercised	1,560	14	11,042.9 %
Net cash provided by (used in) financing activities	**$ (8,456)**	**$ 9,966**	**(184.8)%**

Operating Activities

Our cash flows from operating activities are primarily driven by revenue generated from user acquisition and advertising activity, offset by the cash costs of operations, and are significantly influenced by the timing of and fluctuations in receipts from customers and payments to our carrier and publisher partners as well as other vendors. Our future cash flows from operating activities will be diminished if we cannot increase our revenue levels and manage costs appropriately. Cash provided by (used in) operating activities was $8,788 for the three months ended June 30, 2025, compared to $(1,352) for the three months ended June 30, 2024. The increase of $10,140 was due to the following:

- $11,052 decrease in net loss;

- $4,736 net decrease due to changes in operating assets and liabilities, driven primarily by working capital changes, specifically a decrease in the change in accounts payable due to lower operating expenses as well as acceleration of billing processes, offset by an increase in the change in accounts receivable due to increased revenue and accrued revenue share, which increased with the timing of publisher invoices received towards the end of the quarter;

- $3,824 net increase in non-cash charges during the three months ended June 30, 2025 primarily related to increased depreciation and amortization and foreign exchange transaction loss, offset by a decrease in share-based compensation expense for the three months ended June 30, 2024.

Investing Activities

Our primary investing activities have consisted of acquisitions of businesses, purchases of property and equipment, and capital expenditures in support of creating and enhancing our technology infrastructure. For the three months ended June 30, 2025, net cash used in investing activities increased by $1,685 to $7,616. Our cash used in investing activities for the three months ended June 30, 2025 and June 30, 2024, was primarily comprised of capital expenditures related to internally-developed software.

Financing Activities

For the three months ended June 30, 2025, net cash used in financing activities was $8,456, which was comprised of: (1) the repayment of debt obligations of $40, (2) a payment of $9,298 for debt issuance costs, and (3) payment of payroll withholding taxes for net share settlement of equity awards of $144. These cash outflows were offset by cash inflows comprising of stock option exercises of $1,560.

For the three months ended June 30, 2024, net cash provided by financing activities was $9,966, which was comprised of: (1) the repayment of debt obligations of $7,000, and (2) payment of payroll withholding taxes for net share settlement of equity awards of $48. These cash outflows were offset by cash inflows from proceeds from borrowings of $17,000 and stock option exercises of $14.

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, 2025, and Note 2—Basis of Presentation and Summary of Significant Accounting Policies," of this Report on Form 10-Q for our fiscal first quarter ended June 30, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has operations both within the U.S. and internationally and is exposed to market risks in the ordinary course of business - primarily interest rate and foreign currency exchange risks.

Interest Rate Fluctuation Risk

The primary objective of the Company's investment activities is to preserve principal while maximizing income without significantly increasing risk. The Company's cash and cash equivalents consist of cash and deposits, which are sensitive to interest rate changes.

The Company's borrowings under its Amended and Restated Credit Agreement are subject to variable interest rates and thus expose the Company to interest rate fluctuations, depending on the extent to which the Company utilizes its Amended and Restated Credit Agreement. As of June 30, 2025, the Company had $410,960 drawn against the Amended and Restated Credit Agreement and had $40 available to draw on the revolving line of credit under the Amended and Restated Credit Agreement, subject to the required covenants. As of June 30, 2025, the interest rate was 9.92% and the unused line of credit fee was 0.35%. Market interest rates have increased significantly, and if market interest rates continue to materially increase, the Company's results of operations could be adversely affected. A hypothetical increase in market interest rates of 100 basis points would result in an increase in interest expense of $10 per year for every $1,000 of outstanding debt under the Company's Amended and Restated Credit Agreement. The Company has not used any derivative financial instruments to manage its interest rate risk exposure. The Company is potentially exposed to refinancing risk in the future, should the Company seek to refinance its debt or raise new debt. As such, the type, cost, and terms of any new debt potentially raised in the future may differ from that of our existing debt agreements.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the Company's results of operations and/or financial condition could be affected by changes in exchange rates. The Company has transactions denominated in currencies other than the U.S. dollar, principally the euro, Turkish lira, and British pound, which expose the Company's operations to risk from the effects of exchange rate movements. Such movements may impact future revenues, expenses, and cash flows. In certain of the Company's foreign operations, the Company transacts primarily in the U.S. dollar, including for net revenue, revenue share, and employee-related compensation costs, which reduces the Company's exposure to foreign currency exchange risk. In addition, gains (losses) related to translating certain cash balances, trade accounts receivable and payable balances, and intercompany balances also impact net income. As the Company's foreign operations expand, results may be impacted further by fluctuations in the exchange rates of the currencies in which the Company does business. The Company has not used any derivative financial instruments to manage its foreign currency exchange risk exposure.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, regardless of how well they were designed and are operating, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of the end of the period covered by this Report, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) or 15d-15(d) of the Exchange Act during the three months ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

The Company is not aware of any material changes to the risk factors set forth under Part I, Item 1A, "Risk Factors," in its Annual Report on Form 10-K for the fiscal year ended March 31, 2025, filed with the Securities and Exchange Commission on June 16, 2025.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1	Certification of William Stone, Principal Executive Officer. *
31.2	Certification of Stephen Lasher, Principal Financial Officer. *
32.1	Certification of William Stone, Principal Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. +
32.2	Certification of Stephen Lasher, Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. +
101	The following financial information from Digital Turbine, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income, (iii) the Condensed Consolidated Statements of Cash Flows, (iv) the Condensed Consolidated Statements of Stockholders' Equity, and (v) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* 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: August 5, 2025	By:	/s/ William Gordon Stone III
		William Gordon Stone III Chief Executive Officer (Principal Executive Officer)
	Digital Turbine, Inc.	
Dated: August 5, 2025	By:	/s/ Stephen Andrew Lasher
		Stephen Andrew Lasher Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, William Gordon Stone III, certify that:

1. I have reviewed this 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 officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) 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.

August 5, 2025	By:	/s/ William Gordon Stone III
		William Gordon Stone III Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Stephen Andrew Lasher, certify that:

1. I have reviewed this 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 officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) 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.

August 5, 2025	By:	/s/ Stephen Andrew Lasher
		Stephen Andrew Lasher Chief Financial Officer (Principal Financial Officer)

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 June 30, 2025, 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.

August 5, 2025	By:	/s/ William Gordon Stone III
		William Gordon Stone III Chief Executive Officer (Principal Executive Officer)

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

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

The Quarterly Report on Form 10-Q for the period ending June 30, 2025, 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.

August 5, 2025	By:	/s/ Stephen Andrew Lasher
		Stephen Andrew Lasher Chief Financial Officer (Principal Financial Officer)