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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

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 November 1, 2024, the Company had 103,725,564 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 September 30, 2024

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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)

	September 30, 2024 (Unaudited)	March 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 32,765	$ 33,605
Accounts receivable, net	191,612	191,015
Prepaid expenses	7,093	7,704
Other current assets	12,419	10,017
Total current assets	243,889	242,341
Property and equipment, net	48,159	45,782
Right-of-use assets	11,222	9,127
Intangible assets, net	285,848	313,505
Goodwill	221,059	220,072
Other non-current assets	34,309	34,713
TOTAL ASSETS	**$ 844,486**	**$ 865,540**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 148,062	$ 159,200
Accrued revenue share	29,518	33,934
Accrued compensation	7,408	7,209
Other current liabilities	38,643	35,681
Total current liabilities	223,631	236,024
Long-term debt, net of debt issuance costs	407,620	383,490
Deferred tax liabilities, net	17,460	20,424
Other non-current liabilities	13,405	11,670
Total liabilities	662,116	651,608
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock		
Series A convertible preferred stock at $ 0.0001 par value; 2,000,000 shares authorized, 100,000 issued and outstanding (liquidation preference of $1)	100	100
Common stock		
$0.0001 par value: 200,000,000 shares authorized; 104,279,577 issued and 103,521,452 outstanding at September 30, 2024; 102,877,057 issued and 102,118,932 outstanding at March 31, 2024	10	10
Additional paid-in capital	875,827	858,191
Treasury stock (758,125 shares at September 30, 2024, and March 31, 2024)	(71)	(71)
Accumulated other comprehensive loss	(48,011)	(48,955)
Accumulated deficit	(645,485)	(595,343)
Total stockholders' equity	182,370	213,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 844,486**	**$ 865,540**

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 September 30,		Six months ended September 30,	
	2024	2023	2024	2023
Net revenue	$ 118,728	$ 143,259	$ 236,717	$ 289,625
Costs of revenue and operating expenses				
Revenue share	56,336	68,719	112,145	138,311
Other direct costs of revenue	8,438	9,017	16,228	18,630
Product development	9,433	14,037	20,147	29,837
Sales and marketing	15,887	15,537	32,134	31,114
General and administrative	42,176	41,385	85,693	81,884
Impairment of goodwill	—	147,181	—	147,181
Total costs of revenue and operating expenses	132,270	295,876	266,347	446,957
Loss from operations	(13,542)	(152,617)	(29,630)	(157,332)
Interest and other income (expense), net				
Change in fair value of contingent consideration	200	372	200	372
Interest expense, net	(9,232)	(7,844)	(17,482)	(15,234)
Foreign exchange transaction loss	(976)	(2,106)	(158)	(183)
Other income (expense), net	(36)	—	78	244
Total interest and other income (expense), net	(10,044)	(9,578)	(17,362)	(14,801)
Loss before income taxes	(23,586)	(162,195)	(46,992)	(172,133)
Income tax provision (benefit)	1,400	(713)	3,150	(2,252)
Net loss	(24,986)	(161,482)	(50,142)	(169,881)
Less: net loss attributable to non-controlling interest	—	—	—	(220)
Net loss attributable to Digital Turbine, Inc.	(24,986)	(161,482)	(50,142)	(169,661)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	2,157	(1,287)	944	(7,394)
Comprehensive loss	(22,829)	(162,769)	(49,198)	(177,275)
Less: comprehensive income attributable to non-controlling interest	—	—	—	519
Comprehensive loss attributable to Digital Turbine, Inc.	$ (22,829)	$ (162,769)	$ (49,198)	$ (177,794)
Net loss per common share				
Basic	$ (0.24)	$ (1.61)	$ (0.49)	$ (1.69)
Diluted	$ (0.24)	$ (1.61)	$ (0.49)	$ (1.69)
Weighted-average common shares outstanding				
Basic	103,041	100,604	102,722	100,272
Diluted	103,041	100,604	102,722	100,272

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)

	Six months ended September 30,	
	2024	**2023**
Cash flows from operating activities		
Net (loss) income	$ (50,142)	$ (169,881)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	40,171	41,926
Non-cash interest expense	757	424
Allowance for credit losses	1,298	1,227
Stock-based compensation expense	17,167	19,033
Foreign exchange transaction loss	158	183
Change in fair value of contingent consideration	(200)	(372)
Right-of-use asset	(1,883)	1,817
Impairment of goodwill	—	147,181
(Increase) decrease in assets:		
Accounts receivable, gross	(1,933)	(16,637)
Prepaid expenses	652	252
Other current assets	(1,851)	(3,387)
Other non-current assets	418	(3,799)
Increase (decrease) in liabilities:		
Accounts payable	(11,377)	20,283
Accrued revenue share	(4,531)	(14,373)
Accrued compensation	135	(2,698)
Other current liabilities	2,698	19,751
Deferred income taxes	(3,109)	(10,732)
Other non-current liabilities	1,501	(1,426)
Net cash provided by (used in) operating activities	**(10,071)**	**28,772**
Cash flows from investing activities		
Capital expenditures	(13,408)	(14,277)
Net cash used in investing activities	**(13,408)**	**(14,277)**
Cash flows from financing activities		
Proceeds from borrowings	38,000	17,000
Payment of debt issuance costs	(1,561)	—
Repayment of debt obligations	(13,000)	(44,136)
Acquisition of non-controlling interest in consolidated subsidiaries	—	(3,751)
Payment of withholding taxes for net share settlement of equity awards	(160)	(1,037)
Options exercised	93	2,729
Net cash provided by (used in) financing activities	**23,372**	**(29,195)**
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(733)	(2,209)
Net change in cash, cash equivalents, and restricted cash	**(840)**	**(16,909)**
Cash, cash equivalents, and restricted cash, beginning of period	33,605	75,558
Cash, cash equivalents, and restricted cash, end of period	**$ 32,765**	**$ 58,649**

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)

	Six months ended September 30,	
	2024	**2023**
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	$ 32,081	$ 58,138
Restricted cash	684	511
Total cash, cash equivalents and restricted cash	$ 32,765	$ 58,649
Supplemental disclosure of cash flow information		
Interest paid	$ 18,578	$ 15,582
Income taxes paid	$ 703	$ 444
Supplemental disclosure of non-cash activities		
Assets acquired not yet paid	$ 461	$ 425
Right-of-use assets acquired under operating leases	$ 3,519	$ 353
Fair value of unpaid contingent consideration in connection with business acquisitions	$ 1,215	$ 2,366

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
Net loss	—	—	—	—	—	—	—	—	(24,986)	(24,986)
Foreign currency translation	—	—	—	—	—	—	—	2,157	—	2,157
Stock-based compensation expense	—	—	—	—	—	—	9,279	—	—	9,279
Shares issued:										
Exercise of stock options	1,667	—	—	—	—	—	79	—	—	79
Issuance of restricted shares and vesting of restricted units	1,001,502	—	—	—	—	—	—	—	—	—
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(112)	—	—	(112)
Balance at September 30, 2024	103,521,452	$ 10	100,000	$ 100	758,125	$ (71)	$ 875,827	$ (48,011)	$ (645,485)	$ 182,370

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	Non-Controlling Interest	Total
Balance at March 31, 2023	99,458,369	$ 10	100,000	$ 100	758,125	$ (71)	$ 822,217	$ (41,945)	$ (175,115)	$ 2,059	$ 607,255
Net loss	—	—	—	—	—	—	—	—	(8,179)	(220)	(8,399)
Foreign currency translation	—	—	—	—	—	—	—	(6,846)	—	739	(6,107)
Stock-based compensation expense	—	—	—	—	—	—	10,017	—	—	—	10,017
Shares issued:											
Exercise of stock options	378,507	—	—	—	—	—	731	—	—	—	731
Issuance of restricted shares and vesting of restricted units	449,781	—	—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interests in Fyber	—	—	—	—	—	—	(1,173)	—	—	(2,578)	(3,751)
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(931)	—	—	—	(931)
Balance at June 30, 2023	100,286,657	$ 10	100,000	$ 100	758,125	$ (71)	$ 830,861	$ (48,791)	$ (183,294)	$ —	$ 598,815
Net loss	—	—	—	—	—	—	—	—	(161,482)	—	(161,482)
Foreign currency translation	—	—	—	—	—	—	—	(1,287)	—	—	(1,287)
Stock-based compensation expense	—	—	—	—	—	—	9,924	—	—	—	9,924
Shares issued:											
Exercise of stock options	575,599	—	—	—	—	—	1,998	—	—	—	1,998
Issuance of restricted shares and vesting of restricted units	226,890	—	—	—	—	—	—	—	—	—	—
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(106)	—	—	—	(106)
Balance at September 30, 2023	101,089,146	$ 10	100,000	$ 100	758,125	$ (71)	$ 842,677	$ (50,078)	$ (344,776)	$ —	$ 447,862

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

Digital Turbine, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements
September 30, 2024
(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 September 30, 2024.

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, 2024.

Unaudited Interim Financial Information

These accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial reporting. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring items, considered necessary to present fairly the Company's financial condition, results of operations, comprehensive income, stockholders' equity, and cash flows for the interim periods indicated. The results of operations for the three and six months ended September 30, 2024, 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, 2024.

Note 3—Fair Value Measurements

Equity securities without readily determinable fair values

Occasionally, the Company may purchase certain non-marketable equity securities for strategic reasons. During the six months ended September 30, 2024, the Company did not make any such investments. During the year ended March 31, 2024, the Company purchased non-marketable equity securities for a total of $19,094.

As of September 30, 2024 and March 31, 2024, 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 a privately held company 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 six months ended September 30, 2024, 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 September 30, 2024 and March 31, 2024, Level 1 equity securities recorded at fair value totaled $ 468 and $501, respectively, and are classified as other non-current assets. As of September 30, 2024 and March 31, 2024, there were no Level 2 or Level 3 equity securities recorded at fair value.

Note 4—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 segment performance and makes resource allocation decisions primarily based on segment net revenue and segment profit, as shown in the segment information summary table below. The Company's CODM does not allocate other direct costs of revenue, operating expenses, interest and other income (expense), net, or provision for income taxes to these segments for the purpose of evaluating segment performance. Additionally, the Company does not allocate assets to segments for internal reporting purposes as the CODM does not manage the Company's segments by such metrics.

A summary of segment information follows:

	Three months ended September 30, 2024			
	ODS	AGP	Eliminations	Consolidated
Net revenue	$ 82,414	$ 37,346	$ (1,032)	$ 118,728
Revenue share	48,951	8,417	(1,032)	56,336
Segment profit	$ 33,463	$ 28,929	$ —	$ 62,392

	Three months ended September 30, 2023			
	ODS	AGP	Eliminations	Consolidated
Net revenue	$ 99,060	$ 46,183	$ (1,984)	$ 143,259
Revenue share	60,980	9,723	(1,984)	68,719
Segment profit	$ 38,080	$ 36,460	$ —	$ 74,540

	Six months ended September 30, 2024			
	ODS	AGP	Eliminations	Consolidated
Net revenue	$ 163,064	$ 75,738	$ (2,085)	$ 236,717
Revenue share	98,094	16,136	(2,085)	112,145
Segment profit	$ 64,970	$ 59,602	$ —	$ 124,572

	Six months ended September 30, 2023			
	ODS	AGP	Eliminations	Consolidated
Net revenue	$ 197,310	$ 95,142	$ (2,827)	$ 289,625
Revenue share	119,278	21,860	(2,827)	138,311
Segment profit	$ 78,032	$ 73,282	$ —	$ 151,314

Geographic Area Information

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

	September 30, 2024	March 31, 2024
United States and Canada	$ 36,904	$ 32,899
Europe, Middle East, and Africa	11,145	12,809
Asia Pacific and China	110	74
Consolidated property and equipment, net	$ 48,159	$ 45,782

	September 30, 2024	March 31, 2024
United States and Canada	$ 5,943	$ 4,314
Europe, Middle East, and Africa	5,155	4,598
Asia Pacific and China	124	215
Consolidated right-of-use assets	$ 11,222	$ 9,127

	September 30, 2024	March 31, 2024
United States and Canada	$ 120,968	$ 133,381
Europe, Middle East, and Africa	160,615	175,878
Asia Pacific and China	4,265	4,246
Consolidated intangible assets, net	$ 285,848	$ 313,505

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 September 30, 2024		
	ODS	AGP	Total
United States and Canada	$ 33,664	$ 23,064	$ 56,728
Europe, Middle East, and Africa	28,846	10,135	38,981
Asia Pacific and China	18,688	4,141	22,829
Mexico, Central America, and South America	1,216	6	1,222
Elimination	—	—	(1,032)
Consolidated net revenue	$ 82,414	$ 37,346	$ 118,728

	Three months ended September 30, 2023		
	ODS	AGP	Total
United States and Canada	$ 40,176	$ 32,256	$ 72,432
Europe, Middle East, and Africa	48,348	8,966	57,314
Asia Pacific and China	10,114	4,940	15,054
Mexico, Central America, and South America	422	21	443
Elimination	—	—	(1,984)
Consolidated net revenue	$ 99,060	$ 46,183	$ 143,259

	Six months ended September 30, 2024		
	ODS	AGP	Total
United States and Canada	$ 67,549	$ 48,146	$ 115,695
Europe, Middle East, and Africa	60,550	20,548	81,098
Asia Pacific and China	33,260	7,029	40,289
Mexico, Central America, and South America	1,705	15	1,720
Elimination	—	—	(2,085)
Consolidated net revenue	$ 163,064	$ 75,738	$ 236,717

	Six months ended September 30, 2023		
	ODS	AGP	Total
United States and Canada	$ 79,117	$ 63,173	$ 142,290
Europe, Middle East, and Africa	94,370	22,518	116,888
Asia Pacific and China	22,657	9,387	32,044
Mexico, Central America, and South America	1,166	64	1,230
Elimination	—	—	(2,827)
Consolidated net revenue	$ 197,310	$ 95,142	$ 289,625

Note 5—Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by segment follows:

	ODS	AGP	Total
Goodwill as of March 31, 2024	$ 80,176	$ 139,896	$ 220,072
Impairment of goodwill	—	—	—
Foreign currency translation	$ —	$ 987	$ 987
Goodwill as of September 30, 2024	$ 80,176	$ 140,883	$ 221,059

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 six months ended September 30, 2024, no occurrence of event or circumstance 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 three months ended September 30, 2023, as a result of sustained decline in the quoted market price of the Company's common stock, increase in interest rates, and the Company's forecasted operating trends, the Company identified interim indicators of impairment related to the goodwill assigned to the AGP reporting unit. The Company completed an interim impairment assessment of its goodwill, and as a result of this review, recorded a $147,181 non-deductible, non-cash goodwill impairment charge for the AGP reporting unit as of September 30, 2023.

The Company subsequently performed its annual goodwill impairment evaluation as of March 31, 2024, noting continued trends in quoted market price, interest rates, and the Company's forecast. The Company completed its annual impairment assessment of goodwill, and as a result, recorded an additional $189,459 non-deductible, non-cash goodwill impairment charge for a total of $ 336,640 to the AGP reporting unit during the twelve months ended March 31, 2024.

There was no impairment of goodwill for the ODS reporting unit during the fiscal year ended March 31, 2024.

Intangible Assets

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

	As of September 30, 2024			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	11.75 years	$ 138,057	$ (34,778)	$ 103,279
Developed technology	3.82 years	146,852	(69,961)	76,891
Trade names	0.83 years	70,072	(54,742)	15,330
Publisher relationships	16.37 years	109,265	(18,917)	90,348
Total		$ 464,246	$ (178,398)	$ 285,848

	As of March 31, 2024			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	12.04 years	$ 168,349	$ (59,222)	$ 109,127
Developed technology	4.31 years	146,524	(59,470)	87,054
Trade names	1.33 years	69,957	(45,470)	24,487
Publisher relationships	16.86 years	108,860	(16,023)	92,837
Total		$ 493,690	$ (180,185)	$ 313,505

The Company recorded amortization expense of $ 13,505 and $28,709, respectively, during the three and six months ended September 30, 2024, and $16,157 and $32,346, respectively, during the three and six months ended September 30, 2023, in general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income.

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

Fiscal year 2025	$ 27,020
Fiscal year 2026	41,510
Fiscal year 2027	35,378
Fiscal year 2028	35,378
Fiscal year 2029	18,454
Thereafter	128,108
Total	$ 285,848

Note 6—Accounts Receivable

	September 30, 2024	March 31, 2024
Billed	$ 130,195	$ 136,604
Unbilled	70,355	64,117
Allowance for credit losses	(8,938)	(9,706)
Accounts receivable, net	$ 191,612	$ 191,015

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 September 30, 2024 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 September 30,		Six months ended September 30,	
	2024	2023	2024	2023
Balance, beginning of period	$ 9,215	$ 10,319	$ 9,706	$ 10,206
Provision for credit losses	1,084	488	1,298	1,227
Write-offs	(1,361)	(701)	(2,066)	(1,327)
Balance, end of period	$ 8,938	$ 10,106	$ 8,938	$ 10,106

The Company recorded $1,084 and $1,298 of credit loss expense during the three and six months ended September 30, 2024, respectively, and $ 488 and $1,227 of credit loss expense during the three and six months ended September 30, 2023, respectively, in general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income.

Note 7—Property and Equipment

	September 30, 2024	March 31, 2024
Computer-related equipment	$ 5,676	$ 7,057
Developed software	103,319	88,258
Furniture and fixtures	2,051	2,069
Leasehold improvements	3,695	3,690
Property and equipment, gross	114,741	101,074
Accumulated depreciation	(66,582)	(55,292)
Property and equipment, net	$ 48,159	$ 45,782

Depreciation expense was $5,847 and $11,462 for the three and six months ended September 30, 2024, respectively, and $ 4,529 and $9,584 for the three and six months ended September 30, 2023, respectively. Depreciation expense for the three and six months ended September 30, 2024, includes $5,796 and $11,277, respectively, related to internal-use software included in general and administrative expense and $ 51 and $185, respectively, related to internally developed software to be sold, leased, or otherwise marketed included in other direct costs of revenue. Depreciation expense for the three and six months ended September 30, 2023, includes $3,020 and $6,319, respectively, related to internal-use software included in general and administrative expense and $1,509 and $3,265, respectively, related to internally developed software to be sold, leased, or otherwise marketed included in other direct costs of revenue.

Cloud Computing Arrangements

As of September 30, 2024, the net carrying value of capitalized implementation costs related to cloud computing arrangements that were incurred during the application development stage was $6,349, of which $1,233 was included in prepaid expenses and other current assets and $ 5,116 was included in other non-current assets.

As of March 31, 2024, the net carrying value of capitalized implementation costs related to cloud computing arrangements that were incurred during the application development stage was $6,965, of which $1,239 was included in prepaid expenses and other current assets and $ 5,727 was included in other non-current assets.

As of September 30, 2024 and 2023, amortization expenses for implementation costs of cloud-based computing arrangements were $ 613 and $0, respectively.

Note 8—Other Current Liabilities

Other current liabilities consisted of the following:

	September 30, 2024	March 31, 2024
Accrued expenses	$ 8,529	$ 7,376
Accrued interest	1,790	3,414
Foreign income tax payable	19,410	14,371
Other current liabilities	8,914	10,520
Total	38,643	35,681

Note 9—Other Non-Current Liabilities

Other noncurrent liabilities consisted of the following:

	September 30, 2024	March 31, 2024
Non-current lease liabilities	$ 7,423	$ 5,746
Contingent consideration	1,215	1,015
Other long-term liabilities	4,767	4,909
Total	13,405	11,670

During the six months ended September 30, 2024, the Company reassessed the fair value of its contingent consideration based on current forecasts in association with the Company’s acquisition of In App Video Services UK LTD. (“In App”). 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, an incremental earn-out payment will 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 a result of the Company’s assessment for the six months ended September 30, 2024, a remeasurement gain equal to the change in fair value of $200 was recorded. During fiscal year ended March 31, 2024, the Company 1) paid approximately $ 1,100 for the earn-out associated with the calendar year ended December 31, 2023 and 2) recognized a change in the fair value of contingent consideration of $372. Changes in the fair value of the earn-out liability subsequent to the acquisition date are recognized in the condensed consolidated statements of operations and comprehensive (loss) income.

Note 10—Debt

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

	September 30, 2024		
	Balance	Interest Rate	Unused Line Fee
Revolver (subject to variable interest rate)	$ 411,000	8.34 %	0.35 %

	March 31, 2024		
	Balance	Interest Rate	Unused Line Fee
Revolver (subject to variable interest rate)	$ 386,000	7.71 %	0.35 %

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

	September 30, 2024	March 31, 2024
Revolver	$ 411,000	$ 386,000
Less: Debt issuance costs	(3,380)	(2,510)
Long-term debt, net of debt issuance costs	$ 407,620	$ 383,490

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 cash in excess of $40,000, and reduced the permitted investments threshold limit from $ 70,000 to $25,000.

Other than the changes described above regarding the covenants in the Fourth Amendment, the amendments discussed made no other changes to the terms of the Amended and Restated Credit Agreement, which contains customary covenants, representations, and events of default and also requires the Company to comply with a maximum consolidated secured net leverage ratio and minimum consolidated interest coverage ratio.

The Company incurred debt issuance costs of $6,564 for the Amended and Restated Credit Agreement, inclusive of costs incurred for the First, Second, Third and Fourth 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 September 30, 2024, the Company had $ 411,000 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 $3,380.

As of September 30, 2024, 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 1.50% and 3.75%, based on the Company's consolidated secured net leverage ratio, or (ii) a base rate based upon the highest of (a) the federal funds rate plus 0.50%, (b) BoA's prime rate, or (c) SOFR plus 1.00% plus between 0.50% and 2.75%, based on the Company's consolidated secured leverage ratio. Additionally, the Amended and Restated Credit Agreement is subject to an unused line of credit fee between 0.15% and 0.35% per annum, based on the Company's consolidated leverage ratio. As of September 30, 2024, the interest rate was 8.34% 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 September 30, 2024, the Company had $ 14,000 available to draw on the revolving line of credit under the Amended and Restated Credit Agreement, excluding the accordion feature, subject to the required covenants. As of September 30, 2024, 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 September 30,		Six months ended September 30,	
	2024	2023	2024	2023
Interest expense, net	$ (8,722)	$ (7,543)	$ (16,562)	$ (14,657)
Amortization of debt issuance costs	(456)	(212)	(757)	(424)
Unused line of credit fees and other	(54)	(89)	(163)	(153)
Total interest expense, net	$ (9,232)	$ (7,844)	$ (17,482)	$ (15,234)

Note 11—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. 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. The 2020 Plan became effective on September 15, 2020, and has a term of ten years. 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 Company's 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 September 30, 2024, 7,055,643 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, 2024	5,797,869	$ 13.26	5.39	$ 2,423
Granted	1,625,000	1.99		
Exercised	(10,312)	1.55		
Forfeited / Expired	(533,610)	20.15		
Options outstanding as of September 30, 2024	6,878,947	$ 10.03	6.12	$ 4,965
Exercisable as of September 30, 2024	4,713,988	$ 11.40	4.68	$ 3,313

At September 30, 2024, total unrecognized stock-based compensation expense related to unvested stock options, net of estimated forfeitures, was $9,060, with an expected remaining weighted-average recognition period of 1.75 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, 2024	3,919,842	$ 12.44
Granted	5,450,248	2.23
Vested	(1,440,822)	6.99
Forfeited	(383,083)	8.51
Unvested restricted shares outstanding as of September 30, 2024	7,546,185	$ 6.04

At September 30, 2024, total unrecognized stock-based compensation expense related to RSUs, PSUs and RSAs, net of estimated forfeitures was $30,670, with an expected remaining weighted-average recognition period of 1.60 years.

Stock-Based Compensation Expense

Stock-based compensation expense for the three and six months ended September 30, 2024, was $8,999 and $17,167, respectively, and was recorded within general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income. Stock-based compensation expense for the three and six months ended September 30, 2023, was $9,016 and $19,033, respectively, and was recorded within general and administrative expenses on the condensed consolidated statements of operations and comprehensive (loss) income.

Note 12—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 September 30,		Six months ended September 30,	
	2024	2023	2024	2023
Net loss per common share	$ (24,986)	$ (161,482)	$ (50,142)	$ (169,881)
Less: net loss attributable to non-controlling interest	—	—	—	(220)
Net loss attributable to Digital Turbine, Inc.	$ (24,986)	$ (161,482)	$ (50,142)	$ (169,661)
Weighted-average common shares outstanding, basic	103,041	100,604	102,722	100,272
Basic net (loss) income per common share attributable to Digital Turbine, Inc.	$ (0.24)	$ (1.61)	$ (0.49)	$ (1.69)
Weighted-average common shares outstanding, diluted	103,041	100,604	102,722	100,272
Diluted net (loss) income per common share attributable to Digital Turbine, Inc.	$ (0.24)	$ (1.61)	$ (0.49)	$ (1.69)

Potentially dilutive outstanding securities of 7,919,967 and 8,090,889 for the three and six months ended September 30, 2024, respectively, and 2,823,586 and 3,273,213 for the three and six months ended September 30, 2023, respectively, were excluded from the computation of diluted net income per share because their effect would have been anti-dilutive.

Note 13—Income Taxes

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

During the three and six months ended September 30, 2024, a tax provision expense of $ 1,400 and $3,150, respectively, resulted in an effective tax rate of (5.9)% and (6.7)%, respectively. Differences between the effective tax rate and the statutory tax rate primarily relate to foreign income expense and a valuation allowance on loss from operations.

During the three and six months ended September 30, 2023, a tax benefit of $ 713 and $2,252, respectively, resulted in an effective tax rate of 0.4% and 1.3%, respectively. Differences between the effective tax rate and the statutory tax rate primarily relate to the non-deductible goodwill impairment charge, tax limitations on certain deductions and state tax benefits.

Note 14—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 $252,866 over the next six 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.

On June 6, 2022 and July 21, 2022, stockholders of the Company filed class action complaints against the Company and certain of the Company's officers in the Western District of Texas related to Digital Turbine, Inc.'s announcement in May 2022 that it would restate some of its financial results. The claims allege violations of certain federal securities laws. These have been consolidated into In re Digital Turbine, Inc. Securities Litigation, Case No. 1:22-cv-00550-DAE. On July 19, 2023, the Western District court granted the Company's motion to dismiss the case. The plaintiffs filed an amended complaint on August 23, 2023, the Company filed a motion to dismiss the amended complaint on September 22, 2023, and briefing on the motion to dismiss is complete as of November 13, 2023. On August 22, 2024, the court granted the Company's motion to dismiss the amended complaint with prejudice. The plaintiffs had thirty days to file a notice of appeal and did not do so. In addition, several derivative actions have been filed against the Company and the Company's directors, which all assert claims of breach of fiduciary duties arising out of the same facts as the securities class action. The cases are Olszanski v. Digital Turbine, Inc., et al.; Case No. 1:22-cv-911 in federal court in the Western District of Texas (October 4, 2022); Witt v. Digital Turbine, Inc., et al; Case 1:22-cv-01429-UNA in federal court in the District of Delaware (February 14, 2023); and Krumwiede v. Digital Turbine, Inc.; Case No. 2023-0277 in state court in the Delaware Chancery Court (March 6, 2023). The federal derivative cases were stayed pending a final, non-appealable ruling on any motion to dismiss the federal class action. The Company and the individual defendants filed a motion to dismiss the Delaware Chancery case on May 11, 2023. On October 24, 2024, the plaintiffs in Olszanski v. Digital Turbine, Inc., et al., Case No. 1:22-cv-911 filed a notice of dismissal. The Company and individual defendants deny any allegations of wrongdoing and the Company plans to vigorously defend against the claims asserted in these complaints. Due to the early stages of these cases, management is unable to assess a likely outcome or potential liability at this time.

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, 2024, 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 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 the volume of sales of new mobile devices by our partners, which has been below our expectations. 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 and ongoing conflict in Israel and the Gaza Strip 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.

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, 2025.

Finite-lived intangible assets and property, plant, and equipment are amortized or depreciated over their estimated useful lives on a straight-line basis. We monitor conditions related to these assets to determine whether events and circumstances warrant a revision to the remaining amortization or depreciation period or an impairment. We test these assets for potential impairment whenever we conclude events or changes in circumstances indicate carrying amounts may not be recoverable.

Business Transformation Initiative

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 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 $1,309 of business transformation costs during the six months ended September 30, 2024. 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, a portion of which include various measures across the organization to reduce current and future operating expenses and improve cash flows, including a reduction in force, reductions in personnel costs, and steps intended to simplify and streamline business operations. As part of these transformation efforts, we are currently implementing a reduction in our workforce. Thereafter, to further reduce operating expenses and improve cash flows, we plan to implement additional transformation activities, including but not limited subsequent reductions in force. The program is underway and is targeted to yield more than $25,000 in annual cash expense savings. The Company expects the program to be substantially implemented by the first quarter of fiscal year 2026.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the three and six months ended September 30, 2024 and 2023 (in thousands):

	Three months ended September 30,			Six months ended September 30,		
	2024	2023	% of Change	2024	2023	% of Change
Net revenue	$ 118,728	$ 143,259	(17.1)%	$ 236,717	$ 289,625	(18.3)%
Costs of revenue and operating expenses						
Revenue share	56,336	68,719	(18.0)%	112,145	138,311	(18.9)%
Other direct costs of revenue	8,438	9,017	(6.4)%	16,228	18,630	(12.9)%
Product development	9,433	14,037	(32.8)%	20,147	29,837	(32.5)%
Sales and marketing	15,887	15,537	2.3 %	32,134	31,114	3.3 %
General and administrative	42,176	41,385	1.9 %	85,693	81,884	4.7 %
Impairment of goodwill	—	147,181	(100.0)%	—	147,181	(100.0)%
Total costs of revenue and operating expenses	132,270	295,876	(55.3)%	266,347	446,957	(40.4)%
Loss from operations	(13,542)	(152,617)	(91.1)%	(29,630)	(157,332)	(81.2)%
Interest and other income (expense), net						
Change in fair value of contingent consideration	200	372	(46.2)%	200	372	(46.2)%
Interest expense, net	(9,232)	(7,844)	17.7 %	(17,482)	(15,234)	14.8 %
Foreign exchange transaction loss	(976)	(2,106)	(53.7)%	(158)	(183)	(13.7)%
Other income (expense), net	(36)	—	100.0 %	78	244	(68.0)%
Total interest and other income (expense), net	(10,044)	(9,578)	4.9 %	(17,362)	(14,801)	17.3 %
Loss before income taxes	(23,586)	(162,195)	(85.5)%	(46,992)	(172,133)	(72.7)%
Income tax provision (benefit)	1,400	(713)	(296.4)%	3,150	(2,252)	(239.9)%
Net loss	(24,986)	(161,482)	(84.5)%	(50,142)	(169,881)	(70.5)%

Net revenue

	Three months ended September 30,			Six months ended September 30,		
	2024	2023	% of Change	2024	2023	% of Change
Net revenue						
On Device Solutions	$ 82,414	$ 99,060	(16.8)%	$ 163,064	$ 197,310	(17.4)%
App Growth Platform	37,346	46,183	(19.1)%	75,738	95,142	(20.4)%
Elimination	(1,032)	(1,984)	(48.0)%	(2,085)	(2,827)	(26.2)%
Total net revenue	$ 118,728	$ 143,259	(17.1)%	$ 236,717	$ 289,625	(18.3)%

Comparison of the three and six months ended September 30, 2024 and 2023

Over the three-month comparative periods, net revenue decreased by $24,531 or 17.1%, and over the six-month comparative periods, net revenue decreased by $52,908 or 18.3%. See the segment discussion below for further details regarding net revenue.

On Device Solutions

ODS revenue for the three months ended September 30, 2024, decreased by $16,646 or 16.8% compared to the three months ended September 30, 2023. Revenue from content media increased by approximately $565 primarily due to increased activity with a carrier that resulted in higher daily active users on prepaid devices. Revenue from application media decreased by approximately $17,211. The decrease was primarily driven by lower new device volumes and revenue-per-device in the US region and the Europe, Middle East, and Africa regions. These decreases were partially offset by higher device volumes and revenue-per-device in the Asia Pacific and China regions.

ODS revenue for the six months ended September 30, 2024, decreased by $34,246 or 17.4% compared to the six months ended September 30, 2023. Revenue from content media increased by approximately $1,317 for the same reason as noted above for the three months ended September 30, 2024. In addition, application media revenue declined by approximately $35,563 for the six months ended September 30, 2024. The decline in revenue in application media was primarily due to lower device volumes and lower revenue-per-device in the US region and internationally, resulting in a $25,362 decrease in revenue. The decrease was partially offset by higher device volumes and revenue-per-device in the Asia Pacific and China regions. This decrease was also driven by lower revenue from strategic demand customers of approximately $10,201.

App Growth Platform

AGP revenue for the three months ended September 30, 2024, decreased by $8,837 or 19.1% compared to the three months ended September 30, 2023. Performance and brand advertising revenue declined by approximately $268 and advertising exchange revenue declined by approximately $8,594, primarily due to weaker demand and the impact of the consolidation and exiting of certain legacy AdColony platforms and business lines. The decrease in advertising exchange revenue was primarily due to lower performance in the US and Canada regions, partially offset by higher performance in the Europe, Middle East, and Africa regions of $1,169. Revenues from reseller partnerships remained flat between the comparable periods.

AGP revenue for the six months ended September 30, 2024, decreased by $19,404 or 20.4% compared to the six months ended September 30, 2023. Performance and brand advertising revenue declined by approximately $4,617 and advertising exchange revenue declined by approximately $14,824, primarily due to weaker demand and the impact of the consolidation and exiting of certain legacy AdColony platforms and business lines. The decrease in advertising exchange revenue was primarily due to lower performance in the US and Canada regions. Revenues from reseller partnerships remained flat between the comparable periods.

Costs of revenue and operating expenses

	Three months ended September 30,			Six months ended September 30,		
	2024	2023	% of Change	2024	2023	% of Change
Costs of revenue and operating expenses						
Revenue share	$ 56,336	$ 68,719	(18.0)%	$ 112,145	$ 138,311	(18.9)%
Other direct costs of revenue	8,438	9,017	(6.4)%	16,228	18,630	(12.9)%
Product development	9,433	14,037	(32.8)%	20,147	29,837	(32.5)%
Sales and marketing	15,887	15,537	2.3 %	32,134	31,114	3.3 %
General and administrative	42,176	41,385	1.9 %	85,693	81,884	4.7 %
Impairment of goodwill	—	147,181	(100.0)%	—	147,181	(100.0)%
Total costs of revenue and operating expenses	$ 132,270	$ 295,876	(55.3)%	$ 266,347	$ 446,957	(40.4)%

Comparison of the three and six months ended September 30, 2024 and 2023

Total costs of revenue and operating expenses decreased by $163,606 or 55.3% and decreased by $180,610 or 40.4%, respectively, for the three and six months ended September 30, 2024, compared to the three and six months ended September 30, 2023.

Total costs of revenue and operating expenses for the three and six months ended September 30, 2023 included an impairment of goodwill of $147,181. Excluding the impairment of goodwill, total costs of revenue and operating expenses decreased by $16,425 or 11.0% and $33,429 or 11.2%, respectively, for the three and six months ended September 30, 2024, compared to the three and six months ended September 30, 2023.

The decrease in total costs of revenue and operating expenses for both comparative periods, after excluding the impairment of goodwill, was primarily due to lower revenue share and product development costs, partially offset by higher general and administrative costs. The reduced revenue share is the result of lower revenue over the same comparative periods. Costs of revenue and operating expenses included total business transformation, severance and transaction costs of $505 and $2,134 for the three and six months ended September 30, 2024, respectively, compared to $3,416 and $3,819 for the three and six months ended September 30, 2023, respectively. In connection with the Company's transformation efforts, business transformation and severance costs are expected to increase in the future remaining quarters of fiscal year 2025.

Revenue share

Revenue share includes amounts paid to our carrier and OEM partners, as well as app publishers and developers, and are recorded as a cost of revenue.

Revenue share decreased by $12,383 or 18.0% to $56,336 for the three months ended September 30, 2024, and was 47.4% as a percentage of total net revenue compared to $68,719, or 48.0% of total net revenue, for the three months ended September 30, 2023.

Revenue share decreased by $26,166 or 18.9% to $112,145 for the six months ended September 30, 2024, and was 47.4% as a percentage of total net revenue compared to $138,311, or 47.8% of total net revenue, for the six months ended September 30, 2023.

The decrease in revenue share was attributable to the decrease in total net revenue over the same periods, as these costs are typically paid as a percentage of our revenue. Revenue share as a percentage of total net revenue for the three and six months ended September 30, 2024 compared to the prior year comparative periods remained flat.

Other direct costs of revenue

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

Other direct costs of revenue decreased by $579 or 6.4% to $8,438 for the three months ended September 30, 2024, and was 7.1% as a percentage of total net revenue compared to $9,017, or 6.3% of total net revenue, for the three months ended September 30, 2023.

Other direct costs of revenue decreased by $2,402 or 12.9% to $16,228 for the six months ended September 30, 2024, and was 6.9% as a percentage of total net revenue compared to $18,630, or 6.4% of total net revenue, for the six months ended September 30, 2023.

The decrease in other direct costs was primarily due to lower amortization of developed technology intangible assets, lower hosting costs as a result of both a strategic switch in web hosting providers during fiscal year 2024, and a comparable decrease in total net revenues between comparable periods. The increase in other direct costs of revenue as a percentage of total net revenue was due to the decline in total net revenue.

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. Additionally, product development expenses include certain integration and business transformation costs, which may impact the comparability of product development expenses between periods.

Product development expenses decreased by $4,604 or 32.8% to $9,433 for the three months ended

September 30, 2024, compared to $14,037 for the three months ended September 30, 2023. Product development expenses included severance costs of approximately $109 for the three months ended September 30, 2024. Product development expenses included severance and business transformation costs of $1,508 for the three months ended September 30, 2023.

Product development expenses, after excluding severance and business transformation costs, decreased by approximately $3,205 for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease in product development expenses was primarily due to lower employee-related costs, including base salary and incentive compensation of $1,011, hosting and software costs of $1,489, and other operating costs, including third-party development of $1,864. These decreases were partially offset by higher depreciation and amortization costs of $1,159.

Product development expenses decreased by $9,690 or (32.5)% to $20,147 for the six months ended September 30, 2024, compared to $29,837 for the six months ended September 30, 2023. Product development expenses included severance costs of approximately $180 for the six months ended September 30, 2024. Product development expenses included severance, acquisition-related, and business transformation costs of approximately $1,682 for the six months ended September 30, 2023.

Product development expenses, after excluding severance, acquisition-related and business transformation costs, decreased by approximately $8,188 for the six months ended September 30, 2024 compared to the six months ended September 30, 2023. The decrease in product development expenses was primarily due to lower employee-related costs, including base salary and incentive compensation of $3,546, hosting and software costs of $2,204, reduced third-party development costs of $833, and other operating costs, including facilities and travel of $1,602.

Product development expenses, excluding severance, acquisition-related, and business transformation costs, changed to 7.9% and 8.4% of total net revenue for the three and six months ended September 30, 2024, respectively, compared to 8.7% and 9.7% of total net revenue for the three and six months ended September 30, 2023, respectively. The decrease in product development expenses as a percentage of total net revenue for the six months ended September 30, 2024 was primarily due to lower employee-related costs and revenues declining at a rate faster than product development expenses due to the Company's continued investments in its technology platforms.

Sales and marketing

Sales and marketing expenses represent the costs of sales and marketing personnel, advertising and marketing campaigns, and campaign management. Additionally, sales and marketing expenses include certain integration and business transformation costs, which may impact the comparability of sales and marketing expenses between periods.

Sales and marketing expenses increased by $350 or 2.3% to $15,887 for the three months ended September 30, 2024, and was 13.4% as a percentage of total net revenue compared to $15,537, or 10.8% of total net revenue, for the three months ended September 30, 2023. Sales and marketing expenses included severance costs of approximately $96 and $575 for the three months ended September 30, 2024 and September 30, 2023, respectively.

Sales and marketing expenses, after excluding severance expenses, increased by approximately $829 for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase in sales and marketing expenses was primarily due to higher employee-related costs, including base salary, incentive compensation, and recruiting of $959, and higher third-party development costs of $159.

Sales and marketing expenses increased by $1,020 or 3.3% to $32,134 for the six months ended September 30, 2024, and was 13.6% as a percentage of total net revenue compared to $31,114, or 10.7% of total net revenue, for the six months ended September 30, 2023. Sales and marketing expenses included severance costs of approximately $506 for the six months ended September 30, 2024. Sales and marketing expenses included severance and acquisition-related of approximately $623 for the six months ended September 30, 2023.

Sales and marketing expenses, after excluding severance and acquisition-related expenses, increased by approximately $1,137 for the six months ended September 30, 2024 compared to the six months ended September 30, 2023. The increase in sales and marketing expenses was primarily due to higher employee-related costs, including base salary, incentive compensation, and recruiting of $1,904. This increase was partially offset by lower costs for sales events and sales related travel of $478 and reduced facilities costs of $251.

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. Additionally, general and administrative expenses include certain integration and business transformation costs, which may impact the comparability of general and administrative expenses between periods.

General and administrative expenses increased by $791 or 1.9% to $42,176 for the three months ended September 30, 2024 compared to $41,385 for the three months ended September 30, 2023. General and administrative expenses included severance and business transformation costs of approximately $300 for the three months ended September 30, 2024. General and administrative expenses included severance, acquisition-related, and business transformation costs of approximately $1,333 for the three months ended September 30, 2023.

General and administrative expenses, after excluding severance, acquisition-related and business transformations costs, increased by $1,824 for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase was primarily due to higher employee-related costs, including base salary and incentive compensation of $1,966, and an increase in other operating expenses, including software and license fees of $1,409. These increases were partially offset by lower depreciation and amortization of $1,014 and third-party development costs of $767.

General and administrative expenses increased by $3,809 or 4.7% to $85,693 for the six months ended September 30, 2024, compared to $81,884 for the six months ended September 30, 2023. General and administrative expenses included severance and business transformation costs of approximately $1,448 for the six months ended September 30, 2024. General and administrative expenses included severance, acquisition-related, and business transformation costs of $1,514 for the six months ended September 30, 2023.

General and administrative expenses, after excluding severance, acquisition-related, and business transformation costs, increased by $3,875 for the six months ended September 30, 2024 compared to the six months ended September 30, 2023. The increase was primarily due to higher employee related costs of $1,674, depreciation and amortization of $1,363, other operating costs, including software and travel of approximately $2,287, and professional services including audit, tax, and legal fees of $344. These increases were partially offset by lower stock-based compensation of approximately $2,001.

Interest and other income (expense), net

	Three months ended September 30,			Six months ended September 30,		
	2024	2023	% of Change	2024	2023	% of Change
Interest and other income (expense), net						
Change in fair value of contingent consideration	$ 200	$ 372	(46.2)%	$ 200	$ 372	(46.2)%
Interest expense, net	$ (9,232)	$ (7,844)	17.7 %	(17,482)	(15,234)	14.8 %
Foreign exchange transaction loss	(976)	(2,106)	(53.7)%	(158)	(183)	(13.7)%
Other income (expense), net	(36)	—	100.0 %	78	244	68.0 %
Total interest and other income (expense), net	$ (10,044)	$ (9,578)	4.9 %	$ (17,362)	$ (14,801)	17.3 %

Comparison of the three and six months ended September 30, 2024 and 2023

Interest expense, net

For the three and six months ended September 30, 2024, interest expense, net, increased by $1,388 or 17.7% and $2,248 or 14.8%, respectively, compared to the three and six months ended September 30, 2023. The increase was primarily due to an increase in interest rates of 112 basis points for the three and six months ended September 30, 2024. Further, average outstanding borrowings for the three months ended September 30, 2024 increased $5,433 compared to the three months ended September 30, 2023, contributing to the increase in interest expense, while the average outstanding borrowings for the six months ended September 30, 2024 decreased $4,267 compared to the six months ended September 30, 2023, partially offsetting the increase in interest rates for the six month period.

Income tax provision (benefit)

During the three and six months ended September 30, 2024, a tax provision expense of $1,400 and $3,150, respectively, resulted in an effective tax rate of (5.9)% and (6.7)%, respectively. Differences between the effective tax rate and the statutory tax rate primarily relate to foreign income expense and a valuation allowance on loss from operations.

During the three and six months ended September 30, 2023, a tax benefit of $713 and $2,252, respectively, resulted in an effective tax rate of 0.4% and 1.3%, respectively. Differences between the effective tax rate and the statutory tax rate primarily relate to the non-deductible goodwill impairment charge, tax limitations on certain deductions and state tax benefits.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are our cash and cash equivalents, cash from operations, and borrowings under our Credit Agreement ("Amended and Restated Credit Agreement") with Bank of America, N.A. ("BoA"). As of September 30, 2024, we had unrestricted cash of approximately $32,081 and restricted cash of approximately $684. Restricted cash consists primarily of cash held by a bank in a collateral account as collateral to cover the Company's corporate credit cards. The Company had $14,000 available to draw under the Amended and Restated Credit Agreement with BoA, excluding the accordion feature, subject to the required covenants. The Amended and Restated Credit Agreement matures in 2026. We incurred a net loss of $(24,986) and $(50,142), respectively, and used cash in operating activities of $(8,719) and $(10,071), respectively for the three and six months ended September 30, 2024.

Our principal cash requirements for the twelve-month period following this report primarily consists of 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) payment of interest and required principal payments under our Amended and Restated Credit Agreement, cash outlays for income taxes, and cash requirements to fund working capital. In the longer term, we would expect to have similar cash requirements.

We are exploring various cost saving opportunities, namely through the Company's recently initiated transformation efforts, 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.

We believe our existing cash and cash equivalents, cash flow from operations and undrawn available balance under our Amended and Restated Credit Agreement will 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, which will be subject to availability of borrowing capacity under our credit facility and our ability to access capital markets 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 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 or to fund our other liquidity needs.

Capital Resources

Our outstanding secured indebtedness under the Amended and Restated Credit Agreement is $411,000 as of September 30, 2024. The maturity date of the Amended and Restated Credit Agreement is April 29, 2026, and the outstanding balance is classified as long-term debt, net of debt issuance costs of $3,380, on our consolidated balance sheets as of September 30, 2024. For further description of the terms of the Amended and Restated Credit Agreement, see Note 10—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 credit facility 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 renegotiate its required covenants. Refer to Note 10—Debt for further discussion. As of September 30, 2024, we were in compliance with all covenants under the Amended and Restated Credit Agreement.

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 $252,866 over the next six fiscal years.

Cash Flow Summary ($ in thousands)

	Six months ended September 30, 2024	Six months ended September 30, 2023	% of Change
Consolidated statements of cash flows data:			
Net cash provided by (used in) operating activities	**$ (10,071)**	**$ 28,772**	**(135.0)%**
Capital expenditures	(13,408)	(14,277)	(6.1)%
Net cash used in investing activities	**$ (13,408)**	**$ (14,277)**	**(6.1)%**
Proceeds from borrowings	38,000	17,000	123.5 %
Payment of debt issuance costs	(1,561)	—	100.0 %
Repayment of debt obligations	(13,000)	(44,136)	(70.5)%
Acquisition of non-controlling interest in consolidated subsidiaries	—	(3,751)	(100.0)%
Payment of withholding taxes for net share settlement of equity awards	(160)	(1,037)	(84.6)%
Options exercised	93	2,729	(96.6)%
Net cash provided by (used in) financing activities	**$ 23,372**	**$ (29,195)**	**(180.1)%**

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 $(10,071) for the six months ended September 30, 2024, compared to $28,772 for the six months ended September 30, 2023. The decrease of $38,843 was due to the following:

- $119,739 decrease in net loss;
- $4,631 decrease due to changes in operating assets and liabilities, driven primarily by working capital changes, specifically accounts payable and other current liabilities;
- $153,951 decrease in non-cash charges during the six months ended September 30, 2024 primarily related to the impairment of goodwill reported for the six months ended September 30, 2023.

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 six months ended September 30, 2024, net cash used in investing activities decreased by $869 to $13,408. Our cash used in investing activities for the six months ended September 30, 2024 and September 30, 2023, was primarily comprised of capital expenditures related to internally-developed software.

Financing Activities

For the six months ended September 30, 2024, net cash provided by financing activities was $23,372, which was comprised of: (1) the repayment of debt obligations of $13,000, (2) a payment of $1,561 for debt issuance costs, and (3) payment of payroll withholding taxes for net share settlement of equity awards of $160. These cash outflows were offset by cash inflows comprising of proceeds from borrowings of $38,000 and stock option exercises of $93.

For the six months ended September 30, 2023, net cash used in financing activities was $29,195, which was comprised of repayment of debt obligations of $44,136, payment of payroll withholding taxes for net share settlement of equity awards of $1,037, partially offset by cash inflows from proceeds from borrowings of $17,000 and stock option exercises of $2,729.

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, 2024, and Note 2—Basis of Presentation and Summary of Significant Accounting Policies," of this Report on Form 10-Q for our fiscal second quarter ended September 30, 2024.

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 credit facility 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 credit facility. If market interest rates 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 credit facility. The Company has not used any derivative financial instruments to manage its interest rate risk exposure.

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, that 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 September 30, 2024 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.

On June 6, 2022 and July 21, 2022, stockholders of the Company filed class action complaints against the Company and certain of the Company's officers in the Western District of Texas related to Digital Turbine, Inc.'s announcement in May 2022 that it would restate some of its financial results. The claims allege violations of certain federal securities laws. These have been consolidated into In re Digital Turbine, Inc. Securities Litigation, Case No. 1:22-cv-00550-DAE. On July 19, 2023, the Western District court granted the Company's motion to dismiss the case. The plaintiffs filed an amended complaint on August 23, 2023, the Company filed a motion to dismiss the amended complaint on September 22, 2023, and briefing on the motion to dismiss is complete as of November 13, 2023. On August 22, 2024, the court granted the Company's motion to dismiss the amended complaint with prejudice. The plaintiffs had thirty days to file a notice of appeal and did not do so. In addition, several derivative actions have been filed against the Company and the Company's directors, which all assert claims of breach of fiduciary duties arising out of the same facts as the securities class action. The cases are Olszanski v. Digital Turbine, Inc., et al.; Case No. 1:22-cv-911 in federal court in the Western District of Texas (October 4, 2022); Witt v. Digital Turbine, Inc., et al; Case 1:22-cv-01429-UNA in federal court in the District of Delaware (February 14, 2023); and Krumwiede v. Digital Turbine, Inc.; Case No. 2023-0277 in state court in the Delaware Chancery Court (March 6, 2023). The federal derivative cases were stayed pending a final, non-appealable ruling on any motion to dismiss the federal class action. The Company and the individual defendants filed a motion to dismiss the Delaware Chancery case on May 11, 2023. On October 24, 2024, the plaintiffs in Olszanski v. Digital Turbine, Inc., et al., Case
No. 1:22-cv-911 filed a notice of dismissal. The Company and individual defendants deny any allegations of wrongdoing and the Company plans to vigorously defend against the claims asserted in these complaints. Due to the early stages of these cases, management is unable to assess a likely outcome or potential liability at this time.

ITEM 1A. RISK FACTORS

Other than as set forth below, 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, 2024, filed with the Securities and Exchange Commission on May 28, 2024.

Our transformation activities and reduction in force may not adequately reduce our operating costs or improve our operating margins or cash flows, may lead to additional workforce attrition and may cause operational disruptions.

The Company is in the process of initiating further transformation efforts, a portion of which include various measures across the organization to reduce current and future operating expenses and improve cash flows, including a reduction in force, reductions in personnel costs, and steps intended to simplify and streamline business operations. As part of these transformation efforts, we are currently implementing a reduction in our workforce. Thereafter, to further reduce operating expenses and improve cash flows, we plan to implement additional restructuring activities, including but not limited to subsequent reductions in force. The program is underway and is targeted to yield more than $25,000 in annual cash expense savings. The Company expects the program to be substantially implemented by the first quarter of fiscal year 2026.

The charges and expenditures that we expect to incur in connection with the transformation activities and reduction in force, and timing thereof, are subject to a number of assumptions, including local law requirements in various jurisdictions, and we may incur costs that are greater than we currently expect in connection with the transformation activities and reduction in force. The transformation activities and reduction in force may yield unintended consequences and costs, such as the loss of institutional knowledge and expertise, employee attrition beyond our intended reductions in force, a reduction in morale among our remaining employees, greater-than-anticipated costs incurred in connection with implementing the transformation activities and reduction in force and the risk that we may not achieve the benefits from the transformation activities and reduction in force to the extent or as quickly as we anticipate, all of which may have a material adverse effect on our results of operations or financial condition. These restructuring initiatives could place substantial demands on our management and employees, which could lead to the diversion of our management's and employees' attention from other business priorities. In addition, while we eliminated certain positions in connection with the transformation activities and reduction in force, certain functions necessary to our reduced operations remain, and we may be unsuccessful in distributing the duties and obligations of departed employees among our remaining employees or to external service providers, which could result in disruptions to our operations. We may also discover that the workforce reductions and other restructuring efforts will make it difficult for us to pursue new opportunities and initiatives and require us to hire qualified replacement personnel, which may require us to incur additional and unanticipated costs and expenses. We may further discover that, despite the implementation of our transformation activities and reduction in force, we may require additional capital to continue expanding our business, and we may be unable to obtain such capital on acceptable terms, if at all. Our failure to successfully accomplish any of the above activities and goals may have a material adverse impact on our business, financial condition and results of operations.

Our corporate culture has contributed to our success, and if we cannot maintain this culture, we could lose the innovation, creativity, passion and teamwork that we believe contribute to our success and our business may be harmed.

We believe a critical contributor to our success has been our company culture, which we rely on to foster innovation, creativity, a customer-centric focus, passion, teamwork, collaboration and loyalty. We have invested substantial time and resources in building our team within this co mpany culture. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to ensure employees effectively focus on and pursue our company objectives. As we continue to evolve our business, we may find it difficult to maintain these important aspects of our culture, which could limit our ability to innovate and operate effectively. The effects of our transformation activities and planned reduction in workforce could make it more difficult to preserve our company culture and could negatively impact employee morale.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	Third Amendment to 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on August 27, 2024)
10.2	Fourth Amendment to Amended and Restated Credit A greement, dated as of August 6, 2024, by and among Digital Turbine, Inc. , Digital Turbine Media, Inc., Digital Turbine USA, Inc., Mobile Posse, Inc., AdColony, Inc., AdColony Holdings US, Inc., and Bank of America, N.A., as administrative agent and a lender, and the other lenders party thereto (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q filed with the Commission on August 7, 2024).
31.1	Certification of William Stone, Principal Executive Officer. *
31.2	Certification of Barrett Garrison, Principal Financial Officer. *
32.1	Certification of William Stone, Principal Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. +
32.2	Certification of Barrett Garrison, Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. +
101	INS XBRL Instance Document. *
101	SCH XBRL Schema Document. *
101	CAL XBRL Taxonomy Extension Calculation Linkbase Document. *
101	DEF XBRL Taxonomy Extension Definition Linkbase Document. *
101	LAB XBRL Taxonomy Extension Label Linkbase Document. *
101	PRE XBRL Taxonomy Extension Presentation Linkbase Document. *

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

• SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Digital Turbine, Inc.

Dated: November 6, 2024 By: /s/ William Gordon Stone III
William Gordon Stone III
Chief Executive Officer
(Principal Executive Officer)

Digital Turbine, Inc.

Dated: November 6, 2024 By: /s/ James Barrett Garrison
James Barrett Garrison
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.

November 6, 2024 By: /s/ William Gordon Stone III

William Gordon Stone III
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, James Barrett Garrison, certify that:

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

2. Based on my knowledge, this 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.

November 6, 2024 By: /s/ James Barrett Garrison

James Barrett Garrison
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

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

The Quarterly Report on Form 10-Q for the period ending September 30, 2024, 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.

November 6, 2024	By:	/s/ William Gordon Stone III
		William Gordon Stone III
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

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

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

The Quarterly Report on Form 10-Q for the period ending September 30, 2024, 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.

November 6, 2024	By:	/s/ James Barrett Garrison
		James Barrett Garrison Chief Financial Officer (Principal Financial Officer)