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

FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 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)**

Securities registered pursuant to Section 12(g) of the Exchange Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the price at which the common equity was last sold on the NASDAQ Capital Market on September 30, 2023, was $582,248,140.

As of May 23, 2024, the Company had 102,506,695 shares of its common stock, $0.0001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Company’s definitive Proxy Statement for the Annual Meeting of Stockholders or amendments to Form 10-K, which the registrant will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report, is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

DIGITAL TURBINE, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED March 31, 2024

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PART I

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Annual Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Private Securities Litigation Reform Act of 1995, that involve substantial risks and uncertainties. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “future,” “plan,” or “project” or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that any projections or other expectations included in any forward-looking statements will come to pass. Our operations and financial results are subject to various risks and uncertainties, including but not limited to: those described below and in Item 1A of this Annual Report under the heading “Risk Factors”, which could harm our business, reputation, financial condition, and results of operations, and adversely affect the trading price of our common stock.

Risks Specific to our Business

- We have a history of net losses.
- We have a limited operating history for our current portfolio of assets.
- Growth may place significant demands on our management and our infrastructure.
- Our operations are global in scope, and we face added business, political, regulatory, legal, operational, financial and economic risks as a result of our international operations.
- Our financial results could vary significantly from quarter-to-quarter and are difficult to predict.
- A significant portion of our revenue is derived from a limited number of wireless carriers and customers.
- The risk of impairment of our goodwill.
- The effects of the current and any future general downturns in the U.S. and the global economy, including financial market disruptions.
- Our products, services and systems rely on software that is highly technical, and if it contains errors or viruses, our business could be adversely affected.
- Our business may involve the use, transmission and storage of confidential information and personally identifiable information, and the failure to properly safeguard such information could result in significant reputational harm and monetary damages.
- Our business and reputation could be impacted by information technology system failures and network disruptions.
- System security risks and cyber-attacks could disrupt our internal operations or information technology services provided to customers.
- Our business and growth may suffer if we are unable to hire and retain key talent.
- If we are unable to maintain our corporate culture, our business could be harmed.
- If we make future acquisitions, this could require significant management attention and disrupt our business.
- Adverse effects of negative developments affecting the financial services industry, including events or concerns involving liquidity, defaults, or non-performance by financial institutions.
- Entry into new lines of business, and our offering of new products and services, resulting from our investments may result in exposure to new risks.
- Litigation may harm our business.

Risks Related to the Mobile Advertising Industry

- The mobile advertising business is an intensely competitive industry, and we may not be able to compete successfully.
- The markets for our products and services are rapidly evolving and may decline or experience limited growth.
- Our business is dependent on the continued growth in usage of smartphones and other mobile connected devices.
- Wireless technologies are changing rapidly, and we may not be successful in working with these new technologies.
- The complexity of and incompatibilities among mobile devices may require us to use additional resources for the development of our products and services.

- If wireless subscribers do not continue to use their mobile devices to access mobile content and other applications, our business growth and future revenue may be adversely affected.
- A shift of technology platform by wireless carriers and mobile device manufacturers could lengthen the development period for our offerings, increase our costs, and cause our offerings to be published later than anticipated.
- Actual or perceived security vulnerabilities in devices or wireless networks could adversely affect our revenue.
- We may be subject to legal liability associated with providing mobile and online services.
- Risks of public health issues, such as a major epidemic or pandemic.
- Risk related to geopolitical conditions and the global economy, including conflicts, financial markets, and inflation.
- Risk related to the geopolitical relationship between the U.S. and China or changes in China's economic and regulatory landscape.

Industry Regulatory Risks

- We are subject to rapidly changing and increasingly stringent laws, regulations and contractual requirements related to privacy, data security, and protection of children.
- We are subject to anti-corruption, import/export, government sanction, and similar laws, especially related to our international operations.
- Government regulation of our marketing methods could restrict or prevent our ability to adequately advertise and promote our content, products and services available in certain jurisdictions.
- Regulatory requirements pertaining to the marketing, advertising, and promotion of our products and services.
- Governmental regulation of our marketing methods.

Risks Related to Our Intellectual Property and Potential Liability

- Third parties may obtain and improperly use our intellectual property; and if so, our competitive position may be adversely affected, particularly if we do not, or are unable to, adequately protect our intellectual property rights.
- Third parties may sue us for intellectual property infringement, which may prevent or limit our use of the intellectual property and disrupt our business and could require us to pay significant damage awards.
- Our platform contains open source software.
- Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, damages caused by malicious software, and other losses.

Risks Relating to Our Common Stock and Capital Structure

- We have secured and unsecured indebtedness, which could limit our financial flexibility.
- To service our debt and fund our other obligations and capital requirements, we will require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.
- The market price of our common stock is likely to be highly volatile and subject to wide fluctuations, and you may be unable to resell your shares at or above the current price or the price at which you purchased your shares.
- Risk of not being able to raise capital to grow our business.
- Risk to trading volume of lack of securities or industry analysts research coverage.
- A material weakness in our internal control over financial reporting and disclosure controls and procedures could, if not remediated, result in material misstatements in our financial statements.
- Maintaining and improvising financial controls and being a public company may strain resources.
- Anti-takeover provisions in our charter documents could make an acquisition of our company more difficult.
- Our bylaws designate Delaware as the exclusive forum for certain disputes.
- Other risks described in the risk factors in Item 1A of Annual Report under the heading "Risk Factors."

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, our actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned. Except as required by applicable law, we do not undertake any obligation to update any forward-looking statements made in this Annual Report. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends.

Unless the context otherwise indicates, the use of the terms "we," "our," "us," "Digital Turbine," "DT," or the

"Company" refer to the collective businesses and operations of Digital Turbine, Inc. through its operating and wholly-owned subsidiaries Digital Turbine USA, Inc., Digital Turbine (EMEA) Ltd., Digital Turbine Singapore Pte. Ltd. , Digital Turbine Luxembourg S.a.r.l., GmbH, Digital Turbine Media, Inc. ("DT Media"), Mobile Posse, Inc. ("Mobile Posse"), Triapodi Ltd and Triapodi Inc. (collectively, "Appreciate"), AdColony Holding AS ("AdColony"), and Fyber N.V. ("Fyber").

All U.S. dollar amounts, except share and per share amounts, in this Annual Report are in thousands.

ITEM 1. BUSINESS

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"). 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, our products and solutions provide monetization opportunities for OEMs, carriers, and application ("app" or "apps") publishers and developers.

Our Products and Services

The Company reports its results of operations through the following two segments, each of which represents an operating and a reportable segment, as follows:

On Device Solutions

The Company's ODS business consists of products and services that simplify the discovery and delivery of mobile apps and content media for device end-users. ODS is comprised of the following product and service groups:

- Application Media represents the portion of the ODS business platform that delivers apps to end users through partnerships with wireless carriers and OEMs. Application Media optimizes revenue by using proprietary technology to streamline, track, and manage app install demand from hundreds of application developers across various publishers, carriers, OEMs, and devices.

- Content Media represents the portion of the ODS business platform that presents news, weather, sports, and other content directly within the native device experience (e.g., as the start page in the mobile browser, a widget, on unlock, etc.) through partnerships with wireless carriers and OEMs. Content Media optimizes revenue by a combination of:

    - Programmatic Ad Partner Revenue - advertising within the content media that's sold on an ad exchange at a market rate (cost-per-thousand ("CPM"));

    - Sponsored Content - sponsored content media from third party content providers, presented similarly to an ad, that is monetized when a recommended story is viewed (cost-per-click ("CPC")); and

    - Editorial Content - owned or licensed media, presented similarly to an ad, that is monetized when the media is clicked on (CPC).

- User acquisition tools including SingleTap® and the Company's DSP ("DT DSP") that removes friction in the app install process, delivering apps to devices with a single touch, resulting in higher conversion rates.

App Growth Platform

The Company's AGP business consists of Advertising Solutions and Ad Monetization Solutions.

- Advertising Solutions serve two key segments: (1) App Developers and (2) Brands and Agencies - enabling them to execute targeted mobile campaigns on the Company's direct app inventory.

- App Developers and other performance-focused advertisers execute mobile user acquisition campaigns for their apps and products on the Company's direct mobile app inventory. This advertiser segment utilizes products such as the DT DSP and Offer Wall ("DT Offer Wall") to configure targeting, bid prices, and creative assets used for executing the campaign.

- Brands and Agencies run mobile brand-awareness campaigns on the Company's direct mobile app inventory. The advertiser segment utilizes the Company's programmatic real-time bidding technology and creative studio to build highly engaging video creatives that are then used exclusively in campaigns targeting the Company's direct mobile app inventory.

- Ad Monetization solutions allow mobile app publishers and developers to monetize their monthly active users via display, native, and video advertising. Our Ad Monetization solutions are integrated directly with leading mobile apps and games, connecting their ad inventory to campaigns from Demand Side Platforms ("DSPs"), app marketers, brand advertisers, and agencies, primarily through a programmatic, real-time bidding auction, and, in some cases, through the Company's direct campaign management products such as the DT DSP and DT Offer Wall.

Competition

We operate in a highly competitive and fragmented mobile app ecosystem that includes divisions of large, well-established companies, including public and privately-held companies. The large companies in our ecosystem may play multiple different roles given the breadth of their businesses.

- Our primary competition for ODS comes from the Google Play application store. Broadly, our ODS platform faces competition from existing operator solutions built internally, as well as companies providing application and content media products and services, such as Facebook, Snapchat, Unity Software, InMobi, Magnite, AppLovin, and others. These companies can be both customers for Digital Turbine products, as well as competitors in certain cases. We compete with smaller competitors, but the more material competition is internally-developed operator solutions and specific media distribution solutions built in-house by OEMs and wireless carriers. Some of our existing wireless carriers could make a strategic decision to develop their own solutions rather than continue to use our suite of products, which could be a material source of competition.

- Advertisers typically engage with several advertising platforms and networks to purchase advertisements on mobile devices and apps, looking to optimize their marketing investments. Such advertising platform companies vary in size and include Facebook, Google, Amazon, and Unity Software, as well as various private companies. Several of these platforms are also our partners and clients.

- We compete with other demand-side platform providers, some of which are smaller, privately-held companies, while others are large, well-established companies such as The Trade Desk, or divisions of large companies, such as AT&T, Google, and Adobe.

- Our competition for AGP products and services comes from a diverse group of companies, including AppLovin, Unity Software, and Liftoff. The competition in this area is significant and multifaceted, including our ability to offer technological advantages to both demand-side and supply-side partners, as well as maintain and expand relationships that provide access to ad inventory.

We believe that the principal competitive factors in the mobile app ecosystems are:

- the ability to enhance and improve technologies and offerings;
- knowledge, expertise, and experience in the mobile app ecosystem;
- relationships with third parties in the mobile app ecosystem, including app publishers and developers;
- the ability to reach and target large numbers of users;
- the ability to identify and execute on strategic transactions;

- the ability to successfully monetize mobile apps;
- the pricing and perceived value of offerings;
- brand and reputation; and
- ability to expand into new offerings and geographies.

Product Development

We devote substantial resources to the development, technology support, and quality assurance of our products in order to meet the needs of our customers and our own strategic objectives. Our product development expenses consist primarily of salaries and benefits for employees and consultants working on creating, developing, editing, programming, performing quality assurance, obtaining wireless carrier ratification, and deploying our products across various wireless carriers, OEMs, advertisers, publishers, and on our internal platforms. Total product development costs incurred for the fiscal years ended March 31, 2024, 2023, and 2022, were $54,157, $56,486, and $52,723, respectively.

Intellectual Property

We consider our trademarks, copyrights, trade secrets, patents, and other intellectual property rights, including those in our know-how, and the software code of our proprietary technology to be, in the aggregate, material to our business. We protect our intellectual property rights by relying on federal and state statutory and common law rights, foreign laws where applicable, as well as contractual restrictions. We have patent and patent applications in the U.S. and outside the U.S., including in Israel and Canada, and we own and use trademarks and service marks on or in connection with our proprietary technology and related services, including both unregistered common law marks and issued trademark registrations.

We design, test, and update our products, services, and websites regularly, and we have developed our proprietary solutions in-house. Our know-how is an important element of our intellectual property. The development and management of our platform requires sophisticated coordination among many specialized employees. We take steps to protect our know-how, trade secrets, and other confidential information, in part, by entering into confidentiality agreements with our employees, consultants, developers, and vendors who have access to our confidential information, and generally limiting access to and distribution of our confidential information. We intend to pursue additional intellectual property protection to the extent we believe it would advance our business objectives and maintain our competitive position.

Contracts with Supply Partners and Customers

We have both exclusive and non-exclusive agreements with our supply partners, which consist of wireless carriers and OEMs within our ODS business. Our wireless carrier and OEM agreements are usually multi-year agreements and in some cases, the wireless carrier can terminate the agreement early without cause. The agreements generally do not obligate the wireless carriers to market or distribute any of our products or services and we distribute a significant level of advertising through a relatively small number of carriers. If these wireless carriers decide to materially reduce or discontinue their use of our platforms, it may cause a material decline in our revenue and negatively affect our results of operations and financial condition.

Under the agreements with wireless carriers and OEMs, the Company manages the monetization of end user mobile devices through the marketing of application slots or advertisement space/inventory to publishers and/or advertisers by delivering apps or advertisements to the mobile device. The Company generally offers these services under a revenue share model. Revenue share payments to wireless carriers and OEMs are recorded as an expense in our consolidated financial statements.

Supply partners in our AGP business are primarily comprised of app publishers and are generally non-exclusive. Our contracts with publishers are generally one-year in length, renewable annually, and are cancellable with short-term notification periods by either party. Generally, the Company compensates app publishers through a revenue share model or via direct CPM, cost-per-install (“CPI”), cost-per-placement (“CPP”), or cost-per-acquisition (“CPA”) arrangements. Such payments to app publishers are recorded as an expense in our consolidated financial statements.

Our customers for ODS products are numerous advertisers, agencies, and DSPs and our contracts with them are not exclusive and can be terminated by them with either no notice or relatively short notice. The Company offers brand and programmatic advertising services under customer contract arrangements with third-party advertisers and agencies, generally in the form of insertion orders that specify the type of arrangement for a budgeted amount. These customer contracts are generally short-term in nature (less than one-year).

In addition, the Company offers programmatic and direct-sold advertising services under customer contract arrangements as part of its AGP business. The Company's customers can offer/bid on each individual display ad and the highest bid wins the right to fill each ad impression. When the bid is won, the ad will be received and placed in the appropriate ad placement inside of the mobile app. The entire process happens almost instantaneously and on a continuous basis. The advertising exchanges bill and collect from the winning bidders and provide daily and monthly reports of the activity to the Company.

For the fiscal years ended March 31, 2024, 2023, and 2022, the Company did not generate revenue from any single supply partner that was more than 10% of our net revenue. Further, no single customer was responsible for more than 10% of our net revenue during the fiscal years ended March 31, 2024, 2023, and 2022.

Business Seasonality

Our revenue, cash flow from operations, operating results, and other key operating and financial measures may vary from quarter-to-quarter due to the seasonal nature of advertiser spending. For example, many advertisers (and their agencies) devote a disproportionate amount of their budgets to the fourth quarter of the calendar year to coincide with increased holiday spending. We expect our revenue, cash flow from operations, operating results, and other key operating and financial measures to fluctuate based on seasonal factors from period-to-period and expect these measures to be generally higher in our third and fourth fiscal quarters than in preceding quarters.

People and Culture

We believe the strength of our workforce is critical to our success as we strive to become a more inclusive and diverse technology company. As of March 31, 2024, we employed 754 full-time employees globally, including 335 employees in North America, 337 employees in Europe and the Middle East, 68 employees in Asia Pacific, and 14 employees in Latin America. Our key human capital management objectives are to attract, retain, and develop the talent we need to deliver on our commitment to offer and deliver exceptional products and services. Examples of our key programs and initiatives focused on achieving these objectives include:

Total Compensation and Benefits: Our guiding principles are anchored on the goals of being able to attract, incentivize, and retain talented employees. We believe in economic security for all employees and have adopted a Living Wage policy. All employees are eligible for performance bonuses. In addition, substantially all employees receive a new-hire long-term incentive equity grant and an annual long-term incentive equity grant, based on performance. We also provide our employees twelve weeks of paid short-term disability at 100% of base pay, which includes parental leave.

Diversity and Inclusion: We take great pride in our focus and commitment to diversity and inclusion. We seek a diverse and inclusive work environment and transparently measure our progress to ensure that our employee populations are reflective of the communities in which we reside. We evaluate all of our people practices, particularly in talent acquisition and pay equity. We benchmark our demographics to our industry, both at an overall level and a professional category level (VPs and above, directors, managers, individual contributors and administrative), and note that we continue to make progress each year.

Culture and Values: We have adopted our culture values of Hustle, Results, Accountability, Global, Freedom and Laugh to help create and foster a culture where every employee is empowered, engaged and trusted to be their best at work. We sponsor and support our Community Action Teams, which is an employee-led program designed to create purposeful action to build a stronger and better-connected team. The Community Action Teams have helped drive meaningful advancements in on-boarding, cross-functional understanding, a mentoring program, and a Digital Turbine Gives campaign where employees volunteer in the community over a six-week period on an annual basis.

Workplace Flexibility: As part of our "Freedom" value, and before the COVID-19 pandemic drove a shift to remote work, we established a workplace strategy to provide more flexible work options to our employees. As a result, we had process, culture and technology in place that allowed us to seamlessly pivot to a fully remote workforce following the onset of the COVID-19 pandemic. As the COVID-19 pandemic has abated and recognizing the importance of in-person collaboration, we have instituted “return-to-office” policies. Employees that are located near our office locations work in-person based on the needs of their teams. As a result, we are able to continue to offer flexibility to our employees while enhancing collaboration and effectiveness among our teams.

Health, Safety, and Wellness: The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety, and wellness of our employees. We provide our employees and their families with access to a variety of innovative, flexible, and convenient health and wellness programs. We continue to evolve our programs to meet our employees’ health and wellness needs.

Government Regulation

We are subject to a variety of laws and regulations in the United States (“U.S.”) and abroad that involve matters central to our business. These laws and regulations involve matters including privacy, data use, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, consumer protection, taxation, anti-corruption and political law compliance, and securities law compliance. In particular, we are subject to federal, state, and foreign laws regarding the privacy and protection of people’s data. Foreign data protection, privacy, and other laws and regulations can impose different obligations or be more restrictive than those in the U.S. Please refer to the Company’s risk factors disclosed below in our Annual Report, and updates to such risk factors described in subsequent periodic reports filed by the Company with the Securities and Exchange Commission under Section 13(a) of the Securities Exchange Act of 1934, as amended, for further discussion of government regulations and the associated risks.

Available Information

Our Annual Reports, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at *https://www.digitalturbine.com* generally as soon as reasonably practicable after such reports are electronically filed or furnished with the SEC. Such reports and other information we file with the SEC may also be found on the SEC’s website at *https://www.sec.gov*. Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes, included elsewhere in this Annual Report. Our business, financial condition, results of operations, or prospects could also be adversely affected by risks and uncertainties that are not presently known to us or that we currently believe are not material. See the summary of our risk factors under the section titled “Cautionary Note Regarding Forward-Looking Statements” under Part I of this Annual Report.

Risks Specific to Our Business

We have a history of net losses, may incur substantial net losses in the future, and may not achieve or sustain profitability in the future.

We expect to continue to increase expenses as we implement initiatives designed to continue to grow our business, including, among other things, the development and marketing of new products and services, further international and domestic expansion, expansion of our infrastructure, growing our number of employees, development of systems and processes, acquisition of content, and general and administrative expenses associated with being a public company. If our revenue does not increase sufficiently to offset these expected increases in operating expenses, we will incur losses and may not be able to achieve profitability in the future. If there are delays in the distribution of our products or if we are unable to successfully negotiate with advertisers, application developers, carriers, mobile operators, or OEMs, or if these negotiations cannot occur on a timely basis, we may not be able to generate revenue sufficient to meet the needs of the business.

We have a limited operating history for our current portfolio of assets, which may make it difficult to evaluate our business.

Evaluation of our business and our prospects must be considered in light of our limited operating history with our combined business following our acquisitions of Appreciate on March 2, 2021, AdColony on April 29, 2021, and Fyber on May 25, 2021, and the risks and uncertainties encountered by companies in our stage of development in the emerging mobile application advertising industry. To continue to grow our business, we must do the following:

- maintain our current, and develop new, wireless carrier, OEM, application developer, advertiser, and marketplace exchange relationships, in both international and domestic markets;
- retain or improve our current revenue-sharing arrangements;
- continue to develop new high-quality products and services that achieve significant market acceptance;
- continue to develop and upgrade our technology;
- continue to enhance our information processing systems;
- execute our business and marketing strategies successfully;
- respond to competitive developments;
- address increasing regulatory requirements, including data protection and consumer privacy compliance; and
- attract, integrate, retain, and motivate qualified talent.

We may be unable to accomplish one or more of these objectives, which could cause our business to suffer. In addition, accomplishing many of these efforts may be costly and these efforts may not yield the anticipated returns, which could adversely impact our operating results and financial condition.

Growth may place significant demands on our management and our infrastructure.

Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, operating results, and financial condition could be harmed. During 2021, we consummated the acquisitions of Appreciate, AdColony, and Fyber, which have significantly grown the size and scope of our business. The growth and expansion of our business places significant strain on our management and our operational and financial resources. As we expand our product and service offerings and the usage of our platform grows, we will need to devote additional resources to improving its capabilities, features and functionality, and scaling our business, IT, financial, operating, and administrative systems. Even if we are successful in our expansion and integration efforts, they will be expensive and complex and require the dedication of significant management time and attention. We may also suffer inefficiencies or service disruptions because of our efforts to scale our internal infrastructure.

Our operations are global in scope, and we face added business, political, regulatory, legal, operational, financial, and economic risks as a result of our international operations and distribution, any of which could increase our costs and hinder our growth.

We have operations in North America, Germany, Israel, India, South America, Singapore, and Turkey and a sales presence and customers all over the world. We are continuing to adapt to and develop strategies to address global markets, but we cannot assure such efforts will be successful. We expect our business will return to growth in the foreseeable future as we continue to pursue opportunities globally, which will require the dedication of management attention and financial resources.

We expect international sales and growth to continue to be an important component of our revenue and operations. Risks affecting our international operations include:

- challenges caused by distance, language and cultural differences;
- the burdens of complying with multiple and conflicting foreign laws and regulations, including complications due to unexpected changes in these laws and regulations;
- higher costs associated with doing business internationally;
- difficulties in staffing and managing international operations;
- greater fluctuations in sales to customers, end users, and through carriers in developing countries, including longer payment cycles and greater difficulty collecting accounts receivable;
- protectionist laws and business practices that favor local businesses in certain countries;
- foreign exchange controls that might prevent us from repatriating income earned outside the U.S.;

- geopolitical actions targeting or addressing international regions or countries, including China;
- the servicing of regions by many different carriers;
- imposition of public sector controls, including price controls;
- political, economic, and social instability;
- restrictions on the export or import of technology;
- trade and tariff restrictions;
- variations in tariffs, quotas, taxes, and other market barriers; and
- reduced protection for intellectual property rights in some countries and practical difficulties in enforcing intellectual property rights in countries other than the U.S.

In addition, developing user interfaces that are compatible with other languages or cultures can be expensive. As a result, our ongoing international expansion efforts may be more costly than we expect. Further, expansion into developing countries subjects us to the effects of regional instability, civil unrest, and hostilities, and could adversely affect us by disrupting communications and making travel more difficult. These risks could harm our international expansion efforts, which, in turn, could materially and adversely affect our business, operating results, and financial condition.

Our financial results could vary significantly from period-to-period and are difficult to predict.

Our revenue and operating results could vary significantly from period-to-period because of a variety of factors, many of which are outside of our control, including the seasonal nature of advertiser spending. As a result, comparing our operating results on a period-to-period basis may not be meaningful. In addition, we are not able to accurately predict our future revenue or results of operations. We base our current and future expense levels on our internal operating plans and sales forecasts, and our operating costs are to a large extent fixed. As a result, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenue, and even a small shortfall in revenue could disproportionately and adversely affect financial results for that quarter. Additionally, Individual products and services, and carrier and OEM relationships, represent meaningful portions of our revenue and margins in any quarter, and the loss of one or more could cause a shortfall in revenue that could adversely affect financial results for that quarter.

In addition to other risk factors discussed in this section, factors that may contribute to the variability of our results include:

- the number of new products and services released by us and our competitors;
- the timing of release of new products and services by us and our competitors, particularly those that may represent a significant portion of revenue in a period;
- the popularity of new products and services, and products and services released in prior periods;
- changes in prominence of deck placement for our leading products and those of our competitors;
- the timing of charges related to impairments of goodwill and intangible assets;
- changes in pricing policies by us, our competitors, our vendors or our carriers and other distributors;
- changes in the mix of direct versus indirect advertising sales, which have varying margin profiles;
- changes in the mix of CPI, CPP, CPA, and license fee sales, which have varying revenue and margin profiles;
- the seasonality of our industry;
- fluctuations in the size and rate of growth of overall consumer demand for mobile products and services and digital advertising;
- changes in advertising budget allocations or marketing strategies;
- changes to our product, media, customer or channel mix;
- changes in the economic prospects of advertisers, app developers, or the economy generally, which could alter advertisers’ or developers’ spending priorities, or could increase the time or costs required to complete advertising inventory sales;
- changes in the pricing and availability of advertising inventory through real-time advertising exchanges or in the cost of reaching end consumers through digital advertising;
- disruptions or outages on our platform;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- our success in entering new geographic markets;
- decisions by one or more of our partners and/or customers to terminate our business relationship(s);
- foreign exchange fluctuations;

- accounting rules governing recognition of revenue;
- charges associated with impairment of any assets on our balance sheet or changes in our expected estimated useful life of property and equipment and intangible assets;
- changes in regional or global business, political, macroeconomic and market conditions, including as a result of conflicts, hostilities, the COVID-19 pandemic, inflation, and rising interest rates, which may impact the other factors described above.
- the timing of compensation expense associated with equity compensation grants; and
- decisions by us to incur additional expenses for product and service development.

As a result of these and other factors, including seasonality attributable to the holiday seasons, our operating results may not meet the expectations of investors or public market analysts. Our failure to meet market expectations would likely result in a decline in the trading price of our common stock.

A significant portion of our revenue is currently being derived from a limited number of wireless carriers and customers. If any one of these carriers or customers were to terminate their agreement with us or if they were unable to fulfill their payment obligations, our financial condition and results of operations would suffer.

In our ODS business, we rely on wireless carriers and OEMs to distribute our products and services. A significant portion of our ODS business is derived from a limited number of wireless carriers. Our failure to maintain our relationships with these carriers, establish relationships with new carriers, or a loss or change of terms could materially reduce our revenue and thus harm our business, operating results, and financial condition.

Our contracts with advertiser and publisher customers do not generally include long-term obligations requiring them to purchase our services and are cancellable upon short or no notice and without penalty. We have both exclusive and non-exclusive carrier and OEM agreements. Historically, our carrier and OEM agreements have had terms of one or two years with automatic renewal provisions upon expiration of the initial term, absent a contrary notice from either party, but going forward terms in carrier and OEM agreements may vary. In addition, some carrier and OEM agreements provide that the parties can terminate the agreement early and, in some instances, at any time without cause, which could give them the ability to renegotiate economic or other terms. The agreements generally do not obligate the carriers and OEMs to market or distribute any of our products or services. We cannot give any assurance that our advertiser and publisher customers will continue to use our services or that we will be able to replace, in a timely or effective manner, departing customers with new customers that generate comparable revenue.

A significant portion of our revenue is also impacted by the level of advertising spend. If advertising spend is lower than our expectations -- a factor over which we have no control as we do not determine our customers' advertising budgets -- our revenue will be impacted negatively.

From time-to-time, we expect that a limited number of our advertising customers will account for a significant share of our advertising revenue. This customer concentration increases the risk of quarterly fluctuations in our revenue and operating results. Our advertiser customers may reduce or terminate their business with us at any time for any reason, including changing economic conditions, changes in their financial condition or other business circumstances. If a large advertising customer representing a substantial portion of our business decided to materially reduce or discontinue its use of our platform, it could cause an immediate and significant decline in our revenue and negatively affect our results of operations and financial condition.

If our goodwill becomes impaired, we may be required to record a significant charge to earnings.

We test goodwill for impairment at least annually or sooner if an indicator of impairment is present. If such goodwill is deemed impaired, an impairment loss would be recognized. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill is determined, which would negatively affect our results of operations.

The effects of the current and any future general downturns in the U.S. and the global economy, including financial market disruptions, could have an adverse impact on our business, operating results, or financial condition.

Our business depends on the overall demand for advertising and on the economic health of advertisers that benefit from our platform. Our operating results also may be affected by uncertain or changing economic conditions such as the challenges that are currently affecting economic conditions in the U.S. and the global economy, including the conflict in Israel, the Russia-Ukraine Conflict, the impact of U.S. - China relations, inflation and global supply constraints. Current or future global market uncertainties or downturns and associated macroeconomic conditions, such as growing inflation, rising interest rates, recessionary fears, changes in foreign currency exchange rates, the impact of global instability in many parts of the world and public health crises, may disrupt the operations of our clients and partners and cause advertisers to decrease or pause their advertising budgets, which could reduce spend though our platform and adversely affect our business, financial condition and results of operations. If global economic and market conditions, or economic conditions in the United States or other key markets, remain uncertain or persist, spread, or deteriorate further, we may experience material impacts on our business, operating results, and financial condition in a number of ways including negatively affecting our profitability and causing our stock price to decline.

Our products, services, and systems rely on software that is highly technical, and if it contains errors or viruses, our business could be adversely affected.

Our products, services, and systems rely on software, including software developed or maintained internally and/or by third parties, that is highly technical and complex. In addition, our products, services, and systems depend on the ability of such software to transfer, store, retrieve, process, and manage large amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors, bugs, or vulnerabilities. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for customers and marketers who use our products, delay product introductions or enhancements, result in measurement or billing errors, or compromise our ability to protect the data of our users and/or our intellectual property. Any errors, bugs, vulnerabilities, or defects discovered in the software on which we rely could result in damage to our reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect our business and financial results.

Our business may involve the use, transmission, and storage of confidential information and personally identifiable information, and the failure to properly safeguard such information could result in significant reputational harm and monetary damages.

We may at times collect, store, process, and transmit information of, or on behalf of, our customers that may include certain types of confidential information that may be considered personal or sensitive and that are subject to laws that apply to data breaches. We intend to take reasonable steps to protect the security, integrity, and confidentiality of the information we collect, process, and store, but there is no guarantee that inadvertent or unauthorized disclosure will not occur or that third parties will not gain unauthorized access to this information despite our efforts to protect this information. If unauthorized disclosure or access occurs, we may need to notify the affected individuals, our business partners, or regulators, as mandated by relevant laws and regulations. Most states have enacted data breach notification laws and, in addition to federal laws that apply to certain types of information, such as financial information, federal legislation has been proposed that would establish broader federal obligations with respect to data breaches. Further, certain foreign countries have adopted laws applicable to personal data and data breaches. We may also be subject to claims of breach of contract for such disclosure, investigation and penalties by regulatory authorities, and potential claims by persons or business partners whose information was disclosed. The unauthorized disclosure of information may result in the termination of one or more of the commercial relationships with such partner or a reduction in customer confidence and usage of our services. We may also be subject to litigation alleging the improper use, processing, transmission, or storage of confidential information, which could damage our reputation among our current and potential customers, require significant expenditure of capital and other resources, and cause us to lose business and revenue.

Our business and reputation are impacted by information technology system failures and network disruptions.

We and our products are dependent on complex information technology systems and could be exposed to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, ransomware or other cybersecurity incidents, or other events or disruptions. System upgrades, redundancy and other continuity measures may be ineffective or inadequate, and our or our vendors' business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions can adversely impact our business by, among other things, preventing access to our online services, interfering with customer transactions or impeding the development of our products. These events could materially adversely affect our business, reputation, results of operations and financial condition.

System security risks, data protection breaches, cyber-attacks, and systems integration issues could disrupt our internal operations or information technology services provided to customers, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation, and adversely affect our stock price.

Malicious software like ransomware, viruses, and social engineering tactics such as phishing attacks are increasingly common in advertising and mobile app environments. Any successful or attempted security breaches could result in system disruptions, degrade user experiences, and impair our internal operations. Moreover, these incidents could damage our reputation, financial stability, and overall business performance. Despite our efforts to safeguard data and respond to threats, challenges like software bugs, human errors, cyberattacks, or physical breaches may undermine our defenses. Consequently, clients and users may lose confidence in our products, leading to reputational harm and market setbacks.

As cyber threats advance in complexity and frequency, they may remain undetected for extended periods. While we've implemented systems and protocols to safeguard our data, user information, and collaborations, and to mitigate risks such as data loss and unauthorized activities, we cannot guarantee absolute security. Despite our efforts, we may not always identify breaches promptly or respond effectively. Therefore, we cannot always ensure the efficacy of our security measures or the success of our remedial actions.

The expenses incurred to mitigate cyber or security issues, such as viruses, worms, and malware, could be substantial. Despite our efforts, resolving these issues may not always be successful and could lead to service interruptions, delays, or the loss of customers. We handle proprietary and sensitive data related to our operations, and any breaches or accidental disclosures of this information, including due to fraud or deception, could pose significant risks. Such incidents may result in litigation, liability, damage to our brand, or harm to our business and reputation.

We are bound by numerous laws and regulations in the United States and internationally concerning cybersecurity and data protection. Some of these laws allow individuals to take legal action against us. Many regions have imposed obligations regarding breach notifications, and our agreements with specific customers or partners may necessitate us to inform them or fulfill other duties in case of a security breach. Individuals affected by breaches or governmental bodies may pursue legal or regulatory measures against us for actual or perceived breaches or unauthorized access or disclosure of data.

Our business and growth may suffer if we are unable to hire and retain key talent who are in high demand.

We depend on the continued contributions of our domestic and international senior management and other key talent. The loss of the services of any of our executive officers or other key employees could harm our business. Because not all of our executive officers and key employees are under employment agreements or are under agreements with short terms, their future employment with the Company is uncertain. Additionally, our workforce is comprised of a relatively small number of employees operating in different countries around the globe who support our existing and potential customers. Given the size and geographic dispersion of our workforce, we could experience challenges with execution as our business matures and expands.

Our future success also depends on our ability to identify, attract, and retain highly skilled technical, managerial, financial, marketing, and creative talent. We face intense competition for qualified individuals from numerous technology, marketing, and mobile entertainment companies. Further, we conduct international operations in North America, Germany, Israel, India, South America, Singapore, and Turkey, areas that, similarly to our headquarters' region, have high costs of living and consequently high compensation standards and/or intense demand for qualified individuals, which may require us to incur significant costs to attract and retain them. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing creative, operational, and managerial requirements, or may be required to pay increased compensation in order to do so.

Volatility or lack of performance in our stock price may also affect our ability to attract and retain our key employees. Some of our senior management and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or if the exercise prices of the options they hold are significantly above the market price of our common stock. If we are unable to retain our employees, our business, operating results, and financial condition could be harmed.

Our corporate culture has contributed to our success and, if we are unable to maintain it as we grow, our business, financial condition, and results of operations could be harmed.

We have experienced and may continue to experience rapid expansion of our employee ranks. We believe our corporate culture has been a key element of our success. However, as our organization grows, it may be difficult to maintain our culture, which could reduce our ability to innovate and operate effectively. The failure to maintain the key aspects of our culture as our organization grows could result in decreased employee satisfaction, increased difficulty in attracting top talent, increased turnover, and could compromise the quality of our customer service, all of which are important to our success and to the effective execution of our business strategy. In the event we are unable to maintain our corporate culture as we scale, our business, financial condition, and results of operations could be harmed.

We plan to continue to review opportunities and possibly make acquisitions, which could require significant management attention, disrupt our business, result in dilution to our stockholders, and adversely affect our financial condition and results of operations.

As part of our business strategy, we have made and intend to continue to review opportunities and possibly make acquisitions to add specialized employees and complementary companies, products, technologies, or distribution channels. In some cases, these acquisitions may be substantial and our ability to acquire and integrate such companies in a successful manner will be challenging. The failure to successfully integrate an acquired business could disrupt operations and divert management's attention.

Any acquisitions we announce could be viewed negatively by mobile network operators, users, customers, vendors, marketers, developers, or investors. In addition, we may not successfully evaluate, integrate, or utilize the products, technology, services, operations, or talent we acquire. The integration of acquisitions may require significant time and resources, and we may not manage these integrations successfully. In addition, we may discover liabilities or deficiencies that we did not identify in advance associated with the companies or assets we acquire. The effectiveness of our due diligence with respect to acquisitions, and our ability to evaluate the results of such due diligence, is dependent upon the accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives. We may also fail to accurately forecast the financial impact of an acquisition transaction, including accounting charges.

We may also incur substantial costs in making acquisitions. We may pay substantial amounts of cash or incur debt to pay for acquisitions, which could adversely affect our liquidity. The incurrence of indebtedness would also result in increased fixed obligations and interest expense, and could also include covenants or other restrictions that would impede our ability to manage our operations. Additionally, we may issue equity securities to pay for acquisitions or to retain the employees of the acquired company, which could increase our expenses, adversely affect our financial results, and result in dilution to our stockholders. In addition, acquisitions may result in our recording of substantial goodwill and amortizable intangible assets on our balance sheet upon closing, which could adversely affect our future financial results and financial condition. These factors related to acquisitions may require significant management attention, disrupt our business, result in dilution to our stockholders, and adversely affect our financial results and financial condition.

International acquisitions involve risks related to integration of operations across different cultures and languages, currency risks, and the particular economic, political, and regulatory risks associated with specific countries.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults, or non-performance by financial institutions, could adversely affect our business, financial condition, or results of operations

We regularly maintain cash balances at banks and other financial institutions that would exceed any applicable Federal Deposit Insurance Corporation insurance limits. Should events, including limited liquidity, defaults, non-performance or other adverse developments occur with respect to the banks or other financial institutions that hold our funds, or that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, our liquidity may be adversely affected.

If any banks or financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our operations may be negatively impacted, including our ability to access cash, cash equivalents or investments. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources an could have a material adverse effect on our business, financial condition or results of operations.

In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds pursuant to instruments or lending arrangements with a financial institution, such parties' ability to pay their obligations to us could be adversely affected.

Entry into new lines of business, and our offering of new products and services, resulting from our investments may result in exposure to new risks.

New lines of business, products or services could have a significant impact on the effectiveness of our system of internal controls and could reduce our revenues and potentially generate losses. New products and services, or entrance into new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. Entry into new markets entails inherent risks associated with our inexperience, which may result in costly decisions that could harm our profit and operating results. There are material inherent risks and uncertainties associated with offering new products and services, especially when new markets are not fully developed or when the laws and regulations regarding a new product are not mature. Factors outside of our control, such as developing laws and regulations, regulatory orders, competitive product offerings and changes in commercial and consumer demand for products or services may also materially impact the successful implementation of new products or services. Failure to manage these risks, or failure of any product or service offerings to be successful and profitable, could have a material adverse effect on our financial condition and results of operations.

Litigation may harm our business.

We are and may in the future become subject to legal proceedings and claims that arise from time to time, such as claims brought by our customers in connection with commercial disputes, employment claims made by our current or former employees, or securities class action litigation suits. Substantial, complex or extended litigation could cause us to incur significant costs and distract our management. Lawsuits by employees, stockholders, collaborators, distributors, customers, vendors, competitors, end-users or others could be very costly and substantially disrupt our business. Disputes from time to time with such companies, organizations or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes or on terms favorable to us. For example, on June 6, 2022 and July 21, 2022, stockholders of the Company filed class action complaints against the Company and certain of its officers in the Western District of Texas related to Digital Turbine, Inc.'s announcement in May 2022 that the Company would restate some of its financial results. The claims allege violations of certain federal securities laws.

Carriers and customers have and may try to include us as defendants in suits brought against them by their own customers or third parties. In such cases, the risks and expenses would be similar to those where we are the party directly involved in the litigation. Any litigation or dispute, whether meritorious or not, and whether or not covered by insurance, could harm our reputation, will increase our costs and may divert management's attention, time and resources, which may in turn harm our business, financial condition and results of operations.

Risks Related to the Mobile Advertising Industry

The mobile advertising business is an intensely competitive industry and we may not be able to compete successfully.

We operate in a highly competitive and fragmented mobile app ecosystem composed of divisions of large, well-established companies as well as public and privately-held companies. The large companies in our ecosystem may play multiple different roles given the breadth of their businesses.

- Our primary competition for media distribution comes from the Google Play application store. Broadly, our media distribution platform faces competition from existing operator solutions built internally, as well as companies providing application and content media products and services, such as: Facebook, Snapchat, Unity (ironSource), WPP, Omnicom, Criteo, QuinStreet, InMobi, Cheetah Mobile, Baidu, Tremor International, Magnite, Brightcove, AppLovin, and others. These companies can be customers for Digital Turbine products, but also competitors in certain cases. Our more material competition is internally developed operator solutions and specific media distribution solutions built in-house by OEMs and wireless carriers. Some of our existing wireless carriers could make a strategic decision to develop their own solutions rather than continue to use our suite of products, which could be a material source of competition.
- Advertisers typically engage with several advertising platforms and networks to purchase advertisements on mobile devices and apps, looking to optimize their marketing investments. Such advertising platform companies vary in size and include players such as Facebook, Google, Amazon, and Unity Software, as well as various private companies. Several of these platforms are also our partners and customers.

Competitors could also seek to gain market share from us by reducing the prices they charge to advertisers or publishers or by introducing new technology tools for advertisers or developers. Moreover, increased competition for mobile advertising space from developers could result in an increase in the portion of advertiser revenue that we must pay to developers to acquire that advertising space. Our business will suffer to the extent that our developers and advertisers purchase and sell mobile advertising directly from each other or through other companies that are able to become intermediaries between developers and advertisers. Any of these developments would make it more difficult for us to sell our services and could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses, or the loss of market share.

The markets for our products and services are rapidly evolving and may decline or experience limited growth.

The industry in which we operate is characterized by rapid technological change, new features, tools, solutions and strategies, evolving legal and regulatory requirements, changing customer needs, and a dynamic competitive market. Our future success will depend in large part on the continued growth of our markets and our ability to improve and expand our products and services to respond quickly and effectively to this growth.

Wireless network and mobile device technologies are undergoing rapid innovation. New mobile devices with more advanced processors and advanced programming languages continue to be introduced. In addition, networks that enable enhanced features are being developed and deployed. We have no control over the demand for, or success of, these products or technologies. If we fail to anticipate and adapt to these and other technological changes, the available channels for our products and services may be limited and our market share and operating results may suffer. Our future success will depend on our ability to adapt to rapidly changing technologies and develop products and services to accommodate evolving industry standards with improved performance and reliability. In addition, the widespread adoption of networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or adapt our products and services.

We must constantly make investment decisions regarding offerings and technology to meet customer demand and evolving industry standards. We may not achieve the anticipated returns on these investments. If new or existing competitors have more attractive offerings, we may lose customers or customers may decrease their use of our platform. New customer demands, superior competitive offerings, or new industry standards could require us to make unanticipated and costly changes to our platform or business model.

We must be able to keep pace with rapid regulatory changes in order to compete successfully in our markets. Our revenue growth depends on our ability to respond to frequently changing data protection regulations, policies, and user and customer demands and expectations, which will require us to incur additional costs to implement. The regulatory landscape in this industry is rapidly shifting, and we may become subject to new regulations that restrict our operations or materially and adversely affect our business, financial condition, and results of operations.

The markets for our products and services could fail to grow significantly or there could be a reduction in demand for our products or services as a result of a lack of customer acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions, and other causes. If our markets do not continue to experience growth or if the demand for our products and services decreases, then our business, financial condition, and results of operations could be materially and adversely affected.

Our business is dependent on the continued growth in usage of smartphones, tablets, and other mobile connected devices.

Our business depends on the continued proliferation of mobile connected devices, such as smartphones and tablets, which can connect to the internet over a cellular, wireless, or other network, as well as the increased consumption of content through those devices. Consumer usage of these mobile connected devices may be inhibited for a number of reasons, such as:

- inadequate network infrastructure to support advanced features beyond just mobile web access;
- users' concerns about the security of these devices;
- inconsistent quality of cellular or wireless connections;
- unavailability of cost-effective, high-speed Internet service;
- changes in network carrier pricing plans that charge device users based on the amount of data consumed; and
- new technology which is not compatible with our products and offerings.

For any of these or other reasons, users of mobile connected devices may limit the amount of time they spend on these devices and the number of applications or amount of content they download on these devices. If user adoption of mobile connected devices and consumer consumption of content on those devices do not continue to grow, our total addressable market size may be significantly limited, which could compromise our ability to increase our revenue and our ability to become profitable.

Wireless communication technologies are changing rapidly, and we may not be successful in working with these new technologies.

Technology changes in the wireless industry require us to anticipate, sometimes years in advance, which technologies we must implement and take advantage of to make our products and services, and other mobile entertainment products, competitive in the market. Further, policy changes or restrictions applied to mobile operating systems might affect our ability to implement our products and services. We usually start our product development with a range of technical development goals that we hope to be able to achieve. We may not be able to achieve these goals, or our competitors may be able to achieve them more quickly and effectively than we can. In either case, our products and services may be technologically inferior to those of our competitors, less appealing to customers or end users, or both. If we cannot achieve our technology goals within our original development schedule, then we may delay their release until these technology goals can be achieved, which may delay or reduce our revenue, increase our development expenses, and harm our reputation. Alternatively, we may increase our product development resources in an attempt either to preserve our product launch schedule or to keep up with our competition. In either case, our business, operating results, and financial condition could be materially affected.

The complexity of and incompatibilities among mobile devices may require us to use additional resources for the development of our products and services.

To reach large numbers of wireless subscribers, application developers, and wireless carriers, we must support numerous mobile devices and technologies. Keeping pace with the rapid innovation of mobile device technologies together with the continuous introduction of new, and often incompatible, mobile device models by wireless carriers requires us to make continuous investments in product development and maintenance, including talent, technologies, and equipment. In the future, we may be required to make substantial investments in our development if the number of different types of mobile device models continues to proliferate. In addition, as more advanced mobile devices are introduced that enable more complex, feature-rich products and services, we anticipate our product development and maintenance costs will increase.

If wireless subscribers do not continue to use their mobile devices to access mobile content and other applications, our business growth and future revenue may be adversely affected.

We operate in a developing industry. Our success depends on growth in the number of wireless subscribers who use their mobile devices to access data services we develop and distribute. New or different mobile content applications developed by our current or future competitors may be preferred by subscribers to our offerings. In addition, other mobile platforms may become widespread, and end users may choose to switch to these platforms. If the market for our products and services does not continue to grow or we are unable to acquire new customers or end users, our business growth and future revenue could be adversely affected. If customers or end users switch their advertising or entertainment spending away from the kinds of offerings that we provide, or switch to platforms or distribution where we do not have comparative strengths, our revenue would likely decline and our business, operating results and financial condition would suffer.

A shift of technology platform by wireless carriers and mobile device manufacturers could lengthen the development period for our offerings, increase our costs, and cause our offerings to be of lower quality or to be published later than anticipated.

Mobile devices require multimedia capabilities enabled by operating systems capable of running applications, products, and services such as ours. Our development resources are concentrated in today's most popular operating systems, and we have experience developing applications for these operating systems. If these operating systems falls out of favor with mobile device manufacturers and wireless carriers and there is a rapid shift to a new technology where we do not have development experience or resources, the development period for our products and services may be lengthened, increasing our costs, and the resulting products and services may be of lower quality and may be published later than anticipated. In such an event, our reputation, business, operating results, and financial condition might suffer.

Actual or perceived security vulnerabilities in mobile devices or wireless networks could adversely affect our revenue.

Maintaining the security of mobile devices and wireless networks is critical for our business. There are individuals and groups who develop and deploy viruses, worms, and other illicit code or malicious software programs that may attack wireless networks and mobile devices. Security experts have identified computer "worm" programs that target mobile devices running on certain operating systems. Although these worms have not been widely released and do not present an immediate risk to our business, we believe future threats could lead some end users to reduce or delay future purchases of our products or reduce or delay the use of their mobile devices. Wireless carriers and OEMs may also increase their expenditures on protecting their wireless networks and mobile device products from attack, which could delay adoption of new mobile device models. Any of these activities could adversely affect our revenue and this could harm our business, operating results, and financial condition.

We may be subject to legal liability (including potential issues with the use of intellectual property) associated with providing mobile and online services.

We provide a variety of products and services that enable carriers, manufacturers, application developers, advertisers, and users to engage in various mobile and online activities both domestically and internationally. Laws relating to the liability of providers of these mobile and online services and products for such activities is still unsettled and constantly evolving in the U.S. and internationally. Claims have been threatened and have been brought against us in the past for breaches of contract, copyright or trademark infringement, data privacy regulatory violations, tort, or other theories based on the provision of these products and services. In addition, we have been and may again in the future be subject to domestic or international actions alleging that certain content we have generated or third-party content that we have made available within our services violates laws in domestic and international jurisdictions. We may be subject to claims concerning these products, services, or content by virtue of our involvement in marketing, branding, broadcasting, or providing access to them, even if we do not ourselves host, operate, provide, own, or license these products, services, or content. While we routinely insert indemnification provisions into our contracts with these parties, such indemnities to us, when obtainable, may not cover all damages and losses suffered by us and our customers from covered products and services. In addition, recorded reserves and/or insurance coverage may be exceeded by unexpected results from such claims. Defending such actions could be costly and involve significant time and attention of our management and other resources, may result in monetary liabilities or penalties, and may require us to change our business in an adverse manner.

Public health issues, such as a major epidemic or pandemic, could adversely affect our business or financial results.

The U.S. and other countries have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risk. In December 2019, a novel coronavirus (COVID-19) emerged and subsequently spread worldwide. A future major epidemic or pandemic could result in foreign, federal, state, and local governments and private entities mandating various restrictions, requiring closure of non-essential businesses and recommendations that people remain at home. Such an event may come with significant uncertainty regarding the extent to which and how long it disrupts the U.S. and/or global economy.

Disruption to our business operations as a result of war and hostilities in Israel and other conditions in Israel that affect our operations may limit our ability to develop, produce and sell our products.

Our operations and personnel located in Israel may be affected by the ongoing hostilities the region is facing. Accordingly, political, economic, and military conditions in Israel directly affect us. Israel has been and is currently involved in several armed conflicts and is the target of terrorist activity, including threats from Hezbollah militants in Lebanon, Iranian militia in Syria, and others. While our offices are open worldwide, including in Israel, and, to date, we have not had disruptions to our ability to operate and deliver products to customers, a prolonged war or an escalation of the current conditions in Israel could adversely affect our business.

Since October 7, 2023, the hostilities in Israel and the Gaza Strip have further heightened global tensions and instability. At this time, it is unknown whether hostilities in this region will escalate into an even larger conflict. We have a significant business presence in the region, and therefore, continuation or escalation of the conflict could cause significant adverse financial impacts, due to reductions in demand and/or interruptions in business operations.

Russia's invasion of and ongoing war in Ukraine has caused, and is currently expected to continue to cause, negative effects on geopolitical conditions and the global economy, including financial markets, inflation, and the global supply chain, which could have an adverse impact on our business, operating results, and financial condition.

On February 24, 2022, Russia launched an invasion of Ukraine that has resulted in an ongoing military conflict between the two countries (the "Russia-Ukraine Conflict"). The Russia-Ukraine Conflict has caused, and is currently expected to continue to cause, political, economic, and social instability, significant disruptions to the regional and the global economy, financial system, international trade, and the transportation and energy sectors, among others. In addition, the Russia-Ukraine Conflict has displaced millions of people, causing an acute refugee crisis in Europe, and has increased the threat of nuclear accidents or attacks, cyberattacks, and further regional or global conflicts (including a potential expansion of the Russia-Ukraine Conflict to other countries as well as other unrelated potential conflicts), among other potentially dire consequences. In response to Russia's actions, multiple countries and governing bodies, including the U.S. and the European Union, have put in place global sanctions and other severe restrictions or prohibitions on the activities of certain individuals and businesses connected to Russia and/or Belarus. Companies have also implemented restrictions that severely limit, and in some cases, reverse or cancel, business transactions in or involving certain individuals and/or businesses connected to or associated with Russia and/or Belarus. Further, some companies have moved to divest of Russia-based subsidiaries and assets. In addition, the impacts of the Russia-Ukraine Conflict on the supply chain and commodity prices are expected to be profound and may result in substantial inflation in one or more countries (or globally). The ultimate impact of the Russia-Ukraine Conflict and its effect on the geopolitical environment and global economic and commercial activity and conditions, and on our operations, financial condition, and performance, and the duration and severity of those effects, is impossible to predict.

Adverse changes in the geopolitical relationship between the U.S. and China or changes in China's economic and regulatory landscape could have an adverse effect on business conditions.

Adverse changes in economic and political policies relating to China could have an adverse effect on our business. An escalation of recent trade tensions between the U.S. and China has resulted in trade restrictions that harm our ability to participate in Chinese markets. For example, U.S. export control regulations relating to China have created restrictions with respect to the sale of certain products to Chinese companies and further changes to regulations could result in additional restrictions. Sustained uncertainty about, or worsening of, current global economic conditions and further escalation of trade tensions between the U.S. and its trading partners, especially

China, could result in a global economic slowdown and long-term changes to global trade, including retaliatory trade restrictions that further restrict our ability to operate in China. Governmental agencies in any of the countries in which we, our customers or end users are located, such as China, could block access to or require a license for our platform, our website, mobile applications, operating system platforms, application stores or the Internet generally for a number of reasons, including security, confidentiality or regulatory concerns. If companies or governmental entities block, limit or otherwise restrict customers from accessing our platform, or end users from playing games developed or operated on our platform, our business could be harmed. Further, some countries may block data transfers as a result of businesses collecting data within a country's borders as part of broader privacy-related concerns, which could affect our business. For example, companies and governmental agencies could block the distribution of several applications of Chinese origin. Because we rely on wireless carriers and OEMs to distribute our product and services, if wireless carriers and mobile device manufacturers restrict certain Chinese apps from being downloaded onto their platforms this could negatively impact our business and our financial condition and results of operations would suffer. Any actions and policies adopted by the government of the People's Republic of China ("PRC"), particularly with regard to intellectual property rights and existing cloud-based and Internet restrictions for non-Chinese businesses, or any prolonged slowdown in China's economy could have an adverse effect on our business, results of operations and financial condition. In particular, PRC laws and regulations impose restrictions on foreign ownership of companies that engage in internet, market survey, cloud-based services and other related businesses from time to time. In August 2021, China passed a new data privacy law known as Personal Information Protection Law and Data Security Law, effective November 1, 2021, which adopts a stringent data transfer regime requiring, among other things, data subject consent for certain data transfers.

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.

Industry Regulatory Risks

We are subject to rapidly changing and increasingly stringent laws, contractual obligations, and industry standards relating to data governance, privacy and data security. The restrictions and costs imposed by these legal requirements, or our actual or perceived failure to comply with them, could harm our business.

Our platform relies on our ability to process the information of our customers and end users. These activities are regulated by a variety of federal, state, local, and international privacy, data governance, and data security laws and regulations, which have become increasingly stringent in recent years.

Most jurisdictions in which we or our customers operate have enacted or are in the process of enacting privacy, data governance, and data security laws and regulations. In this regard, it is important to highlight the European Union's GDPR and the UK GDPR that regulate the processing of personal data in the European Economic Area ("EEA") member states and in the UK. Both impose a strict data protection compliance regime. We are subject to the supervision of local data protection and data governance authorities in those EEA and UK jurisdictions where we are established or otherwise subject to the GDPR and the UK GDPR. Fines for certain breaches of the GDPR are significant. In addition to the foregoing, a breach of the GDPR could result in regulatory investigations, reputational damage, orders to cease or change our processing of personal data, enforcement notices, or assessment notices for a compulsory audit. We may also face civil claims including representative actions and other class action type litigation, potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm. This private right of action may increase the likelihood of, and risks associated with data breach litigation. In addition to increasing our compliance costs and potential liability, the California Consumer privacy Act ("CCPA") created restrictions on "sales" of personal information that may restrict the disclosure of personal information for advertising purposes. Our advertising business relies, in part, on such disclosure and could be materially and adversely affected by the CCPA's restrictions.

Data privacy legislation imposes restrictions on cross-border personal data transfers, with some countries enacting data localization laws. Notably, the GDPR, UK GDPR, and other European and UK data protection statutes generally bar personal data transfer from the EEA, UK, and Switzerland to the U.S. and many other nations, except to entities in countries offering adequate protection or with specific safeguards in place. When transferring personal data outside the EEA or UK to non-"adequate" countries, we ensure compliance with relevant laws, potentially utilizing derogation or implementing standard contractual clauses. Since November 2023, we've participated in the EU-US Data Privacy Framework ("EU-US DPF"), UK Extension to the EU-US DPF ("UK Extension"), and Swiss-US Data Privacy Framework ("Swiss-US DPF") per the US Department of Commerce. We've certified adherence to the EU-US DPF Principles for data received from the EU and UK (including Gibraltar) and to the Swiss-US DPF

Principles for data received from Switzerland. Should the DPF be invalidated by the Court of Justice of the European Union ("CJEU") in the future, we may face challenges in EU-US data transfers, necessitating the implementation of a CJEU-approved framework.

Children's online privacy has been a focus of recent enforcement activity under longstanding privacy laws as well as privacy and data protection laws enacted in recent years worldwide. With increased enforcement of children's online privacy in the EU and the UK, the U.S. Federal Trade Commission ("FTC") and state attorneys general have also, in recent years, increased enforcement of the Children's Online Privacy Protection Act ("COPPA"), and other US State laws that restrict the processing of children's personal information without a parental consent.

We are also subject to Regulation (EU) 2022/2065 (the Digital Services Act, or "DSA"), effective as of November 2022 and was fully implemented on February 17, 2024, which is a comprehensive piece of legislation for consumer protection. The DSA focuses on content governance and moderation and applies to various online services. The DSA addresses several critical aspects related to online services, including providing a consistent framework for digital services offered in the EU, preventing illegal and harmful online activities, and protecting service recipients' fundamental rights.

Apart from the requirements of privacy, data governance, and data security laws, we have obligations relating to privacy, data governance and data security under our published policies, contracts, and applicable industry standards. Although we endeavor to comply with these obligations, we may have failed to do so in the past and may be subject to allegations that we have failed to do so or have otherwise processed data improperly. We could be subject to enforcement action or litigation alleging that our methods of data collection or our other data processing practices violate our published policies, federal or state laws prohibiting unfair or deceptive business practices or other privacy laws.

In response to the increasing restrictions of global privacy and data security laws, our customers have sought and may continue to seek increasingly stringent contractual assurances regarding our handling of personal information and may adopt internal policies that limit their use of our platform. In addition, privacy advocates and industry groups have regularly proposed, and may propose in the future, self-regulatory standards upon which we may be legally or contractually bound. If we fail to comply with these contractual obligations or standards, we may face substantial contractual liability or fines.

Various jurisdictions around the world continue to propose new laws that regulate the privacy, data governance and/or security of certain types of data or information. Complying with these laws, if enacted, would require significant resources, and leave us vulnerable to possible fines and penalties if we are unable to comply. Our obligations under privacy and data security laws, our contracts and applicable industry standards (including requirements by operating system platforms or app stores) are increasing, becoming more complex and changing rapidly, which has increased and may continue to increase the cost and effort required to comply with them. The privacy and data security compliance challenges we and our customers face in the EU, the UK, the U.S., and other jurisdictions may also limit our ability to operate, or offer certain product features, in those jurisdictions, which could reduce demand for our solutions from customers subject to their laws. We may also be required to adapt our solutions to comply with changing regulations. Despite our efforts, we may not be successful in achieving compliance with these rapidly evolving requirements. We could be perceived to be in non-compliance with applicable privacy laws, especially when acquiring new companies and before we have completed our gap analysis and remediation. Any actual or perceived non-compliance could result in litigation and proceedings against us by governmental entities, customers, individuals, or others; fines and civil, criminal, or administrative penalties for us or company officials; obligations to cease offering or to substantially modify our solutions in ways that make them less effective in certain jurisdictions; negative publicity; harm to our brand and reputation and reduced overall demand for our solutions or reduced revenue. Such occurrences could materially and adversely affect our business, financial condition, and results of operations.

We are subject to anti-bribery, anti-corruption and similar laws and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the USA PATRIOT Act, U.S. Travel Act, the U.K. Bribery Act 2010 and Proceeds of Crime Act 2002, and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct business. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly. Such laws prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. We have operations, deal with carriers, and make sales in countries known to experience corruption, particularly certain emerging countries in Eastern Europe, Latin America, and Asia. Further international expansion may involve more of these countries. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or distributors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. As we increase our international sales and business, particularly in countries with a low score on the Corruption Perceptions Index, of Transparency International, and increase our use of third parties such as sales agents, distributors, resellers or consultants, our risks under these laws will increase. We adopt appropriate policies and procedures and conduct training, but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions and/or sanctions could have a material negative impact on our business, financial condition and results of operations.

We are subject to governmental economic sanctions requirements and export and import controls that could impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws.

As a U.S. company, we are subject to U.S. export control and economic sanctions laws and regulations, and we are required to export our technology and services in compliance with those laws and regulations, including the U.S. Export Administration Regulations and economic embargo and trade sanctions programs administered by the Treasury Department's Office of Foreign Assets Control. U.S. economic sanctions and export control laws and regulations prohibit the shipment of specified products and services to countries, governments, and persons targeted by U.S. sanctions. While we take precautions to prevent doing any business, directly or indirectly, with countries, governments, and persons targeted by U.S. sanctions and to ensure that our technology and services are not exported or used by countries, governments, and persons targeted by U.S. sanctions, such measures may be circumvented. Any such violation could result in significant criminal or civil fines, penalties, or other sanctions and repercussions, including reputational harm that could materially adversely impact our business. Complying with export control and sanctions regulations may be time-consuming and may result in the delay or loss of opportunities.

In addition, various countries regulate the import of encryption technology, including the imposition of import permitting and licensing requirements, and have enacted laws that could limit our ability to offer our platform or could limit our customers' ability to use our platform in those countries. Changes in our platform or future changes in export and import regulations may create delays in the introduction of our platform to international markets or prevent our customers with international operations from deploying our platform globally.

We rely on our current understanding of regional regulatory requirements pertaining to the marketing, advertising, and promotion of our products and services, and any adverse change in such regulations, or a finding that we did not properly understand such regulations, may significantly impact our ability to market, advertise, and promote our products and services and thereby adversely impact our revenue, our operating results, and our financial condition.

Some portions of our business rely extensively on marketing, advertising, and promoting our products and services, requiring us to have an understanding of local laws and regulations governing our business. Additionally, we rely on the policies and procedures of wireless carriers and should those change, there could be an adverse impact on our products. In the event we have relied on inaccurate information or advice, and engage in marketing, advertising, or promotional activities that are not permitted, we may be subject to penalties, restricted from engaging in further activities, or altogether prohibited from offering our products and services in a particular territory.

Changes in government regulation of the media and wireless communications industries may adversely affect our business. Furthermore, the growth and development of the market for electronic commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through wireless carriers. We anticipate that regulation of our industry will increase and that we will be required to devote legal and other resources to address this regulation.

A number of studies have examined the health effects of mobile phone use, and the results of some of the studies have been interpreted as evidence that mobile phone use causes adverse health effects. The establishment of a link between the use of mobile phone services and health problems, or any media reports suggesting such a link, could increase government regulation of, and reduce demand for, mobile phones and, accordingly, the demand for our products and services, and this could harm our business, operating results, and financial condition.

Government regulation of our marketing methods could restrict our ability to adequately advertise and promote our content, products, and services available in certain jurisdictions.

The governments of some countries have sought to regulate the methods and manner in which certain of our products and services may be marketed to potential end-users. Regulation aimed at prohibiting, limiting, or restricting various forms of advertising and promotion we use to market our products and services could also increase our cost of operations or preclude the ability to offer our products and services altogether.

Risks Related to Our Intellectual Property and Potential Liability

Third parties may obtain and improperly use our intellectual property; and if so, our competitive position may be adversely affected, particularly if we do not, or are unable to, adequately protect our intellectual property rights.

Our intellectual property is an essential element of our business. We rely on a combination of copyright, trademark, trade secret, patent, and other intellectual property rights.

We face risks associated with our trademarks. For example, there is a risk that our international trademark applications may be considered too generic or that the words “Digital” or “Turbine” could be separately or compositely trademarked by third parties with competitive products who may try and block our applications or sue us for trademark dilution, which could have adverse effects on our financial status and operations. We also seek to maintain certain intellectual property as trade secrets. The secrecy could be compromised by third parties or by our employees, which could cause us to lose the competitive advantage resulting from these trade secrets.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise to obtain and use our intellectual property. Monitoring unauthorized use of our intellectual property, and enforcing our rights, is difficult and costly, and we cannot be certain the steps we have taken will prevent infringement, piracy, and other unauthorized uses of our intellectual property, particularly internationally where the laws may not protect our intellectual property rights as fully as in the U.S., or where our intellectual property is not registered. We may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our management and resources. In addition, although we require third parties to sign agreements not to disclose or improperly use our intellectual property, it may still be possible for third parties to obtain and improperly use our intellectual properties without our consent.

Third parties may sue us for intellectual property infringement, which may prevent or limit our use of the intellectual property and disrupt our business and could require us to pay significant damage awards.

Third parties may sue us for intellectual property infringement or initiate proceedings to invalidate our intellectual property, either of which, if successful, could prevent or limit our use of the intellectual property and disrupt the conduct of our business, cause us to pay significant damage awards or require us to pay licensing fees. In the event of a successful claim against us, we might be enjoined from using such intellectual property, we might incur significant licensing fees, and we might be forced to develop alternative technologies. Our failure or inability to develop non-infringing technology or software or to license the infringed or similar technology or software on a timely basis could force us to withdraw products and services from the market or prevent us from introducing new products and services. In addition, even if we are able to license the infringed or similar technology or software, license fees could be substantial and the terms of these licenses could be burdensome, which might adversely affect our operating results. We might also incur substantial expenses in defending against third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us might result in substantial monetary liabilities and might materially disrupt the conduct of our business.

Our platform contains third-party, open-source software components, which may pose particular risks to our proprietary software, technologies, and solutions in a manner that could negatively affect our business.

Our platform contains software modules by third-party authors that are publicly available under “open-source” licenses, and we expect to use open-source software in the future. While the use and distribution of open-source software is common in the industry, it may entail greater risks than use of third-party commercial software, as open-source licensors generally do not provide support, warranties, indemnification, or other contractual protections regarding infringement claims or the quality of the code. To the extent our platform depends on the successful operation of open-source software, any undetected errors or defects in such open-source software could prevent the deployment or impair the functionality of our platform, delay introductions of new solutions, result in a failure of any of our solutions, and injure our reputation. While our developed software undergoes testing, undetected errors or defects in open-source software could render it vulnerable to breaches or security attacks and make our systems more vulnerable to data breaches. The public availability of such software may make it easier for others to compromise our platform.

Some open-source software licenses contain requirements that we make available source code for modifications or derivative works we create based on the type of open-source software we use or grant other licenses to our intellectual property. If we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release the source code of our proprietary software to the public. While our open-source policies are meant to prevent such misuse, there can be no assurances such incidents will not occur. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer our software.

Although we monitor our use of open-source software to avoid subjecting our platform to conditions we do not intend, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our solutions. From time-to-time, there have been claims challenging the ownership of open-source software against companies that incorporate open-source software into their products or platforms. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open-source software. Moreover, we cannot assure that our processes for controlling our use of open-source software in our platform will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open-source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our solutions on terms that are not economically feasible, to re-engineer our solutions, to discontinue or delay the provision of our solutions if re-engineering could not be accomplished on a timely basis, or to make generally available, in source code form, our proprietary code, any of which could materially and adversely affect our business, financial condition, and results of operations.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, damages caused by malicious software, and other losses.

In the ordinary course of our business, most of our agreements with carriers, customers, and other distributors include indemnification provisions. In these provisions, we agree to indemnify them for losses suffered or incurred in connection with our products and services, including as a result of intellectual property infringement and damages caused by viruses, worms, and other malicious software. The term of these indemnity provisions is generally perpetual after execution of the corresponding agreement, and the maximum potential amount of future payments we could be required to make under these indemnification provisions is generally unlimited. Large future indemnity payments could harm our business, operating results, and financial condition.

Risks Relating to Our Common Stock and Capital Structure

We have secured and unsecured indebtedness, which could limit its financial flexibility.

Our outstanding secured indebtedness of $386,000 as of March 31, 2024, and our ability to borrow additional amounts under its $600,000 revolving credit facility, could have significant negative consequences including:

- increasing our vulnerability to general adverse economic and industry conditions;
- increasing our exposure to interest rate risk;
- limiting our ability to obtain additional financing;
- violating a financial covenant, resulting in the indebtedness being due immediately and negatively impacting our liquidity;
- requiring additional financial covenant measurement consents or default waivers without enhanced financial performance in the short term;
- requiring the use of a substantial portion of any cash flow from operations to service indebtedness, thereby reducing the amount of cash flow available for other purposes, including capital expenditures;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which it competes; and

- placing us at a possible competitive disadvantage to less leveraged competitors that are larger and may have better access to capital resources.

Our borrowings under our credit facility are subject to variable interest rates and thus expose us to interest rate fluctuations, depending on the extent to which we utilize the credit facility. If market interest rates continue to increase, our results of operations could be adversely affected. Any refinancing of our debt could be at higher interest rates and could require us to comply with more onerous covenants, which could further restrict our business operations. In addition, we cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all. 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's maturity. Any such default would have a material adverse effect on us.

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

To service our debt and fund our other capital requirements, we will require a significant amount of cash and our ability to generate cash will depend on many factors beyond our control.

Our ability to meet our debt service obligations and to fund working capital, capital expenditures, and investments in our business will depend on our future performance, which will be subject to financial, business, and other factors affecting our operations, many of which are beyond our control, availability of borrowing capacity under our credit facility, and our ability to access capital markets. We cannot ensure we will generate 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. We could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional indebtedness or equity capital, or restructure or refinance our indebtedness. We may not be able to accomplish any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

The market price of our common stock is likely to be highly volatile and subject to wide fluctuations, and you may be unable to resell your shares at or above the current price.

The market price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including the risk factors described in this Annual Report and announcements of new products or services by our competitors. In addition, the market price of our common stock could be subject to wide fluctuations in response to a variety of factors, including:

- quarterly variations in our revenue and operating expenses;
- developments in financial markets, and global or regional economies;
- announcements of innovations or new products or services by us or our competitors;
- price and volume fluctuations in the overall stock market from time-to-time;
- significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular;
- whether our results of operations and forecasts meet the expectations of securities analysts or investors;
- litigation involving us, our industry, or both;
- significant sales of our common stock or other securities in the open market; and
- changes in accounting principles.

In the past, stockholders have often instituted securities class action litigation after periods of volatility in the market price of a company's securities. If a stockholder were to file any such class action suit against us, we would incur substantial legal fees and our management's attention and resources would be diverted from operating our business to respond to the litigation.

In addition, employees may be more likely to leave us if the shares they own or the shares underlying their options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or if the exercise prices of the options they hold are significantly above the market price of our common stock. If we are unable to retain our employees, our business, operating results, and financial condition could be harmed.

We may choose to raise additional capital to finance the purchase price of acquisitions or to otherwise accelerate the growth of our business, and we may not be able to raise capital to grow our business on terms acceptable to us or at all.

Should we choose to pursue alternative strategies to accelerate growth or enhance our existing business, we may require significant cash outlays and commitments. Our business strategy may include expansion through internal growth or external growth by acquiring complimentary businesses, acquiring or licensing additional brands, or establishing strategic relationships with targeted customers and suppliers. If our cash, cash equivalents, short-term investments, and cash generated from operations are not sufficient to meet our cash requirements, we may seek additional capital, potentially through debt or equity financings, to fund our growth. We may not be able to raise needed cash on terms acceptable to us or at all. Financings, if available, may be on terms that are dilutive or potentially dilutive to our stockholders, and the prices at which new investors would be willing to purchase our securities may be lower than the fair market value of our common stock. The holders of new securities may also receive rights, preferences, or privileges that are senior to those of existing holders of our common stock.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about our business or us. If any of the analysts who cover us downgrade our common stock, our common stock price would likely decline. If analysts cease covering us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline.

We do not anticipate paying dividends.

Our secured and unsecured indebtedness essentially prevents all payments of dividends to our stockholders. Even if such dividends were permitted by the applicable lenders, we have never paid cash or other dividends on our common stock. Subject to the restrictions in our senior credit facility, payment of dividends on our common stock is within the discretion of our Board of Directors and will depend upon our earnings, our capital requirements and financial condition, and other factors deemed relevant by our Board of Directors. However, the earliest our Board of Directors would likely consider a dividend is if we begin to generate excess cash flow. Our Board of Directors does not intend to declare dividends for the foreseeable future.

Failure to maintain effective internal control over financial reporting could result in material misstatements in our financial statements, and a failure to meet its reporting and financial obligations, each of which could adversely affect our results of operations and financial condition.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires us to maintain, evaluate and report on disclosure controls and procedures and internal control over financial reporting, that meet the applicable standards. During fiscal year 2022, we identified a material weakness in our internal control over financial reporting related to the presentation of certain revenue net of revenue share expense and the classification of certain hosting costs described. Management concluded that our internal controls over financial reporting and disclosure controls and procedures were not effective as of March 31, 2022. During fiscal year 2023, management actively engaged in implementing a remediation plan designed to address the material weakness, and the material weakness in our internal control over financial reporting was fully remediated as of March 31, 2023.

In the event management identifies a future material weakness in internal control over financial reporting, we cannot be certain that measures we take to remediate the material weakness will be successful. Also, we cannot be certain that we will be able to implement and maintain adequate controls over our financial processes and reporting in the future.

In the event management successfully remediates a future material weakness in internal control over financial reporting and consequently concludes that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

Further, the disclosure of such an event and subsequent remediation or lack of remediation could reduce the market's confidence in our financial statements and harm our stock price. In addition, if we fail to comply with the applicable portions of the Sarbanes-Oxley Act, we could be subject to a variety of civil and administrative sanctions and penalties, including ineligibility for short form resale registration, action by the SEC, shareholder litigation, and the inability of registered broker-dealers to make a market in our common stock.

Maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain qualified members for our Board of Directors.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934 and the Sarbanes-Oxley Act. Additionally, the time and effort required to maintain communications with stockholders and the public markets can be demanding on senior management, which can divert focus from operational and strategic efforts. The requirements of the public markets and the related regulatory requirements have resulted in an increase in our legal, accounting, and financial compliance costs, may make some activities more difficult, time-consuming, and costly, and may place undue strain on our talent, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. This can be difficult to do. For example, we depend on the reports of wireless carriers for information regarding the amount of sales of our products and services and to determine the amount of royalties we owe branded content licensors and the amount of our revenue. These reports may not be timely, and in the past they have contained, and in the future they may contain, errors.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we expend significant resources and provide significant management oversight. We have a substantial effort ahead of us to implement appropriate processes, document our system of internal control over relevant processes, assess their design, remediate any deficiencies identified and test their operation. As a result, management's attention may be diverted from other business concerns, which could harm our business, operating results and financial condition. These efforts will also involve substantial accounting-related costs.

The Sarbanes-Oxley Act makes it more difficult and more expensive for us to maintain directors' and officers' liability insurance, and we may be required in the future to accept reduced coverage or incur substantially higher costs to maintain coverage. If we are unable to maintain adequate directors' and officers' insurance, our ability to recruit and retain qualified directors and officers will be significantly curtailed.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, our chief executive officer, or our president, or holders of a majority of our outstanding common stock;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- prohibit cumulative voting in the election of directors.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition.

Our bylaws designate the Court of Chancery of the State of Delaware as the exclusive forum for certain disputes between us and our stockholders.

Our bylaws provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders; (iii) any action or proceeding asserting a claim arising out of or pursuant to any provision of the Delaware General Corporation Law; and (iv) any action or proceeding asserting a claim that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law. These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We maintain a comprehensive process for identifying, assessing, and managing material risks from cybersecurity threats as part of our broader risk management system and processes. This cybersecurity risk management process includes a wide variety of mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access and other security incidents and vulnerabilities.

As part of our cybersecurity risk management process, we conduct regular application security assessments, vulnerability management, external penetration testing, security audits, and risk assessments. We leverage third-party security service providers to provide continuous and uninterrupted identification and mitigation of risk-prioritized security events. We maintain an incident response plan that is utilized when incidents are detected. Our incident response plan coordinates the activities that we and our third-party cybersecurity provider take to prepare to respond, recover from and mitigate cybersecurity incidents, which include processes to assess severity, investigate, escalate, contain, and remediate an incident, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational harm.

We require employees with access to information systems, including all corporate employees, to undertake data protection, cybersecurity, privacy and compliance programs at least annually. We maintain a team of dedicated security and compliance professionals who oversee cybersecurity risk management, mitigation, incident prevention, detection, and remediation, which is led by our Chief Information Security Officer (“CISO”). The team has deep cybersecurity experience with an average tenure of over 20 years with expertise in protecting critical assets for top firms in a myriad of different industries.

We leverage SOC 2 Type 2 attestation framework to determine the operating effectiveness of our internal security controls and use NIST Cybersecurity framework to better understand, manage and reduce cybersecurity risk and protect our business from ever-changing cyber threats.

As part of our cybersecurity risk management process, we contractually require third-party service providers to implement and maintain key security measures in connection with their work with us when appropriate that is consistent with applicable laws. Additionally, our third-party service providers are to promptly report any breach of their security measures or systems that may affect our Company. Our security and compliance professionals track and log privacy and security incidents across our vendors and other third-party service providers to remediate and resolve any such incidents. Significant incidents associated with our vendors and service providers are reviewed regularly to determine whether further escalation is appropriate. Any incident assessed as potentially being or potentially becoming material is immediately escalated for further assessment, and then reported to designated members of our senior management.

Our executive leadership team, along with input from the above team, are responsible for our overall enterprise risk management system and processes and regularly consider cybersecurity risks in the context of other material risks to the Company.

The Audit Committee has oversight responsibility over our cybersecurity risk management process, including risks and incidents relating to cybersecurity threats, including compliance with disclosure requirements, cooperation with law enforcement, and related effects on financial and other risks, and it reports any findings and recommendations, as appropriate, to the full Board for consideration.

Senior management regularly discusses on at least a quarterly basis and otherwise as needed, cyber risks and trends and, should they arise, any material incidents with the Audit Committee.

Our business strategy, results of operations and financial condition have not been materially affected by risks from cybersecurity threats, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. For more information on our cybersecurity related risks, see Item 1A Risk Factors of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

The principal offices of Digital Turbine, Inc. are located in Austin, Texas. The Company also leases properties, primarily for office space, in Durham, North Carolina, Arlington, Virginia, and New York, New York, in the U.S. Internationally, the Company leases properties, primarily for office space, in Singapore, Istanbul, Turkey, Berlin, Germany, and Tel Aviv, Israel.

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item 3 is incorporated herein by reference to the information set forth under the caption “Legal Matters” in Note 15—Commitments and Contingencies, of the notes to the consolidated financial statements in Part II, Item 8 of this Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ Capital Market under the symbol "APPS."

Holders

As of May 23, 2024, there were 89 holders of record of our common stock. There were also an undetermined number of holders who hold their stock in nominee or "street" name.

Dividends

We have not declared cash dividends on our common stock since our inception and we do not anticipate paying any cash dividends in the foreseeable future. Further, any such dividends would be substantially restricted by our secured and unsecured indebtedness.

Purchases of Equity Securities by the Issuer and Affiliated Purchaser

There were no purchases of equity securities by us during the fiscal year ended March 31, 2024.

Recent Sale of Unregistered Securities

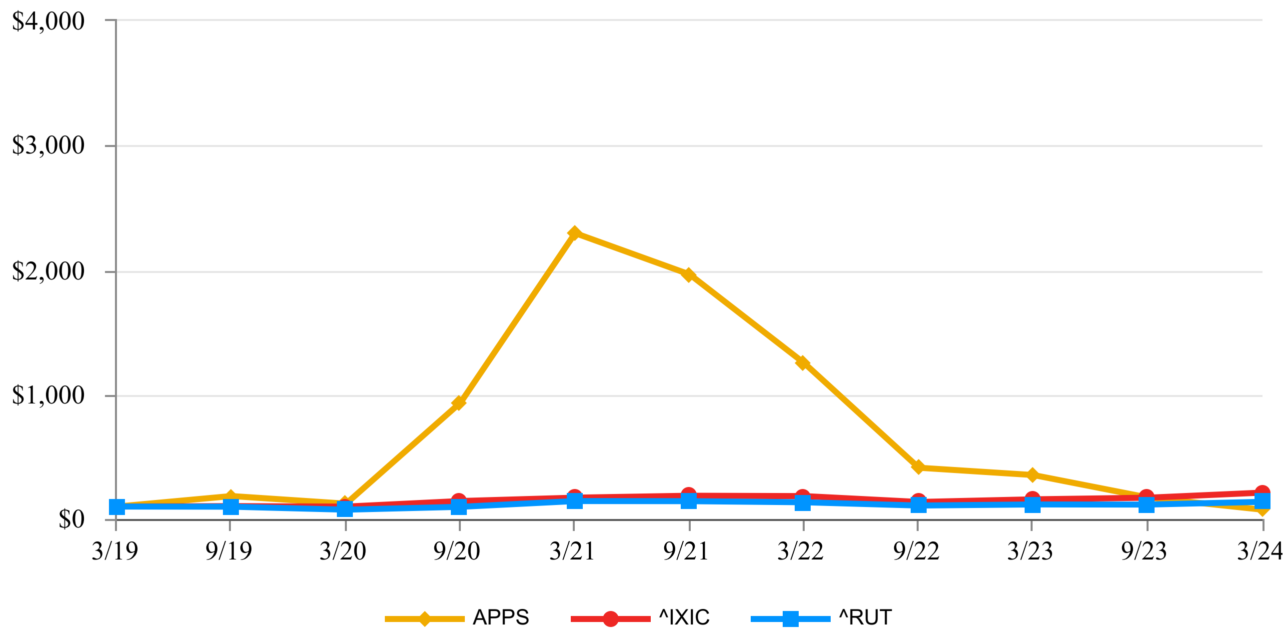
None.

Performance Graph

This performance graph shall not be deemed ''soliciting material'' or ''filed'' with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under Section 18, and shall not be deemed to be incorporated by reference into any filing of ours under the Securities Act of 1933, as amended.

The graph set forth below compares the cumulative total stockholder return on an initial investment of $100 in our common stock between March 31, 2019, and March 31, 2024, with the comparative cumulative total return of such amount on (i) the NASDAQ Composite Index (IXIC) and (ii) the Russell 2000 Index (RUT) over the same period. We have not paid any cash dividends and, therefore, the cumulative total return calculation for us is based solely upon stock price appreciation (depreciation) and not upon reinvestment of cash dividends. The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock.

COMPARISON OF CUMULATIVE TOTAL RETURN



ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes appearing in Item 8. Financial Statements and Supplementary Data. This section of our Annual Report generally discusses the results of our operations for the year ended March 31, 2024, compared with the year ended March 31, 2023. For a discussion of the results of our operations for the year ended March 31, 2023, compared with the year ended March 31, 2022, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report for the fiscal year ended March 31, 2023. The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs, and expected performance. The forward-looking statements are dependent upon events, risks, and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those factors discussed below and elsewhere in this Annual Report, particularly in Item 1A. Risk Factors and the Cautionary Note Regarding Forward-Looking Statements, all of which are difficult to predict. In light of these risks, uncertainties, and assumptions, the forward-looking statements discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

All U.S. dollar amounts, except share and per share amounts, in this Annual Report are in thousands.

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 "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

Credit Agreement

The Company entered into a Third Amendment to the New Credit Agreement (as defined under the caption "Revolver" in Note 11—Debt of the notes to the consolidated financial statements in Part II, Item 8 of this Annual Report) on February 5, 2024 to provide further financing flexibility to fund strategic growth initiatives and meet general corporate obligations. The Third Amendment to the New Credit Agreement amended the maximum consolidated secured net leverage covenant and the minimum consolidated net interest coverage covenant. 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, which will be SOFR plus between 1.50% and 2.75%, based on the Company's consolidated secured net leverage ratio.

As of March 31, 2024, we had $386,000 drawn against the revolving line of credit under the New Credit Agreement. The proceeds from the borrowings were primarily used to finance past acquisitions. As of March 31, 2024, the interest rate was 7.71% and the unused line of credit fee was 0.35%, and we were in compliance with the consolidated leverage ratio, interest coverage ratio, and other covenants under the New Credit Agreement.

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 $9,417 of business transformation costs in the twelve months ended March 31, 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.

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 app developers and publishers, the recent conflict in Israel, and Russia's invasion of Ukraine.

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 the financial impact of 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 continue to 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 could result in goodwill impairment charges.

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.

As of March 31, 2024, we considered the developments discussed above, our current operating results, and our estimates of future operating results. Please see Note 2—Basis of Presentation and Summary of Significant Accounting Policies for further information.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the years ended March 31, 2024 and 2023 (in thousands):

	Year ended March 31, 2024	Year ended March 31, 2023	% of Change
Net revenue	$ 544,482	$ 665,920	(18.2)%
Costs of revenue and operating expenses			
Revenue share	262,226	309,247	(15.2)%
Other direct costs of revenue	34,799	36,445	(4.5)%
Product development	54,157	56,486	(4.1)%
Sales and marketing	61,481	63,295	(2.9)%
General and administrative	169,617	154,282	9.9 %
Impairment of goodwill	336,640	—	100.0 %
Total costs of revenue and operating expenses	918,920	619,755	48.3 %
(Loss) income from operations	(374,438)	46,165	(911.1)%
Interest and other (expense) income, net			
Change in fair value of contingent consideration	372	—	100.0 %
Interest expense, net	(30,838)	(23,352)	32.1 %
Foreign exchange transaction gain (loss)	101	(1,026)	(109.8)%
Other (expense) income, net	(328)	229	(243.2)%
Total interest and other (expense) income, net	(30,693)	(24,149)	27.1 %
(Loss) income before income taxes	(405,131)	22,016	(1940.2)%
Income tax provision	15,317	5,146	197.6 %
Net (loss) income	(420,448)	16,870	(2592.3)%

Net revenue ($ in thousands)

	Year ended March 31, 2024	Year ended March 31, 2023	% of Change
Net revenue			
On Device Solutions	$ 370,112	$ 420,328	(11.9)%
App Growth Platform	178,760	252,995	(29.3)%
Elimination	(4,390)	(7,403)	40.7 %
Total net revenue	$ 544,482	$ 665,920	(18.2)%

Fiscal 2024 compared to fiscal 2023

During the year ended March 31, 2024, net revenue decreased by $121,438 or 18.2% compared to the prior year. See the segment discussion below for further details regarding net revenue.

On Device Solutions

ODS revenue for the year ended March 31, 2024, decreased by $50,216 or 11.9% compared to the year ended March 31, 2023. Revenue from content media declined by approximately $30,812 primarily due to the end of a carrier partnership that resulted in lower daily active users on prepaid devices. Revenue from application media declined by approximately $19,403 primarily due to lower new device volume in the U.S. and internationally and weakness in mobile advertising and user acquisition spending.

App Growth Platform

AGP revenue for the year ended March 31, 2024, decreased by $74,235 or 29.3% compared to the year ended March 31, 2023. The decrease was primarily due to a decline in brand and performance advertising of approximately $41,963 and a decline in advertising exchange of approximately $21,275 due to broader weakness in mobile advertising markets and the impact of the consolidation and exiting of certain legacy AdColony platforms and business lines. In addition, there was a decline of approximately $10,997, primarily due to the end of a reseller partnership in the Nordic region.

Costs of revenue and operating expenses ($ in thousands)

	Year ended March 31,		
	2024	2023	% of Change
Costs of revenue and operating expenses			
Revenue share	$ 262,226	$ 309,247	(15.2)%
Other direct costs of revenue	34,799	36,445	(4.5)%
Product development	54,157	56,486	(4.1)%
Sales and marketing	61,481	63,295	(2.9)%
General and administrative	169,617	154,282	9.9 %
Impairment of goodwill	336,640	—	100.0 %
Total costs of revenue and operating expenses	$ 918,920	$ 619,755	48.3 %

Fiscal 2024 compared to fiscal 2023

For the year ended March 31, 2024, total costs of revenue and operating expenses increased by $299,165 compared to the year ended March 31, 2023.

Total costs of revenue and operating expenses included total impairment of goodwill charges of $336,640. Excluding the impairment of goodwill, total costs of revenue and operating expenses decreased by $37,475 or 6.0% for the year ended March 31, 2024, compared to the year ended March 31, 2023.

The increase in total costs of revenue and operating expenses is primarily due to the impairment of goodwill charges in 2024 of $336,640 partially offset by lower revenue share, which is the result of lower revenue over the same comparative periods. Costs of revenue and operating expenses included total business transformation costs, severance and transaction costs of $9,418, $2,795 and $338, respectively, for the year ended March 31, 2024, compared to $0, $2,174, and $4,739, respectively, for the year ended March 31, 2023.

Revenue share

Revenue share includes amounts paid to our carrier and OEM partners, as well as app publishers and developers through revenue sharing arrangements or via direct cost-per-thousand (“CPM”), cost-per-install (“CPI”), cost-per-placement (“CPP”), or cost-per-acquisition (“CPA”) arrangements, and are recorded as a cost of revenue. In addition, when indirect arrangements exist through advertising aggregators (ad networks) and revenue is shared with our carrier and app development partners, the shared revenue is also recorded as a cost of revenue.

Revenue share decreased by $47,021 to $262,226 for the year ended March 31, 2024, and was 48.2% as a percentage of total net revenue compared to $309,247, or 46.4% of total net revenue, for the year ended March 31, 2023.

The increase in revenue share as a percentage of total net revenue for the year ended March 31, 2024, compared to the prior year, was primarily due to revenue mix changes, specifically net revenue from AGP, which has a higher margin profile, representing a lower portion of total revenue. In addition, the year ended March 31, 2024 included the benefit of a contractual revenue share adjustment with an ODS partner.

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 $1,646 or 4.5% to $34,799 for the year ended March 31, 2024, and was 6.4% as a percentage of total net revenue compared to $36,445, or 5.5% of total net revenue, for the year ended March 31, 2023.

The decrease in other direct costs of revenue for the year ended March 31, 2024, compared to the prior year, was primarily due to slightly lower amortization of developed technology intangible assets and lower hosting costs. The increase in other direct costs as a percentage of total net revenue was due to the decline in total net revenue for the year ended March 31, 2024.

Product development

Product development expenses include the development and maintenance of the Company's product suite and 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 $2,329 to $54,157 for the year ended March 31, 2024 compared to $56,486 for the year ended March 31, 2023. Product development expenses included severance costs and acquisition-related costs of $858 and business transformation costs of $2,716 for the year ended March 31, 2024. Product development expenses included severance costs and acquisition-related costs of $2,233 for the year ended March 31, 2023. Excluding severance costs, acquisition-related costs and business transformation costs, product development expenses decreased by $3,670 for the year ended March 31, 2024.

The decrease in product development expenses after excluding severance costs, acquisition-related costs and business transformation costs was primarily due to lower employee-related costs of $948, depreciation and amortization expense of $3,085, reduced third-party development costs of $1,530, and other operating costs, including facilities and travel of $1,817. These decreases were partially offset by higher hosting and software costs of $3,709.

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 decreased by $1,814 to $61,481 for the year ended March 31, 2024 compared to $63,295 for the year ended March 31, 2023. Sales and marketing expenses included business transformation costs, acquisition-related costs and severance costs of $1,688 for the year ended March 31, 2024. Sales and marketing expenses included acquisition-related costs and severance costs of $1,836 for the year ended March 31, 2023. Excluding business transformation costs, acquisition-related costs and severance costs, sales and marketing expenses decreased by $1,666 for the year ended March 31, 2024.

The decrease in sales and marketing expense after excluding business transformation costs, acquisition-related costs and severance costs was primarily due to lower costs for sales events and sales related travel of $863, reduced recruiting and relocation of sales personnel of $405, a reduction in the use of professional services of $410, and lower facilities and other related costs of $398, partially offset by an increase of personnel related costs of $411.

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 $15,335 to $169,617 for the year ended March 31, 2024 compared to $154,282 for the year ended March 31, 2023. General and administrative expenses included acquisition-related costs of $424, business transformation costs of $6,639 and severance costs of $226 for the year ended March 31, 2024. General and administrative expenses included acquisition-related costs of $2,496 and severance costs of $350 for the year ended March 31, 2023. Excluding acquisition-related costs, business transformation costs and severance costs, general and administrative expenses increased by $10,892 for the year ended March 31, 2024.

The increase in general and administrative expenses after excluding acquisition-related costs, business transformation costs and severance costs was primarily due to higher stock-based compensation of approximately $3,233, depreciation and amortization of $8,136, and professional services including audit, tax and legal fees, of $693. These increases were partially offset by lower employee-related costs of approximately $570, bad debt expense of approximately $63, recruiting and relocation costs of $134, and other operating costs, including software and travel of approximately $402.

Impairment of Goodwill

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. As a result of the triggering event described below, the Company performed a goodwill impairment evaluation as of September 30, 2023. In addition to this, the Company performed its annual impairment evaluation as of March 31, 2024. For both periods evaluated, the Company determined that the fair value of the AGP reporting unit was below its carrying value. As a result of these evaluations, the Company recorded two separate impairment charges during fiscal year 2024.

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.

Additionally, the Company 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 as described above. The Company completed the annual impairment assessment of its goodwill, and as a result, recorded an additional $189,459 non-deductible, non-cash goodwill impairment charge for the AGP reporting unit as of March 31, 2024. Total non-deductible, non-cash goodwill impairment charges for the AGP reporting unit for the twelve months ended March 31, 2024, was $336,640.

For each goodwill impairment evaluation performed at September 30, 2023 and March 31, 2024, respectively, the fair value of each reporting unit was estimated using a weighted combination of the income approach, which incorporates the use of the discounted cash flow method, and the market approach (the “Guideline Public Company Method”). The Company’s interim and annual testing reflected a 75%/25% allocation between the income and market approaches. The Company believes the 75% weighting to the income approach is appropriate, as it directly reflects its future growth and profitability expectations.

The discounted cash flow method requires significant assumptions and estimates, the most significant of which are projected future growth rates, capital expenditures, tax rates, gross margins and terminal values. In addition, the Company determines its weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. For the September 30, 2023 impairment evaluation, as compared to the Company’s annual evaluation as of March 31, 2023, the Company reduced its estimated future cash flows used in the impairment assessment, including revenues, gross profits, and EBITDA to reflect its best estimates at that time. For the March 31, 2024 annual impairment evaluation, as compared to the Company’s interim evaluation as of September 30, 2023, the Company further reduced its estimated future cash flows, including revenues, gross profits, and EBITDA to reflect its best estimates at this time. In each evaluation, the Company also updated key inputs for the discounted cash flow models, including the weighted-average cost of capital, which incrementally increased due to higher interest rates, market volatility, and the company specific premium.

The market approach estimates the fair value of the reporting unit by applying multiples of operating performance measures to the reporting unit’s operating performance. These multiples are derived from comparable publicly-traded companies with similar investment characteristics. For the September 30, 2023 impairment evaluation, as compared to the March 31, 2023 testing, the Company reduced its revenue and EBITDA market multiples, reflecting declining valuations across the Company’s selected peer group. For the March 31, 2024 impairment evaluation, as compared to the September 30, 2023 evaluation, the Company further reduced its revenue and EBITDA market multiples, reflecting declining valuations across the Company's selected peer group. These updates, along with those made to the discounted cash flow models described above, had significant impacts on the estimated fair values of the Company's reporting units.

There was no impairment of goodwill for the ODS reporting unit during the fiscal year.

Interest and other income (expense), net ($ in thousands)

	Year ended March 31,		
	2024	2023	% of Change
Interest and other (expense) income, net			
Change in fair value of contingent consideration	$ 372	$ —	100.0 %
Interest expense, net	(30,838)	(23,352)	(32.1)%
Foreign exchange transaction gain (loss)	101	(1,026)	109.8 %
Other (expense) income, net	(328)	229	243.2 %
Total interest and other (expense) income, net	$ (30,693)	$ (24,149)	(27.1)%

Fiscal 2024 compared to fiscal 2023

Total interest and other income (expense), net, for the years ended March 31, 2024 and 2023, was approximately $30,693 and $24,149, respectively, an increase in net expenses of $6,544.

Change in fair value of contingent consideration

For the year ended March 31, 2023, the Company did not record a charge for changes in fair value of contingent consideration in connection with earn-outs associated with its recent acquisitions. For the year ended March 31, 2024, the company reassessed the fair value of the earn-out liability associated with its recent acquisition of In App Video Services UK LTD. and recorded a remeasurement gain equal to the change in fair value of $372.

Interest expense, net

For the years ended March 31, 2024 and 2023, the Company recorded net interest expense of $30,838 and $23,352, respectively, an increase of $7,486 or 32.1%. The increase was primarily due to an increase in interest rates of 262 basis points and lower average outstanding borrowings of $65,500 over the comparative period. Another driving factor of the increase was the Company's entrance into a Third Amendment to the New Credit Agreement on February 5, 2024, which increased the annual interest rate to SOFR plus between 1.50% and 2.75%, based on the Company's consolidated secured net leverage ratio.

Foreign exchange transaction gain (loss)

For the years ended March 31, 2024 and 2023, the Company recorded foreign exchange transaction gain and loss of $101 and $1,026, respectively, and was primarily attributable to fluctuations in foreign exchange rates for trade accounts receivables and payables denominated in currencies other than the functional currency of foreign entities.

Liquidity and Capital Resources

Our primary sources of liquidity are our cash and cash equivalents, cash from operations, and borrowings under our New Credit Agreement. As of March 31, 2024, we had unrestricted cash of approximately $32,916 and $139,000 available to draw under the New Credit Agreement with BoA, excluding the accordion feature, subject to the required covenants. We generated $28,677 in cash flows from operating activities for the twelve months ended March 31, 2024.

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.

We believe we will generate sufficient cash flow from operations and have the liquidity and capital resources to meet our business requirements for at least 12 months from the filing date of this Annual Report.

Outstanding Secured Indebtedness

Our outstanding secured indebtedness under the New Credit Agreement is $386,000 as of March 31, 2024. The maturity date of the New Credit Agreement is April 29, 2026, and the outstanding balance is classified as long-term debt, net of debt issuance costs of $2,510, on our consolidated balance sheets as of March 31, 2024. For further description of the terms of the New Credit Agreement, see Note 11—Debt under the heading “Revolver” in the notes to our consolidated financial statements under Part II, Item 8 of this Annual 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.

As of March 31, 2024, we were in compliance with all covenants under the New Credit Agreement. Additionally, we entered into a Third Amendment to the New Credit Agreement on February 5, 2024 to provide further financing flexibility to fund growth initiatives and meet general corporate obligations. Refer to Note 11—Debt for further discussion.

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 $269,315 over the next six fiscal years.

Cash Flow Summary ($ in thousands)

	Year ended March 31,		
	2024	2023	% of Change
Consolidated statements of cash flows data:			
Net cash provided by operating activities	**$ 28,677**	**$ 113,376**	**(74.7)%**
Equity investments	(19,634)	(8,499)	131.0 %
Purchase price adjustment related to business acquisition	65	(2,708)	(102.4)%
Capital expenditures	(24,279)	(23,858)	1.8 %
Net cash used in investing activities	**$ (43,848)**	**$ (35,065)**	**25.0 %**
Proceeds from borrowings	50,000	25,500	96.1 %
Payment of debt issuance costs	—	(99)	(100.0)%
Repayment of debt obligations	(77,134)	(149,000)	(48.2)%
Acquisition of non-controlling interest in consolidated subsidiaries	(3,751)	—	100.0 %
Payment of withholding taxes for net share settlement of equity awards	(1,286)	(6,709)	(80.8)%
Options exercised	2,871	2,020	42.1 %
Net cash provided by (used in) financing activities	**$ (29,300)**	**$ (128,288)**	**(77.2)%**

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 operating activities was $28,677 for the year ended March 31, 2024, compared to $113,376 for the year ended March 31, 2023. The decrease of $84,699 was due to the following:

- $437,318 decrease in net income, which includes the goodwill impairment charge of $336,640.
- $1,955 increase due to changes in operating assets and liabilities, driven primarily by working capital changes.
- $350,664 increase in non-cash charges during the year ended March 31, 2024 primarily related to goodwill impairment, increased deferred income taxes and increased stock-based compensation, partially offset by lower right-of-use assets for the year ended March 31, 2024.

Investing Activities

Our primary investing activities have consisted of acquisitions of businesses, purchases of property and equipment, and capital expenditures in support of creating and enhancing our technology infrastructure. For the year ended March 31, 2024, net cash used in investing activities increased by $8,783 to $43,848. Our cash used in investing activities for the twelve months ended March 31, 2024 and March 31, 2023, was primarily comprised of capital expenditures related to internally-developed software and equity investments in strategic businesses.

Financing Activities

For the year ended March 31, 2024, net cash used in financing activities was $29,300, which was comprised of: (1) the repayment of debt obligations of $77,134, (2) payment of $3,751 for the acquisition of the remaining minority interest shareholders' outstanding shares in one of our subsidiaries, and (3) payment of payroll withholding taxes for net share settlement of equity awards of $1,286. These cash outflows were partially offset by cash inflows comprising of proceeds from borrowings of $50,000 and stock option exercises of $2,871.

For the year ended March 31, 2023, net cash used in financing activities was $128,288, which was comprised of repayment of debt obligations of $149,000, payment of payroll withholding taxes for net share settlement of equity awards of $6,709, partially offset by cash inflows from proceeds from borrowings of $25,500 and stock option exercises of $2,020.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to contingencies, litigation, and goodwill and intangible assets acquired from our acquisitions. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We generate revenue from transactions for the purchase and sale of digital advertising inventory through our various platforms and service offerings. Our revenue is based on fixed CPM, CPI, or CPA arrangements or a percentage of the ad spend through our platforms depending on the platform or service offering. We recognize revenue upon fulfillment of our performance obligation to our customers, which generally occurs at the point in time when an ad is rendered or an end consumer action, such as an app install, is completed.

ODS - Application Media

Supply - Carriers and OEMs

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

Demand - Developers and Advertisers

The Company generally offers these services through CPI, CPP, and/or CPA arrangements with application developers and advertisers, generally in the form of insertion orders. The insertion orders specify the type of arrangement and additional terms such as advertising campaign budgets and timelines as well as any constraints on advertising types. These customer contracts can be open ended in regards to length of time and can renew automatically unless terminated; however, specific advertising campaigns are generally short-term in nature. Under these agreements, the Company delivers the customer’s applications to end user mobile devices, allowing for the application to be installed by the end user at their discretion. The Company gains access and control of application slots on wireless carrier and OEM mobile devices and markets those slots on their behalf to the Company’s customers.

The Company has concluded that the performance obligation within the contract is complete upon delivery of the application to the end user mobile device. Revenue recognition related to CPI and CPA arrangements is dependent upon an action of the end user. As a result, the transaction price is variable and is fully constrained until an install or action occurs. Revenue recognition related to CPP arrangements is dependent only upon the delivery of the application to the end user mobile device. As a result, revenue is recognized once delivery of the application has been completed as the Company's performance obligation has been fulfilled.

ODS - Content Media

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

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

AGP - Marketplace

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

AGP - Brand and Performance

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

Principal vs Agent Reporting

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

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

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

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

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

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

Software Development Costs

The Company applies the principles of FASB ASC 985-20, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed* ("ASC 985-20"). ASC 985-20 requires that software development costs incurred in conjunction with product development be charged to research and development expense until technological feasibility is established. Thereafter, until the product is released for sale, software development costs must be capitalized and reported at the lower of the unamortized cost or net realizable value of the related product. At this time, the Company does not invest significant capital into the research and development phase of new products and features as the technological feasibility aspect of its platform products has either already been met or is met very quickly.

The Company has adopted the "tested working model" approach to establishing technological feasibility for its products. Under this approach, the Company does not consider a product in development to have passed the technological feasibility milestone until the Company has completed a model of the product that contains essentially all the functionality and features of the final product and has tested the model to ensure that it works as expected.

The Company considers the following factors in determining whether costs can be capitalized: the emerging nature of the mobile market; the gradual evolution of the wireless carrier platforms and devices for which it develops products; the lack of pre-orders or sales history for its products; the uncertainty regarding a product's revenue-generating potential; its lack of control over the carrier distribution channel resulting in uncertainty as to when, if ever, a product will be available for sale; and its historical practice of canceling products at any stage of the development process.

After products and features are released, all product maintenance cost are expensed.

The Company also applies the principles of FASB ASC 350-40, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use* ("ASC 350-40"). ASC 350-40 requires that software development costs incurred before the preliminary project stage be expensed as incurred. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the functions intended.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Income Taxes* ("ASC 740-10"), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. Under ASC 740-10, the Company determines deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of assets and liabilities, along with net operating losses, if it is more likely than not the tax benefits will be realized using the enacted tax rates in effect for the year in which it expects the differences to reverse. To the extent a deferred tax asset cannot be recognized, a valuation allowance is established, if necessary.

The Company is required to evaluate its ability to realize its deferred tax assets using all available evidence, both positive and negative, and determine if a valuation allowance is needed. Further, ASC 740-10-30-18 outlines the four possible sources of taxable income that may be available to realize a tax benefit for deductible temporary differences and carry-forwards. The sources of taxable income are listed below from least to most subjective:

- Future reversals of existing taxable temporary differences
- Future taxable income exclusive of reversing temporary differences and carryforwards
- Taxable income in prior carryback year(s) if carryback is permitted under the tax law
- Tax-planning strategies that would, if necessary, be implemented to, for example:
  - Accelerate taxable amounts to utilize expiring carryforwards
  - Change the character of taxable or deductible amounts from ordinary income or loss to capital gain or loss
  - Switch from tax-exempt to taxable investments

ASC 740-10 prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured as the largest amount of the tax benefits, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement in the financial statements. We recognize interest and penalties related to income tax matters as a component of the provision for income taxes.

The Company's income is subject to taxation in both the U.S. and foreign jurisdictions. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. The Company establishes reserves for income tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves for tax contingencies are established when the Company believes that positions do not meet the more-likely-than-not recognition threshold. The Company adjusts uncertain tax liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

Stock-Based Compensation

We measure and recognize compensation expense for all stock-based awards made to employees and non-employee directors based on estimated fair values on the date of grant. To determine the fair value of the stock-based awards, we use the closing price of our common stock publicly traded on the Nasdaq on the date of grant for time-based and performance-based restricted stock awards, and we utilize the Black-Scholes option pricing model to value stock options, which involves the input of subjective assumptions, including the expected volatility of our common stock, interest rates, dividend rates, and an option's expected life. As a result, the financial statements include amounts that are based on our best estimates and judgments for the expenses recognized for stock-based compensation. The compensation expense is recognized on a straight-line basis over the requisite service or performance period. The Company may issue either new shares or treasury shares upon exercise of these awards. The Company accounts for forfeitures as they occur and records any excess tax benefits or deficiencies from equity awards in the Consolidated Statement of Operations in the reporting period for which the exercises occur. Performance-based restricted units ("PSUs") are evaluated on a quarterly basis for probability of meeting performance metrics and any adjustments to share-based compensation expense are then made in the quarter of evaluation. For PSUs, we must also make assumptions regarding the likelihood of achieving performance metrics. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially affected.

Business Combinations

We allocate the purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, estimated replacement costs and future expected cash flows from acquired users, acquired technology, acquired patents, and acquired trade names from a market participant perspective. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Allocation of purchase consideration to identifiable assets and liabilities affects Company amortization expense, as acquired finite-lived intangible assets are amortized over the useful life, whereas any indefinite lived intangible assets, including goodwill, are not amortized. During the measurement period, which is not to exceed one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill

We evaluate goodwill for possible impairment at least annually or upon the occurrence of events or circumstances that indicate that they would more likely than not reduce the fair value of a reporting unit below its carrying amount. When the Company completes a quantitative assessment of goodwill impairment, the fair value of each reporting unit is determined and compared to the reporting unit's carrying value. If the carrying value of a reporting unit exceeds the fair value, a goodwill impairment charge is recorded. Determining the fair value of a reporting unit required the Company to make assumptions and estimates, the most significant of which are projected future growth rates, discount rates, capital expenditures, tax rates, gross margins and terminal value. Changes in key estimates or market conditions, could result in an impairment charge. For the year ended March 31, 2024, impairment charges of $336,640 were recorded. There was no impairment charge recorded during the years ended March 31, 2023 and 2022. Refer to Note 6—Goodwill and Intangible Assets for further details.

Recently Issued Accounting Pronouncements

Recent accounting pronouncements are detailed in Note 2—Basis of Presentation and Summary of Significant Accounting Policies, to our consolidated financial statements included in Part II, Item 8 of this Annual Report.

ITEM 7A. 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

DIGITAL TURBINE, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Digital Turbine, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of Digital Turbine, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of March 31, 2024 and 2023, the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated May 28, 2024 expressed an unqualified opinion.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment of the App Growth Platform reporting unit

As discussed in Note 2 to the consolidated financial statements, management evaluates goodwill for impairment at least annually or upon the occurrence of events or circumstances that indicate that they would more likely than not reduce the fair value of a reporting unit below its carrying amount. We identified the fair value estimate of the App Growth Platform reporting unit as a critical audit matter.

The principal consideration for our determination that the fair value estimate of the App Growth Platform reporting unit is a critical audit matter is that the significant assumptions made by management involve subjectivity and judgment in the preparation of discounted future cash flows. The App Growth Platform reporting unit's discounted future cash flows include certain management assumptions that are complex and have a higher degree of estimation uncertainty. Changes in these assumptions could have a significant impact on the fair value estimate. These assumptions include forward-looking projections related to revenue and expenses and the application of a discount rate. Performing audit procedures to evaluate management's assumptions required a high degree of auditor judgment and audit effort, including the need to involve valuation specialists.

Our audit procedures for the goodwill impairment evaluation as of September 30, 2023 related to a triggering event and the annual goodwill impairment evaluation as of March 31, 2024 related to the fair value estimate of the App Growth Platform reporting unit included the following, among others:

- We tested the design and operating effectiveness of relevant controls relating to management's preparation and review of the discounted future cash flows and the discount rate applied, and review of the methodologies applied by third-party valuation specialists engaged by the Company.
- We evaluated the reasonableness of forecasted revenues and expenses used in the future discounted cash flows by comparing them to historical results, and published industry related trends, and comparing prior year forecasted amounts to respective actual results.
- With the assistance of a valuation specialist, we evaluated the reasonableness of the discount rate and the appropriateness of the methodologies used by the Company in determining the discount rate.
- We evaluated the qualifications of the third-party valuation specialists engaged by the Company based on their credentials and experience.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

Dallas, Texas
May 28, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Digital Turbine, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Digital Turbine, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of March 31, 2024, based on criteria established in the *2013 Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended March 31, 2024, and our report dated May 28, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Dallas, Texas
May 28, 2024

Digital Turbine, Inc. and Subsidiaries

Consolidated Balance Sheets
(in thousands, except par value and share amounts)

	March 31, 2024	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 33,605	$ 75,558
Accounts receivable, net	191,015	178,189
Prepaid expenses	7,704	8,589
Other current assets	10,017	3,730
Total current assets	242,341	266,066
Property and equipment, net	45,782	39,327
Right-of-use assets	9,127	10,073
Intangible assets, net	313,505	379,632
Goodwill	220,072	561,576
Other non-current assets	34,713	9,882
TOTAL ASSETS	**$ 865,540**	**$ 1,266,556**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 159,200	$ 119,338
Accrued revenue share	33,934	69,221
Accrued compensation	7,209	10,984
Other current liabilities	35,681	21,377
Total current liabilities	236,024	220,920
Long-term debt, net of debt issuance costs	383,490	410,522
Deferred tax liabilities, net	20,424	13,940
Other non-current liabilities	11,670	13,919
Total liabilities	651,608	659,301
Commitments and contingencies (Note 15)		
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		
$0.0001 par value: 200,000,000 shares authorized; 102,877,057 issued and 102,118,932 outstanding at March 31, 2024; 100,216,494 issued and 99,458,369 outstanding at March 31, 2023	10	10
Additional paid-in capital	858,191	822,217
Treasury stock (758,125 shares at March 31, 2024, and March 31, 2023)	(71)	(71)
Accumulated other comprehensive loss	(48,955)	(41,945)
Accumulated deficit	(595,343)	(175,115)
Total stockholders' equity	213,932	605,196
Non-controlling interest	—	2,059
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 865,540**	**$ 1,266,556**

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Operations and Comprehensive (Loss) Income
(in thousands, except per share amounts)

	Year ended March 31,		
	2024	2023	2022
Net revenue	$ 544,482	$ 665,920	$ 747,596
Costs of revenue and operating expenses			
Revenue share	262,226	309,247	370,648
Other direct costs of revenue	34,799	36,445	29,838
Product development	54,157	56,486	52,723
Sales and marketing	61,481	63,295	63,309
General and administrative	169,617	154,282	138,837
Impairment of goodwill	336,640	—	—
Total costs of revenue and operating expenses	918,920	619,755	655,355
(Loss) income from operations	(374,438)	46,165	92,241
Interest and other (expense) income, net			
Change in fair value of contingent consideration	372	—	(41,087)
Interest expense, net	(30,838)	(23,352)	(8,495)
Foreign exchange transaction gain (loss)	101	(1,026)	2,062
Other (expense) income, net	(328)	229	(749)
Total interest and other (expense) income, net	(30,693)	(24,149)	(48,269)
(Loss) income before income taxes	(405,131)	22,016	43,972
Income tax provision	15,317	5,146	8,403
Net (loss) income	(420,448)	16,870	35,569
Less: net (loss) income attributable to non-controlling interest	(220)	197	23
Net (loss) income to Digital Turbine, Inc.	(420,228)	16,673	35,546
Other comprehensive loss			
Foreign currency translation loss	(6,271)	(2,386)	(39,395)
Comprehensive (loss) income	(426,719)	14,484	(3,826)
Less: comprehensive income (loss) attributable to non-controlling interest	519	415	(934)
Comprehensive (loss) income attributable to Digital Turbine, Inc.	$ (427,238)	$ 14,069	$ (2,892)
Net (loss) income per common share			
Basic	$ (4.16)	$ 0.17	$ 0.37
Diluted	$ (4.16)	$ 0.16	$ 0.35
Weighted-average common shares outstanding			
Basic	100,975	98,783	95,198
Diluted	100,975	101,816	102,640

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(in thousands)

	Year ended March 31,		
	2024	**2023**	**2022**
Cash flows from operating activities			
Net (loss) income	$ (420,448)	$ 16,870	$ 35,569
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	83,858	81,073	57,452
Non-cash interest expense	102	836	715
Allowance for credit losses	3,202	3,328	1,097
Stock-based compensation expense	33,763	30,401	19,304
Foreign exchange transaction gain	(101)	(1,026)	(2,062)
Change in fair value of contingent consideration	(372)	—	41,087
Right-of-use asset	906	5,661	6,043
Deferred income taxes	6,900	(6,039)	(3,981)
Impairment of goodwill	336,640	—	—
(Increase) decrease in assets:			
Accounts receivable, gross	(19,251)	83,893	(73,656)
Prepaid expenses	688	49	(5,500)
Other current assets	(6,287)	7,958	2,296
Other non-current assets	(5,194)	(636)	283
Increase (decrease) in liabilities:			
Accounts payable	40,190	(48,831)	31,762
Accrued revenue share	(34,955)	(26,002)	14,566
Accrued compensation	(3,552)	(18,228)	(43,907)
Other current liabilities	14,335	(10,044)	9,634
Other non-current liabilities	(1,747)	(5,887)	(5,964)
Net cash provided by operating activities	**28,677**	**113,376**	**84,738**
Cash flows from investing activities			
Equity investments	(19,634)	(8,499)	—
Purchase price adjustment related to business acquisition	65	(2,708)	(148,722)
Capital expenditures	(24,279)	(23,858)	(23,280)
Net cash used in investing activities	**(43,848)**	**(35,065)**	**(172,002)**
Cash flows from financing activities			
Proceeds from borrowings	50,000	25,500	549,060
Payment of debt issuance costs	—	(99)	(4,064)
Payment of deferred business acquisition consideration	—	—	(302,676)
Repayment of debt obligations	(77,134)	(149,000)	(52,772)
Acquisition of non-controlling interest in consolidated subsidiaries	(3,751)	—	—
Payment of withholding taxes for net share settlement of equity awards	(1,286)	(6,709)	(8,605)
Options exercised	2,871	2,020	4,300
Net cash provided by (used in) financing activities	**(29,300)**	**(128,288)**	**185,243**
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	2,518	(1,627)	(1,935)
Net change in cash, cash equivalents, and restricted cash	**(41,953)**	**(51,604)**	**96,044**
Cash, cash equivalents, and restricted cash, beginning of period	75,558	127,162	31,118
Cash, cash equivalents, and restricted cash, end of period	**$ 33,605**	**$ 75,558**	**$ 127,162**

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(in thousands)

	Year ended March 31,		
	2024	2023	2022
Supplemental disclosure of cash flow information			
Interest paid	$ 30,716	$ 20,187	$ 5,985
Income taxes paid	$ 1,529	$ 5,658	$ 1,715
Supplemental disclosure of non-cash activities			
Assets acquired not yet paid	$ 546	$ 445	$ 538
Right-of-use assets acquired under operating leases	$ 2,683	$ —	$ 544
Common stock issued for the acquisition of Fyber	$ —	$ 50,000	$ 356,686
Unpaid cash consideration for the acquisition of Fyber Minority Interest	$ —	$ —	$ 2,578
Fair value of unpaid contingent consideration in connection with business acquisitions	$ 2,366	$ 2,738	$ 50,000

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
(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 income	—	—	—	—	—	—	—	—	(420,228)	(220)	(420,448)
Foreign currency translation	—	—	—	—	—	—	—	(7,010)	—	739	(6,271)
Stock-based compensation expense	—	—	—	—	—	—	35,562	—	—	—	35,562
Shares issued:											
Exercise of stock options	1,050,553	—	—	—	—	—	2,871	—	—	—	2,871
Issuance of restricted shares and vesting of restricted units	1,610,010	—	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	(1,286)	—	—	—	(1,286)
Balance at March 31, 2024	102,118,932	$ 10	100,000	$ 100	758,125	$ (71)	$858,191	$ (48,955)	$ (595,343)	$ —	$213,932

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
(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, 2022	97,163,701	$ 10	100,000	$ 100	758,125	$ (71)	$745,661	$ (39,341)	$ (191,788)	$ 1,644	$516,215
Net income	—	—	—	—	—	—	—	—	16,673	197	16,870
Foreign currency translation	—	—	—	—	—	—	—	(2,604)	—	218	(2,386)
Stock-based compensation expense	—	—	—	—	—	—	31,245	—	—	—	31,245
Shares issued:											
Exercise of stock options	966,536	—	—	—	—	—	2,020	—	—	—	2,020
Issuance of restricted shares and vesting of restricted units	122,150	—	—	—	—	—	—	—	—	—	—
Shares for acquisition of Fyber	1,205,982	—	—	—	—	—	50,000	—	—	—	50,000
Acquisition of non-controlling interests in Fyber	—	—	—	—	—	—	—	—	—	—	—
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(6,709)	—	—	—	(6,709)
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

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

Digital Turbine, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
(in thousands, except share counts)

	Common Stock Shares	Amount	Preferred Stock Shares	Amount	Treasury Stock Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Controlling Interest	Total
Balance at March 31, 2021	89,790,086	$ 10	100,000	$ 100	758,125	$ (71)	$373,310	$ (903)	$ (227,334)	$ —	$145,112
Net income	—	—	—	—	—	—	—	—	35,546	23	35,569
Foreign currency translation	—	—	—	—	—	—	—	(38,438)	—	(957)	(39,395)
Stock-based compensation expense	—	—	—	—	—	—	19,970	—	—	—	19,970
Shares issued:											
Exercise of stock options	1,311,098	—	—	—	—	—	4,300	—	—	—	4,300
Issuance of restricted shares and vesting of restricted units	287,218	—	—	—	—	—	—	—	—	—	—
Shares for acquisition of Fyber	5,775,299	—	—	—	—	—	356,686	—	—	—	356,686
Acquisition of non-controlling interests in Fyber	—	—	—	—	—	—	—	—	—	2,578	2,578
Payment of withholding taxes related to the net share settlement of equity awards	—	—	—	—	—	—	(8,605)	—	—	—	(8,605)
Balance at March 31, 2022	97,163,701	$ 10	100,000	$ 100	758,125	$ (71)	$745,661	$ (39,341)	$ (191,788)	$ 1,644	$516,215

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

Digital Turbine, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 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 consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States ("GAAP"). The 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.

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.

In light 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, management has considered the potential impacts 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 consolidated financial statements.

Summary of Significant Accounting Policies

Revenue Recognition

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

ODS - Application Media

Supply - Carriers and OEMs

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

Demand - Developers and Advertisers

The Company generally offers these services through CPI, cost-per-placement ("CPP"), and/or cost-per-action ("CPA") arrangements with application developers and advertisers, generally in the form of insertion orders. The insertion orders specify the type of arrangement and additional terms such as advertising campaign budgets and timelines as well as any constraints on advertising types. These customer contracts can be open ended in regards to length of time and can renew automatically unless terminated; however, specific advertising campaigns are generally short-term in nature. Under these agreements, the Company delivers the customer's applications to end user mobile devices, allowing for the application to be installed by the end user at their discretion. The Company gains access and control of application slots on wireless carrier and OEM mobile devices and markets those slots on their behalf to the Company's customers.

The Company has concluded that the performance obligation within the contract is complete upon delivery of the application to the end user mobile device. Revenue recognition related to CPI and CPA arrangements is dependent upon an action of the end user. As a result, the transaction price is variable and is fully constrained until an install or action occurs. Revenue recognition related to CPP arrangements is dependent only upon the delivery of the application to the end user mobile device. As a result, revenue is recognized once delivery of the application has been completed as the Company's performance obligation has been fulfilled.

ODS - Content Media

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

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

AGP - Marketplace

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

AGP - Brand and Performance

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

Principal vs Agent Reporting

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

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

The Company recognizes the transaction price received from application developers, DSPs, and advertisers and recognizes the transaction price received net of the publishers’ share of the transaction price. The Company then bills the DSPs and advertisers on the gross transaction price amount and pays the publishers their share of such transaction price as costs of revenue - revenue share - in the accompanying consolidated statements of operations and comprehensive (loss) income. As a result, receivables and payables are presented gross in the accompanying balance sheet, while certain revenues are reported net.

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

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

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

Segment Reporting

The Company reports its results of operations through the two segments disclosed in Note 5—Segment Information, each of which represents an operating and reportable segment. Segment results herein are presented on a retrospective basis to reflect the reorganization.

Software Development Costs

The Company applies the principles of FASB ASC 985-20, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed* (“ASC 985-20”). ASC 985-20 requires that software development costs incurred in conjunction with product development be charged to research and development expense until technological feasibility is established. Thereafter, until the product is released for sale, software development costs must be capitalized and reported at the lower of unamortized cost or net realizable value of the related product. At this time, the Company does not invest significant capital into the research and development phase of new products and features as the technological feasibility aspect of our platform products has either already been met or is met very quickly.

The Company has adopted the “tested working model” approach to establishing technological feasibility for its products. Under this approach, the Company does not consider a product in development to have passed the technological feasibility milestone until the Company has completed a model of the product that contains essentially all the functionality and features of the final product and has tested the model to ensure that it works as expected. The Company capitalizes costs related to the development of software to be sold, leased, or otherwise marketed as it believes to have met the “tested working model” threshold. Development costs continue to be capitalized until the related software is released. The Company considers the following factors in determining whether costs can be capitalized: the emerging nature of the mobile market; the gradual evolution of the wireless carrier platforms and mobile phones for which it develops products; the uncertainty regarding a product’s revenue-generating potential; its lack of control over carrier distribution channels; and its historical practice of canceling products at any stage of the development process.

After products and features are released, all product maintenance cost are expensed.

The Company also applies the principles of FASB ASC 350-40, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use* (“ASC 350-40”). ASC 350-40 requires that software development costs incurred before the preliminary project stage be expensed as incurred. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the functions intended.

Capitalized software development costs, whether for software developed to be sold, leased, or otherwise marketed or for internal use, are generally amortized over a 3-year useful life. For fiscal years 2024, 2023, and 2022, the Company capitalized software development costs in the amount of $24,367, $22,816, and $23,784, respectively, and classified as property and equipment.

Unamortized computer software for the years ended March 31, 2024 and March 31, 2023, was $40,239 and $35,058, respectively, and is classified as property and equipment.

Cloud Computing Arrangements

The Company incurred costs to implement cloud computing arrangements hosted by third-party vendors. ASC 350-40 requires hosting arrangements that are service contracts to follow the guidance of internal-use software to determine which implementation costs can be capitalized. Implementation costs incurred during the application development stage are capitalized until the software is ready for its intended use. The costs are then amortized on a straight-line basis over the term of the associated hosting arrangement and are recognized as an operating expense with the consolidated statement of operations.

Beginning in the last quarter of fiscal year 2023, and continuing through September 2023, the Company conducted activities to implement new enterprise resource planning ("ERP") and human resource ("HR") systems to accommodate the Company's expanding operations. During this period, costs that were directly attributable to the development of the software were capitalized. In October 2023, the systems were deemed ready for their intended use. At this time, the Company promptly transitioned to expensing all subsequent costs and began amortizing the capitalized costs. In November 2023, the Company went live with the implementation of the new systems.

As of March 31, 2024, the net carrying value of capitalized implementation costs related to hosting arrangements that were incurred during the application development stage was $6,965, of which $1,239 was included in other current assets and $5,727 was included in other non-current assets. As of March 31, 2023, the net carrying value of capitalized implementation costs related to cloud computing arrangements that were incurred during the application development stage was $736, and was included in other non-current assets.

As of March 31, 2024 and 2023, amortization expenses for implementation costs of cloud-based computing arrangements were $619 and $0, respectively.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based awards made to employees and non-employee directors based on estimated fair values on the date of grant. To determine the fair value of the stock-based awards, we use the closing price of our common stock publicly traded on the Nasdaq on the date of grant for time-based and performance-based restricted stock awards, and we utilize the Black-Scholes option pricing model to value stock options, which involves the input of subjective assumptions, including the expected volatility of our common stock, interest rates, dividend rates, and an option's expected life. As a result, the financial statements include amounts that are based on our best estimates and judgments for the expenses recognized for stock-based compensation. The compensation expense is recognized on a straight-line basis over the requisite service or performance period. The Company may issue either new shares or treasury shares upon exercise of these awards. The Company accounts for forfeitures as they occur and records any excess tax benefits or deficiencies from equity awards in the Consolidated Statement of Operations in the reporting period for which the exercises occur. Performance-based restricted units ("PSUs") are evaluated on a quarterly basis for probability of meeting performance metrics and any adjustments to share-based compensation expense are then made in the quarter of evaluation. For PSUs, the Company must also make assumptions regarding the likelihood of achieving performance metrics. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially affected.

Defined Contribution Plan

The Company sponsors a 401(k) defined contribution plan for the benefit of all employees beginning on their date of hire. The plan allows eligible employees to contribute a portion of their annual compensation, not to exceed annual limits established by the federal government. The Company makes matching contributions of up to a certain percentage of an employee's contributions. For the years ended March 31, 2024, 2023 and 2022, the Company made contributions to the plan of $1,868, $1,360, and $811, respectively.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Income Taxes* ("ASC 740-10"), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. Under ASC 740-10, the Company determines deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of assets and liabilities along with net operating losses, if it is more likely than not the tax benefits will be realized using the enacted tax rates in effect for the year in which it expects the differences to reverse. To the extent a deferred tax asset cannot be realized, a valuation allowance is established.

ASC 740-10 prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the “more-likely-than-not” recognition threshold should be measured as the largest amount of the tax benefits, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement in the financial statements. Interest and penalties related to income tax matters are recognized as a component of the provision for income taxes.

The Company is required to evaluate its ability to realize its deferred tax assets using all available evidence, both positive and negative, and determine if a valuation allowance is needed. Further, ASC 740-10-30-18 outlines the four possible sources of taxable income that may be available to realize a tax benefit for deductible temporary differences and carry-forwards. The sources of taxable income are listed below from least to most subjective:

- Future reversals of existing taxable temporary differences
- Future taxable income exclusive of reversing temporary differences and carryforwards
- Taxable income in prior carryback year(s) if carryback is permitted under the tax law
- Tax-planning strategies that would, if necessary, be implemented to, for example:
    - Accelerate taxable amounts to utilize expiring carryforwards
    - Change the character of taxable or deductible amounts from ordinary income or loss to capital gain or loss
    - Switch from tax-exempt to taxable investments

The Company’s income is subject to taxation in both the U.S. and foreign jurisdictions. Significant judgment is required in evaluating the Company’s tax positions and determining its provision for income taxes. The Company establishes reserves for income tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves for tax contingencies are established when the Company believes that positions do not meet the more-likely-than-not recognition threshold. The Company adjusts uncertain tax liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

Foreign Currency Translation

The Company uses the U.S. dollar for financial reporting purposes. Some of our foreign subsidiaries use their local currency as their functional currency. Assets and liabilities of foreign operations are translated using current rates of exchange prevailing at the balance sheet date. Equity accounts have been translated at their historical exchange rates when the capital transaction occurred. Statement of Operations amounts are translated at average rates in effect for the reporting period. The foreign currency translation adjustment loss of $6,271, $2,386, and $39,395 in the years ended March 31, 2024, 2023 and 2022, respectively, has been reported as a component of comprehensive income (loss) in the consolidated statements of operations and comprehensive (loss) income and consolidated statements of stockholders’ equity.

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of cash on deposit with banks and short-term investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

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.

Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Where available, fair value is based on or derived from observable market prices or other observable inputs. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

The carrying amounts of certain financial instruments, such as cash equivalents, short term investments, accounts receivable, accounts payable, and accrued liabilities, approximate fair value due to their relatively short maturities. The carrying value of our debt, less capitalized debt issuance costs, approximates fair value.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are the lesser of 8-to-10 years or the term of the lease for leasehold improvements and 3-to-5 years for other assets.

Leases

Under *Leases* (Topic 842), the Company determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As most of our leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is a hypothetical rate based on our understanding of what our credit rating would be. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. When determining the probability of exercising such options, the Company considers contract-based, asset-based, entity-based, and market-based factors. Our lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the consolidated statements of operations. Our lease agreements generally do not contain any residual value guarantees or restrictive covenants.

The right-of-use asset components of our operating leases are included in right-of-use assets on our Consolidated Balance Sheets, while the current portion of our operating lease liabilities are included in other current liabilities and the long-term portion of our operating lease liabilities in other non-current liabilities on our Consolidated Balance Sheets.

Business Combinations

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, estimated replacement costs and future expected cash flows from acquired advertiser or publisher relationships, acquired technology, acquired patents, and acquired trade names from a market participant perspective. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Allocation of purchase consideration to identifiable assets and liabilities affects Company amortization expense, as acquired finite-lived intangible assets are amortized over the useful life, whereas any indefinite lived intangible assets, including goodwill, are not amortized. During the measurement period, which is not to exceed one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill

We evaluate goodwill for possible impairment at least annually or upon the occurrence of events or circumstances that indicate that they would more likely than not reduce the fair value of a reporting unit below its carrying amount. When the Company completes a quantitative assessment of goodwill impairment, the fair value of each reporting unit is determined and compared to the reporting unit's carrying value. If the carrying value of a reporting unit exceeds the fair value, a goodwill impairment charge is recorded. Determining the fair value of a reporting unit required the Company to make assumptions and estimates, the most significant of which are projected future growth rates, discount rates, capital expenditures, tax rates, gross margins and terminal value. Changes in key estimates or market conditions, could result in an impairment charge. For the year ended March 31, 2024, a goodwill impairment charge of $336,640 was recorded. As of March 31, 2023 and 2022, no impairment of goodwill was identified.

Impairment of Long-Lived Assets and Finite Life Intangibles

Long-lived assets, including intangible assets subject to amortization, primarily consist of customer relationships and developed technology that have been acquired and are amortized using the straight-line method over their useful lives, ranging from five to eighteen years, and are reviewed for impairment in accordance with FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

There were no indications of impairment present or that the carrying amounts may not be recoverable during the fiscal years ended March 31, 2024, 2023, and 2022.

Preferred Stock

The Company applies the guidance enumerated in FASB ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("ASC 480-10"), when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value in accordance with ASC 480-10. All other issuances of preferred stock are subject to the classification and measurement principles of ASC 480-10. Accordingly, the Company classifies conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control, as temporary equity. At all other times, the Company classifies its preferred shares in stockholders' equity.

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash deposits and accounts receivable.

A significant portion of the Company's cash was held at seven major financial institutions as of March 31, 2024, and March 31, 2023, which management assessed to be of high credit quality. Three of the major financial institutions as of March 31, 2024 and 2023 are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to $250 per depository account. As of March 31, 2024, and 2023, four major financial institutions are located outside the U.S., and therefore not subject to the jurisdiction of the FDIC. As of March 31, 2024, and 2023, the Company had $32,797 and $72,558 in excess of the FDIC-insured limit, respectively. The Company has not experienced any losses in such accounts.

The Company mitigates its credit risk with respect to accounts receivable by monitoring customers' accounts receivable balances. As of March 31, 2024 and 2023, no customer represented more than 10% of the Company's net accounts receivable balance.

For the fiscal years ended March 31, 2024, 2023, and 2022, the Company did not generate revenue from any single supply partner that was more than 10% of our net revenue. Further, no single customer was responsible for more than 10% of our net revenue during the fiscal years ended March 31, 2024, 2023, and 2022.

Recent Accounting Pronouncements

In October 2023, the FASB issued ASU No. 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative ("ASU 2023-06"). This standard modifies the disclosure or presentation requirements of a variety of topics in the ASC and aligns the ASC's requirements with the SEC's existing disclosure requirements. ASU 2023-06 is effective on the date each amendment is removed from Regulation S-X or Regulation S-K with early adoption prohibited. The amendments in ASU 2023-06 will be applied prospectively in the consolidated financial statements. The Company is currently evaluating the timing of its adoption of this standard and the impact in its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) ("ASU No. 2023-07"), which intends to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and should be applied retrospectively to all prior periods presented in the financial statements. Early adoption of the amendments is permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) ("ASU No. 2023-09), which requires public entities to disclose on an annual basis (1) specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The amendments in this ASU are effective for public business entities for annual periods beginning after December 15, 2024, and should be applied prospectively. Early adoption of the amendments is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In March 2024, the SEC adopted its climate-related final rule, The Enhancement and Standardization of Climate-Related Disclosures for Investors, which will require registrants to provide certain climate-related information in their registration statements and annual reports. The rules require significant effects of severe weather events and other natural conditions, as well as amounts related to carbon offsets and renewable energy credits or certificates to be disclosed in the audited financial statements in certain circumstances. The disclosure requirements related to financial statements are effective for the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2026. The Company is currently evaluating the impact of the rule on its disclosures.

Note 3—Acquisitions

Acquisition of In App Video Services UK LTD.

On November 1, 2022, the Company completed the acquisition of all outstanding ownership interests of In App Video Services UK LTD. ("In App"), pursuant to a Stock Purchase Agreement (the "In App Acquisition"). Prior to the Acquisition, In App acted as a third-party representative of the Company's App Growth Platform ("AGP") segment's products and services in the United Kingdom ("UK"). The acquisition of In App is part of the Company's strategy to make investments that provide opportunities to grow market share and increase revenue in important markets and geographies like the UK.

The Company acquired In App for total estimated consideration in the range of $2,250 to $5,500, paid as follows: (1) $2,708 paid in cash at closing, including a working capital adjustment of approximately $460, with $1,000 of that amount held in escrow for one-year and (2) 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. The earn out was not achieved for the calendar year ended December 31, 2022. The Company paid approximately $1,100 for the earn-out for the calendar year ended December 31, 2023.

On the acquisition date, the Company recorded the fair values of the assets acquired and liabilities assumed in the In App Acquisition, which resulted in the recognition of: (1) current assets, net of cash acquired, of $836, (2) current liabilities of $401, (3) acquisition purchase price liability of $2,738, and (4) goodwill of $4,957. The driving factor that makes up the recognized goodwill is the anticipated synergy between the Company's proprietary technology platforms and In App's full suite of digital solution offerings.

During the year ended March 31, 2024, the Company reassessed the fair value of the purchase price liability based on current forecasts. As a result of this assessment, no additional remeasurement was recorded. As of March 31, 2024, the total remeasurement gain was equal to $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.

Additionally, during the year ended March 31, 2024, the Company recorded a cumulative net measurement period adjustment that decreased goodwill by $65 (see Note 6—Goodwill and Intangible Assets). The Company made these measurement period adjustments to reflect the release and refund of escrow amounts in relation to the acquisition purchase price adjustment.

Note 4—Fair Value Measurements

Equity securities without readily determinable fair values

During the year ended March 31, 2024, the Company purchased certain non-marketable equity securities for total proceeds of $9,138. As of March 31, 2024 and March 31, 2023, the carrying value of the Company's investments in equity securities without readily determinable fair values totaled $17,637 and $8,499, respectively, and is 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 are 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 year ended March 31, 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 March 31, 2024 and March 31, 2023, Level 1 equity securities recorded at fair value were $501 and $0, respectively, and are classified as other non-current assets. As of March 31, 2024 and March 31, 2023, there were no Level 2 or Level 3 equity securities recorded at fair value.

Note 5—Segment Information

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company has determined that its Chief Executive Officer is the CODM. The Company reports its results of operations through the following two segments, each of which represents an operating and reportable segment, as follows:

- **On Device Solutions ("ODS") -** This segment generates revenue from the delivery of mobile application media or content to end users with solutions for all participants in the mobile application ecosystem that want to connect with end users and consumers who hold the device. This includes mobile carriers and device OEMs that participate in the app economy, app publishers and developers, and brands and advertising agencies. This segment's product offerings are enabled through relationships with mobile device carriers and OEMs.

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

The Company's CODM evaluates 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:

	Year ended March 31, 2024			
	ODS	AGP	Elimination	Consolidated
Net revenue (1)	$ 370,112	$ 178,760	$ (4,390)	$ 544,482
Revenue share (1)	228,296	38,320	(4,390)	262,226
Segment profit	$ 141,816	$ 140,440	$ —	$ 282,256

(1) Amounts are presented on an accrual basis.

	Year ended March 31, 2023			
	ODS	AGP	Elimination	Consolidated
Net revenue (1)	$ 420,328	$ 252,995	$ (7,403)	$ 665,920
Revenue share (1)	247,356	69,294	(7,403)	309,247
Segment profit	$ 172,972	$ 183,701	$ —	$ 356,673

(1) Amounts are presented on an accrual basis.

	Year ended March 31, 2022			
	ODS	AGP	Elimination	Consolidated
Net revenue (1)	$ 502,636	$ 262,336	$ (17,376)	$ 747,596
Revenue share (1)	304,673	83,351	(17,376)	370,648
Segment profit	$ 197,963	$ 178,985	$ —	$ 376,948

(1) Amounts are presented on an accrual basis.

Geographic Area Information

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

	March 31, 2024	March 31, 2023
United States and Canada	$ 32,899	$ 25,903
Europe, Middle East, and Africa	12,809	13,395
Asia Pacific and China	74	29
Consolidated property and equipment, net	$ 45,782	$ 39,327

	March 31, 2024	March 31, 2023
United States and Canada	$ 4,314	$ 3,530
Europe, Middle East, and Africa	4,598	6,543
Asia Pacific and China	215	—
Consolidated right-of-use assets	$ 9,127	$ 10,073

	March 31, 2024	March 31, 2023
United States and Canada	$ 133,381	$ 122,377
Europe, Middle East, and Africa	175,878	252,524
Asia Pacific and China	4,246	4,731
Consolidated intangible assets, net	$ 313,505	$ 379,632

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

	Year ended March 31, 2024		
	ODS	AGP	Total
United States and Canada	$ 148,482	$ 119,979	$ 268,461
Europe, Middle East, and Africa	171,967	41,374	213,341
Asia Pacific and China	47,562	17,319	64,881
Mexico, Central America, and South America	2,101	88	2,189
Elimination	—	—	(4,390)
Consolidated net revenue	$ 370,112	$ 178,760	$ 544,482

	Year ended March 31, 2023		
	ODS	AGP	Total
United States and Canada	$ 188,023	$ 142,522	$ 330,545
Europe, Middle East, and Africa	170,585	80,464	251,049
Asia Pacific and China	55,140	28,776	83,916
Mexico, Central America, and South America	6,580	1,233	7,813
Elimination	—	—	(7,403)
Consolidated net revenue	$ 420,328	$ 252,995	$ 665,920

	Year ended March 31, 2022		
	ODS	AGP	Total
United States and Canada	$ 285,062	$ 132,170	$ 417,232
Europe, Middle East, and Africa	132,040	99,413	231,453
Asia Pacific and China	72,245	27,882	100,127
Mexico, Central America, and South America	13,289	2,871	16,160
Elimination	—	—	(17,376)
Consolidated net revenue	$ 502,636	$ 262,336	$ 747,596

Note 6—Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by segment follows:

	ODS	AGP	Total
Goodwill as of March 31, 2023	$ 80,176	$ 481,400	$ 561,576
Purchase price adjustment related to business acquisitions	—	(65)	(65)
Foreign currency translation	—	(4,799)	(4,799)
Impairment of goodwill	$ —	$ (336,640)	$ (336,640)
Goodwill as of March 31, 2024	$ 80,176	$ 139,896	$ 220,072

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. As a result of the triggering event described below, the Company performed a goodwill impairment evaluation as of September 30, 2023. In addition to this, the Company performed its annual impairment evaluation as of March 31, 2024. For both periods evaluated, the Company determined that the fair value of the AGP reporting unit was below its carrying value. As a result of these evaluations, the Company recorded two separate impairment charges during fiscal year 2024.

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.

Additionally, the Company 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 as described above. The Company completed the annual impairment assessment of its goodwill, and as a result, recorded an additional $189,459 non-deductible, non-cash goodwill impairment charge for the AGP reporting unit as of March 31, 2024.

For each goodwill impairment evaluation performed at September 30, 2023 and March 31, 2024, respectively, the fair value of each reporting unit was estimated using a weighted combination of the income approach, which incorporates the use of the discounted cash flow method, and the market approach (the "Guideline Public Company Method"). The Company's interim and annual testing reflected a 75%/25% allocation between the income and market approaches. The Company believes the 75% weighting to the income approach is appropriate, as it directly reflects its future growth and profitability expectations.

The discounted cash flow method requires significant assumptions and estimates, the most significant of which are projected future growth rates, capital expenditures, tax rates, gross margins and terminal values. In addition, the Company determines its weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. For the September 30, 2023 impairment evaluation, as compared to the Company's annual evaluation as of March 31, 2023, the Company reduced its estimated future cash flows used in the impairment assessment, including revenues, gross profits, and EBITDA to reflect its best estimates at that time. For the March 31, 2024 annual impairment evaluation, as compared to the Company's interim evaluation as of September 30, 2023, the Company further reduced its estimated future cash flows, including revenues, gross profits, and EBITDA to reflect its best estimates at this time. In each evaluation, the Company also updated key inputs for the discounted cash flow models, including the weighted-average cost of capital, which incrementally increased due to higher interest rates, market volatility, and the company specific premium.

The market approach estimates the fair value of the reporting unit by applying multiples of operating performance measures to the reporting unit's operating performance. These multiples are derived from comparable publicly-traded companies with similar investment characteristics. For the September 30, 2023 impairment evaluation, as compared to the March 31, 2023 testing, the Company reduced its revenue and EBITDA market multiples, reflecting declining valuations across the Company's selected peer group. For the March 31, 2024 impairment evaluation, as compared to the September 30, 2023 evaluation, the Company further reduced its revenue and EBITDA market multiples, reflecting declining valuations across the Company's selected peer group. These updates, along with those made to the discounted cash flow models described above, had significant impacts on the estimated fair values of the Company's reporting units.

There was no impairment of goodwill for the ODS reporting unit during the fiscal year.

As of March 31, 2024, the Company recorded a purchase price adjustment of $65 associated with the acquisition of In App Video.

Intangible Assets

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

	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

	As of March 31, 2023			
	Weighted-Average Remaining Useful Life	Cost	Accumulated Amortization	Net
Customer relationships	12.06 years	$ 170,281	$ (39,925)	$ 130,356
Developed technology	5.28 years	146,596	(38,813)	107,783
Trade names	2.33 years	69,983	(27,115)	42,868
Publisher relationships	17.83 years	109,028	(10,403)	98,625
Total		$ 495,888	$ (116,256)	$ 379,632

During the fiscal years ended March 31, 2024, 2023, and 2022, the Company recorded amortization expense of $64,358, $64,608, and $48,420, respectively, in general and administrative expenses on the consolidated statements of operations and comprehensive (loss) income. As of March 31, 2022, the Company changed the useful lives of all its trade names intangible assets to approximately 3.33 years due to the rebranding of the Company's past acquisitions.

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

Fiscal year 2025	$ 55,639
Fiscal year 2026	41,381
Fiscal year 2027	35,260
Fiscal year 2028	35,260
Fiscal year 2029	18,375
Thereafter	127,590
Total	$ 313,505

Note 7—Accounts Receivable

	March 31, 2024	March 31, 2023
Billed	$ 136,604	$ 136,921
Unbilled	64,117	51,474
Allowance for credit losses	(9,706)	(10,206)
Accounts receivable, net	$ 191,015	$ 178,189

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 March 31, 2024 are expected to be billed and collected (subject to the allowance for credit losses) within twelve months.

Allowance for Credit Losses

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

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

	Year ended March 31,	
	2024	2023
Balance, beginning of period	10,206	8,393
Provision for credit losses	3,202	3,342
Write-offs, net of recoveries	(3,702)	(1,529)
Balance, end of period	9,706	10,206

The Company recorded $3,202, $3,342, and $1,583 of credit loss expense during the years ended March 31, 2024, 2023, and 2022, respectively, in general and administrative expenses on the consolidated statements of operations and comprehensive (loss) income.

Note 8—Property and Equipment

	March 31, 2024	March 31, 2023
Computer-related equipment	$ 7,057	$ 3,527
Developed software	88,258	63,891
Furniture and fixtures	2,069	2,103
Leasehold improvements	3,690	3,647
Property and equipment, gross	101,074	73,168
Accumulated depreciation	(55,292)	(33,841)
Property and equipment, net	$ 45,782	$ 39,327

Depreciation expense for the years ended March 31, 2024, 2023, and 2022, was $19,504, $16,465, and $9,032, respectively.

During the years ended March 31, 2024, 2023, and 2022, depreciation expense includes $15,459, $10,190, and $4,617, respectively, related to internal-use assets included in general and administrative expense and $4,045, $6,275, and $4,415, respectively, related to internally-developed software to be sold, leased, or otherwise marketed included in other direct costs of revenue.

During the years ended March 31, 2024, 2023, and 2022, the Company did not write down any computer software balances to net realizable value.

Note 9—Leases

The Company has entered into or assumed through acquisitions, various non-cancellable operating lease agreements primarily for office space. These lease agreements expire between fiscal years 2025 and 2029 and, in certain cases, include one or more options to renew. The Company recognizes a right-of-use (“ROU”) asset and lease liability at the lease commencement date based on the estimated present value of lease payments over the lease term. Variable lease payments consisting of non-lease component and services are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation is incurred.

Leases are classified on the balance sheet as follows:

	March 31, 2024	March 31, 2023
Operating lease right-of-use assets	$ 9,127	$ 10,073
Current operating lease liabilities	3,038	7,191
Non-current operating lease liabilities	5,747	6,172
Weighted-average remaining terms	3.58 years	3.92 years
Weighted-average discount rate	3.55 %	2.53 %

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

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

	March 31, 2024
Fiscal year 2025	$ 4,371
Fiscal year 2026	2,230
Fiscal year 2027	1,655
Fiscal year 2028	1,215
Fiscal year 2029	1,015
Thereafter	97
Total undiscounted cash flows	10,583
(Less imputed interest)	(1,798)
Present value of lease liabilities	$ 8,785

During the years ended March 31, 2024, 2023, and 2022, expenses related to operating leases were $4,953, $6,854, and $5,704, respectively, and were included in operating expenses.

Note 10—Other Current Liabilities

Other current liabilities consisted of the following:

	March 31, 2024	March 31, 2023
Accrued expenses	$ 7,376	$ 3,348
Accrued interest	3,414	4,066
Foreign income tax payable	14,371	11,240
Other current liabilities	10,520	2,723
Total	35,681	21,377

Note 11—Debt

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

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

	March 31, 2023		
	Balance	Interest Rate	Unused Line Fee
Revolver (subject to variable interest rate)	$ 413,134	6.54 %	0.20 %

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

	March 31, 2024	March 31, 2023
Revolver	$ 386,000	$ 413,134
Less: Debt issuance costs	(2,510)	(2,612)
Long-term debt, net of debt issuance costs	$ 383,490	$ 410,522

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 "New Credit Agreement") with BoA, as a lender and administrative agent, and a syndicate of other lenders, which provided for a revolving line of credit of up to $400,000. The revolving line of credit matures on April 29, 2026, and contains an accordion feature enabling the Company to increase the total amount of the Revolver by $75,000 plus an amount that would enable the Company to remain in compliance with its consolidated secured net leverage ratio, on such terms as agreed to by the parties. The New Credit Agreement 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 New 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, which will be SOFR plus between 1.50% and 2.75%, based on the Company's consolidated secured net leverage ratio.

Other than the changes described above regarding the covenants in the Third Amendment, the amendments discussed made no other changes to the terms of the New 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 $4,937 for the New Credit Agreement, inclusive of costs incurred for the First, Second, and Third 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 March 31, 2024, the Company had $386,000 drawn against the New Credit Agreement, classified as long-term debt on the consolidated balance sheets, with remaining unamortized debt issuance costs of $2,510.

As of March 31, 2024, amounts outstanding under the New Credit Agreement accrue interest at an annual rate equal to, at the Company's election, (i) SOFR plus between 1.50% and 2.75%, 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 1.75%, based on the Company's consolidated secured leverage ratio. Additionally, the New Credit Agreement is subject to an unused line of credit fee between 0.15% and 0.35% per annum, based on the Company's consolidated leverage ratio. As of March 31, 2024, the interest rate was 7.71% and the unused line of credit fee was 0.35%.

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

As of March 31, 2024, the Company had $139,000 available to draw on the revolving line of credit under the New Credit Agreement, excluding the accordion feature, subject to the required covenants. As of March 31, 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 consolidated statements of operations and comprehensive (loss) income, as follows:

	Year ended March 31,		
	2024	2023	2022
Interest expense, net	$ (29,566)	$ (22,420)	$ (7,571)
Amortization of debt issuance costs	(906)	(831)	(715)
Unused line of credit fees and other	(366)	(101)	(209)
Total interest expense, net	$ (30,838)	$ (23,352)	$ (8,495)

Note 12—Stock-Based Compensation

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

On September 15, 2020, the Company’s stockholders approved the 2020 Plan, pursuant to which the Company may grant equity incentive awards to directors, employees and other eligible participants. 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. As of March 31, 2024, 4,677,162 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, 2023	6,950,436	$ 12.73	6.12	$ 45,689
Granted	602,491	12.66		
Exercised	(1,223,630)	3.24		
Forfeited / Expired	(531,428)	27.42		
Options outstanding as of March 31, 2024	5,797,869	$ 13.26	5.39	$ 2,423
Exercisable as of March 31, 2024	4,779,833	$ 11.64	4.70	$ 2,423

At March 31, 2024, total unrecognized stock-based compensation expense related to unvested stock options, net of estimated forfeitures, was $11,869, 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, 2023	1,670,589	$ 24.96
Granted	4,565,093	9.92
Vested	(1,723,149)	15.93
Forfeited	(592,691)	14.53
Unvested restricted shares outstanding as of March 31, 2024	3,919,842	$ 12.44

At March 31, 2024, total unrecognized stock-based compensation expense related to RSUs, PSUs and RSAs, net of estimated forfeitures was $34,445, with an expected remaining weighted-average recognition period of 1.87 years.

Valuation of Awards

For stock options granted, the Company uses the Black-Scholes option pricing model to estimate the fair value of stock options at grant date. The Black-Scholes option pricing model incorporates various assumptions, including volatility, expected term, risk-free interest rates, and dividend yields. The assumptions utilized in this model during fiscal years 2024, 2023, and 2022 are presented below.

	Year ended March 31,		
	2024	2023	2022
Risk-free interest rate	3.82% to 4.29%	2.71% to 4.38%	0.63% to 1.77%
Expected life of the options (years)	4.70 to 4.72	5.27 to 5.33	4.82 to 5.27
Expected volatility	88% to 88%	72% to 80%	72% to 72%
Expected dividend yield	—%	—%	—%

Total fair value of options vested and total intrinsic value of options exercised was as follows for the fiscal years presented:

	Year ended March 31,		
	2024	2023	2022
Total fair value of options vested	$ 12,334	$ 15,375	$ 11,495
Total intrinsic value of options exercised	$ 6,441	$ 16,909	$ 68,163

Stock-Based Compensation Expense

Stock-based compensation expense for the years ended March 31, 2024, 2023, and 2022, was $33,763, $30,401, and $19,304, respectively, and was recorded within general and administrative expenses on the consolidated statements of operations and comprehensive (loss) income.

Note 13—Earnings per Share

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

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

	Year ended March 31,		
	2024	2023	2022
Net (loss) income per common share	(420,448)	16,870	35,569
Less: net (loss) income attributable to non-controlling interest	(220)	197	23
Net (loss) income to Digital Turbine, Inc.	$ (420,228)	$ 16,673	$ 35,546
Weighted-average common shares outstanding, basic	100,975	98,783	95,198
Basic net (loss) income per common share attributable to Digital Turbine, Inc.	$ (4.16)	$ 0.17	$ 0.37
Weighted-average common shares outstanding, diluted	100,975	101,816	102,640
Diluted net (loss) income per common share attributable to Digital Turbine, Inc.	$ (4.16)	$ 0.16	$ 0.35

Potentially dilutive outstanding securities of 4,405,087, 1,390,650, and 559,190 for the years ended March 31, 2024, 2023, and 2022, respectively, were outstanding but not included in the calculation of diluted earnings per share because inclusion of the securities in the calculation would be antidilutive due to their exercise prices exceeding the average market price of the common shares during the periods.

Note 14—Income Taxes

The components of the Company's income tax provision (benefit) attributable to operations are as follows:

	Year ended March 31, 2024	2023	2022
Current:			
U.S. federal	$ —	$ (38)	$ 236
State and local	—	637	703
Non-U.S.	8,262	10,313	7,439
	8,262	**10,912**	**8,378**
Deferred:			
U.S. federal	5,925	3,026	1,485
State and local	5,491	(3,430)	(1,350)
Non-U.S.	(4,361)	(5,362)	(110)
	7,055	**(5,766)**	**25**
Income tax provision	**$ 15,317**	**$ 5,146**	**$ 8,403**

(Loss) income before income taxes included (loss) income from domestic operations of $(170,057), $(6,801), and $6,504 for the years ended March 31, 2024, 2023, and 2022, respectively, and (loss) income from foreign operations of $(235,074), $28,817 and $37,468 for the years ended March 31, 2024, 2023, and 2022, respectively.

A reconciliation of income tax expense using the statutory U.S. income tax rate compared with the actual income tax provision follows:

	Year ended March 31, 2024	2023	2022
Statutory federal income taxes	$ (85,077)	$ 4,650	$ 9,256
State income taxes, net of federal benefit	—	77	938
State rate remeasurement	1,680	(2,992)	—
Non-deductible expenses	176	67	2,891
Disallowed executive compensation	1,145	1,070	—
Excess deductions for stock compensation	2,783	1,167	(9,946)
Foreign income inclusion, net	—	3,926	—
Foreign rate differential	(544)	(2,682)	(1,554)
Impairment of goodwill	64,346	—	—
Change in Mobile Posse earn-out	—	—	—
Change in Fyber earn-out	—	—	10,500
Change in AdColony earn-out	—	—	(1,872)
Research and development tax credit	(721)	(3,000)	—
Change in uncertain tax liability	144	600	52
Change in valuation allowance	29,010	6,500	(1,503)
Return-to-provision adjustments	2,375	(4,237)	(454)
Other miscellaneous	—	—	95
Income tax provision	**$ 15,317**	**$ 5,146**	**$ 8,403**

The Company's effective tax rate differs from the U.S. federal statutory tax rate primarily as a result of changes in valuation allowance, impairment of goodwill, and nondeductible executive compensation.

ASC 740 requires the consideration of a valuation allowance, on a jurisdictional basis, to reflect the likelihood of realization of deferred tax assets. Significant management judgment is required in determining any valuation allowance recorded against deferred tax assets. A net tax expense of $29,010 was realized in the fiscal year ended March 31, 2024, as a result of changes in the valuation allowance. A valuation allowance of $55,852 was recorded against deferred tax assets as of March 31, 2024, related to non-U.S. locations with a history of losses.

A net tax benefit of $6,500 was realized in the fiscal year ended March 31, 2023, as a result of changes in the valuation allowance. A valuation allowance of $25,921 was recorded against deferred tax assets as of March 31, 2023, related to non-U.S. locations.

The 2017 tax reform act amended the Internal Revenue Code ("Code"), effective for amounts paid or incurred in tax years beginning after December 31, 2021, to eliminate the immediate expensing of research and experimental expenditures ("R&E") and to require taxpayers to charge their R&E expenditures and software development costs (collectively, R&E expenditures) to a capital account. Capitalized costs are required to be amortized over five years (15 years for expenditures attributable to foreign research). Additionally, the R&E credit may only be claimed for costs that are eligible to be treated as R&E expenditures under the Code. At March 31, 2024, the Company has charged a total of $20,900 of R&E expenditures and software development costs to a capital account and has recorded tax amortization of $5,800 on such costs to date.

The Inflation Reduction Act ("IRA") was signed into law in August 2022. The Company has evaluated the provisions of the IRA and does not expect any material impact to its consolidated provision for income taxes.

Deferred income tax assets and liabilities consist of the following:

	Year ended March 31,		
	2024	2023	2022
Deferred income tax assets			
Net operating loss carry-forward	$ 74,997	$ 63,660	$ 76,219
Stock-based compensation	6,527	7,009	3,765
Accrued compensation	219	1,562	3,724
Capitalized research and experimentation expenses	2,311	4,965	—
Disallowed Interest	7,886	1,366	1,700
Gross deferred income tax assets	**91,940**	**78,562**	**85,408**
Valuation allowance	(55,852)	(25,921)	(19,914)
Net deferred income tax assets	**36,088**	**52,641**	**65,494**
Deferred income tax liabilities			
Depreciation and amortization	(1,427)	(2,063)	(5,795)
Intangibles and goodwill	(55,085)	(64,518)	(79,675)
Net deferred income tax assets (liabilities)	**$ (20,424)**	**$ (13,940)**	**$ (19,976)**

The following details the scheduled expiration dates of the Company's net operating loss (NOL) carryforwards:

	2025 Through 2034	2035 Through 2044	Indefinite	Total
U.S. federal NOLs		$ 48,115	$ 53,556	$ 101,671
State taxing jurisdictions NOLs	8,695	121,466	29,211	159,372
Non-U.S. NOLs			154,548	154,548
Total, net	**$ 8,695**	**$ 169,581**	**$ 237,315**	**$ 415,591**

The Company's income is subject to taxation in both the U.S. and foreign jurisdictions. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. The Company establishes liabilities for income tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These liabilities for tax contingencies are established when the Company believes that a tax position is not more likely than not sustainable. The Company adjusts these liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

The Company has not provided for deferred taxes on approximately $69,429 of undistributed earnings from foreign subsidiaries as of March 31, 2024. The Company has not provided for any additional deferred taxes with respect to items such as foreign withholding taxes, state income tax, or foreign exchange gain or loss that would be due when cash is repatriated to the U.S. because those foreign earnings are considered permanently reinvested in the business or may be remitted substantially free of any additional taxes. Because of the various avenues to repatriate the earnings, the determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings, if eventually remitted, is not practicable.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the years ended March 31, 2024, 2023, and 2022, is as follows:

	Year ended March 31,		
	2024	2023	2022
Balance at April 1	**$ 2,024**	**$ 1,424**	**$ 1,372**
Additions for tax positions of prior years	144	600	52
Reductions for tax positions of prior years	—	—	—
Balance at March 31	**$ 2,168**	**$ 2,024**	**$ 1,424**

Included in the net deferred income tax assets (liabilities) balances at March 31, 2024, 2023, and 2022, on our consolidated balance sheets are $2,168, $2,024, and $1,424, respectively, of unrecognized tax benefits, which would affect the annual effective tax rate if recognized. The Company recognized $24, $44, and $59 for interest and penalties on uncertain income tax liabilities in income tax expense for the years ended March 31, 2024, 2023, and 2022, respectively. The Company does not expect the amount of unrecognized tax benefits to change significantly in the next twelve months.

The Company's U.S. federal, state, and foreign income tax returns generally remain subject to examination for the tax years ended 2019 through 2024.

Note 15—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 $269,315 over the next six fiscal years.

Future minimum payments under these hosting agreements with a remaining term in excess of one year are as follows:

Fiscal year 2025	$ 36,365
Fiscal year 2026	43,200
Fiscal year 2027	45,750
Fiscal year 2028	49,000
Fiscal year 2029	53,000
Fiscal year 2030	42,000
Total	**$ 269,315**

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. The court has not yet issued a ruling on the Company's motion to dismiss the amended complaint. 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 have been stayed under a court order, pending a 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. 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 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2024. Based on that evaluation, management concluded that, as of such date, the Company's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation, the Company's management concluded that its internal control over financial reporting was effective as of March 31, 2024.

Grant Thornton LLP, an independent registered public accounting firm, has issued a report on our internal control over financial reporting. This report is included in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

Except as noted below, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the year ended March 31, 2024, we implemented a new enterprise resource planning (“ERP”) system. The new ERP system replaced our previous ERP systems, including our accounting systems and general ledgers. As a result of this implementation, we modified certain existing controls and implemented new controls and procedures related to the new ERP system to maintain appropriate internal control over financial reporting during and after the system change.

Limitations on Effectiveness of Controls and Procedures and Internal Control over Financial Reporting

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Further, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

ITEM 9B. OTHER INFORMATION

Executive Compensation Matters

On May 23, 2024, the Company’s Board of Directors (the “Board”) adopted a second amendment (the “Second Amendment”) to the Company’s 2020 Equity Incentive Plan (the “Plan”) pursuant to which the annual per participant numerical share award limit of 500,000 shares was eliminated. The Second Amendment was effective upon the Board’s approval of such Second Amendment and does not require separate stockholder approval because the amendment is immaterial under Nasdaq rules.

On May 24, 2024, the Board and the Compensation and Human Capital Management Committee of the Board (the “Compensation Committee”) approved compensation for William Stone, the Company’s Chief Executive Officer, Barrett Garrison, the Company’s Chief Financial Officer, and Senthil Kanagaratnam, the Company’s Chief Technology Officer. In connection with such approvals, the Compensation Committee granted Messrs. Stone, Garrison and Kanagaratnam performance-based restricted stock units (“PSUs”) and contingent stock options as described below.

Messrs. Stone, Garrison and Kanagaratnam were granted PSUs covering 500,000, 250,000, and 250,000 shares of Company common stock, respectively, that will vest two-thirds based upon achievement of a three-year annual operating plan revenue target and adjusted EBITDA target (each target representing 50% of the achievement vesting) and one-third based on achievement of a three-year growth revenue target and growth adjusted EBITDA target (each target representing 50% of the achievement vesting), which targets were determined by the Board, with threshold, target and stretch target payout percentages of 50%, 100%, and 200% of the target number of shares based on the extent of achievement of the applicable performance targets. Thus, each executive has the opportunity to vest from 50% to a maximum of 200% of such PSUs depending on the extent to which the revenue and adjusted EBITDA goals are achieved. If the Company’s achievement of performance goals falls in between the threshold and stretch percentages, such amounts will be interpolated on a linear basis in calculating the number of target shares vested.

Messrs. Stone, Garrison and Kanagaratnam were granted contingent stock options covering 500,000, 250,000 and 250,000 shares of Company common stock, respectively, with an exercise price equal to the closing price of the Company common stock on May 24, 2024, the contingent option grant date. These stock options are contingent on and subject to stockholder approval of an amendment to the Plan to increase the number of shares available for grant under the Plan at the Company’s upcoming 2024 annual meeting of stockholders (the “2024

Annual Meeting"). Assuming stockholder approval of such Plan amendment at the 2024 Annual Meeting, these stock options would vest 25% on each of the first four anniversaries of the grant date (May 24, 2024) for Mr. Stone and one-third on each of the first three anniversaries of the grant date (May 24, 2024) for Messrs. Garrison and Kanagaratnam.

In addition, the Compensation Committee approved a cash incentive bonus program for Mr. Stone pursuant to which Mr. Stone would be paid a cash bonus of $2,400,000 upon the Company's achievement of the following performance goals: two-thirds of such bonus would be paid upon the Company's achievement of a three-year annual operating plan revenue target and adjusted EBITDA target (each target representing 50% of the achievement payout) and one-third of such bonus would be paid upon the Company's achievement of a three-year growth revenue target and growth adjusted EBITDA target (each target representing 50% of the achievement payout).

In addition, the Compensation Committee approved a cash incentive bonus for Mr. Kanagaratnam of $240,000, to be paid in eight (8) quarterly installments of $30,000 each until the second anniversary of the approval date (so long as Mr. Kanagaratnam continues to be employed by the Company at the time of such payment).

Appointment of New Executive

Michael Akkerman entered into an Employment Agreement with the Company pursuant to which Mr. Akkerman will join the Company as Chief Business Officer on June 3, 2024.

Prior to joining the Company, Mr. Akkerman, age 39, served as GM, Advertising (Rider Mobility Ads) for Uber Technologies Inc., a technology platform company that enables movement to different physical locations, from April 2023 until joining the Company. From June 2022 to January 2023, he served as Chief Revenue Officer and Product Consultant for data.ai, a data artificial intelligence platform company for brands and publishers to optimize mobile and digital performance. He also served from May 2022 to April 2023 as CEO and principal consultant for Beach Road Consulting, a commercial strategy and product management consulting company. From December 2019 to May 2022, he served as Chief Product & Strategy Officer for Cardlytics, Inc., a digital advertising and customer data technology platform company. From July 2015 to December 2019, he served as Global Head of Partnerships for Pinterest, Inc., a visual search and discovery platform technology company focusing on search, commerce and social. Prior to that time, Mr. Akkerman served in various corporate strategy positions for software and technology companies. Mr. Akkerman received a Bachelor's Degree in Psychology and History from the University of New South Wales.

Under the terms of his Employment Agreement, Mr. Akkerman will receive an annual base salary of $410,000, a signing bonus of $37,000 (which is subject to reimbursement in the event Mr. Akkerman's voluntarily resigns or is terminated for cause prior to the first anniversary of his start date), will be eligible to participate in the Company's annual incentive program at an incentive target level of 100% of base salary, will be entitled to severance benefits commensurate with the other senior executives of the Company, and will be granted the following equity awards under the Plan, the grant date for which will be June 3, 2024 (his start date): (a) $750,000 in time-vesting restricted stock unit awards (the number of shares underlying which will be determined based on the closing price per share on his start date), which awards will vest over twenty-four months until the second anniversary of his start date, and (b) $750,000 in contingent stock options to acquire shares of Company common stock (the number of shares underlying which to be determined using the Black-Scholes model), with an exercise price equal to the closing stock price on the date of grant (his start date). These stock options are contingent on and subject to stockholder approval of an amendment to the Plan to increase the number of shares available for grant under the Plan at the 2024 Annual Meeting. Assuming stockholder approval of such Plan amendment at the 2024 Annual Meeting, these stock options would vest over twenty-four months until the second anniversary of his start date.

There are no transactions, or proposed transactions, to which the Company is or was a party and in which Mr. Akkerman had a direct or indirect material interest that are required to be disclosed under Item 404(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

2020 Equity Incentive Plan and Amended and Restated 2011 Equity Incentive Plan

On September 15, 2020, the Company's stockholders approved the 2020 Equity Incentive Plan of Digital Turbine, Inc. (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 are 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" ("ISOs"), as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options ("NQSOs").

Previous to the approval of the 2020 Plan, stock awards were issued under the Amended and Restated Digital Turbine, Inc. 2011 Equity Incentive Plan (the "2011 Plan"), which was approved and adopted by our stockholders by written consent on May 23, 2012. The 2011 Plan provided for grants of stock-based incentive awards to our and our subsidiaries' officers, employees, non-employee directors, and consultants. Awards issued under the 2011 Plan can include stock options, stock appreciation rights, restricted stock, and restricted stock units. Stock options may be either ISOs, as defined in Section 422 of the Internal Revenue Code of 1986, as amended, or NQSOs.

The 2011 Plan and 2020 Plan are collectively referred to as "Digital Turbine's Incentive Plans."

The 2011 Plan reserved 20,000,000 shares for issuance, of which zero remain available as of March 31, 2024. No future grants will be issued pursuant to the 2011 Plan. At the point when the 2011 Plan was retired, 4,452,064 remained unissued. All future awards will be issued under the 2020 Plan.

The 2020 Plan reserves 12,000,000 shares for issuance, of which 4,677,162 remained available for issuance as of March 31, 2024.

Equity Compensation Plan Information

The following table sets forth information concerning Digital Turbine's Incentive Plans as of March 31, 2024.

	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plan approved by security holders			
Amended and Restated 2011 Equity Incentive Plan	3,749,660	$ 3.23	—
2020 Equity Incentive Plan	2,048,209	31.63	4,677,162
Equity compensation plan not approved by security holders	—	—	—
Total	5,797,869	13.26	4,677,162

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

Refer to "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Financial statement schedules are omitted because they are inapplicable or the required information is shown in the consolidated financial statements, or notes thereto, included herein.

3. Exhibits

Exhibit No.	Description
2.1	Share Purchase Agreement, dated February 26, 2021, by and among the Company, DT Media, AdColony Holding AS, and Otello Corporation ASA (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on March 1, 2021).
2.2	Amendment to Share Purchase Agreement, dated as of August 27, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine AdColony AS, AdColony Holding AS, and Otello Corporation ASA (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on August 27, 2021).
2.3	Sale and Purchase Agreement, dated March 22, 2021, by and among Tennor Holding B.V., Advert Finance B.V., and Lars Windhorst, as sellers, and Digital Turbine and Digital Turbine Luxembourg S.à r.l., a private limited company under the laws of the Grand Duchy of Luxembourg and a subsidiary of Digital Turbine, as purchaser (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on March 23, 2021).
2.4	First Amendment Agreement to the Sale and Purchase Agreement, dated May 25, 2021, by and among Tennor Holding B.V., Advert Finance B.V., Lars Windhorst, Digital Turbine, Inc., Digital Turbine Media, Inc., and Digital Turbine Luxembourg S.à r.l., (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on May 28, 2021).
2.5	Second Amendment Agreement to the Sale and Purchase Agreement, dated effective September 23, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine Luxenbourg S.à r.l., Tennor Holding B.V., Advert Finance B.V. and Lars Windhorst (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on October 5, 2021).
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Annual Report on Form 10-K filed with the Commission on June 10, 2021).
3.2	Certificate of Merger merging Mediavest, Inc., a New Jersey corporation, with and into NeuMedia Media, Inc., a Delaware corporation, as filed with the Secretary of State of the State of Delaware, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on November 14, 2007.
3.3	Certificate of Ownership merging Mandalay Digital Group, Inc. into Neumedia, Inc., dated February 2, 2012, incorporated by reference to our Annual Report on Form 10-K (File No. 000-10039), filed with the Commission on June 29, 2012.
3.4	Certificate of Amendment of Certificate of Incorporation, dated August 14, 2012, incorporated by reference to Appendix B of the Registrant's Definitive Information Statement on Form 14-C (File No. 000-10039), filed with the Commission on July 10, 2012.
3.5	Certificate of Amendment of Certificate of Incorporation, dated March 28, 2013, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on April 18, 2013.
3.6	Certificate of Correction of Certificate of Amendment, dated April 9, 2013, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on April 18, 2013.
3.7	Certificate of Amendment of Certificate of Incorporation, as amended, filed with the Secretary of State of the State of Delaware on January 13, 2015, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on January 16, 2015.

3.8	Bylaws, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on November 14, 2007.
3.9	Certificate of Amendment of the Bylaws of NeuMedia, Inc., dated February 2, 2012, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on February 7, 2012.
3.10	Certificate of Amendment of the Bylaws dated March 6, 2015 (incorporated by reference to our Current Report on Form 8-K (File No. 001-10039) filed with the Commission on March 11, 2015).
3.11	Amendment of Bylaws of Digital Turbine, Inc., adopted March 17, 2015, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on March 20, 2015.
3.12	Fourth Amendment to Bylaws of Digital Turbine, Inc. (incorporated by reference to Exhibit 3.1 of the Quarterly Report on Form 10-Q filed with the Commission on February 3, 2021).
3.13	Fifth Amendment to Bylaws of Digital Turbine, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on July 21, 2022).
4.1	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-1/A (File No. 333-214321) filed with the Commission on December 23, 2016.
4.2	Description of our Capital Stock (incorporated by reference to Exhibit 4.3 of the Annual Report on Form 10-K filed with the Commission on June 10, 2021).
10.1	Form of Indemnification with Directors and Executive Officers, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 10, 2012. †
10.2	Amended and Restated 2011 Equity Incentive Plan of Mandalay Digital Group, Inc., incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 30, 2012.
10.2.1	Amended and Restated 2011 Equity Incentive Plan Notice of Grant and Restricted Stock Agreement of Mandalay Digital Group, Inc, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 30, 2012.
10.2.2	Amended and Restated 2011 Equity Incentive Plan Notice of Grant and Stock Option Agreement of Mandalay Digital Group, Inc., incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on May 30, 2012.
10.3	Employment Agreement, effective September 9, 2014, between the Company and Bill Stone, incorporated by reference to our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on September 15, 2014. †
10.3.1	Amendment, effective May 26, 2016, to Employment Agreement between the Company and William Stone, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on June 1, 2016. †
10.3.2	Second Amendment, dated March 16, 2018, to Employment Agreement between the Company and William Stone, incorporated by reference to our Current Report on Form 8-K (File No. 000-10039), filed with the Commission on March 21, 2018. †
10.4	Board Equity Ownership Policy, as amended, incorporated by reference to our Current Report on Form 8-K (File No. 001-35958) filed with the Commission on June 25, 2014. †
10.5	Software as a Service Agreement between Cellco Partnership d/b/a Verizon Wireless and the Company, incorporated by reference to Exhibit 10.28 to our Registration Statement on Form S-1/A (File No. 333-214321), filed January 6, 2017. ††
10.5.1	Software as a Service Renewal Agreement between Cellco Partnership d/b/a Verizon Wireless and the Company, dated as of August 14, 2018, incorporated by reference to Exhibit 10.24 to our Current Report on Form 10-Q (File No. 001-35958), filed with the Commission on November 5, 2018. ††
10.5.2	Second Amendment, dated September 19, 2022, to Software as a Service Renewal Agreement between Cellco Partnership d/b/a Verizon Wireless and the Company. ††
10.6	Employment Agreement between the Company and Barrett Garrison, dated September 12, 2016, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K (File No. 001-35958), filed with the Commission on August 31, 2016. †
10.6.1	Amendment, effective September 7, 2018, to Employment Agreement between the Company and Barrett Garrison, incorporated by reference to our current report on Form 8-K (File No. 001-35958), filed with the Commission on September 10, 2018. †
10.7	License and Software Agreement between AT&T Mobility LLC and the Company, dated as of November 2, 2015, incorporated by reference to Exhibit 10.25 of our Current Report on Form 10-Q (File No, 001-35958), filed with the Commission on November 5, 2018. ††
10.7.1	Amendment No. 1 to the License and Software Agreement between AT&T Mobility and the Company, dated as of October 17, 2018, incorporated by reference to Exhibit 10.25.1 of our Current Report on Form 10-Q (File No, 001-35958), filed with the Commission on November 5, 2018.

10.7.2	Amendment No.2 to the License and Software Agreement between AT&T Mobility and the Company, dated as of June 12, 2019. ††
10.7.3	Amendment No.3 to the License and Software Agreement between AT&T Mobility and the Company, dated as of June 7, 2021. ††
10.8	Amendment No. 1 to the Supplement No. 1 to the License and Software Agreement between AT&T Mobility and the Company, dated as of October 17, 2018, incorporated by reference to Exhibit 10.25.2 of our Current Report on Form 10-Q (File No, 001-35958), filed with the Commission on February 5, 2019. ††
10.9	2020 Equity Incentive Plan of Digital Turbine, Inc., and First Amendment and Israeli Appendix thereto (incorporated by reference to Exhibit 10.9 of the Annual Report on Form 10-K filed with the Commission on June 10, 2021).
10.10	Form of Option Agreement (incorporated by reference to Exhibit 10.10 of the Annual Report on Form 10-K filed with the Commission on June 10, 2021).
10.11	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.3 of our Current Report on Form 8-K filed with the Commission on September 21, 2020).
10.12	Form of Restricted Stock Unit Agreement (Time-Vesting) (incorporated by reference to Exhibit 10.12 of the Annual Report on Form 10-K filed with the Commission on June 10, 2021).
10.13	Form of Restricted Stock Unit Agreement (Performance-Vesting) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed with the Commission on August 8, 2023).
10.14	Credit Agreement, dated April 29, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine USA, Inc., Mobile Posse Inc., and Bank of America, N.A. as administrative agent and a lender, the lenders party thereto, BofA Securities, Inc., Wells Fargo Securities, LLC and PNC Bank, NA as Lead Arranger, Bookrunners and Syndication Agents, and CapitalOne and JPMorgan Chase Bank, N.A, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on May 4, 2021).
10.15	First Amendment, dated as of December 29, 2021, by and among Digital Turbine, Inc., Digital Turbine Media, Inc., Digital Turbine USA, Inc., Mobile Posse, Inc., AdColony, Inc., AdColony Holdings US, Inc., and Bank of America, N.A., as administrative agent and a lender, and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Commission on January 3, 2022).
10.16	Second Amendment, dated as of October 26, 2022, 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 10.1 of the Quarterly Report on Form 10-Q filed with the Commission on November 9, 2022).
10.17	Employment Agreement, dated as of December 3, 2021, by and among Digital Turbine, Inc. and Matthew Gillis (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K filed with the Commission on June 6, 2023).
10.18	Employment Agreement, dated as of November 7, 2022, by and among Digital Turbine, Inc. and Senthilkumaran Kanagaratnam (incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K filed with the Commission on May 25, 2023).
10.19#^	Addendum to the Class A1 Preferential Shares Investment Agreement, dated as of November 8, 2023, by and among the shareholders of Aptoide, S.A., Digital Turbine USA, Inc. and Aptoide, S.A. (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed with the Commission on February 7, 2024).
10.20	Third Amendment to Amended and Restated Credit Agreement, dated as of February 5, 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 10.2 of the Company's Quarterly Report on Form 10-Q filed with the Commission on February 7, 2024).
10.21	Master Agreement, dated as of February 5, 2024, by and between Digital Turbine, Inc. and One Store Co., Ltd. (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed with the Commission on February 7, 2024).
10.22	Mutual Separation and Release Agreement, dated as of February 6, 2024, by and between the Company and Matt Gillis (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q filed with the Commission on February 7, 2024).
10.23	Amendment to Notice of Grant and Restricted Stock Unit Agreement (Performance-Based), dated as of September 30, 2023, by and between Digital Turbine, Inc. and William Stone (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed with the Commission on November 8, 2023).
10.24	Second Amendment to 2020 Equity Incentive Plan.*

10.25	Form of Contingent Stock Option Grant Agreement.*
10.26	Employment Agreement, dated as of May 15, 2024 by and among Digital Turbine, Inc. and Michael Akkerman.*
19.1	Insider Trading Policy*
21.1	List of Subsidiaries. *
23.1	Consent of Independent Registered Public Accounting Firm. *
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. **
97.1	Compensation Recoupment Policy*
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended March 31, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Stockholders' Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** The certifications attached as Exhibit 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Digital Turbine, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing

† Management contract or compensatory plan or arrangement

†† Confidential treatment requested and received as to certain portions

\# Certain exhibits and schedules to this Exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

^ Certain portions of this Exhibit have been omitted in accordance with Item 601(b)(10)(iv) of Regulation S-K. The registrant agrees to furnish supplementally an unredacted copy of this Exhibit to the Securities and Exchange Commission upon its request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Digital Turbine, Inc.

Dated: May 28, 2024	By:	/s/ William Gordon Stone III
		William Gordon Stone III
		Chief Executive Officer
		(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert Deutschman Robert Deutschman	Chairman of the Board	May 28, 2024
/s/ William Gordon Stone III William Gordon Stone III	Chief Executive Officer (Principal Executive Officer) and Director	May 28, 2024
/s/ James Barrett Garrison James Barrett Garrison	Chief Financial Officer (Principal Financial Officer)	May 28, 2024
/s/ Joshua Kinsell Joshua Kinsell	Chief Accounting Officer (Principal Accounting Officer)	May 28, 2024
/s/ Roy Chestnutt Roy Chestnutt	Director	May 28, 2024
/s/ Holly Hess Groos Holly Hess Groos	Director	May 28, 2024
/s/ Mohan Gyani Mohan Gyani	Director	May 28, 2024
/s/ Jeffrey Karish Jeffrey Karish	Director	May 28, 2024
/s/ Mollie V. Spilman Mollie V. Spilman	Director	May 28, 2024
/s/ Michelle Sterling Michelle Sterling	Director	May 28, 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (date of earliest event reported): May 24, 2024

Digital Turbine, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**001-35958**	**22-2267658**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS 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)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions. (*see* General Instruction A.2. below)

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
Common Stock	APPS	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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. ☐

Explanatory Note: Digital Turbine, Inc. (the "Company") is filing this Current Report on Form 8-K to clarify and correct the disclosure in Item 9B of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 28, 2024 (the "10-K") of the vesting terms of the performance stock units granted to the Chief Executive Officer, Chief Financial Officer and Chief Technology Officer of the Company on May 24, 2024 and the cash bonus program for the Chief Executive Officer approved on May 24, 2024. The remaining disclosure in Item 9B of the 10-K is not being modified hereby.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 24, 2024, the Board of Directors (the "Board") of Digital Turbine, Inc. (the "Company") and the Compensation and Human Capital Management Committee of the Board (the "Compensation Committee") approved compensation for William Stone, the Company's Chief Executive Officer, Barrett Garrison, the Company's Chief Financial Officer, and Senthil Kanagaratnam, the Company's Chief Technology Officer. In connection with such approvals, the Compensation Committee granted Messrs. Stone, Garrison and Kanagaratnam performance-based restricted stock units ("PSUs") as described below.

Messrs. Stone, Garrison and Kanagaratnam were granted PSUs covering 500,000, 250,000, and 250,000 shares of Company common stock, respectively, that will vest two-thirds based upon achievement of a three-year annual operating plan revenue target and adjusted EBITDA target (each target representing 50% of the two-thirds achievement vesting) and one-third based on achievement of a three-year growth revenue target and growth adjusted EBITDA target (each target representing 50% of the one-third achievement vesting), which targets were determined by the Board. Thus, each executive has the opportunity to vest up to 100% of such PSUs depending on the extent to which the revenue and adjusted EBITDA goals are achieved. If the Company's achievement of performance goals falls in between the annual operating plan and growth targets, such amounts will be interpolated on a linear basis in calculating the number of PSU shares vested.

In addition, the Compensation Committee approved a cash incentive bonus program for Mr. Stone pursuant to which Mr. Stone would be paid a cash bonus of up to $2,400,000 upon the Company's achievement of the following performance goals: two-thirds of such bonus would be paid upon the Company's achievement of a three-year annual operating plan revenue target and adjusted EBITDA target (each target representing 50% of the two-thirds achievement payout) and one-third of such bonus would be paid upon the Company's achievement of a three-year growth revenue target and growth adjusted EBITDA target (each target representing 50% of the one-third achievement payout). If the Company's achievement of performance goals falls in between the annual operating plan and growth targets, such amounts will be interpolated on a linear basis in calculating the cash incentive bonus amount.

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.

Dated: May 29, 2024

Digital Turbine, Inc.

By: /s/ James Barrett Garrison

James Barrett Garrison

Executive Vice President & Chief Financial Officer