Digital Turbine

Second Fiscal Quarter 2016 Earnings Call

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CORPORATE PARTICIPANTS

Ghen Laraya – *Vice President of Business and Legal Affairs*

Bill Stone – *Chief Executive Officer*

Andrew Schleimer – *Executive Vice President and Chief Financial Officer*

PRESENTATION

Operator
Good afternoon, and welcome to the Digital Turbine Second Fiscal Quarter 2016 Earnings Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there'll be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star and then two. Please note, this event is being recorded.

I would now like to turn the conference over to Ghen Laraya, Vice President of Business and Legal Affairs. Please go ahead.

Ghen Laraya
Thank you, and welcome, everyone, to Digital Turbine's Fiscal 2016 Second Quarter Earnings Conference Call. I'm Ghen Laraya. With me today are Bill Stone, Digital Turbine's Chief Executive Officer, and Andrew Schleimer, our Executive Vice President, and Chief Financial Officer.

Statements made on this call, including those during the question and answer session, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations concerning matters that are not historical facts, and include, for example, statements about guidance, expected revenue and profitability, product sales, market penetration, speed of customer adoption and orders, and overall business momentum. We caution investors that any forward-looking statements are based on beliefs and assumptions made by, and information currently made available to us. Such statements are based on assumptions, and the actual outcome will be affected by known and unknown risks, trends, and uncertainties, and factors that are beyond our control or ability to predict.

Although we believe that our assumptions are reasonable, they are not guarantees of future performance, and some will inevitably prove to be incorrect. As a result, our actual future results may differ from our expectations and these differences may be material. Please refer to the Safe Harbor statement included in today's press release, as well as Digital Turbine's periodic filings with the SEC for a discussion of such risk and uncertainties. We are not undertaking any obligation to update any forward-looking statements.

In addition, we will be discussing certain non-GAAP financial results, including non-GAAP gross profit and gross margin, non-GAAP adjusted EBITDA, and non-GAAP EPS. non-GAAP measures are not substitutes for GAAP measures. Please refer to the press release issued earlier today for important information about the limitations on using non-GAAP financial results, as well as the reconciliation of these non-GAAP measures to the most comparable GAAP measures.

Please note that on March 6, 2015, Digital Turbine, Inc., a Delaware Corporation, acquired Appia Inc. Digital Turbine's current year results are therefore not comparable to prior year results, and this call will include sequential comparisons unless otherwise noted.

Now, it is my pleasure to turn the call over to Bill Stone.

Bill Stone
Thanks, Ghen, and thanks to all of you for joining our call. I'm going to start today by providing you with specific data points on what is happening in the business right now, and how we are ramping into the December quarter, our highest volume quarter of the year. Second, I'll then discuss some operational

details on each of our business segments in the September quarter. Third, I'll review our guidance, and finally wrap up with some more strategic thoughts on where we see the business going, and how Digital Turbine fits into that. Andrew will take you through the numbers before we open it up for Q&A.

First in what's happening in our business today. We just finished October, recording our strongest month in the history of the company at $7.8 million in revenue, and early November has continued on the same trend. Although we are only in the first week of November, our DT Media, Appia core, and content businesses are all now equally contributing to our revenue, reflecting the rapid growth in our DT Media business. Our October results are 340% organic growth on a reported basis, and 82% higher on a pro forma basis, compared to last October, assuming we'd owned Appia for the entire year.

Our October results set us up for a good holiday selling season. I'm excited that we've strengthened our financial flexibility to feed our long-term growth with our recent financing. The material drivers to our top line growth, including specific improvements in yield per device, number of devices sold, new customers, and demand from advertisers, are all happening right now, and we're very excited about the business we're building. Specifically, all of our US carrier partners are currently running at least eight slots on nearly all their devices. Assuming they continue with the eight slots, we anticipate this should yield our yield-per-device exceeding our $2 guidance range for the fiscal year. Combined with the expected increase in volumes of holiday device sales, overall DT Media revenues should materially ramp in the December quarter.

We expect that ramp to continue as we launch our Ignite folders that will further expand slots in a more organized fashion. We are collaborating with the device OEMs to launch this feature during the March quarter with our larger operator partners.

With the recent announcement of our AT&T contract, in the past 90 days we have added new distribution partners for Ignite that will have over 500 million mobile subscribers. These customers will begin to materially ramp as we get into calendar 2016 as we have visibility into their deployment plans. I will come back to those deployments in a moment.

On the advertiser's side, demand for inventory on the home screen continues to be robust. As discussed previously, we have strong advertising demand from brands such as Uber, Lift, Pandora, King, and so on, but are also adding brands and applications such as Starbucks, eBay, Walmart, Walgreens, and OpenTable. With our improving targeting capabilities and advertising spend for the holiday season, this should also help drive improved CPP and CPI rates.

Let's now get started on some operational details around each of our businesses for the September quarter. First, the overall content business had a strong September quarter that was up 6% sequentially in constant currency driven by growth in new partners in DTPay and Marketplace. The DTPay business continues to be robust as carrier billing is a strategic necessity for many content providers wanting to have direct relationships with their customers. For example, in Australia and Southeast Asia, we are working with Electronic Arts to help acquire new customers with direct mobile advertising campaigns and then using DTPay as a simple, direct, billing method. This is promoting content and applications directly to the customer outside of the traditional app stores.

As consumers in Australia migrate away from carrier portals to purchase content, the Australian Marketplace business is beginning to decline, but this is being offset by the growth of pay in Australia and Marketplace opportunities in other markets.

In particular, we have won all the existing games business from Globe in the Philippines using our Marketplace platform. Today, this is worth over $1 million in existing revenue per year to Globe, and we expect that move to be completed in February.

As part of our expansion into Southeast Asia, we have our grown our pay connectivity into all the key markets. In particular, we expect to launch in India in January with multiple services and partners and expect to add another 20 customers in Southeast Asia over the next six months. We are working on further expanding pay connectivity to scale globally and provide our existing global publishers with the ability to monetize via carrier billing and expect this to also launch in the March quarter.

Given the geographic shift we are seeing occurring from Australia to Southeast Asia in the marketplace and pay business, we expect to drive double-digit growth in the content business for the second half of this fiscal year.

Now turning to our advertising business. First, for Appia core, as I mentioned above, we saw a nice 14% growth from the June quarter to the September quarter, driven by strong spend by numerous customers, including Pandora. While install location metrics can fluctuate a bit from quarter to quarter, we are now seeing over 70% of our installs occurring outside the United States. This is important, as it shows our ability to leverage the DT infrastructure for the Appia sales efforts outside the US, as well as our growth from Chinese publishers.

Outside of one event driven quarter in 2013, this was Appia's best quarter in the history of the company, including the historically strong holiday quarters of years past. We are very focused on adding additional supply sources to meet the over $10 million of demand we have from advertisers today. Short-term, we're finding the biggest barrier to accelerating growth in the Appia core business is ensuring we have supply of sufficient quality through which to run all the advertiser demand.

From an industry perspective, as many of you know, there are many supply channels who just resell traffic to other supply channels. This can cause an advertiser's demand to run on undesirable channels which hurts the brand of the advertiser and the performance of the ad. One of Appia's core competencies is managing this dynamic by ensuring only quality supply is running at the front end.

More strategically, the launch of programmatic and real-time bidding, which are planned for early 2016, will add quality supply sources as we will be able to use quantitative metrics to bid on quality traffic versus solely striking business development relationships on a syndicate network. This investment is a use of proceeds from a capital raise that will both improve the revenue growth in the March quarter and beyond while also improving gross margins by keeping the volume running through our own algorithms.

For DT Media, which includes our Ignite and IQ solutions, we saw 27% topline growth quarter-over-quarter. While still representing a ramp, we were not pleased with this result as device sell-through dipped from our projections and yield-per-device was $1.32 due to a combination of factors including running some free apps for operators, some spend-delay for the holiday season, some contribution globally from developing markets that pulls the weighted average down, and finally, some advertisers waiting for more specific segmentation, which is now live.

This targeting of campaigns is generating material increases in CPP or cost per placement. When we don't use targeted campaigns, we see advertisers willing to pay us anywhere between $0.30 to $0.50 CPP. When we use targeting, we are now seeing average CPP rates rise to $0.60 to $0.70. Further, we now have the operational infrastructure to launch these campaigns to scale as we have integrated our backend Ignite, Appia Ad-Serving, and targeting tools into a single system. Combined with the expected slot expansion, we do expect yield-per-device to meet or exceed our $2.00 guidance for the full year and will continue to pride updated yield information and empirical data to help investors more precisely forecast this important growth driver of the business.

As mentioned in today's press release, we expect all of our Americas customers to expand their slots for the December quarter to between eight to ten from an average of four in the prior quarters which should materially impact the DT Media ramp. For example, if we had four slots at $0.40 CPP times one million devices, that is $16 million of revenue. If you have eight slots at $0.40 times one million devices, that is $32 million of revenue. While we need to ensure there are not diminished rates of return on each incremental slots in terms of open rates, CPP rates, etc., in simple terms, more slots means more growth in performance.

We are also focused on our international ramp of Ignite revenues. Although still not as material as we'd like, our October Ignite and IQ international revenues were 50% higher in October compared to September. The ramp of international existing customers is a major focus for us to improve, and to begin that improvement we will be expanding our relationship with Deutsche Telekom for four additional markets in early 2016.

Vodafone continues to perform strong in Australia, and our Philippine business is ramping each month. While our relationship with MSEI in India is the perfect strategic solution to address a fragmented Indian device distribution market, as we have mentioned in previous calls, we continue to have operational and commercial challenges coordinating getting Ignite integrated on the dozens of OEMs in China and other emerging countries that sell devices into India. This is a dynamic we continue to work to improve, and I plan on personally meeting with one of the MSEI founders to ensure we are addressing this. It's an enormous opportunity for both us and MSEI, but we just need to lean in further and execute on it.

And finally, our recent announcement of new customers has helped strengthen our pipeline. As you have heard me say many times, winners in the technology space win disproportionately as momentum creates additional momentum. As a result of our recent announcements, we have had incremental inbound interest from numerous new potential customers. We need to balance our ability to execute, launch, and scale the customers we have against this new potential demand, but the bottom line is that the thesis of "Great timing and winning tends to create more winning," is now being validated.

We continue to install IQ on new T-Mobile and Vodafone Android devices. Our key learning to date is the importance of placement. On both operators, when we place the IQ widget on the right-swipe of the home screen, we see 75% higher revenues for that device, compared to when IQ is put in the operator app folders. Given it is in everyone's interest to drive additional engagement in revenue we are working on placement being consistent across all devices.

Regarding new customer deployments, in the past few months we have announced new relationships with mobile operators that count for an over incremental 500 million subscribers globally. We have also recently launched, with both Clear Wireless here in the United States and 2degrees in New Zealand. Both are relatively small operators with over one million combined customers, but are important strategically for a couple of reasons:

First, Clear Wireless is a very flexible, innovative partner, who is collaborating closely with us on numerous trials and experimentations that will allow us to bring those results to larger partners without disrupting the more predictable revenue streams we have today. Clear is deploying both IQ and Ignite on all their new Android devices.

And 2degrees has launched on Ignite on existing versus new devices. This is an important case study we used with other customers that Ignite is not just for new devices, but can be used on devices already launched in the marketplace.

Now I'd like to talk about our fiscal 2016 guidance. As we've discussed before, when we have solid empirical data, our forecasting of future revenues is on or above forecast. This includes Appia core, content, and our larger Ignite customers. Where we've had revisions is around applying the correct discounts rates of risk for the exact launch in timing dates and ramps of new customers.

The Appia core, content, and existing stable of Ignite and IQ customers are all ramping and the recent addition of US customers and their expansion of inventory slots is extremely promising. We are expecting to be on eight or more slots across all of our US customers for the holidays, which is potentially an eight-figure incremental impact on our revenues this year.

The risk here, however, is that any customer can decide to change the number of slots, lower or higher, at any time. While we know four slots is the floor, the ceiling could vary by device, by operator, and so on. Further, we can't predict device sell-through with our accuracy, and we want that better empirical data and visibility to drive our guidance.

So we currently have a revenue outlook of $110 million to $130 million in the public domain for this fiscal year ending March. We're not adjusting it or reaffirming it today. As I mentioned earlier, we're off to a strong quarter with October at $7.8 million. And given that we are in the midst of a seasonal build towards holiday selling, we want to avoid the risk of whipsawing our analyst investors. Our plan is to come back to investors in December, where we'll have a call to review current quarter performance to date, and give you an assessment and update of our outlook for 2016. At that point, we will have the following three things.

First, we'll have early holiday device sales and sell-throughs. Last year, the five-week period from Black Friday until the end of the year accounted for over 50% of the Ignite devices sold in the entire quarter. Having this early holiday selling season visibility will improve our visibility to the full year. Secondly, will be the expanded slot impact that we can provide actual results to better forecast against our empirical data. And finally, we're going to have better visibility into the precise timing of new customers we've announced, plus some we have not announced. We anticipate having very specific devices and customer launch dates confirmed over the next 30 days.

All of this will allow us to come back to you with more precise figures on the annual guidance versus risking over or undershooting numbers that are highly dependent upon factors we don't 100% control. We are committed to improving expectations management, and trust this effort will provide greater clarity for investors. For the longer term, we expect the new contracts we have signed for all these new customers will be worth tens of millions of dollars in revenue in fiscal '17, at gross margins in excess of 50%.

We expect to see MTS, Millicom, American Mobile, and Cricket to positively impact our March quarter, and AT&T to impact our June quarter. Cricket will be implementing our silent Ignite install solution, which is similar to what we do with other existing customers. Cricket has over 5 million subscribers and has been aggressive at adding new Android devices.

AT&T will be implementing our Ignite 2.0 solution which includes a setup wizard. This setup wizard allows customers to preselect which applications they want at first boot. We would be launching the setup wizard with other customers earlier as well, but given the complexity and unique requirements of AT&T, we want to be conservative on the timing of launch, given our history of forecasting. We do expect AT&T to install Ignite on all their new mainstream Android devices, and we'll provide more clarity on the specifics on this growth as we get closer to launch.

And finally, before I turn over to Andrew, I want to mention a few strategic areas of investment for us.

The industry's evolving rapidly. One local macro trend is the trend towards increasing BYOD, or bring your own device, by consumers. For us, this trend means that finding additional ways to install Ignite via OEMs and via other technical means such as the SIM card, will become increasingly important. You will see additional news from us on how we are meeting this marketplace trend for continued Ignite growth. In addition to this specific trend, the data science, the growth of mobile, the growth of devices beyond smartphones, dynamics of big data and targeting, and the competitive landscapes all moving very quickly.

Our mission is to get the right app to the right customer at the right time. Very simple thing to say, but a complex thing to accomplish with over 6 billion devices in the marketplace and many, many millions of apps. The keys to execute on that mission are improved data science, the integration of our products, the integration of our content-filtering technologies, ability to migrate to SIM solutions for Ignite and slick front-end engaging experience for the end user.

The past 90 days has seen material progress on positioning our company to the perfect place. The groundwork that has been laid with these newly announced contracts, expansion by existing customers for additional applications, and the integration of Appia, DT, and ZiO! assets into a comprehensive product suite is now real. While we have all liked things to happen faster, the bottom line is that they are happening, and our timing is still perfect.

I want to conclude my remarks by conveying my enthusiasm on the progress we are making against the larger vision of the company. I know many investors are understandably focused on very near-term issues like current guidance, lockups, specific device metrics, new customer launch dates in March versus May, and so on. And while we do fully understand how important those issues are to address, I want to bring additional focus against the larger narrative of where we're going as a company.

Our objective is to build a business with sustainable long-term growth for years to come, and the balance of short-term execution with this long term vision and planning are equally key. With that, I'll turn it over to Andrew for the numbers.

Andrew Schleimer
Thanks, Bill. I'll start with a review of our financial results for Q2 of fiscal '16 and then offer some additional color on some traction, recent traction in the business and touch upon our full year outlook. Please note that all comparisons I'll discuss today are being made to the prior sequential quarter unless specifically noted. We believe that this is a better indicator of how our business is performing, given the vast differences between our company today at this time last year; namely as a result of the growth in our advertising business, and the March 6, 2015, acquisition of Appia.

I also would like to remind everyone that we have two reporting segments, advertising and content. With advertising comprised of Appia Core, and DT media, and content comprised of DT Marketplace, and DTPay. These segments are the basis for our financial reporting as well as for my discussion today. With that said, let's begin.

Revenue for the fiscal second quarter was $20.7 million as compared with revenue of $18.7 million for the first fiscal quarter, for sequential growth of 11%. On a constant currency basis, assuming no adverse impact from a falling off sea dollar, which was approximately $500,000 in the quarter, second quarter revenue increased to $21.2 million, or 13% growth versus Q1.

Each of our businesses, DT Media, Appia core, and DT Content, grew in the quarter in constant currency terms. Sixty-six percent of second quarter revenue was generating from our advertising business versus 62% in the fiscal first quarter, while 34% of second quarter revenue was generated from our content business, as compared to 38% in the prior quarter. This sequential change in mix underscores the continued adoption of DT Ignite as well as Appia core revenue growth within our advertising business.

Advertising revenue in the quarter was $13.7 million, an increase of 18% over the prior quarter. Of this, advertising revenues from DT Ignite and DT IQ of $4.1 million were up 27% versus the first quarter. Within advertising revenue this quarter, growth in Ignite revenues once again shifted the mix towards DT Media, resulting in DT Media contributing 30% of fiscal Q2 revenue and Appia core contributing 70%, compared to 28% and 72% respectively in Q1.

This increase reflects continued penetration of DT Ignite across our US carrier and international OEM distributor partners. That said, our advertising mix shifted to DT Media even with Appia core realizing record revenue this quarter. Appia core revenue totaled $9.6 million in the quarter, or growth of 14% as compared to Q1 revenues of $8.4 million, representing, again a record revenue quarter excluding a one-time event by a large advertiser in calendar 2013. The quarter was positively impact by continued growth in Asia-Pacific on both the demand and supply side, specifically in China. As a result of positive campaign performance in recent months, Appia core was also able to secure increased budget commitments from key advertisers that contribute to increased revenues.

We expect to see Appia core growth again in the December quarter benefitting from these factors and related to seasonality that we expect in portions of November to January. Key priorities for the Appia core business over the two quarters will be to continue to scale distribution outside of the Untied States, which will drive incremental revenues and to continue to improve the data science and products that we believe will in turn create differentiated ad units in the marketplace. These carry better gross margins by virtue of the premiums they command.

Content revenue in the quarter was $7.1 million, flat compared to the first quarter, and increased 6% on a constant currency basis. Growth in the DTPay business this quarter was coupled with a decline in DT Marketplace revenue due to the decision to end our relationship with Cellcom, which had contributed roughly $300,000 US dollars in Q1. Content business growth in constant currency, net of the decline in Israel of approximately $500,000 was offset by currency headwinds resulting in flat reported revenue for Q1.

More specifically, as Bill mentioned, DTPay revenues have increased as carrier billing remains a strategic necessity for many content providers who desire to have direct relationships with their customers. In Australia and in Southeast Asia, we are working with Electronic Arts to help acquire new customers with direct mobile advertising campaigns and then using DTPay as a simple, direct billing method. This is promoting content in applications directly to the customer outside of app stores, which is core to, and directly in line with, our overall strategy.

Furthermore, as part of our expansion into Southeast Asia, we've expanded and expect to further expand our DTPay connectivity into select strategic markets such as India, and will be launching live services with new and existing partners in those markets which we expect to complement Australia-centric growth in our content business.

Geographically, owing to increased DT Media adoption, revenue in the second quarter was primarily from business in the United States followed by Australia. The United States remains the largest percentage of our overall total revenue base at 65% in Q2, up from 62% in Q1, and due to increased DT Ignite and Appia Core revenue. US revenue realized 18% growth on a sequential basis. Australia represented 34% of our revenues in Q2 versus 37% in Q1.

As we did last quarter, we have included 100% of Appia's revenue in the US for geographic and segment reporting purposes. However, in the September quarter we saw approximately 70% of all installs on the Appia Core network occur outside of the United States.

Adjusted gross profit, which excludes intangible amortization, grew 4% to $4.6 million, or 22% of revenue, compared to $4.5 million or 24% of revenue for the first quarter of fiscal '16. The comparison is attributable to the mixed-shift dynamics within our advertising and content businesses.

Within advertising, the positive impact of increasing mix of DT Media revenue which carried approximately 42% gross margin in the quarter was offset by a lower contribution from professional services, which we have said in the past, we expect to be lumpy. DT Media gross margins were also impacted by higher carrier partner concentration and the achievement during the quarter of an incentive threshold yielding a less favorable revenue share to the company.

Rounding out the advertising business, Appia Core margins were approximately 20% for the quarter. Appia Core gross margin included a one-time positive adjustment related to the Appia acquisition. Excluding this adjustment, gross margin was just over 19% as compared to approximately 18% in Q1. This margin improvement was primarily due to the focused effort to reduce credits, as we previously called out, namely those related to advertiser overspend.

Within the content business, margins were approximately 15% for the quarter, driven by revenue shift to lower margin profile DT Pay revenue, as well as the loss of approximately $300,000 of higher margin DT marketplace revenue from our terminated Cellcom relationship.

We recorded a GAAP gross profit for the quarter of $77,000, which is primarily due to the write off of $2.4 million of intangibles related to customer relationships acquired through the 2012 acquisition of Logia, which noncash charge was taken in the cost of sales line.

Total operating expenses for the quarter decreased approximately 13% to $8.2 million compared to $9.4 million for the first quarter. Total operating expenses include noncash items comprised of stock-based compensation and depreciation of $1.6 million and $1.7 million, respectively. The reduction in total operating expenses was a result of tighter cost controls across general and administrative items, specifically lower professional fees, as the first fiscal quarter generally includes higher costs related to our fiscal yearend audit, as well as relatively flat headcount quarter-over-quarter.

The fiscal second quarter was also positively impacted by a reversal of an accrual related to performance-based bonuses for this fiscal year of approximately a half a million dollars. Our loss from continuing operations, net of income taxes, for fiscal Q2 was $8.3 million or $0.14 per share and based on $57.3 million weighted average shares outstanding. Net loss from continuing operations for fiscal Q1 was $8.1 million, or $0.14 per share, and based on $57.4 million weighted average shares outstanding. Our loss from continuing operations, net of income taxes, excluding the one-time write off of $2.4 million of intangibles related to Logia was $5.9 million, or a loss of $0.10 per share.

Non-GAAP adjusted EBITDA loss for Q2 was $2.1 million, a 35% improvement from $3.3 million in Q1. Adjusted EBITDA loss declined sequentially due to the affirmation factors including increased absolute dollar gross profit as well as lower operating expenses.

Let's move to the balance sheet. Cash, cash equivalents, and restricted cash totaled $4.6 million at September 30th compared with $6.4 million at June 30th. During the quarter, we continued our focus on aggressive accounts receivable collections and utilized the full and extended payment terms on our accounts payable.

On October 2nd we closed the public offering for approximately $8.74 million shares at a $1.57 per share for a total deal size at approximately $12.9 million. As discussed at the time of the offering, we expect to use the proceeds for general corporate purposes and working capital, as well as to invest in the future of our business such that strategic capital allocation decisions made today will drive growth in fiscal '17 and beyond. Such investment will be targeted to undercapitalize organic opportunities including real-time bidding, the integration of content and pay into our advertising infrastructure, as well as innovation in new product development.

Total debt at quarter end stood at $10.6 million, net of discount, of which $3.3 million is short term, and there were no net new borrowings under our credit facility at quarter end versus the end of Q1. As a reminder, our revolving line of credit allows DT Media to borrow up to $5 million based on eligible accounts receivable after consideration of other amounts outstanding. We expect to continue to use this line to fund working capital as our DT Media business ramps and scales into the holiday season.

Included in $3.3 million of short term debt, our senior debt had a principal balance of $300,000 as of quarter end and will be fully amortized with no amounts remaining at April 1, 2016. As previously disclosed in an effort to drive down our overall cost of debt capital, we have engaged with our senior lender, Silicon Valley Bank, to work together to refinance our higher cash cost subordinated debt. While we have nothing formal to announce today, I characterized our discussions with Silicon Valley Bank as productive and collaborative and we'll be back to you when we have something more definitive to report.

Prior to moving to Q3 and our full-year outlook, I'd be remiss not to mention that we are gratified with our accomplishments this year-to-date. In the last six months, we have increased revenue 55% on a pro forma basis versus the same period last year, announced carrier relationships with major global distribution partners such as AT&T, American Mobile, Millicom, and MTS for 574 million subscribers collectively, and raised the capital needed to facilitate our growth and make investments in our future, a deal in which our board members participated.

With that backdrop, I'd like to give a little color on the present, namely on our progress so far in fiscal Q3. As Bill mentioned, the month of October was strong with revenues up approximately 10% from September from continued advertising business growth as advertisers continue to spend in front of the holiday season. We are encouraged by this growth which does not yet include any material seasonal holiday selling and is, therefore, strong ahead of the seasonally high-volume period from Thanksgiving through Christmas.

Now that we are in November, we expect DT Media to even further complement Appia Core with the goal of compounding October's growth driven by the following levers: First, at DT Media, as Bill mentioned, we have currently expanded to eight slots across all US carriers, which offers significant revenue potential we are all very excited about, but we have not yet fully realized it. To that end, it is important to note that while we are effectively doubling our inventory and revenue potential, we need to ensure that with such increase we do not succeed diminished rates of return on each incremental slot so that more slots actually translate into material incremental performance. Our Ignite sales and yield management teams are laser-focused on this, given the significant potential impact on both revenue and gross profit.

Second, our sales team has also been preparing for widespread DT Ignite distribution across carrier and OEM partners this holiday season. We currently have backlog of demand with eight figure indications and commitments from a number of advertisers that are planning on buying out specific devices during the holiday season.

Third, in our content business we continued to see new customer wins for DT Pay, which is driving organic cost and currency growth in the Asia/Pacific region. Absent additional currency headwinds, we would expect to see reported growth in this business.

The momentum from carrier and OEM wins and the current tailwinds from Appia Core taken together laid the groundwork for positive fiscal Q3 results. Having said that, there's a significant amount of execution to complete and business to be conducted in the next five weeks so that we can responsibly give an update on our full year 2016 outlook. We currently have a revenue outlook of $110 million to $130 million in the public domain for this fiscal year, and we are not adjusting or reaffirming that today.

As Bill mentioned, we'll be back to you in December once we have empirical data and results to give a complete picture of the remainder of the fiscal year, as well as our path to profitability. To put things in perspective regarding adjusted EBITDA profitability, let's build the illustrative bridge to get there.

The following example gives you a feel for the dynamics of our business model and the revenue mix and margin profile as we scale. First, let's assume revenues of $30 million, split $10 million to $12 million at Appia Core, a modest increase versus Q2 at the lower end of the range, $7.5 million of content revenue stemming from increased DT Pay revenues without further currency headwinds, and $10 million to $12 million of DT Media revenue largely driven by incremental device sell through and a sustained DT Ignite eight slot expansion across all US carriers.

Second, with this revenue mix and assuming our Q2 reported adjusted gross margins for each business with slight margin accretion from positive operational momentum and diversification across DT Ignite distributor partners. Mid to upper 40s for DT Media, 20s for Appia Core, and mid-teens for content, the resulting gross profit would be in the $8.5 million to $9 million range.

Third and finally, assuming a flat-to-modest increase in GAAP costs versus our Q2 reported $8.2 million in op ex, adjusted gross profit in the aforementioned range would be sufficient to cover op ex and in turn yield positive adjusted EBITDA.

That said, to reiterate Bill's message, we are committed to improving expectations management and trust that this effort will provide greater clarity to investors. That concludes our prepared remarks.

Operator, would you please give instructions for Q&A.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you're using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star and then two. At this time, we'll pause momentarily to assemble our roster.

Our first question is from Mike Malouf of Craig-Hallum Capital Group. Please go ahead.

Mike Malouf
Great, thanks a lot, and I appreciate all the color on the other call; it's really helpful. My first question is with regards to the slots, you said eight slots a couple of times, and then you said eight to ten slots once, and I'm just trying to get a sense of what is the actual number on the slots and in particular, have you seen any degradation in any phones that have had eight slots to date, cause I think there are some

phones that have more slots than four. Thanks.

Bill Stone
Yes, thanks, Mike. Sure. So on the slots I referenced the folders, and what I think you're going to see us ultimately doing with some partners is moving to a situation where power on your phone and you'll have a games folder, you'll have a music folder, you'll have a social folder, and so on, and that will actually offer us the opportunity to put more applications on to the phone obviously in a targeted way.

So, that folders content requires some collaboration with the OEMs in terms of how those actually physically get placed in Android. So, that was really the reference there to how we see slot expansion going beyond eight.

What we're doing with our US operator partners right now is we've just recently kicked off putting eight onto the device and now really in the process of looking at it in terms of per app, and per device, and a lot of focus on just some operational things, scaling the backend infrastructure in advance to the holidays. So, other words, things like hosting, IP addresses, those kinds of things just to make sure we've got operational readiness to handle the increased demands.

So, you're really seeing us here in early November focused on the operational readiness against the slots. So, one of the things that we want to do is make sure that we got that operational readiness, make sure that we don't have the diminishing returns that you've referenced in terms of adding additional slots. We don't have anything that indicates that so far, but we want more data across more devices, and then we want to make sure that it's scaled across the entire device lineup of our US carrier based partners and that will allow us that clarity to come back with you.

The bottom line is that it's net positive for the business in a very material way. How much of it is? That's where I want to have a few weeks of performance under my belt to come back and provide some clarity.

Mike Malouf
Okay, great. And then, can you go over again the AT&T rollout as you talked about, specifically I think you're going to be rolling it out you said using the setup wizard, and I'm just wondering how the slots, how should we think about number of slots with regards to AT&T and are they rolling out that wizard in time for the Samsung Galaxy S7 to be released?

Bill Stone
Sure. So, the first thing I mentioned obviously AT&T, first, owns Cricket; you know Cricket's been very aggressive moving Android smartphones. Obviously, also with Cricket being a prepaid customer, they want to maximize revenue per device. So, I would anticipate Cricket being fairly aggressive on how they want to go about using the silent install, which is what we've been using with other partners around the globe today, and right now we anticipate that coming in the March quarter for us. So, that would be phase one.

Phase two with AT&T more broadly, as you reference, will have the wizard. How we think about the slots is that it can be anywhere from zero to dozens depending on what the customer selects. So, as you're going through the setup process, you'll have a screen that comes to you that says okay install your social apps, Facebook, Twitter, Instagram, etc. Install your music apps, Pandora, Spotify, whatever, and your games, and then all the way down and so, however many the customer selects will be how many we deliver. I don't know if we're in a position today to provide any specific guidance on what the average number of slots will be.

One of things we do know from like products being introduced in other markets is that the average price per slot tends to be higher because of the nature of the customer self-selecting the application. So, we would expect to see higher per slot fees. How many slots? I think it's a little bit early for us to get into that as it's still a number of months away from us.

Mike Malouf
Okay. Then just one little follow up on American Mobile, can you remind us how many devices, roughly, on the Android side that they're selling per month, and then how should we think about there, cause I know that they've been aggressive in the past. How should we think about them with regards to the number of slots?

Bill Stone
Yes, American Mobile's moving around 40 million Android phones per year right now, and if you look globally at just smartphone statistics, you're seeing decreased growth rates in developed markets like the United States and definitely increasing growth rates in emerging markets such as Latin America. So, we're very optimistic that those numbers should continue to improve. But just to give investors some context here, that would be more Android devices than AT&T and Verizon combined here for American Mobile.

And while we do anticipate the yields to be lower, just given the dynamics of the market such as Brazil and Argentina and Mexico and so on, we're excited about the relationship because for American Mobile, they're already preloading an application today to handle a lot of the app recommendation and discovery work, but they don't have the capabilities to install applications, have the ability to track what's happening, provide updates, provide marketing, and a variety other features and functionality which Ignite will help them do. So, they have a need in the marketplace to solve an existing problem versus a situation where starting with a greenfield, such as what we did with Verizon or what we'll be doing with AT&T.

So, we believe that will be a very material agreement for us. As I referenced, we expect to have that ready to go in the March quarter. We're already having commerce between Digital Turbine and American Mobile through our Appia business today. We've already launched that. So, we're off to a good start. So, as I've referenced before, when we come back to you guys in December, I'll have some more specifics as we're real-time working through the implementation details with American Mobile.

Mike Malouf
Okay, great. Thanks. Thanks for the help.

Bill Stone
Thanks, Mike.

Operator
Our next question is from Brian Alger of ROTH Capital Partners. Please go ahead.

Brian Alger
Hi, guys, thanks. A lot of data tonight, start with commentary with regards to an eight figure backlog with multiple advertisers. What does that mean? Obviously, I know what eight figures is, but certainly we haven't seen you guys put up eight figures in any of your revenue lines.

Bill Stone
Yes, Brian, thanks. What we mean here is that we have insertion orders, or IOs, from advertisers in excess of $10 million. So, in other words, if we can run it on quality supply sources then we can go

ahead and generate the revenue. The key there that I referenced in my comments, is that the quality supply sources and that's a major focus area for us right now. Not only on a syndicated network through Appia Core, but also and more strategically, as we launch our programmatic and real-time bidding business that will actually offer the ability to go bid on more supply sources, app quality using our data science algorithms, and allow us to really leverage all of that demand and backlog we have from insertion orders that want to ensure they have quality app installs.

Brian Alger
Okay. And along those lines, you talked about a pretty sizable difference at least in percentage terms for your CPP rates, when it's targeted versus not targeted. Where are we in terms of having that ability to use third-party data for targeting, and is that something that we should expect to be implemented basically all the time going forward, or is it only in certain seasons, or how should we think about that targeting?

Bill Stone
Yes, ultimately the third-party is going to dictate how and when they want us to use with them since it's in their interest to. What I'm pleased to announce is that we're doing it at scale. On our prior earnings call, we talked about that we had some campaigns launched, and we talked about doing it to scale. Now we've got the ability to do this in much more automated fashion.

And if you think about all the different segments and permutations of age, gender, income, language preference, location, and so on, and all the different things that can get to this particular segment and this particular geo, this particular language, and so on. You can get into many, many different permutations of options.

So, having the ability to do this at scale in an automated fashion is really what I'm most excited about, and we've seen a lot of advertiser demand to come in and say okay, can you target males between the ages of 25 and 45? Can you target people in Southern California? Can you target females that do this, or people who speak Spanish that do this and so on?

So, those kinds of capabilities to do at scale is something we expect to continue to do, but obviously, the third-party that has the data will dictate the terms by which we can help them with our targeting capabilities.

Brian Alger
Okay. Well would it be wrong to think about in a seasonably strong period when there's a lot demand obviously with your backlog, and it being in the carrier's best interest to utilize that information, that if we're looking at eight slots and we have that kind of number for CPP, why wouldn't we just load up on that?

Bill Stone
Yes, that's precisely what the game plan is, Brian. We just literally over this past weekend started that with, where our largest operators. So, I want to make sure I've got some data and some empirical results under my belt before we get over our skis on it, but the opportunity here is exactly as you say, it is enormous for us but let's get some results under our belt, let's show our ability to accrete this and scale this. And then we can come back with some more clarity on exactly where it's going.

Brian Alger
Okay. Would it be also reasonable to think that CPP rates, given that they have 100% reliability here, would be driving the math for a CPI or CPA type of a rate card?

Bill Stone
Yes, no absolutely. So, we're continually measuring CPI rates against CPP rates and getting better as the CPI campaign may perform differently on a Samsung Galaxy S6 compared to a Motorola Droid even though it's the same campaign, and so, we're continually optimizing that formula.

And one that I'm excited about is that I've referenced our relationship with some new operators here today, where we can do a lot of this trialing and experimentation to really get the formula optimized for what we're doing. But we definitely continue to expect to launch CPI campaigns. It's not just going to appear CPP model, but this is one of those things we're going to continue to optimize the business.

Brian Alger
Okay, great. I'll go back in the queue.

Operator
Our next question is from Sameet Sinha of B. Riley. Please go ahead.

Sameet Sinha
Yes, thank you. A couple of questions, so in the commentary that you have given, a lot of positives here everything that points you towards a much higher guidance number for the rest of the year, but so my question is why would you not affirm your guidance? You could say that it is conservative, but still affirm it and then have come out and beat it. So, if you can address that, and then I have a couple of follow ups. Thank you.

Bill Stone
Yes sure, Sameet, I'll take that and I'll let Andrew add some color on to it. Yes, so for us, let me start this from macro prospective and we'll drill down to a micro. From a macro prospective, what we know is the following things: We know that we've got new customers that want our products, as evidenced by the recent contracts. We know that the existing customers that we have want to do more with our software. We know that our yields per device from some of the questions Brian was just asking around, CPP and CPI are getting better as our ability to get to the right customer.

So, all of those macro trends make us very enthusiastic and excited and hopefully give investors some clarity and reassurance around the much bigger picture of the ability to ramp this business with specific data points now versus just talking about it.

However, at a micro level we now have to translate that into specific daily, weekly, monthly, and quarterly revenue numbers, and what's going to happen in January versus what's going to happen in March. It's not a question of happening, it's a question of when. So, what we want to do is we've learned that we're very good at forecasting things once we've got a trend line behind us.

Many of things that we've talked about today, I don't have that trend line yet. So, I don't want to get ourselves in a situation where we're whipsawing investors around, and talking about guidance in advance of the largest period of device sales, in advance our ability to prove out the eight slots, in advance of our launch date of all of these new customers. So, especially if we're talking about 30 days versus 3 months, I'd much rather come back, do an improved job with expectation managements based upon facts and data and results, than speculate on those 3 things, and then in 30 days they could all materially change.

The good news is they're all positive things, but what the exact impact of those things is going to be, I don't know yet. And, so until we have those empirical things under our belt, we think the prudent thing is to come back with some more clarity in 30 or so days.

Sameet Sinha
So, what you're saying is that when you gave the full year guidance you had kind of an implied assumption for some of these positive things in those numbers, now you just want more room to operate within some of the new parameters that you have.

Bill Stone
Yes, I want to know what the risk discount rates of all those parameters. So, we talked about the slot expansion for example, well I haven't done that at scale yet. We are now doing it, it's real, it's happening, but in terms of making sure that we've got all the backend infrastructure, the IP addresses, some of things that I've referenced earlier in place I want to make sure that's there. I want to make sure that the device sell-through forecast that we believed before will continue to hold true. I want to make sure that the device launches for all these new customers we've announced. I'm working in real-time. We'll have answer over the next 30 days. I want to make sure that we've got good, tight forecasting around those things.

So, the combination of those things will give us the clarity in 30 days to get much more precise with investors based upon empirical results, and that's what we really want to do here today.

Sameet Sinha
Okay, thank you for the clarity. Next question, I just wanted to delve deeper into the sensory rate or the tax rate that you have seen. The trend as you see many of your carrier partners and your relationship goes into year two or finally approaches end of year one, how are those trending? Is that trending as per scale? I mean, are you being installed on more of the newer devices that are coming out? Can you shed some light there? And of course, is that a similar pattern that we expect AT&T to develop? I understand you've given guidance. You've basically indicated that some of the stocks contributing into 2016, but should we assume that the first year tax rate or sensory rates are going to be low, and have a pickup in the second year?

Bill Stone
Yes, every operator is going to be a little bit different, Sameet, in terms of how they approach it. However, with that being said, I think that what we saw in the early days with Verizon, well over a year ago, is that you had a product in the marketplace that hasn't been as battle tested as it is now, and so, our ability to point to that battle testing, point to those launches, tends to get our new operator customers much more comfortable with the ability to scale.

A specific example of that is Vodafone in Australia. When they launched, they attached Ignite to 100% of their devices out of the gate. There wasn't any, "well let's trial it for a couple of devices and then we'll see what happens and move on." They went 100% right out of the gates. So, I'll contrast that with Deutsche Telekom, where we had some unique security issues that we were dealing with, so they took a much more cautious roll out on a country-by-country basis.

So, each operator is going to be a little bit different. I think as it relates to AT&T, they've been a great partner so far. They've put a lot of energy into this, and so our anticipation is that they're really leaning in here, and I wouldn't anticipate them doing this much leaning in just to really slow ramp this thing.

Sameet Sinha
Great. Thank you very much.

Operator
Our next question is from Jon Hickman of Ladenburg Thalmann. Please go ahead.

Jon Hickman
Hi, thanks for taking my call, or my questions. Can you tell us what the average slot per device was in October as things got pretty good there?

Bill Stone
Yes so, John, it depends on operator, but I generally say for October it was right around four, or just north of four on a global basis. Some of the activities we've done and talked about today are things that are recently just happened and hot off the press to expand that.

Jon Hickman
Okay. And then American Mobile, is that included in your, in the new customers that equal this 500 million new subscribers?

Bill Stone
Yes.

Jon Hickman
And you expect American Mobile to be contributing to revenues in the March quarter?

Bill Stone
Correct.

Jon Hickman
Okay, let's see. You seem to be talking about AT&T and Cricket as separate entities. Can you elaborate on that?

Bill Stone
Yes, they're definitely one entity. I'm talking about them in separate entities in the sense that Cricket will be deploying Ignite how most investors understand Ignite today, meaning a silent install. You pull your phone out of the box, applications targeted to you show up on your device. Cricket is deploying it in that manner.

AT&T is looking at it a little bit differently through the setup wizard, which is you pull your phone out of the box, you go through a setup wizard and as you're setting up all your things, your email, your contacts, etc., you'll be prompted to then to select which applications you want to put on your device. That's part of Ignite too. I know with the setup wizard AT&T has some unique and customer requirements that we need to integrate into, hence us being conservative in talking about that in the confines of the June quarter.

Jon Hickman
But haven't you been dealing with, Cricket's been a customer for more than a year now, hasn't it?

Bill Stone
Yes, we had Cricket as a customer for a long time back before they were purchased by AT&T, John, and then after Cricket was purchased by AT&T, what happened is AT&T shut down all the Cricket subscribers on their CDMA network and then migrated them over to AT&T's traditional 3G and 4G LTE networks to free up that spectrum for other things that AT&T wanted to use. So, as a result of that, AT&T and Cricket were not focused on putting Ignite on new devices. Now that that issue is behind them they can refocus on putting it on additional devices.

Jon Hickman
Okay. And then can you go over, you were talking really fast, can you go over the factors in the quarter that limited your DT Media business? You mentioned one, which is [indiscernible], but you mentioned several others.

Bill Stone
Yes, no absolutely. There are a couple of things that happened. First is, there happens to be occasions where an operator where want us to run a house app, which would be their own branded app or something where they've got relationship with, or another words it's a nonrevenue generated app, but it continues to slot. That's not in the operator's interest all times, but sometimes you'll be one offset they'll ask us to do that on a specific device.

Second is that we do see some advertisers that want to save some dry powder for the holidays and really attack the holiday devices, I know some of the ones that were out there. We also, as I mentioned, we saw our revenues increase outside the United States from October to September, they increased by 50%. So, that's going to bring your weighted average down.

And then finally, was back to Brian's question around targeting. As we mentioned, we're now at scale to do targeting. Earlier on in the quarter and in the early months of the quarter, we were not. And hence, advertisers wanted to wait until we had some that targeting capability, as did we, because they're willing to pay higher CPP rates to us to do that.

So, the combination of those factors were the things that really drove our yield per device for the quarter. For future quarters and looking more forward, obviously the expansion of slots will take the aggregate number up to or above our $2 range that we guided to earlier.

Jon Hickman
Okay. And then one last thing. Andrew, how long is this amortization going to last?

Andrew Schleimer
Well, we have amortization that you should expect in the $2 million Appia Core range for the foreseeable future as that relates back to both our MIA and now Appia acquisition. When we put it on the books—

Jon Hickman
I'm talking about that Logia.

Andrew Schleimer
Oh, that was a one; the $2.4 million was a one-time write off this quarter. So, therefore, it was one-time event, and hence, why we show on an EPS basis, EPS ex items at $0.10 per share versus the $0.14 loss on a reported basis, given the fact that this is a one-time event.

Jon Hickman
Okay, that's detailed in your extra—

Andrew Schleimer
So, in our cables, in the press release we have a non-GAAP reconciliation to non-GAAP EPS. Just note, that one of the reasons why gross profit on a reported basis was roughly $77,000 was because this $2.4 million charge hit us in the cost-to-good sales line.

Jon Hickman
Okay, thanks. That's it for me.

Andrew Schleimer
Thanks, John.

Operator
Our next question is from Ilya Grozovsky of National Securities. Please go ahead.

Ilya Grozovsky
It's Ilya Grozovsky, thanks. So, just wanted to get back to your comments on the guidance. When you issued the guidance six months ago, and reiterated it in the last conference call three months ago or so, did you have better visibility then than you do now?

Bill Stone
No, I wouldn't say, clearly that we've got better visibility now, but in terms of now getting granular, Ilya, we want to make sure that again we're talking about 30 days, we're not talking about 3 months, or 6 months. We think it's better rather than running the risk of whipsawing investors around, that we believe that taking, we're given the date on the calendar we're at, if we're having this call in December, I'd give you a different answer.

But given the date that we're having this call on, I'd feel much more comfortable to provide investors clarity on empirical data and results, and an ability for us extrapolate out that line in the rearview mirror on these new business units versus speculate on exactly what it's going to be and speculate on how devices a large operator in the US is going to sell on Black Friday. I don't know the answer to that. We've got guesstimates based upon our history, but I can't forecast that with a crystal ball. So, let's come back in 30 days with some clarity.

Ilya Grozovsky
Okay. So then since before your guidance was arranged from the 110 to 130, would it be safe to assume that a number below 110, you would be personally disappointed in, and numbers above that you would be happy with?

Bill Stone
Yes, we're always going to be pleased with higher numbers, that's for sure. But again, we're going to back, we're going to come back in 30 days, we'll provide some clarity on a lot of this, Ilya, and get very specific on some of the granularity.

Ilya Grozovsky
Okay. And then my other question was in terms of the devices, so you've now had about six months of a track record with four apps on, let's say out of Verizon, when you think about what percentage of new Android buyers or upgraders click on one of those apps, or two or three or four? If you think about it that way as opposed to the yield for the phone in general, just what percentage clicks on just one of the four apps that you've presented them?

Bill Stone
Yes —

Ilya Grozovsky
Is that 50%, 80%? What's the number look like?

Bill Stone
Yes, I think you have to look it over the axis of time right? So, if I want to look at it over the course of a year, that number is going to be very, very high. If I want to look it over the course of seven days it's going to be lower. So, it all just depends upon the app, but we see, Ilya, we maximize the device. So, we've seen campaigns with open rates that we've been paid on in the mid 60% range. We've seen campaigns that we're paid on that were in the 10% range and everything else in between on that in terms of CPI campaigns, and we'll continue to optimize those.

On the CPPs, that Brian was referencing, we get paid on a 100% of the applications whether the customer opens it or doesn't open it, and that's a much different dynamic.

Ilya Grozovsky
Got it, okay. Thank you.

Operator
Our next question is a follow up from Brian Alger of ROTH Capital Partners. Please go ahead.

Brian Alger
Hi, guys. Obviously, a lot going on here. It seems to be that with the higher slot count and with even a non-targeted CPP rate; we should be seeing some pretty substantial growth coming in this quarter. I wonder if some of the uncertainty is with regards to the March quarter, because I know that in the past we thought that March could see a sequential increase. Is that another thing that's a variable?

Bill Stone
Yes, absolutely, Brian, and there are three variables here. One is the device sell through for the holidays. The second variable is the ability in terms of how eight slot scales with any potential diminishing returns rather operational things to deliver those increased payloads to each device, and then the final one is what you just mentioned, which is what's the impact from the new launches. We've got visibility into these launches today.

Over the next 30 or so days, though, it's going to get much more precise on specific devices and specific dates, and so that visibility will also help us in terms of the annual guidance by providing greater clarity, rather than just saying March quarter or June quarter. We can say February, and we can believe February with this much impact based upon these device forecasts, and those are things that I've got an idea of today, but I will have much greater clarity in December.

Brain Alger
Okay. And then just one backwards looking question, as we look at the $4.1 million in the advertising revs attributable to DT Media, we have a lower revenue per device number there. Would it be appropriate to look at that total dollar amount divided by the revenue per device and come up with a unit number and compare that to the June quarter, or is there something else going on? Because intuitively we should've seen flat units to something better given a full quarter with the S6.

Andrew Schleimer
Yes, I think that the math obviously as we've discussed in the past, Brian, works just that way. The only impact, obviously, in the June quarter in my prepared remarks was higher professional services, which we report in the $4.1 million vis-à-vis the $3.2 in the June quarter, but pro forma professional services, you can back out yield to get an implicit number of devices.

Brian Alger

And the thing I'd mention, Brian, in terms of devices is you, obviously, in the June quarter you had a number of new launch devices. In the September quarter, you only had the Samsung Galaxy Note 5 is really the new material device that came out then. So, I think that's going to impact your volumes a little bit from quarter-to-quarter.

Andrew Schleimer
Thanks.

CONCLUSION

Operator
This concludes our question and answer session. I'd like to turn the conference back over to Mr. Stone for any closing remarks.

Bill Stone
Great. Thanks for everyone for joining the call today. Next week, we're going to be at the ROTH Capital Partners' Technology Corporate Access Day. We're focused and excited about our immediate and long-term prospects, and look forward to coming back to you in December with a report of our holiday selling and guidance.

Have a great night. Thanks very much.

Operator
The conference is now concluded. Thank you very attending today's presentation. You may now disconnect.