

March 28, 2014



Mandalay Digital Provides Fiscal 2015 Guidance

-- Company Expects Year-over-Year Revenue Growth of 80% to 100% for Fiscal 2015 --

-- Reaffirms Fiscal 2014 Revenue Guidance --

LOS ANGELES, March 28, 2014 /PRNewswire/ -- Mandalay Digital Group, Inc. (Nasdaq: MNDL), a leading provider of mobile technology solutions, today summarized its fiscal 2015 guidance announced on a conference call and webcast on March 26, 2014, including anticipated 80% to 100% revenue growth over fiscal 2014.

Fiscal 2015 Outlook Summary

- Expects revenue in the range of \$46 million to \$50 million for fiscal 2015, ending March 31, 2015.
- Revenue guidance excludes recently divested non-core subsidiary; Guidance does not take into account any potential strategic acquisition activity that may be conducted.
- Forecasts gross margin to be 50-plus percent, a substantial increase from prior margins.
- Anticipates being Adjusted EBITDA* positive for full second fiscal quarter ending September 30, 2014.
- Anticipates launching the company's DT Ignite™ product in numerous emerging markets, including India, Russia and the Philippines in the next 90 days.
- Increases projections for DT Ignite installs to 12 million devices by this time next year, up 20 percent from projections made by the company in February. The company expects the ramp in DT Ignite to begin this summer and continue through the remainder of the fiscal year.
- Confirms signing numerous new advertising network partners and direct advertisers such as, Millennial Media, Appia, App Lift, Mobile Fuse, Taptica, Grab Games, GSN, Kaboom, vServ, and PokerStars.

*Adjusted EBITDA is a non-GAAP financial measure that excludes certain expenses. For a definition of Mandalay Digital's use of non-GAAP financial measures, see the section titled "Use of Non-GAAP Financial Measures" below.

Fiscal 2014 Guidance Summary

- Reaffirms it previously issued revenue guidance for fiscal 2014, including revenue in

the range of \$25 million to \$27 million (as updated in February to adjust for the Twistbox disposition), at the higher end of the range excluding the impact of foreign currency and at the lower end of the range including the foreign currency impact.

Summary Remarks

"Mandalay's business prospects remain very strong, with increasing customer demand and a rich pipeline," said Peter Adderton, CEO of Mandalay Digital. "Our cost per install, or CPI, advertising model, and content search and discovery products, are driving our future growth, and I am excited to see our products now being embraced by many global carriers.

"We are actively seeking opportunities to expand our reach into global carriers and enhance our traction in the fast growing CPI arena, while complementing our existing technologies," Adderton said. "We have strong balance sheet to quickly take advantage of these M&A opportunities from a position of strength to fast-track our growth."

Conference Call Replay Information

A replay of the conference call will be available until 11:59 pm ET on April 2, 2014, and can be accessed by dialing 800-406-7325 in the United States or 303-590-3030 from international locations, conference ID 4674457. An audio webcast is available at www.mandalaydigital.com, where it will be archived for one year. A transcript of the call is also available at the company's website.

About Mandalay Digital Group

Mandalay Digital Group, Inc., through its wholly owned subsidiary, Digital Turbine, provides mobile solutions for wireless carriers globally to enable them to better monetize mobile content. The Company's products include mobile application management through DT Ignite, user experience and discovery through DT IQ, application stores and content through DT Marketplace, and content management and mobile payments through DT Pay. With global headquarters in Los Angeles, and offices throughout the U.S., Asia Pacific and EMEA, Mandalay Digital's solutions are used by more than 31 million consumers each month across more than 20 global operators. For additional information, visit www.mandalaydigital.com.

Use of Non-GAAP Financial Measures

Adjusted EBITDA is calculated as GAAP net income (loss) excluding the following cash and non-cash expenses: interest expense, foreign transaction gains (losses), debt financing and non-cash related expenses, debt discount and non-cash debt settlement expense, gain or loss on extinguishment of debt, income taxes, asset impairment charges, depreciation and amortization, stock-based compensation expense, change in fair value of derivatives, and accruals for one-time and discretionary bonuses. Because Adjusted EBITDA is a non-GAAP measure that does not have a standardized meaning, it may not be comparable to similar measures presented by other companies. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with U.S. GAAP as an indicator of performance, which is the most comparable measure under GAAP. Adjusted EBITDA is used by management as an internal measure of profitability. The company has included Adjusted EBITDA because it believes that this

measure is used by certain investors to assess the company's financial performance before non-cash charges and certain costs that the company does not believe are reflective of its underlying business. A reconciliation of Adjusted EBITDA to U.S. GAAP net income (loss) is expected to be included in the press release announcing the results of Mandalay Digital's fiscal year ending March 31, 2014, however such reconciliation to future net income (loss) is not currently available without unreasonable effort. The information that is unavailable is primarily asset impairment and expenses related to stock-based compensation. It is probable that when such amounts are available they will result in a significant net loss for the fiscal year ending March 31, 2014 notwithstanding the company's expected Adjusted EBITDA results.

Forward-Looking Statements

Statements in this news release concerning future results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events, including statements concerning Mandalay's Digital's expected fiscal 2014 and 2015 revenues, Adjusted EBITDA, gross margins, launch markets and installation projections for DT Ignite, strength of balance sheet to complete acquisitions, foreign exchange impact, prospects, customer demand, CPI, business pipeline and future growth are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements. These factors include the inherent and deal specific challenges in converting discussions with carriers and other business partners into actual contractual relationships, product acceptance of a new product such as DT Ignite in a competitive marketplace, the potential for unforeseen or underestimated cash requirements or liabilities, risks intrinsic to dispositions (like the Twistbox disposition) such as successor liability claims, the impact of currency exchange rate fluctuations on the company's reported GAAP financial statements, the company's ability as a smaller company to manage international operations, its ability given the company's limited resources to identify and consummate acquisitions, varying and often unpredictable levels of orders, the challenges inherent in technology development necessary to maintain the company's competitive advantage such as adherence to release schedules and the costs and time required for finalization and gaining market acceptance of new products, changes in economic conditions and market demand, rapid and complex changes occurring in the mobile marketplace, pricing and other activities by competitors, and other risks including those described from time to time in Mandalay Digital Group's filings on Forms 10-K and 10-Q with the Securities and Exchange Commission (SEC), press releases and other communications.

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