TURTLE BEACH®

Q1 2019 Earnings Presentation

May 8, 2019

SAFE HARBOR STATEMENT

Forward-Looking Information

This presentation includes forward-looking information and statements within the meaning of the federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. Statements containing the words “may”, “could”, “continue”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “goal”, “estimate”, “accelerate”, “target”, “project”, “intend” and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements are based on management’s current belief, as well as assumptions made by, and information currently available to, management. While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to, risks related to the Company’s liquidity, the substantial uncertainties inherent in the acceptance of existing and future products, the difficulty of commercializing and protecting new technology, the impact of competitive products and pricing, general business and economic conditions, risks associated with the expansion of our business including the implementation of any businesses we acquire, the integration of such businesses within our internal control over financial reporting and operations, our indebtedness, changes in the fair value of our outstanding financial instrument obligations and other factors discussed in our public filings, including the risk factors included in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and the Company’s other periodic reports. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, the Company is under no obligation to publicly update or revise any forward-looking statement after the date of this release whether as a result of new information, future developments or otherwise. This presentation also contains trademarks and trade names that are property of their respective owners.

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This presentation contains certain financial measures, including adjusted EBITDA, that are not calculated under the standards or rules of U.S. GAAP, which are referred to as "non-GAAP financial measures." These non-GAAP financial measures, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these non-GAAP financial measures are not measurements of financial performance or liquidity under GAAP and should not be considered an alternative to the Company’s other financial information determined under GAAP. Management believes that such non-GAAP financial measures, when read in conjunction with the Company's reported results, can provide useful supplemental information for investors analyzing period to period comparisons of the Company's results. The presented non-GAAP financial measures exclude items that management does not believe reflect the Company’s core operating performance because such items are outside the control of the Company or are inherently unusual, non-operating, unpredictable, non-recurring, or non-cash. “Adjusted EBITDA” is defined by the Company as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), and certain special items that we believe are not representative of core operating performance. The Adjusted EBITDA outlook for the fourth first quarter and full year of 20198 has not been reconciled with the Company’s net income outlook for the same periods because of the variability, complexity and lack of visibility with respect to certain reconciling items between adjusted EBITDA and net loss, including other income (expense), provision for income taxes and stock-based compensation. These items cannot be reasonably and accurately predicted without the investment of undue time, cost and other resources and, accordingly, a reconciliation of the Company’s adjusted EBITDA outlook to its net loss outlook for such periods is not available without unreasonable effort. These reconciling items could be material to the Company’s actual results for such periods.

Q1 SUMMARY

Comparisons to prior year quarter, where applicable

- Net revenue **increased 10%** to $44.8M
- Gross margin of 33.0% versus 36.8%
- Net income **up 56%** to $3.1M, or $0.09 per diluted share
  (EPS excludes $1.6M unrealized gain on financial instrument obligation)
- Adjusted EBITDA of $4.3M vs. $5.3M
- Q1 net revenue, net income & adjusted EBITDA **exceed outlook**
- **$10.2M of cash with zero debt at quarter end**
- Announced pending acquisition of leading PC gaming accessory business **ROCCAT, more than doubling TAM**
- **Reiterating annual guidance** of $240M-$248M revenues & $27M-$31M EBITDA

INTRODUCING THE ALL-NEW RECON 70

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Shown: *Recon 70 for Xbox One in Black*

- Launched March/April 2019, the ***Recon 70*** is TB's all-new entry-level gaming headset.
- Successor model to the *Recon 50* – the best-selling wired gaming headset in NA for the past two years that has sold over 5 million units to date[1].
- Xbox One, PS4™, Nintendo Switch™ and multiplatform models in multiple colors.
- **<u>Key Features:</u>**
  - **Flip-to-Mute High-Sensitivity Mic**
  - **Powerful 40mm Speakers**
  - **Updated Lightweight Over Ear Design**
  - **Leatherette Wrapped Ear Cushions**
  - **$39.95 MSRP**

gamesradar+

REVIEW SCORE = 4/5: "A GREAT BUDGET HEADSET, WITH TURTLE BEACH PEDIGREE, THAT'S BEST FOR CONSOLES."

Windows Central

RECOMMENDED WINDOWS CENTRAL

REVIEW SCORE = 4/5: "QUITE POSSIBLY THE BEST AFFORDABLE XBOX AND PC HEADSET."

1. Source: The NPD Group/Retail Tracking Service/Video Games/Units/U.S. & Canada/Jan 2014-Mar 2019.

ROCCAT ACQUISITION SIGNIFICANTLY EXPANDS ADDRESSABLE MARKET

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GLOBAL GAMING ACCESSORY MARKET $4,658M

- Mice $597M
- Keyboards $684M
- PC Headsets $1,575M
- Console Headsets $1,802M

	Turtle Beach Portfolio[1]	ROCCAT Portfolio[1]
Mice		**9 Mice** Including 7 RGB Models $29 - $139 MSRP
Keyboards		**8 Keyboards** Including 4 RGB Models $79-$159 MSRP
PC Headsets	**5 Headsets** Including 1 USB Wireless Model & 3 new Atlas models $39-$99 MSRP	**5 Headsets** Including 1 USB/RGB Wired Model & 1 Earbud Model $29-$119 MSRP
Console Headsets	**21 Headsets** Including 4 Wireless Models, 2 Pro esports Models & 2 Earbud Models $19-$249 MSRP	

48 Active Core Models in Portfolio

Additional Addressable Market with ROCCAT – Goal is to build incremental $100M business

Historic TB Addressable Market - Goal is to continue leadership

1. Reflects core models, not all SKUs or products are included.
Source for market sizes: Newzoo Report 2019 Peripheral Market estimates

QUARTERLY FINANCIAL OVERVIEW

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$ in millions (except per-share data)	2018 Q1	2019 Q1	YOY Δ	Commentary
Revenue	**$40.9**	**$44.8**	**10%**	Continued strong demand for console gaming headsets
Gross Margin	**36.8%**	**33.0%**	**(380)bps**	Higher promo allowances, refurb costs incurred to support higher revenue, channel mix
Operating Expenses	$11.2	$13.0	16%	Marketing for RECON 70 launch, $0.8M in ROCCAT acquisition costs
Operating Income	$3.8	$1.8	$(2.0)M	Margin/opex offset revenue growth
Net Income	$2.0	$3.1	$1.1M	$1.6M mark-to-market gain on financial instrument obligation
Diluted EPS[1]	**$0.16**	**$0.09**	**$(0.07)**	Net income for diluted EPS calculation excludes the $1.6M mark-to-market gain above
Adjusted Diluted EPS[2]	$0.16	$0.13	$(0.03)	Margin/opex offset revenue growth
Adjusted EBITDA[2]	**$5.3**	**$4.3**	**$(1.0)M**	Margin/opex offset continued revenue growth

1. EPS based on diluted share count of 12.4 million average shares in Q1 2018 and 16.3 million average shares in Q1 2019. See appendix for bridge on share count changes.
2. See appendix for a reconciliation of non-GAAP measures.

BALANCE SHEET

Capitalization

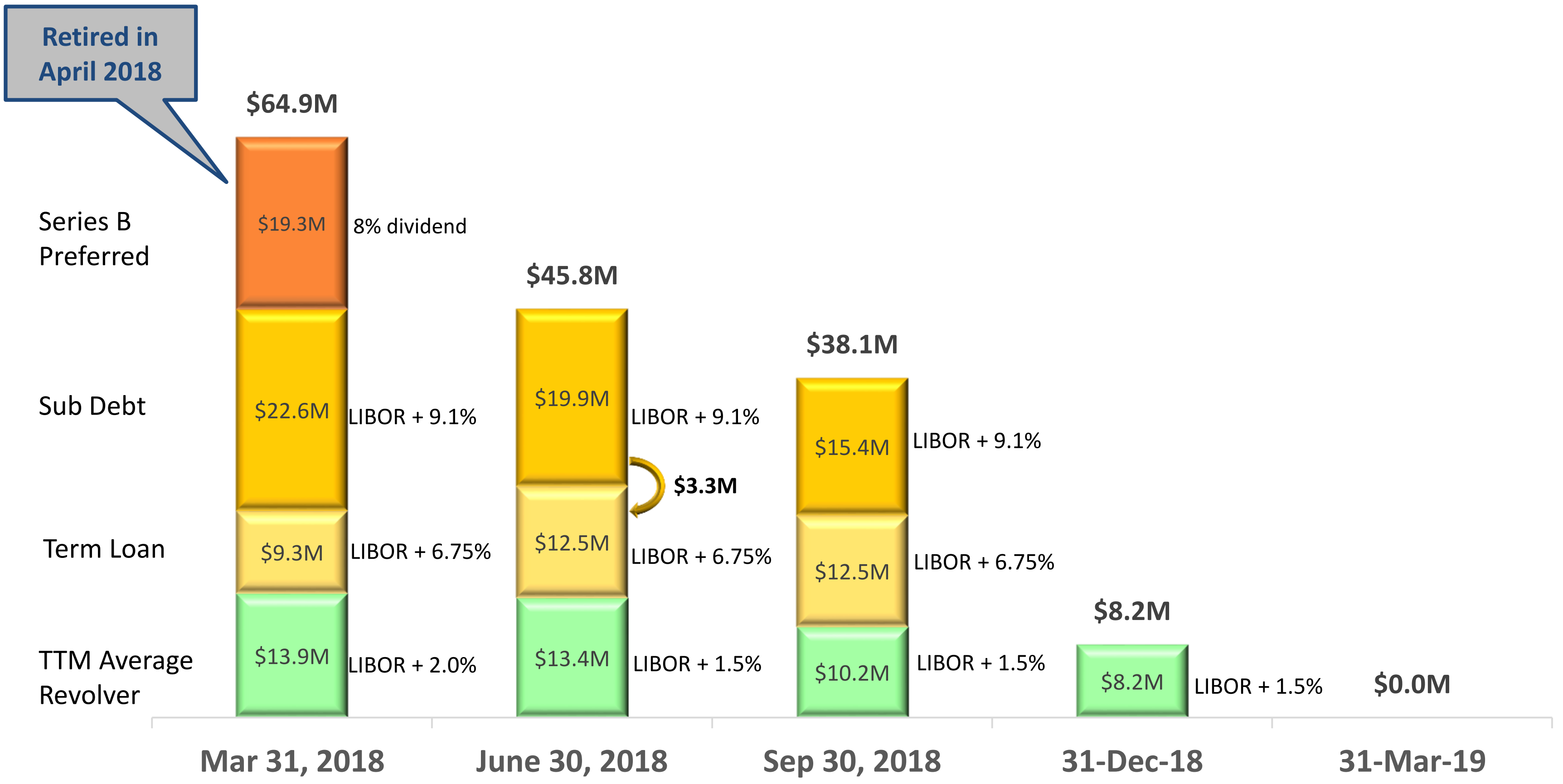
	At 3-31-18	At 3-31-19
Cash & Equivalents	**$4.3M**	**$10.2M**
Debt		
Revolver (asset-based)	$2.6M	–
Term Loans	$9.3M	–
Subordinated Notes	$22.6M	–
Total Debt	**$34.5M**	**–**
Series B Preferred Stock	$19.3M	–
Leverage Ratio[1]	***1.0x***	***0.1x***

2019 Balance Sheet Improvements

- Retired Series B Preferred Stock in exchange for shares/warrants in Apr 2018
- Renegotiated revolver in Dec 2018, reducing interest rates and extending term to March 2024
- Fully repaid all term loans and subordinated notes in Dec 2018 with operating cash flow
- Fully repaid revolver in first quarter of 2019 with operating cash flow

1. Defined as total term loans outstanding and average trailing twelve month revolving debt, divided by consolidated trailing twelve month adjusted EBITDA.

EVOLUTION OF DEBT PAYDOWN



ANTICIPATED CONSOLE HEADSET MARKET DYNAMICS IN 2019

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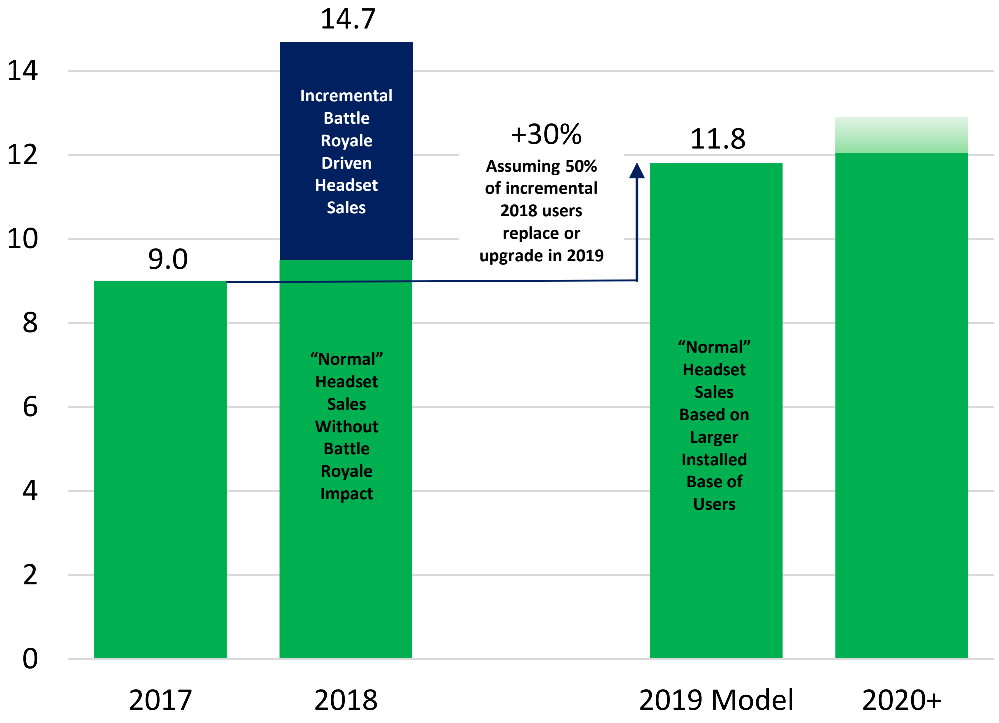
Simplified Market Model[1]

US & Canada Console Gaming Headset Sell-Through

Millions of Units



Installed base of console headset users grew significantly in 2018 driven by battle royale games

Recent survey results indicate consumer intent to upgrade/replace <24 month cycle (with wide distribution around that average)

Biggest drivers of potential increase from 2019 model estimates are:

- Faster upgrade/replace cycle among new headset users
- Higher than expected continued influx of new headset users
- Stronger slate of Q4 games or major games going "free" model

Biggest drivers of potential decrease from 2019 model estimates are:

- Slower upgrade/replace cycle among new headset users
- Weaker slate of Q4 games than expected
- Market slow down due to new console rumors/announcement

Market sell-in revenues (sales) will vary from sell-through units based on channel inventory adjustments to hold weeks-of-supply and ASP of product sales

1. This is a highly simplified market model to illustrate overall dynamics - actual market dynamics are much more complex than shown

Source: The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. & Canada

2019 OUTLOOK[1]

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	1st Half 2019	2019	Full-Year Commentary & Assumptions
Net Revenue	$85M-$88M	$240M-$248M	Number of new gaming headset users returns to more normal rate; 2019 includes ~7 months' of revenue from ROCCAT (estimated to be $20-$24M)
Gross Margin	~32%-33%	33%-34%	Reduced operating leverage, increases in promotional allowances & one-time ROCCAT charges
GAAP EPS	$(0.19)-$(0.13)	$0.70-$0.90	$10M-$12M incremental opex for ROCCAT, including estimated $3M in ROCCAT transaction & integration costs, 10% tax rate
Adj. EPS[2]	$(0.03)-$0.04	$0.90-$1.10	
Diluted Shares	16.6M	16.6M	
Adj. EBITDA	$4.0M-$5.5M	$27M-$31M	Revenues reflect more normalized rate of new headset users, higher promotional allowances related to new products, increased marketing spend, PC & ROCCAT investments

1. Guidance effective on May 8, 2019.
2. Excludes impact of mark-to-market adjustments associated with the retirement of the Company's Series B preferred stock in April 2018, which only impacts Q1-19 actuals. Also excludes transaction & integration costs related to the acquisition of ROCCAT, currently estimated to be $2.8M in first half of 2019 & ~$3M in 2019.

REVENUE PROFILE

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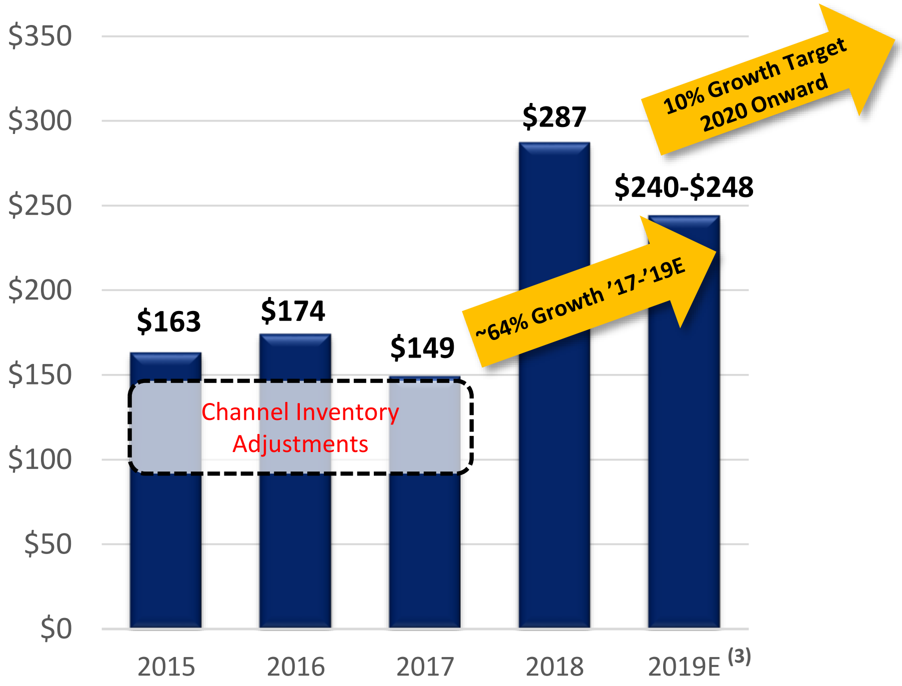
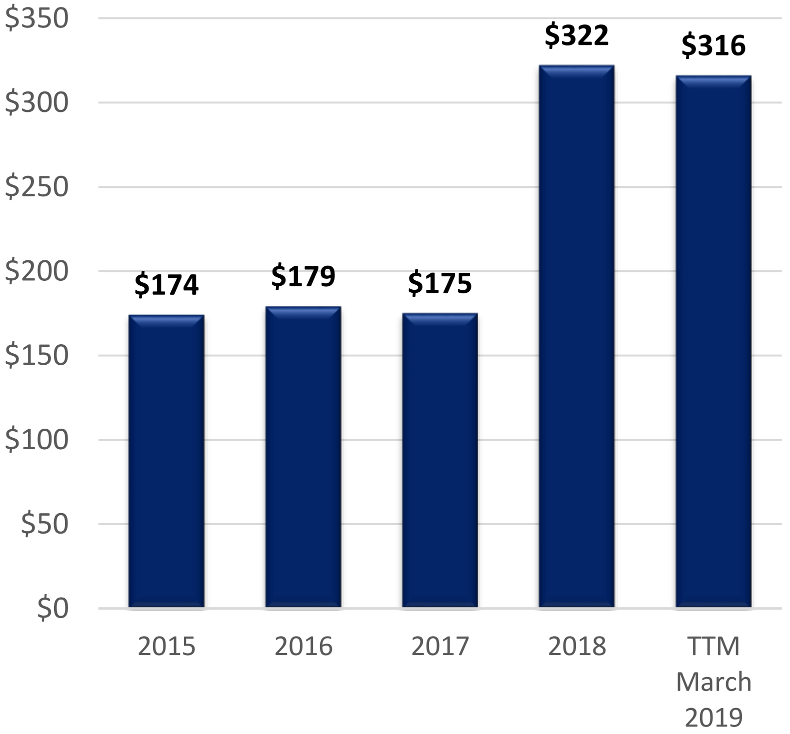
Company Revenues [1]

Millions



Company Product Retail Sell-Through in US & Canada Markets [2]

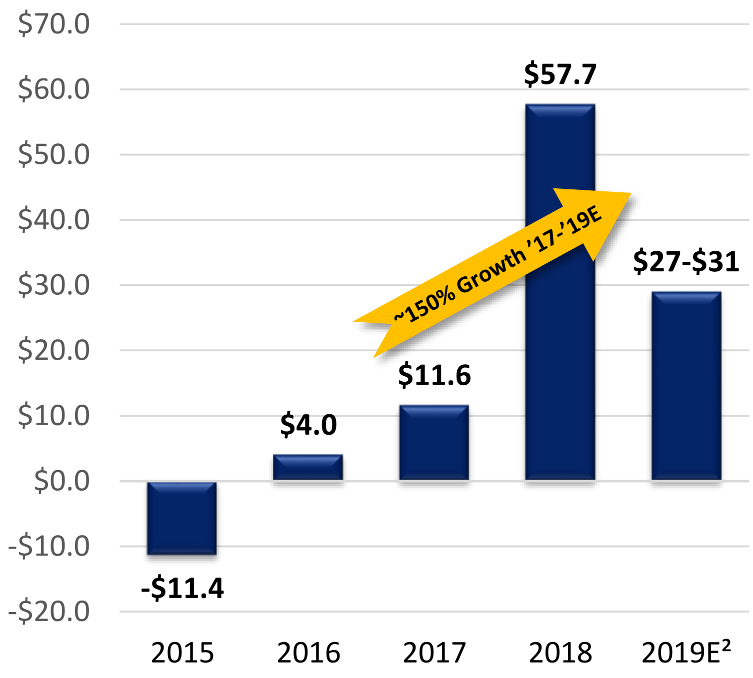
Millions



1. Company net revenues = wholesale revenues so not directly comparable to retail revenues in the chart on the right – shown just for perspective given channel inventory impacts on company net revenues.
2. The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. & Canada/CY2015, CY2016, CY2017, CY2018, and Trailing Twelve Months Apr 2018-Mar 2019.
3. Guidance effective only as of May 8, 2019.

EBITDA PROFILE

Adjusted EBITDA[1]
Millions



2016:
Returned headset business to profitability. Converted HyperSound to licensing model. Entered esports, VR, streaming mic categories.

2017:
Focused on core headset business and continued profitability improvements. Positioned the Company for improved balance sheet and loan terms. Laid groundwork for 2018+ growth initiatives.

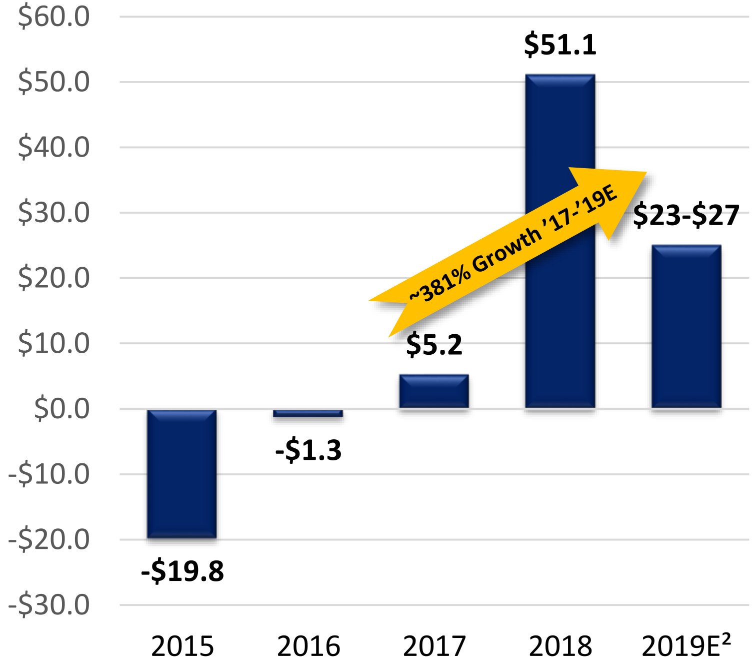
2018:
Continued to deliver increased profitability in headset business. Lowered cost and paid off debt. Made select investments to drive future growth.

2019 & Beyond:
Hold position in console headsets. Accelerate PC headset growth in our core markets. Enter PC headsets in China/Asia. Add keyboards and mice. Add software and services differentiation across hardware.

1. See appendix for a reconciliation of non-GAAP measures.
2. Guidance effective only as of May 8, 2019.

STRONG FREE CASH FLOW GROWTH

Free Cash Flow[1]
Millions



Strong free cash flow generation:

- Allowed the Company to become debt free at Q1-19
- Expected to enable growth investments
- Allowed for April '19 announcement of a share buyback of up to $15M over the next two years

1. Free cash flow defined as consolidated adjusted EBITDA less capital expenditures, less cash interest.
2. Estimated based on guidance effective only as of May 8, 2019.

KEY TAKEAWAYS

- Strong continued demand for our products fueled by Battle Royale gaming revolution
- $10.2M in cash with zero debt at quarter end
- More than doubled our TAM to $4.7B with pending acquisition of leading PC gaming accessory maker ROCCAT
- 2019 outlook anticipates strong sales & free cash flow
- Authorization of up to $15M share repurchase signals continued confidence in our business

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COMPANY WEBSITES

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APPENDIX

SHARE COUNT BRIDGE

Weighted average diluted shares outstanding – Q1 2018	**12,369**
Weighted average common shares issued in exchange for Series B preferred stock	1,307
Weighted average common shares issued upon exercise of stock options and warrants	682
Incremental dilutive effect of outstanding stock options and restricted stock	1,086
Incremental dilutive effect of outstanding warrants[1]	816
Weighted average diluted shares outstanding – Q1 2019	**16,260**
Estimated weighted average diluted shares outstanding – 2019	**16,600**

1. Includes 550,000 fully-funded warrants issued in connection with the exchange for Series B preferred stock and warrants previously held by Stripes

GAAP TO ADJUSTED EBITDA RECONCILIATION – THREE MONTHS ENDED MARCH 31, 2019

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	Three Months Ended March 31, 2019					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (1)	Adj EBITDA
Net revenue	$ 44,846	$ —	$ —	$ —	$ —	$ 44,846
Cost of revenue	30,059	(352)	—	125	—	29,832
Gross profit	**14,787**	**352**	**—**	**(125)**	**—**	**15,014**
Operating expense	12,986	(688)	(62)	(647)	(780)	10,809
Operating income	**1,801**	**1,040**	**62**	**522**	**780**	**4,205**
Interest expense	244					
Other non-operating expense (income), net	(1,662)				1,601	(61)
Income before income tax	3,219					
Income tax expense	164					
Net income	**$ 3,055**			**Adjusted EBITDA**		**$ 4,266**

(1) Other includes unrealized gain (loss) on financial instrument obligation.

GAAP TO ADJUSTED EBITDA RECONCILIATION – THREE MONTHS ENDED MARCH 31, 2018

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	Three Months Ended March 31, 2018					
	As Reported	**Adj Depreciation**	**Adj Amortization**	**Adj Stock Compensation**	**Other**	**Adj EBITDA**
Net revenue	$ 40,886	$ —	$ —	$ —	$ —	$ 40,886
Cost of revenue	25,857	(120)	—	(18)	—	25,719
Gross profit	**15,029**	**120**	**—**	**18**	**—**	**15,167**
Operating expense	11,243	(828)	(79)	(205)	—	10,131
Operating income	**3,786**	**948**	**79**	**223**	**—**	**5,036**
Interest expense	2,005					
Other non-operating expense (income), net	(245)					(245)
Income before income tax	2,026					
Income tax expense	64					
Net income	**$ 1,962**				**Adjusted EBITDA**	**$ 5,281**

(1) Other includes unrealized gain (loss) on financial instrument obligation.

GAAP TO ADJUSTED DILUTED EPS RECONCILIATION – THREE MONTHS ENDED MARCH 31ST

	Three Months Ended	
	March 31, 2019	March 31, 2018
Net Income (Loss)		
GAAP Net Income	$ 3,055	$ 1,962
Adjustments, net of tax:		
Gain on financial instrument obligation	(1,601)	—
Acquisition integration costs	721	—
Non-GAAP Earnings	2,175	1,962
Diluted Earnings Per Share		
GAAP - Diluted	$ 0.09	$ 0.16
Gain on financial instrument obligation	$ —	$ —
Acquisition integration costs	$ 0.04	$ —
Non-GAAP - Diluted	$ 0.13	$ 0.16

GAAP TO ADJUSTED EBITDA RECONCILIATION – FULL YEARS

Consolidated	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Net Income (Loss)	**39,190**	**(3,248)**	**(87,182)**	**(82,907)**
Depreciation	3,954	4,075	5,066	5,901
Amortization of intangibles	303	349	4,128	2,015
Interest	5,335	7,916	7,447	5,099
Taxes	1,737	593	(387)	2,393
Stock Compensation	1,877	1,430	3,960	5,897
Restructuring Expense	-	533	664	399
Goodwill Impairment	-	-	63,236	49,822
Business Transaction Expense	-	(79)	7,079	-
Unrealized loss on financial instrument obligation	5,291	-	-	-
Adj EBITDA	**57,687**	**11,567**	**4,011**	**(11,381)**