



**TURTLE  
BEACH**<sup>®</sup>  
CORPORATION

**THIRD QUARTER 2022  
EARNINGS PRESENTATION**  
NASDAQ: HEAR  
NOVEMBER 3, 2022



# SAFE HARBOR STATEMENT



## Forward-Looking Information and Statements

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”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “estimate”, “target”, “goal”, “project”, “intend” and similar expressions, or the negatives thereof, 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 beliefs and expectations, 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 logistic and supply chain challenges, 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 integration of any businesses we acquire and the integration of such businesses within our internal control over financial reporting and operations, our indebtedness and liquidity, 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 filed with the Securities and Exchange Commission. 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.

## Non-GAAP Financial Measures

In addition to its reported results, the Company has included in this presentation certain financial results, including adjusted net income and adjusted EBITDA, that the Securities and Exchange Commission defines as “non-GAAP financial measures.” 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. “Non-GAAP Earnings” is defined as net income excluding (i) integration and transaction costs related to acquisitions and (ii) certain non-recurring business costs. “Adjusted EBITDA” is defined by the Company as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), and certain non-recurring special items that we believe are not representative of core operations. These non-GAAP financial measures are presented because management uses non-GAAP financial measures to evaluate the Company’s operating performance, to perform financial planning, and to determine incentive compensation. Therefore, the Company believes that the presentation of non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. The presented non-GAAP financial measures exclude items that management does not believe reflect the Company’s core operating performance because such items are inherently unusual, non-operating, unpredictable, non-recurring, or non-cash. See a reconciliation of GAAP results to Non-GAAP Earnings and Adjusted EBITDA included in the Appendix hereto for each of the three months ended September 30, 2022 and 2021.



# Q3 2022 KEY MESSAGES AND RESULTS

## Macroeconomic Headwinds Impacting Consumer Products

- Weak consumer demand exacerbated by retailer inventory compression
- Environment causing abnormally high level of promotional activity to reduce inventories
- High freight costs significantly reducing margins and profit

## Gaming Market Showing Signs of Recovering

- Year-over-year declines in gaming accessory sales are subsiding
- Console supply increasing double digits year-over-year for 3rd straight month
- First major pre-holiday AAA game launch (Call of Duty) performing well

## Attractive Gaming Fundamentals Remain

- Millions of gamers added during pandemic, high engagement remains
- Global video games market expected to add 650M+ players in 2025 vs. 2020<sup>(1)</sup>
- Revenue in global games market increasing with a 4.7%+ CAGR from 2020-2025<sup>(1)</sup>

## Expecting return to growth and positive EBITDA in 2023

- Retail promotion and inventory dynamics expected to improve
- Freight rates are declining and OpEx has been reduced with benefits flowing to 2023
- Product portfolio performing well including many new products and increasing diversity

## Q3 2022 RESULTS

Vs. Q3 2021

**Net revenue \$51.3M**

vs. near record Q3'21 \$85.3M

**GAAP Net Income \$(12.0)M**

vs. \$2.6M

**GAAP EPS \$(0.73)**

vs. \$0.14

**Adjusted EBITDA \$(6.9)M**

vs. \$6.7M

**Strong Balance Sheet**



# INDUSTRY TRENDS SHOW GAMING IS THE MARKET TO BE IN

## A MASSIVE OPPORTUNITY

Global game market is expected to grow from **\$193Bn** in 2021 to more than **\$225Bn** in 2025<sup>(1)</sup>



## GAMING LEADS THE ENTERTAINMENT WORLD

Broader gaming market is the largest and most expansive industry in the world of entertainment at over **\$275Bn**<sup>(2)</sup>



## NEW CONSOLES ENERGIZE THE GAMING MARKET

The global market for gaming consoles hardware expected to reach **\$21Bn** in 2025<sup>(3)</sup>



## ESPORTS CONTINUES RISING IN POPULARITY

Secular shift to esports. Revenue expected to grow from **\$1.1Bn** in 2021 to **\$1.9Bn** by 2025<sup>(4)</sup>

## A BREAKTHROUGH IN GAMING SIMULATION TECHNOLOGY

Stunning realism on console & PC is driving **booming growth** in the **\$1.1Bn**<sup>(5)</sup> global gaming simulation hardware market



## GAMING DRIVING STREAMING

Livestreaming gaming audience is expected to grow to **1.2Bn** in 2025 from **0.8Bn** in 2021<sup>(4)</sup>



1. Newzoo Global Games Market Report, July 2022  
2. Newzoo Global Games Market Report (July 2022), DFC Reports (October 2022) & Internal Estimates

3. DFC estimates: Updated October 2022  
4. Newzoo Global Esports and Live Streaming Market Report, September 2022

5. Based on internal estimates, updated October 2022, includes racing simulation hardware



# EXECUTING OUR STRATEGY TO LEVERAGE INDUSTRY TRENDS

**Building on our decade-plus of leadership in the \$1.7<sup>(3)</sup> billion console headset market**, maintaining a portfolio for all levels of gamers with innovation and great execution.



- 9 of the top 15 U.S. console headsets by revenue are Turtle Beach<sup>(1)</sup>
- 12<sup>th</sup> consecutive year of 40% share or more in the U.S.
- Compelling lineup of new wireless models in 2022

**Continuing rapid expansion into the \$3.6<sup>(3)</sup> billion PC gaming accessories market**, further building out ROCCAT's portfolio of award-winning PC gaming accessories.



- ROCCAT U.S. sell-through increased over 60% year-over year<sup>(2)</sup>
- Exceeded market growth in major regions in 2021
- Launched over 40 new ROCCAT PC gaming products in 2021/2022

**Expanding into the \$2.1<sup>(4)</sup> billion global market for streaming and creator microphones**, launching Neat Microphones' new generation of high-performance USB and XLR mics.



- Launched 4 new Neat Microphones products in the U.S. in 2021
- Launched Neat products in Europe in Q1 2022
- Pursuing \$630M Digital/USB market segment with close ties to gaming

**Entering additional new categories to drive further growth over time**, launching products in the gamepad/controller and gaming sim hardware markets.



- Expanded award-winning console controller line up with REACT-R
- Launched our first cloud/mobile controllers: Recon Cloud and Atom
- Expanded flight sim hardware with rudder pedals, flight stick and stand

Non-Console Headset Revenues Expected To Be Over 30% of Net Revenues for Q4

1. The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S., Canada and Mexico/Jan-Dec 2021

2. The NPD Group/Retail Tracking Service/Gaming-Designed: PC Headsets, Mice, and Keyboards, Dollar Sales, Annual 2021 combined vs. Annual 2020 combined

3. Newzoo Peripheral Market Forecast, October 2022

4. Based on internal estimates, updated July 2022



# DELIVERING ON OUR LONG-TERM FINANCIAL GOALS

**Drive 10% to 20% top line growth over time.**



- 5 Year revenue CAGR through 2021 is over 16%
- Rapid growth in new product categories since 2019
- Generating +25% of non-console-headset revenues in 2022

**Deliver category-leading EBITDA margins while investing to drive growth.**



- 10% EBITDA margin in 2021 (equal to peers 5x our size)
- Investing to drive growth including new category entries
- 5 Year EBITDA CAGR through 2021 is over 55%

**Maintain a strong balance sheet to provide financial flexibility to pursue investments in organic and inorganic growth opportunities, while returning capital to shareholders.**



- \$10M in cash with no long-term debt
- \$80M revolving credit facility
- \$25M share buy-back authorization in place

**5-Year TSR of >160%  
(Exceeding Sector Benchmarks)<sup>(1)</sup>**

# OUR BRANDS



The Best-Selling Console Gaming Headset  
& Accessory Brand



Award-Winning  
PC Gaming Peripherals



High-Quality Digital USB  
& Analog Microphones



# TURTLE BEACH CONSOLE GAMING HEADSETS



# TURTLE BEACH®

## #1 IN GAMING AUDIO

THE GLOBAL MARKET LEADER IN CONSOLE GAMING HEADSETS FOR OVER 12 YEARS RUNNING

## 60 MILLION+

GAMING HEADSETS SOLD SINCE 2010

## 40%+ MARKET SHARE

U.S. REVENUE ANNUAL MARKET SHARE SINCE 2010





# STEALTH 700 GEN 2 MAX FOR PLAYSTATION



PREMIUM WIRELESS +  
BLUETOOTH GAMING  
HEADSET

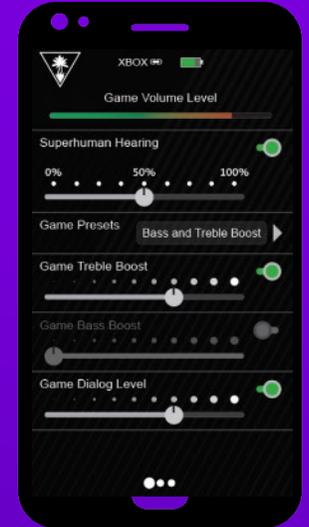
## Premium Wireless Audio & Comfort, Powered Up

Turtle Beach's Stealth 700 Gen 2 MAX resets the bar for premium wireless gaming headsets, **adding multiplatform compatibility via a lag-free 2.4GHz wireless transmitter and Bluetooth connectivity, plus extended battery life** to the series' already impressive list of premium comfort and audio features.

With the 700 Gen 2 MAX for PlayStation, gamers can **connect to PS5 and PS4, Nintendo Switch, Windows PCs and Mac, and iOS and Android mobile devices.** The upgraded battery delivers a **whopping 40+hours of gaming**, and Bluetooth connects to app-based customization controls.

And a stunning new color combination!

LAUNCHED **OCTOBER 2022** MSRP **\$199.95**



App-based customization



Also available in Black

**9/10 + Editors' Choice**  
*"An excellent choice regardless of your preferred gaming platform."*  
- IGN.com





# STEALTH 600 GEN 2 MAX FOR PLAYSTATION



PREMIUM WIRELESS  
GAMING HEADSET

## Command and Conquer with All-Day Wireless Freedom

Gaming's best-selling headset series gets even better with the Stealth 600 Gen 2 MAX, adding **massive battery life and multiplatform connectivity to PS5 and PS4, Nintendo Switch, and Windows PCs.**

**Stealth 600 Gen 2 MAX's upgraded battery delivers a whopping 48+hours of gaming**, while a lag-free 2.4GHz wireless connection keeps players in the game.



Also available in Midnight Red and in Black



### Best PS5 Headset for Multiplayer

*"If you're looking for a headset that'll bring your team a W, look no further than the Turtle Beach Stealth 600 Gen 2 MAX."*

- IGN.com

LAUNCHED **SEPTEMBER 2022** MSRP **\$129.95**





# STEALTH 600 GEN 2 USB FOR PLAYSTATION



WIRELESS  
GAMING HEADSET

## The Best-Selling Gaming Headset Gets Even Better

Stealth 600 Gen 2 USB keeps everything gamers love about the best-selling gaming headset series' and increases battery life up to **24+ hours** – an improvement of nearly 10 additional hours over the prior version.

Since their 2020 launch, Turtle Beach's **Stealth 600 Gen 2<sup>(1)</sup>** has been **THE #1 best-selling headset series**. The Gen 2 USB model maintains the series attractive \$99 MSRP and fan-favorite Turtle Beach proprietary features like Superhuman Hearing.



Also available in White



9.5/10

*"An excellent piece of hardware that is easy to use, comfortable to wear, and sounds great."*

- GameTyrant.com

LAUNCHED SEPTEMBER 2022 MSRP \$99.95





# GAMEPAD CONTROLLER OPPORTUNITY

## Gamepad Controllers

Total addressable market for third-party gamepad controllers is roughly \$550M<sup>(1)</sup> with same retail footprint and consumer base that knows and loves Turtle Beach headsets.

## Microsoft Partnership

Leveraged Microsoft partnership to enter the gamepad controller market with wired products for Xbox consoles and Windows PCs, and unique wireless mobile controllers.

## Award-Winning Market Entry

Powerful gamepad market entry with the multi award-winning, top-rated Designed for Xbox Recon Controller. First and only controller products with proprietary audio features like Superhuman Hearing.

## Controller Portfolio Expansion

Growing portfolio of gamepad controllers including mobile, cloud, and additional console platforms planned.



### IGN – EDITORS' CHOICE 9/10

*"A feature-packed wired gamepad with top-notch performance and build quality"*

### CNN UNDERSCORED – BEST OF E3 2021

*"...perks you can't get on the standard Xbox Wireless Controller that costs the same"*

### DIGITAL TRENDS – RECOMMENDED 9/10

*"Turtle Beach's Xbox Recon controller is loaded with inventive and useful on-board features at a shockingly low price"*

### GAME REVOLUTION – 9/10

*"For \$59.99, you really can't go wrong with the Turtle Beach Recon Controller...this is a top-tier option"*

### GAMESRADAR – HIGHLY RECOMMENDED 4/5

*"A superb set of features at a low price"*

1. Newzoo Peripheral Market Forecast, October 2022 and internal estimations



# RECON CONTROLLER ARCTIC CAMO



WIRED GAMING  
CONTROLLER

## Game-Changing Controls Meet Game-Winning Audio

Proudly designated with top reviews and accolades since its debut, including from IGN, CNN Underscored, Android Authority, and more, the Recon Controller has been hailed for **blending game-changing controls with Turtle Beach's signature audio technologies.**

**Gamers on Xbox and PC** can plug in any 3.5mm wired headset and **take advantage of proven Turtle Beach features, including Superhuman Hearing, Mic Monitoring, Signature Audio Presets, Pro-Aim Focus Mode, mappable rear quick-action buttons, next-gen vibration, and an ergonomic shape with cooling rubber grips.**



Available now in  
Black or White  
For \$59.95 MSRP

**9/10 + Editors' Choice**  
*"A compelling wired alternative to the traditional Xbox gamepad."*  
- IGN.com



LAUNCHED **AUGUST 2022** MSRP **\$64.95**

Featuring Turtle Beach's  
Patented, Exclusive  
Sound Setting





# REACT-R CONTROLLER



WIRED GAMING  
CONTROLLER

## Victory Within Your Grasp

The REACT-R is an affordable high-quality controller for \$39.99 MSRP offering gamers many of the same features as the esteemed Recon Controller at \$59.99 MSRP.

The REACT-R provides controls for game and chat volume balance and mic mute and gives gamers access to Turtle Beach's exclusive *Superhuman Hearing*® sound setting for a competitive advantage.

An ergonomic shape with textured grips, handles, and triggers, plus two mappable quick-action buttons on the back of the controller, and dual-rumble motors in the handles round-out the REACT-R's features.



Also available in Black

### 5/5 + Gold Award

*"If you want an inexpensive but upmarket accessory, then look no further."*  
- MoviesGamesandTech.com



Featuring Turtle Beach's  
Patented, Exclusive  
Sound Setting



SUPERHUMAN  
HEARING™

LAUNCHED AUGUST 2022 MSRP \$39.99



# FIRST CLOUD/MOBILE CONTROLLER PRODUCTS



HYBRID MOBILE  
GAMING CONTROLLER

## Reach for the Cloud

The Designed for Xbox Recon Cloud Hybrid Controller is for mobile gamers playing on compatible Android devices, on Xbox and Windows PCs. **It has a massive 30+ hour battery life** with quick, play-and-charge capability **for all-day gaming on-the-go.**

**Once mobile gamers return home** and connect the Recon Cloud to Xbox Series X|S, Xbox One, or Windows PCs with its 10-foot braided USB cable, **they'll have access to a suite of game-changing Turtle Beach-exclusive audio features** like Superhuman Hearing for the ultimate audio advantage.



Also available in  
Black

Featuring Turtle Beach's  
Patented, Exclusive  
Sound Setting



LAUNCHED **OCTOBER 2022** MSRP **\$99.99**

**"The real star of this show is the phone mount.**

*For \$99, you get a wired Xbox controller that's also wireless for your PC and Android phone, with an excellent smartphone mounting system."*

- TheVerge.com



# FIRST CLOUD/MOBILE CONTROLLER PRODUCTS

## ATOM CONTROLLER

MOBILE GAMING  
CONTROLLER

### Split the Atom and Get Gaming

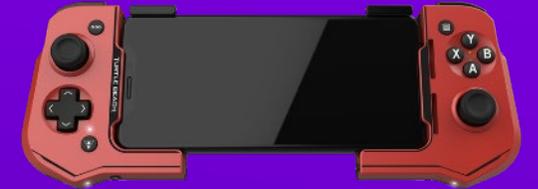
An easily packable and portable mobile gaming controller with a unique design that magnetically connects to fit in a pocket, and **splits apart into two separate modules when it's time to play.**

The Atom's versatile design and **adjustable clamps accommodate nearly every size Android 8.0+ smartphone**, with no need to remove phone cases.

The Atom modules stay connected using Turtle Beach's proprietary 2.4GHz wireless link, while **lag-free Bluetooth connects with Android smartphones for cloud gaming on Xbox Game Pass, GeForce Now, Steam Link, and more.**



Also available in  
Black/Blue or Red



GAME PASS



LAUNCHES **NOVEMBER 2022** MSRP **\$99.99**



# FLIGHT SIMULATION CONTROLLER OPPORTUNITY

## Flight Sim 2020 PC Launch

MSFT Flight Sim 2020 launched on Windows PC August 2020, delivering a quantum leap in realism, fully leveraging modern processing capabilities and cloud processing and storage.

## Flight Sim 2020 comes to Xbox Series X|S

In 2021, the game captured a new audience of gamers experiencing the thrill of flight on the latest Xbox consoles.

## Flight Sim 2020 Comes to Xbox One and the Cloud

In 2022, Microsoft extended the Flight Sim 2020 experience via the cloud to gamers on the prior-gen Xbox One console, lower-spec PCs, and other cloud-based systems including mobile.

## Gaming Simulation Hardware

PC/console flight sim hardware adds over \$400M(1) in global market opportunity and is ripe for new products and innovation. Racing sim adds another \$650M(1) plus.



1. Based on internal estimates, updated October 2022



# VELOCITY ONE FLIGHT RECEPTION & CONTINUED ACCOLADES

## VELOCITYONE™ FLIGHT

### GAMINGTREND – EXCELLENT 95/100

*"With ultra-realistic controls that perfectly match the real thing, there's no better way to experience the thrill of flight"*

### PC PILOT – EDITOR'S CLASSIC AWARD 90/100

*"If you're looking for a more natural method of controlling your aircraft without reaching for the keyboard and mouse, I can highly recommend this VelocityOne Flight Universal Control System"*

### GAMESRADAR – 4.5/5

*"Frankly, it's about as close as you can get to being in a real cockpit without taking up classes"*

### COGCONNECTED – TOTALLY BADASS

*"The level of detail they've brought when it comes to the design of the VelocityOne Flight is unlike anything I've ever seen"*

### TRUE ACHIEVEMENTS – BEST OF E3 2021

*"If you don't have a yoke and throttle setup, I couldn't recommend this more"*



LAUNCHED NOVEMBER 2021 MSRP \$379.95



# VELOCITYONE RUDDER

## VELOCITYONE RUDDER

UNIVERSAL RUDDER  
PEDAL SYSTEM

### Take Full Control with VelocityOne Rudder

Flight simmers can now elevate their setup to new levels of realism with Turtle Beach's VelocityOne Rudder for Windows PCs, Xbox Series X|S and Xbox One.

Turtle Beach's new rudder pedals feature dual configurations for light aircraft and heavy airline setup, with a smooth rudder axis and non-contact hall-effect sensors on all axes for fluid movements and longer product life with zero maintenance.

Differential brakes allow for tight turns and precise runway braking control, while swappable springs, and **adjustable pedal width and shape** provide added realism whether flying a light aircraft, heavy airliner, or fighter jets.



**90/100 – Excellent**

*"From excellent build quality and modular design to the fluidity of motion and pricing the VelocityOne Rudder pedals are a must-have for any flight fan."*

- GamingTrend.com



**Wow. I wasn't expecting this.**

*"TB has a winner. The build quality is superb. At its current price point nothing can match it."*

- Turtle Beach customer

LAUNCHED **OCTOBER 2022** MSRP **\$299.99**



# INTRODUCING VELOCITYONE STAND

## VELOCITYONE™ STAND

UNIVERSAL SIMULATION STAND

### One Stand to Rule Them All

Flight sim fans can securely mount and store their complete setup with Turtle Beach's VelocityOne Stand. **Designed to ensure a perfect fit with the VelocityOne Flight Simulation Control System and VelocityOne Pedals**, the VelocityOne Stand is also compatible with other flight simulation and racing simulation wheel and pedal accessories.

**The VelocityOne Stand has a built-in quick release latch for adjusting the height, angle, and length to adapt to any player and environment.** Additionally, the upper mounting platform tilts for proper yoke or wheel placement, and the lower platform can be similarly adjusted for rudder or racing pedals.



Convenient fold-flat design allows for stowing away easily without needing to unmount your accessories.



LAUNCHES **DECEMBER 2022** MSRP **\$199.99**



# INTRODUCING VELOCITYONE FLIGHTSTICK

## VELOCITYONE™ FLIGHTSTICK

AIR & SPACE COMBAT  
FLIGHT CONTROLLER

### Go Full Maverick with the Gaming Flight Stick of the Future

VelocityOne Flightstick equips gamers with modern, immersive, accurate controls for navigating air and space flight sim and combat games.

**Eight axes and contactless hall effect sensors** on the main X&Y axes provide precise control, while **two multifunction levers** handle engine power and adjustment of control surfaces. **A precise nano trim wheel** allows for fine tuning of altitude, and **an OLED Flight Management Display** makes for easy adjustments.

With 27 programmable buttons, a rapid-fire trigger, an integrated trackpad, and Bluetooth® connectivity to its companion app, **Turtle Beach's VelocityOne Flightstick arms gamers on Xbox and Windows PCs with a multitude of controls.**

LAUNCHES **NOVEMBER 2022** MSRP **\$129.99**



 **ROCCAT PC GAMING PERIPHERALS**



**AWARD-WINNING AND BEAUTIFUL**  
GERMAN DESIGN

**A BROAD, GROWING PORTFOLIO**  
INCLUDING PC MICE, KEYBOARDS, HEADSETS & MORE

**ROCCAT SALES GROWTH**  
OUTPACED THE MARKET IN CORE MARKETS IN 2021

**U.S. SELL-THROUGH GREW**  
OVER 60% IN 2021<sup>(1)</sup>



1. The NPD Group/Retail Tracking Service/Gaming-Designed: PC Headsets, Mice, and Keyboards, Dollar Sales, Annual 2021 combined vs. Annual 2020 combined



# VULCAN II MAX

## VULCAN II MAX

FULL SIZE OPTICAL-MECHANICAL  
PC GAMING KEYBOARD

### It's Showtime.

The Vulcan II Max combines performance, functionality, durability, and the brand's stunning RGB-infused design to be **the most functional and most beautiful keyboard on the market.**

The Vulcan II Max features ROCCAT's ultra-fast **TITAN II Optical Switches**, which deliver ridiculously fast actuation at the speed of light but with the feel of a traditional mechanical switch, plus durability that holds up to a 100 million click lifecycle.

Additionally, the Vulcan II Max debuts the world's **first Dual-LED Smart Switches** which feature a second LED light better indicating secondary key functionality.

LAUNCHED **OCTOBER 2022** MSRP **\$229.99**



**"Is there a 'most beautiful' category on our best gaming keyboards page? Well, there will be, and it'll go to ROCCAT's new Vulcan II Max."**  
- TomsHardware.com



# VULCAN II MINI



# VULCAN II <sup>MINI</sup>

MINI OPTICAL-MECHANICAL  
PC GAMING KEYBOARD

## Mini Size. Max Joy.

The Vulcan II Mini packs performance, functionality, and durability into a compact **65% footprint** with innovative features and unmatched style.

The Mini is the world's first keyboard with **Dual-LED Smart Key technology**, with 30 multi-function smart keys featuring a second LED allowing gamers to easily visualize when secondary functions are active while simultaneously delivering stunning RGB lighting effects.

The Vulcan II Mini also debuts **ROCCAT's second generation TITAN II Optical Switches** which have ultra-fast actuation and incredible durability with a 100 million keypress life cycle. The Mini's TITAN II Optical Switches are perfect for competitive games that demand speed, precision, and rapid keystrokes.



DETACHABLE  
USB-C CABLE



65% COMPACT  
FOOTPRINT

92/100

"Sometimes great things  
come in small packages."  
- COGconnected.com



LAUNCHED **SEPTEMBER 2022** MSRP **\$149.99**



# KONE XP AIR



# KONE XP AIR

WIRELESS PC GAMING MOUSE  
WITH CHARGING DOCK

## Control Your XP

The Kone XP Air is the Stellar Wireless version of ROCCAT's recently released wired Kone XP mouse – **the culmination of 15 years of research and development** to produce an industry-leading multi-purpose gaming mouse.

Like its wired predecessor, **the Kone XP Air is the perfect blend of design and technology**, featuring meticulously perfected ergonomics, multiple buttons, and 29 assignable functions to make it **one of the most customizable wireless PC gaming mice on the market.**

**Adding a stylish AIMO-enabled RGB Rapid Charge Dock**, ROCCAT's Stellar Wireless technology, and Bluetooth connectivity make the wireless Kone XP Air even more versatile.

LAUNCHED **AUGUST 2022** MSRP **\$169.99**

9/10

*"A great premium gaming mouse that offers respectable specs and a unique sense of RGB razzle dazzle."*

- PCGamesN.com



RAPID  
CHARGE DOCK



STELLAR  
WIRELESS



BLUETOOTH®  
LOW LATENCY



# INTRODUCING KONE AIR



## KONE AIR

WIRELESS PC GAMING MOUSE  
FOR WORK & PLAY

### Work Hard. Play Harder.

The **Kone Air** features ROCCAT's perfected ergonomic mouse shape and **provides maximum versatility for both work and play.**

ROCCAT's proprietary **Stellar Wireless technology optimizes** the Kone Air's wireless connectivity for peak performance, including **lag-free 2.4GHz wireless for fast-paced gaming, or Bluetooth for on-the-go productivity** and reduced power consumption.

PC gamers can power up the Kone Air with two AA alkaline batteries for **a maximum battery life of over 800 hours.** Additionally, the Kone Air works using a single AA battery, achieving a lighter weight.



800+ HOUR  
BATTERY LIFE



STELLAR  
WIRELESS



BLUETOOTH  
LOW LATENCY

LAUNCHES **NOVEMBER 2022** MSRP **\$69.99**



# SYN MAX AIR



## SYN MAX AIR

PREMIUM WIRELESS 3D AUDIO  
PC GAMING HEADSET

### Maxed Out

The Syn Max Air sits atop ROCCAT's headset line as its new premium wireless offering, and leverages decades of award-winning audio engineering experience from Turtle Beach.

The Syn Max Air delivers immersive 3D surround sound through its large 50mm Nanoclear speakers, while the detachable flip-to-mute Truspeak mic ensures crystal-clear communication, and exclusive features like Superhuman Hearing provide a competitive advantage.

The Syn Max Air combines ROCCAT's signature style with wireless freedom, and the headset's translucent earcups and rapid-charge RGB docking station showcase the brand's stunning AIMO RGB lighting.

*"I can't deny the quality this brings, and it gives me great assurance that ROCCAT knows exactly what the players need, and I will urge all to keep an eye out for them."*  
- GStyleMag.com



LAUNCHED **OCTOBER 2022** MSRP **\$249.99**



# PARTNERSHIPS



OVER 950M GAMERS IN THE AMERICAS & EUROPE, & OVER 270 MILLION ESPORTS ENTHUSIASTS GLOBALLY<sup>(1)</sup>



**Ali-A**  
33M Reach



**DrDisrespect**  
10M Reach



**MrSavage**  
10M Reach



**Castro**  
7.5M Reach



**Skyrroz**  
5M Reach



**Clare Siobhan**  
3M Reach



**KayPea**  
2M Reach



**Coconut Brah**  
2M Reach



**Adept**  
1M Reach



**BennyCentral**  
666k Reach



**Vlesk**  
631k Reach



**CJ "Ceedy" / Chauncey Gardner-Johnson**  
300k Reach



**Immanuel Quickley**  
311k Reach



**Archonaut**  
280k Reach



**Javier Rodriguez**  
132k Reach



**Junajted**  
580k Reach



**FabuRocks**  
102k Reach



**BlackKrystel**  
78k Reach



**Erin Simon**  
50k Reach



**Wizards District Gaming**  
2K League Champions



## League Championship Series

2021 Official Mouse and Keyboard Partner  
RIOT LCS League of Legends Tournament



**UCSD Esports**  
1<sup>st</sup> Collegiate Partnership



**Gen.G Esports**  
Global Esport Team

*Titles shown represent games played by our partner esports teams and influencers and do not indicate a partnership with the publisher*

*1. Newzoo Global Esports September 2022 and Global Games Market Report July 2022*



# COMMITTED TO CONTINUALLY BUILDING OUR ESG STRATEGY

& REPORTING OUR PROGRESS



## MANAGEMENT RECOGNITION AND COMMITMENT

**Our ESG Committee** meets regularly to identify ESG risks and opportunities, establish and measure progress against ESG goals, and implement ESG initiatives.



## DIVERSITY & INCLUSION

We track diversity metrics through our recruiting process; include diversity statements in all job postings, on our website, and on social media channels; and work with diversity-focused job websites in an effort to **increase the diversity of our candidate pool.**



## REPORTING OUR CARBON FOOTPRINT

We're taking steps to reduce and mitigate our carbon footprint, **with the aim to neutralize our carbon footprint across our corporate offices by 2025.**



## REDUCING PRODUCT IMPACT

**We're incorporating sustainability features into our products** while maintaining the industry-leading quality that has always set us apart.

## CLEAR & MEASURABLE GOALS

2023	2024	2025
Place carbon impact label on select products	Use 10% post-consumer recycled (PCR) plastic in select products	Neutralize carbon footprint across all our corporate offices
Start offering carbon neutral products	Eliminate plastic use in packaging in select products	
100% of manufacturers to sign the manufacturer's code of conduct		



# QUARTERLY FINANCIAL REVIEW



<b>\$ Millions (except per-share data)</b>	<b>Q3 2021</b>	<b>Q3 2022</b>	<b>Commentary</b>
<b>Revenue</b>	\$85.3	\$51.3 (\$54.0 in constant currency)	Macroeconomic impact on consumer discretionary spend exacerbated by retailer inventory compression above and beyond sell-through declines. Q3 2021 was 2nd highest Q3 for the Company driven by strong gaming market and wide array of new product launches. Year-over-year market sell through comps improving.
<b>Gross Margin</b>	34.3%	14.1%	GM was 24.5% without incremental inventory provision of \$5.3M. Year-over-year decline driven by increased promotional retail environment, lower operating leverage and high freight costs vs. pre-pandemic levels (GM impact ~5%).
<b>Operating Expenses</b>	\$27.8	\$21.0	Third quarter recurring operating expenses declined 16% year-over-year, realizing the benefit from the proactive expense management programs the Company initiated earlier in the year and alignment of expenses to lower market demand.
<b>Adjusted EBITDA<sup>(1)</sup> (Loss)</b>	\$6.7	\$(6.9)	Reflects lower revenue and factors covered above plus a \$(2.3)M impact from foreign exchange.
<b>Net Income (Loss)</b>	\$2.6	\$(12.0)	Reflects above factors.
<b>Diluted EPS</b>	\$0.14	\$(0.73)	Reflects above factors.
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$0.26	\$(0.47)	Reflects above factors.
<b>Diluted Shares</b>	18.3M	16.5M	See appendix.

1. See appendix for a reconciliation of non-GAAP measures

Note: GAAP Net Income and GAAP EPS are preliminary and subject to change pending completion of goodwill valuation analysis.



# BALANCE SHEET



## Balance Sheet Highlights \$ Millions

	At September 30, 2021	At September 30, 2022
Cash & Cash Equivalents	\$28.1	\$10.5
Inventories	\$113.3	\$118.4
Revolver (asset-based)	\$0	\$44.6
Total Debt	\$0	\$44.6

## Balance Sheet Comments

- Inventory increase is a reflection of lower-than-expected consumer demand and retail inventory levels and the Company's goal of maintaining product availability amidst continuing global supply chain and logistical challenges.
- The Company recorded an incremental inventory provision of \$5.3M for potential excess component and product inventory relating to pandemic driven supply chain and logistics impacts.
- Inventory expected to decline significantly by year-end as the Company's inventory levels transition back to normalized levels.
- \$44.6M outstanding under revolving credit facility.
- Strong balance sheet with no long-term debt.



## 2022 OUTLOOK<sup>(1)</sup>



	2022	2022 Outlook Commentary
<b>Net Revenue</b>	~\$250M	Reflects macroeconomic conditions continuing to impact consumer spending exacerbated by retailers compressing inventory levels. Gaming accessories showing improving year-over-year comps, increased console supplies, and strong launch of first holiday AAA game (Call of Duty). Growth expected to return in Q4 and 2023.
<b>Gross Margin</b>	Mid 20's %	Reflects expectation of continued abnormally high competitive discounting, over 5% impact of higher freight costs relative to pre-pandemic levels, and loss of operating leverage. Freight costs have been declining which will benefit 2023.
<b>Adj. EBITDA</b>	~\$(15)M	Reflects above factors. Q4 EBITDA expected to be comparable to Q4 2021 with OpEx reductions roughly offsetting lower gross margins from the factors cited above.
<b>Adj. EPS</b>	~(\$1.35)	Reflects above factors; anticipates full year effective tax rate of 25%.
<b>Diluted Shares</b>	~17M	

1. Guidance provided November 3, 2022



# LONG-TERM FINANCIAL TARGETS <sup>®</sup>

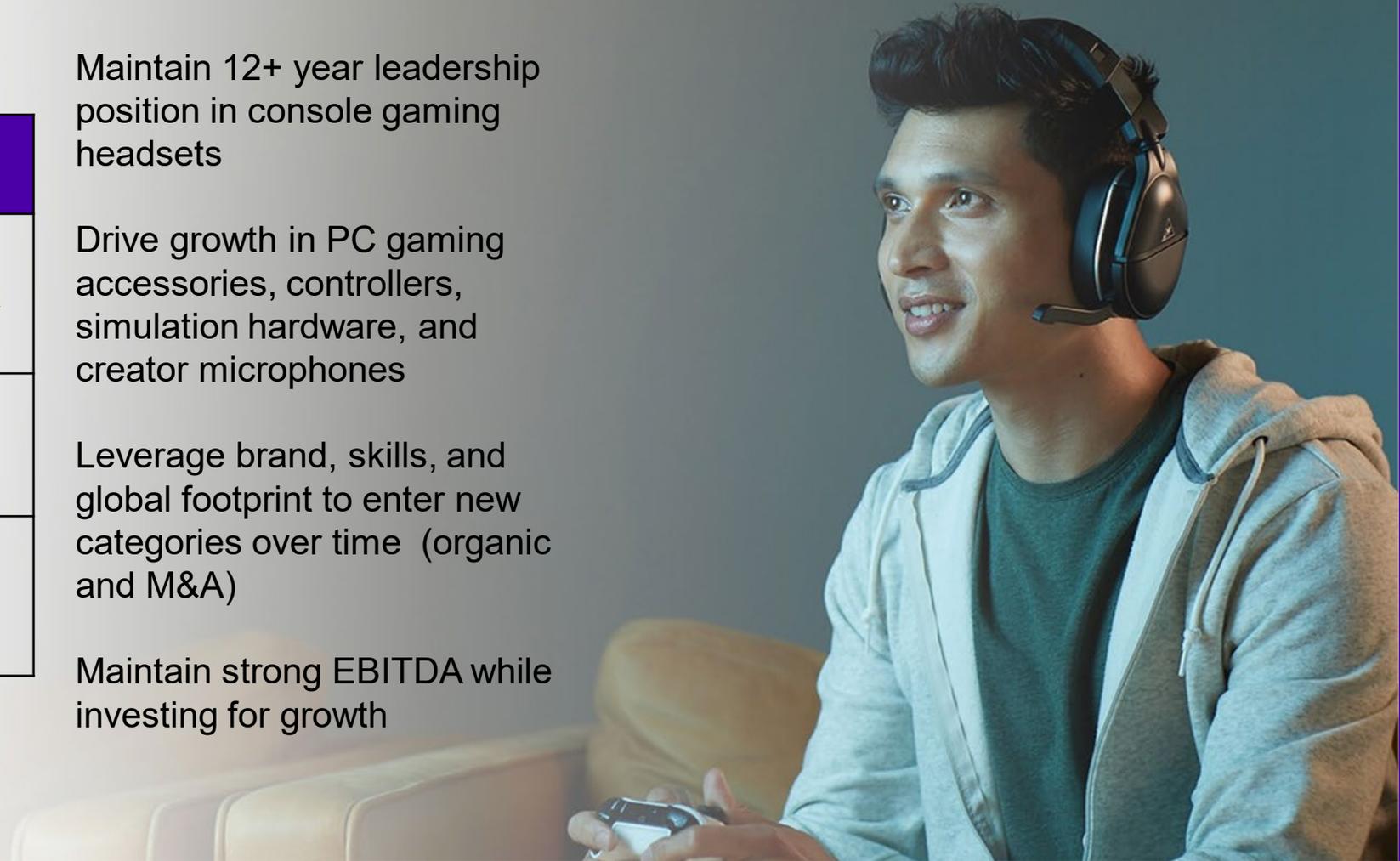
Metric	Target
Revenue	10-20% CAGR
Gross Margins %	Mid 30's
EBITDA Margins	10% +

Maintain 12+ year leadership position in console gaming headsets

Drive growth in PC gaming accessories, controllers, simulation hardware, and creator microphones

Leverage brand, skills, and global footprint to enter new categories over time (organic and M&A)

Maintain strong EBITDA while investing for growth





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[www.turtlebeachcorp.com](http://www.turtlebeachcorp.com)

| [www.turtlebeach.com](http://www.turtlebeach.com)

| [www.roccat.com](http://www.roccat.com)

| [www.neatmic.com](http://www.neatmic.com)



# APPENDIX



# GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

THIRD QUARTER 2022 COMPARED TO 2021

	Three Months Ended	
	September 30, 2022	September 30, 2021
<u>Net Income (Loss)</u>		
GAAP Net Income (Loss)	\$ (12,011)	\$ 2,623
Adjustments, net of tax:		
Non-recurring business costs	282	2,113
Inventory and component related reserves	4,003	-
Acquisition integration costs	-	29
Non-GAAP Earnings	<u>\$ (7,726)</u>	<u>\$ 4,765</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ (0.73)	\$ 0.14
Non-recurring business costs	0.02	0.12
Inventory and component related reserves	0.24	-
Acquisition integration costs	-	0.00
Non-GAAP- Diluted	<u>\$ (0.47)</u>	<u>\$ 0.26</u>

Note: GAAP Net Income and GAAP EPS are preliminary and subject to change pending completion of goodwill valuation analysis.



# GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

THREE MONTHS ENDED SEPTEMBER 30, 2022

	Three Months Ended September 30, 2022					
	As	Adj	Adj	Adj	Other <sup>(1)</sup>	Adj
	Reported	Depreciation	Amortization	Stock		EBITDA
				Compensation		
Net revenue	\$ 51,304	\$ -	\$ -	\$ -	\$ -	\$ 51,304
Cost of revenue	<u>44,046</u>	<u>(586)</u>	<u>-</u>	<u>(146)</u>	<u>(5,300)</u>	<u>38,014</u>
<b>Gross Profit</b>	<b>7,258</b>	<b>586</b>	<b>-</b>	<b>146</b>	<b>5,300</b>	<b>13,290</b>
Operating expenses	<u>20,956</u>	<u>(489)</u>	<u>(308)</u>	<u>(2,062)</u>	<u>(114)</u>	<u>17,983</u>
<b>Operating income (loss)</b>	<b>(13,968)</b>	<b>1,075</b>	<b>308</b>	<b>2,208</b>	<b>5,414</b>	<b>(4,693)</b>
Interest expense	450					
Other non-operating expense (income), net	<u>2,255</u>					<u>2,255</u>
Income (loss) before income tax	(16,403)					
Income tax benefit	<u>(4,392)</u>					
<b>Net loss</b>	<b><u>\$ (12,011)</u></b>					
					<b>Adjusted EBITDA</b>	<b><u>\$ (6,948)</u></b>

1. Other includes certain business acquisition costs and non-recurring business costs

Note: GAAP Net Income and GAAP EPS are preliminary and subject to change pending completion of goodwill valuation analysis.



# GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

THREE MONTHS ENDED SEPTEMBER 30, 2021

	Three Months Ended September 30, 2021					
	As	Adj	Adj	Adj	Other <sup>(1)</sup>	Adj
	Reported	Depreciation	Amortization	Stock Compensation		EBITDA
Net revenue	\$ 85,307	\$ -	\$ -	\$ -	\$ -	\$ 85,307
Cost of revenue	<u>56,034</u>	<u>(458)</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>55,681</u>
<b>Gross Profit</b>	<b>29,273</b>	<b>458</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>29,626</b>
Operating expenses	<u>27,783</u>	<u>(614)</u>	<u>(321)</u>	<u>(1,603)</u>	<u>(2,881)</u>	<u>22,364</u>
<b>Operating income</b>	<b>1,490</b>	<b>1,072</b>	<b>321</b>	<b>1,498</b>	<b>2,881</b>	<b>7,262</b>
Interest expense	101					
Other non-operating expense (income), net	<u>585</u>					<u>585</u>
Income (loss) before income tax	804					
Income tax benefit	<u>(1,819)</u>					
<b>Net income</b>	<b><u>\$ (2,623)</u></b>					
					<b>Adjusted EBITDA</b>	<b><u>\$ 6,677</u></b>

1. Other includes certain business acquisition costs and non-recurring business costs

Note: GAAP Net Income and GAAP EPS are preliminary and subject to change pending completion of goodwill valuation analysis.