



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

**FOURTH QUARTER  
& FULL YEAR 2022  
EARNINGS PRESENTATION**

**NASDAQ: HEAR  
MARCH 13, 2023**



# 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 inflationary pressures, 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, cybersecurity and information technology, 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, 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 net income or loss” is defined as net income excluding (i) certain non-recurring business costs, (ii) inventory and component related reserves, (iii) goodwill and other intangible asset impairments, and (iv) certain valuation allowances. “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 net income or loss and Adjusted EBITDA included in the Appendix hereto for each of the three and full year ended December 31, 2022 and 2021.



# FULL YEAR & Q4 2022 RESULTS AND KEY MESSAGES

## Macroeconomic Headwinds Impacting Consumer Products

- Weak consumer demand exacerbated by retailer inventory compression
- Environment caused record-high level of promotional activity to reduce inventories
- Pandemic residual high freight costs significantly reducing margins and profit

## Attractive Gaming Fundamentals Remain

- Gamers continue to grow - 300M gamers added since 2020 and another 335M expected by 2025<sup>1</sup>
- Average annual spend per gamer has increased over 20% from 2020<sup>2</sup>
- Revenue in global games market expected to increase with a 4.6%+ CAGR from 2022-2025<sup>1</sup>

## Gaming Market Showing Signs of Recovering

- Expecting consumer spending caution to ease with potential future pent-up demand for upgrades
- Strong holiday and recent game releases, including several franchise records plus good 2023 slate
- Console supply expected to increase significantly – PS5 expected +60% YOY<sup>3</sup>
- Gaming has historically performed well in recessions including posting growth 2008-2009

## Expecting Return to Growth and Positive EBITDA in 2023

- Targeting to outgrow the market in console headsets given strong portfolio including new launches
- Continued portfolio expansion in PC, simulation, and controllers along with growth in Asia
- Competitive discounting levels and high freight rates expected to abate (but still \$10M+ impact)
- Reduced operating costs will continue to be tightly managed while maintaining key investments
- Expected revenue growth drives significant increase in EBITDA and profit margins

## Long term target remains 10+% annual growth and 10+% EBITDA margins

1. Newzoo Global Games Market Report, Nov. 2022  
 2. Newzoo Gaming Peripheral Survey, Nov. 2022; Gaming Hardware  
 3. DFC estimates: Updated Feb. 2023

## FY 2022 RESULTS

Vs. 2021

**Net revenue \$240.2M**  
 \$249.3M constant currency  
 vs. record FY'21 \$366.4M

**Non-GAAP Net  
 Income \$(25.0)M**  
 vs. \$20.2M

**Non-GAAP EPS \$(1.52)**  
 vs. \$1.11

**Adjusted EBITDA \$(18.7)M**  
 vs. \$36.6M

**Strong Balance Sheet**

## Q4 2022 RESULTS

Vs. Q4 2021

**Net revenue \$100.9M**  
 \$105.5M constant currency  
 vs. Q4'21 \$109.4M

**Non-GAAP Net  
 Income \$1.6M**  
 vs. \$2.8M

**Non-GAAP EPS \$0.10**  
 vs. \$0.16

**Adjusted EBITDA \$6.0M**  
 vs. \$9.6M

**Strong Balance Sheet**

## 2023 GUIDANCE

**Net Revenue ~\$265M**  
 +10% vs. 2022

**EBITDA ~\$5M**  
 +\$23M vs. 2022





# INDUSTRY TRENDS SHOW GAMING IS THE MARKET TO BE IN

## A MASSIVE OPPORTUNITY

Global game market is expected to grow from **\$184Bn** in 2022 to more than **\$200Bn** 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 **\$22Bn** in 2025<sup>(3)</sup>



## ONLINE INFLUENCERS CONTINUES RISING IN POPULARITY

Influencer marketing industry predicted to reach **\$16.4Bn** in 2022<sup>(4)</sup>

## A BREAKTHROUGH IN GAMING SIMULATION TECHNOLOGY

Stunning realism on console & PC is driving **booming growth** in the **\$1.2Bn**<sup>(5)</sup> global gaming simulation hardware market



## GAMING DRIVING STREAMING

Livestreaming gaming audience is expected to grow to **1.4Bn** in 2025 from **0.9Bn** in 2022<sup>(4)</sup>



1. Newzoo Global Games Market Report, Nov. 2022

2. Newzoo Global Games Market Report (Nov. 2022), DFC Reports (Oct. 2022) & Internal Estimates

3. DFC estimates: Updated Feb. 2023

4. Influencer Marketing Hub, June 2022

5. Based on Internal Estimates, Updated Feb. 2023, Includes Racing Simulation Hardware



# EXECUTING ON OUR STRATEGY AND LEVERAGING INDUSTRY TRENDS



Global Market Sizes: Newzoo Peripheral Market Forecast, Oct. 2022 & Internal Estimates.

\*Counts patents for headsets only - total patent count is ~375.





# NEW PRODUCTS / LATEST NEWS



# INTRODUCING STEALTH 600 GEN 2 MAX PINK & TEAL



PREMIUM WIRELESS  
GAMING HEADSET

## Command and Conquer with All-Day Wireless Freedom

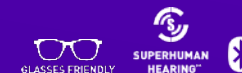
Turtle Beach expands its best-selling Stealth 600 Gen 2 MAX headset series with **new Pink & Teal colorways as the Company's first carbon neutral products.**

Stealth 600 Gen 2 MAX delivers **massive battery life and multiplatform connectivity to Xbox Series X|S, 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 Black, Arctic Camo, and Midnight Red



LAUNCHED **MARCH 2023** MSRP **\$129.95**

**"A Complete Winner.**

*"I had a great time with this headset, the features and functions are phenomenal."*

**– The Techne**





# 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!

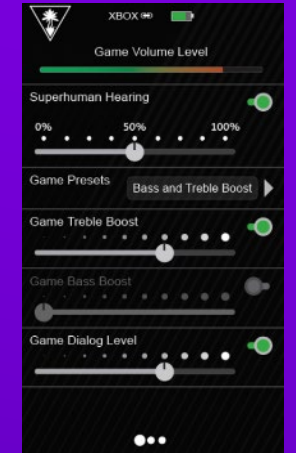
LAUNCHED **OCTOBER 2022** MSRP **\$199.95**



**Review Score – 9/10 + Editors' Choice**

*"An excellent choice regardless of your preferred gaming platform."*

– IGN



App-based customization



Also available in Black







# INTRODUCING MAGMA MINI

## MAGMA<sup>MINI</sup>

60% RGB MEMBRANE  
PC GAMING KEYBOARD

### Time to Get Lit with ROCCAT's Magma Mini

ROCCAT's Magma Mini Combines Responsive Membrane Switches and Performance with Stunning RGB Lighting in a Compact 60% Footprint for an Attractive \$49.99 MSRP

Magma Mini's top plate is fully illuminated with five programmable zones showcasing ROCCAT's stunning AIMO RGB lighting.

Magma Mini was also designed with top durability in mind and is IP33-rated against water and dust.



**Review Score – 9.4/10 + Highly Rated**  
*"If you're looking for a compact keyboard that is spill-resistant and could do without mechanical switches, the ROCCAT Magma Mini is a solid choice."*  
– Techaeris

LAUNCHED FEBRUARY 2023 MSRP \$49.99



AIMO™

AIMO RGB  
LIGHTING



IP33  
RATED



EASY-SHIFT[+]  
TECHNOLOGY





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.

**Review Score – 91/100 (Excellent)**

*"It kicks some serious butt...if you're in the market this holiday season, add this one to your list."*

– Brutal Gamer



800+ HOUR  
BATTERY LIFE



STELLAR  
WIRELESS



BLUETOOTH  
LOW LATENCY



LAUNCHED NOVEMBER 2022 MSRP \$69.99





# VULCAN II MAX

## VULCAN II<sup>MAX</sup>

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.



CORTEX M3  
PROCESSOR



DETACHABLE  
PALM REST

**"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."*

– Tom's Hardware

AIMO™

AIMO RGB  
LIGHTING



100 MILLION  
KEYSTROKE LIFE-CYCLE

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





## 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



STELLAR  
WIRELESS



BLUETOOTH®  
LOW LATENCY



RAPID  
CHARGE DOCK

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



# RECON CLOUD HYBRID MOBILE CONTROLLER



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

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

Featuring Turtle Beach's  
Patented, Exclusive  
Sound Setting



**SUPERHUMAN  
HEARING™**







# ATOM MOBILE GAMING CONTROLLER

## 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



LAUNCHED **NOVEMBER 2022** MSRP **\$99.99**

**Review Score – 9/10**

*"A game-changing device that makes mobile gaming so much more enjoyable!"*

– Gametyrant.com





# VELOCITYONE RUDDER PEDALS

## 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.



**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

#### Review Score – 95/100

*"I've been fortunate enough to try many different pedals over the years, but these are without doubt the best I've used so far."*

- PC Pilot Magazine

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



# 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.**

LAUNCHED NOVEMBER 2022 MSRP \$129.99



**Review Score – 96/100**

*"The Flight Stick design is quite different to other products. While there are naturally some common elements, there isn't another one currently available with the same features."*

- PC Pilot Magazine





## 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.



LAUNCHED **DECEMBER 2022** MSRP **\$199.99**





# VELOCITYONE FLIGHT BECOME TOP SELLER

BECOMES GAMING'S BEST-SELLING FLIGHT CONTROLLER



**VelocityOne Flight Universal Control System was the gaming industry's market share leader for flight controllers in 2022.**

In data<sup>1</sup> provided by The NPD Group, which tracks retail product sales across the gaming industry in the U.S., Turtle Beach's Designed for Xbox VelocityOne Flight was the #1 best-selling flight controller by dollar sales in the U.S. for 2022.

Additionally, in the UK, *VelocityOne Flight* was the best-selling joystick in 2022 by revenue, according to GfK Entertainment data<sup>2</sup>.



**Review Score – 9/10 + Editor's Classic Award**

*"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."*

**– PC Pilot**

1. Circana (NPD Group)/Video Game Accessories/Stick Controllers/Jan-Dec. 2022

2. GfK Entertainment UK Retail Tracking/Period: Jan-Dec 2022 UK/Product Group/Category: Gaming Joysticks UK/Sales: Based on Sales Value GBP generated over 2022 for all Gaming Joysticks by SKU for UK



## TURTLE BEACH X DR DISRESPECT CONTINUES

TURTLE BEACH, ROCCAT, & DR DISRESPECT FURTHER EXTEND PARTNERSHIP FOR 2023 & BEYOND IN NEW MULTI-YEAR AGREEMENT



*“Alongside Turtle Beach, ROCCAT, and the Champions Club we will continue to set the bar as we head toward our next win. **Turtle Beach** and **ROCCAT** deliver champion-grade gear that allows us to dominate in every aspect of gaming, and we are excited to continue forward together. Ya ya ya!”*

**DrDisRespect**



# 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 and include diversity statements in all job postings, on our website, and on social media channels; 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		

LEARN MORE AT: <https://corp.turtlebeach.com/play-with-purpose-with-turtle-beach/> & <https://corp.turtlebeach.com/corporate-governance/esg/>





# FINANCIALS AND OUTLOOK



## QUARTERLY FINANCIAL REVIEW

<b>\$ Millions (except per-share data)</b>	<b>Q4 2021</b>	<b>Q4 2022</b>	<b>Commentary</b>
<b>Revenue</b>	\$109.4	\$100.9 (\$105.5 in constant currency)	Macroeconomic factors resulting in cautious consumer spending and strong competitive pricing pressure across the industry. Q4 down only 4% in constant currency from 2021 with balanced sell-in vs. sell-through indicating progressive recovery each quarter in year-over-year trends.
<b>Gross Margin</b>	32.5%	19.8%	GM was 24% without incremental inventory provision of \$4.5M. Year-over-year decline driven by increased promotional retail environment to reduce channel inventory levels and high freight costs vs. pre-pandemic levels.
<b>Operating Expenses</b>	\$29.3	\$28.1	Fourth 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 market demand.
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$9.6	\$6.0	Reflects lower revenue and factors covered above plus a \$2.3M positive impact from foreign exchange.
<b>Net Income (Loss)</b>	\$4.5	\$(23.2)	Reflects above factors.
<b>Diluted EPS</b>	\$0.25	\$(1.40)	Reflects above factors.
<b>Non-GAAP Diluted EPS<sup>(1)</sup></b>	\$0.16	\$0.10	Reflects above factors.
<b>Diluted Shares</b>	18.3M	16.6M	See appendix.

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



# FULL YEAR FINANCIAL REVIEW

<b>\$ Millions (except per-share data)</b>	<b>2021</b>	<b>2022</b>	<b>Commentary</b>
<b>Revenue</b>	\$366.4	\$240.2 (\$249.3 in constant currency)	Macroeconomic impact on consumer discretionary spend exacerbated by retailer inventory compression. 2021 was a record-year for the Company driven by strong consumer demand for console headsets and retailers increasing their inventory levels to meet demand.
<b>Gross Margin</b>	35.0%	20.5%	GM was 24.5% without incremental inventory provision of \$9.8M. Record-high level of promotional activity across gaming markets and high freight costs vs. pre-pandemic created drag on gross margins and earnings of over 9% and \$22M.
<b>Operating Expenses</b>	\$108.0	\$100.7	Recurring operating expenses declined 13% year-over-year, realizing the benefit from the proactive expense management programs the Company initiated earlier in the year and alignment of expenses to market demand. 2022 includes \$9.8M non-recurring including \$7.4M of proxy and related expenses.
<b>Adjusted EBITDA<sup>(1)</sup> (Loss)</b>	\$36.6	\$(18.7)	Reflects lower revenue and factors covered above plus a \$1.8M negative impact from foreign exchange.
<b>Net Income (Loss)</b>	\$17.7	\$(59.5)	Reflects above factors.
<b>Diluted EPS</b>	\$0.97	\$(3.62)	Reflects above factors.
<b>Non-GAAP Diluted EPS<sup>(1)</sup></b>	\$1.11	\$(1.52)	Reflects above factors.
<b>Diluted Shares</b>	18.3M	16.5M	See appendix.

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





# BALANCE SHEET



## Balance Sheet Highlights \$ Millions

	At December 31, 2021	At December 31, 2022
Cash & Cash Equivalents	\$37.7	\$11.4
Inventories	\$101.9	\$71.3
Revolver (asset-based)	\$0	\$19.1
Total Debt	\$0	\$19.1

## Balance Sheet Comments

- Inventory decreased from the elevated year-ago period where the Company increased product and component purchases due to longer freight transit times and to reduce risks of supply shortages.
- The Company recorded an incremental inventory provision of \$5.4M for potential excess component and product inventory relating to pandemic driven supply chain and logistics impacts.
- \$19.1M outstanding under revolving credit facility (paid down to zero as of end of February 2023).
- Strong balance sheet with no long-term debt.



## 2023 OUTLOOK<sup>(1)</sup>

	2023	2022 Outlook Commentary
<b>Net Revenue</b>	~10% Growth ~\$265M	Reflects expectation of the Company outperforming gaming markets in specific categories based on exciting product releases for 2023. Continued execution of long-term business strategy projects return to 10%+ growth moving forward.
<b>Gross Margin</b>	~28% - 30%	Reflects expectation of ~\$3M in remaining higher freight costs and ~\$7M in continued elevated promotional levels which are expected to abate as the year progresses. Long-term target remains mid 30's gross margin.
<b>Adj. EBITDA</b>	~\$5M	Reflects above factors. Long-term financial outlook anticipates a progressive recovery to 10%+ EBITDA margin target over time as revenue grows.
<b>Adj. EPS</b>	~(\$0.32)	Reflects above factors; anticipates full year effective tax rate of 25%.
<b>Diluted Shares</b>	~17M	

1. Guidance provided Mar. 13, 2023



## LONG-TERM FINANCIAL TARGETS

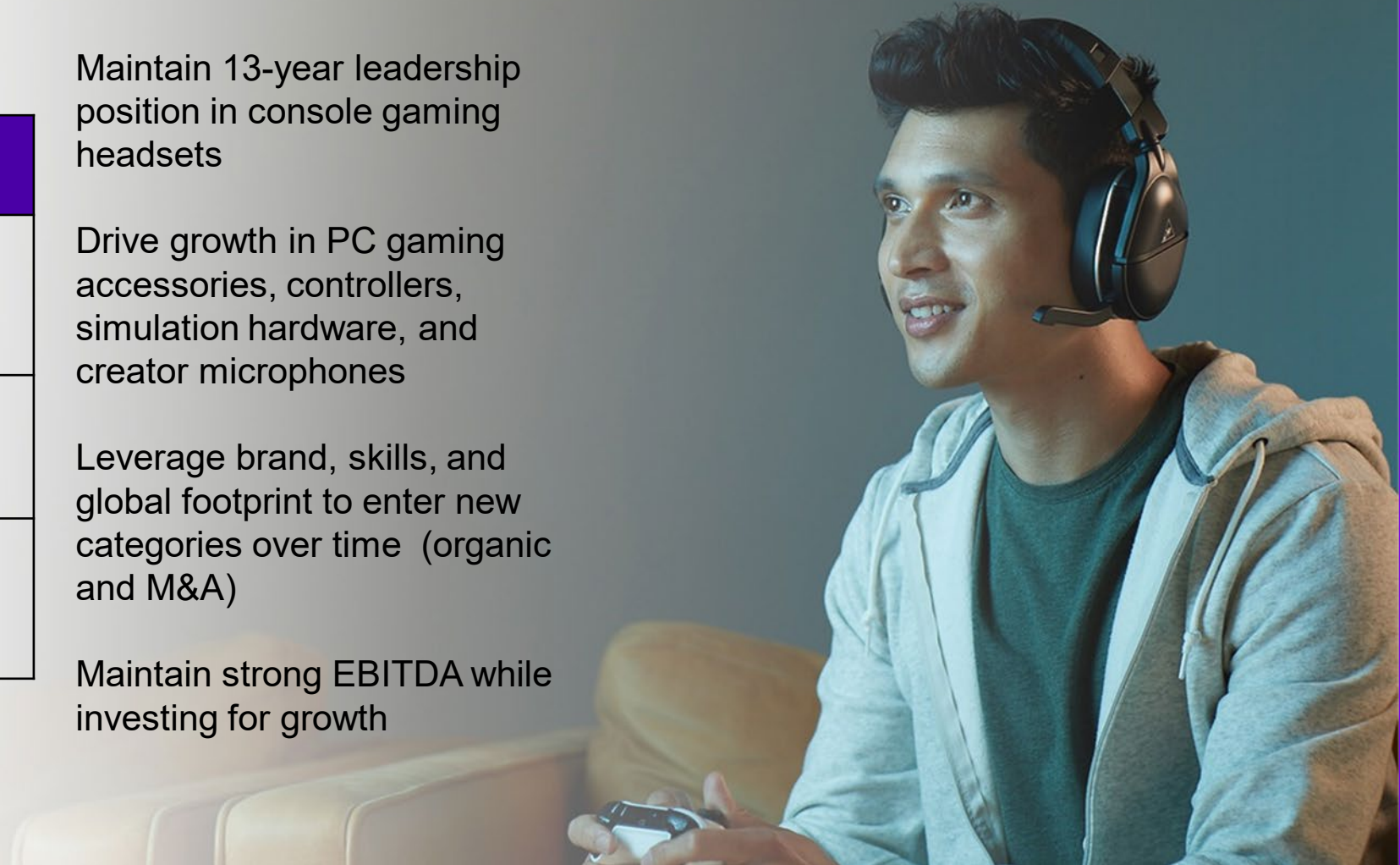
Metric	Target
Revenue	10+% CAGR
Gross Margins %	Mid 30's
EBITDA Margins	10% +

Maintain 13-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





# CONTACTS



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## COMPANY WEBSITES

[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 NON-GAAP EARNINGS RECONCILIATION

FOURTH QUARTER 2022 COMPARED TO 2021

	Three Months Ended	
	December 31, 2022	December 31, 2021
<u>Net Income (Loss)</u>		
GAAP Net Income (Loss)	\$ (23,233)	\$ 4,539
Adjustments, net of tax:		
Non-recurring business costs	1,624	409
Inventory and component related reserves	3,376	-
Goodwill and other intangible asset impairment	1,434	-
Valuation Allowance	18,374	-
Change in fair value consideration	-	(1,928)
Acquisition integration costs	-	(186)
Non-GAAP Net Income (Loss)	<u>\$ 1,575</u>	<u>\$ 2,834</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ (1.40)	\$ 0.25
Non-recurring business costs	0.10	0.02
Inventory and component related reserves	0.20	-
Goodwill and other intangible asset impairment	0.09	-
Valuation Allowance	1.11	-
Change in fair value consideration	-	(0.11)
Acquisition integration costs	-	(0.01)
Non-GAAP- Diluted	<u>\$ 0.10</u>	<u>\$ 0.16</u>



# GAAP NET INCOME TO NON-GAAP EARNINGS RECONCILIATION

FULL YEAR 2022 COMPARED TO 2021

	Twelve Months Ended	
	December 31, 2022	December 31, 2021
Net Income (Loss)		
GAAP Net Income (Loss)	\$ (59,546)	\$ 17,721
Adjustments, net of tax:		
Non-recurring business costs	7,330	4,339
Inventory and component related reserves	7,386	-
Goodwill and other intangible asset impairment	1,434	-
Valuation Allowance	18,374	-
Change in fair value consideration	-	(1,928)
Acquisition integration costs	-	69
Non-GAAP Net Income (Loss)	<u>\$ (25,022)</u>	<u>\$ 20,201</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ (3.62)	\$ 0.97
Non-recurring business costs	0.45	0.24
Inventory and component related reserves	0.45	-
Goodwill and other intangible asset impairment	0.09	-
Valuation Allowance	1.12	-
Change in fair value consideration	-	(0.11)
Acquisition integration costs	-	0.00
Non-GAAP- Diluted	<u>\$ (1.52)</u>	<u>\$ 1.11</u>





# GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

THREE MONTHS ENDED DECEMBER 31, 2022

Three Months Ended December 31, 2022

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other <sup>(1)</sup>	Adj EBITDA
Net revenue	\$ 100,900	\$ -	\$ -	\$ -	\$ -	\$ 100,900
Cost of revenue	<u>80,882</u>	<u>(587)</u>	<u>-</u>	<u>(165)</u>	<u>(4,461)</u>	<u>75,669</u>
<b>Gross Profit</b>	<b>20,018</b>	<b>587</b>	<b>-</b>	<b>165</b>	<b>4,461</b>	<b>25,231</b>
Operating expenses	<u>28,140</u>	<u>(459)</u>	<u>(307)</u>	<u>(2,043)</u>	<u>(3,785)</u>	<u>21,546</u>
<b>Operating income (loss)</b>	<b>(8,122)</b>	<b>1,046</b>	<b>307</b>	<b>2,208</b>	<b>8,246</b>	<b>3,685</b>
Interest expense	577					
Other non-operating expense (income), net	<u>(2,330)</u>					<u>(2,330)</u>
Income (loss) before income tax	(6,369)					
Income tax benefit	<u>16,864</u>					
<b>Net loss</b>	<b><u>\$ (23,233)</u></b>				<b>Adjusted EBITDA</b>	<b><u>\$ 6,015</u></b>

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



# GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

TWELVE MONTHS ENDED DECEMBER 31, 2022

Twelve Months Ended December 31, 2022

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other <sup>(1)</sup>	Adj EBITDA
Net revenue	\$ 240,166	\$ -	\$ -	\$ -	\$ -	\$ 240,166
Cost of revenue	190,979	(2,359)	-	(434)	(9,763)	178,423
<b>Gross Profit</b>	<b>49,187</b>	<b>2,359</b>	-	<b>434</b>	9,763	<b>61,743</b>
Operating expenses	100,667	(2,220)	(1,238)	(7,550)	(10,922)	78,737
<b>Operating income</b>	<b>(51,480)</b>	<b>4,579</b>	<b>1,238</b>	<b>7,984</b>	<b>20,685</b>	<b>(16,994)</b>
Interest expense	1,220					
Other non-operating expense (income), net	1,753					1,753
Income (loss) before income tax	(54,453)					
Income tax benefit	5,093					
<b>Net income (Loss)</b>	<b>\$ (59,546)</b>					
					<b>Adjusted EBITDA</b>	<b>\$ (18,747)</b>

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