



TURTLE BEACH

C O R P O R A T I O N

INVESTOR PRESENTATION
NASDAQ: HEAR | NOVEMBER 2024





SAFE HARBOR STATEMENT & IMPORTANT INFORMATION

Forward-Looking Information and Statements

This presentation, including the appendix, 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 are only predictions and are not guarantees of performance. 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. The inclusion of such information should not be regarded as a representation by the Company, or any person, that the objectives of the Company will be achieved. 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 and costs, 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, 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, including the appendix, certain financial metrics, including Adjusted EBITDA, that the Securities and Exchange Commission define 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 financial measures are not an alternative to the Company's GAAP financial results and may not be calculated in the same manner as similar measures presented by other companies. "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, as further described in the appendix hereto. 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 Adjusted EBITDA included in the appendix hereto for each of the three months ended September 30, 2023 and September 30, 2024.

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**RAISE YOUR RANK
WITH TURTLE BEACH**



TURTLE BEACH IS...

THE BEST-SELLING GAMING HEADSET BRAND for the past 14 years, and one of the most recognized brand names in gaming.

A TOP 5 GAMING ACCESSORY LEADER and the second largest 3rd party brand in the \$11.B⁽¹⁾ multi-category global gaming accessories market.

- **Gaming Headsets** with ~80-million headsets sold since 2010
- **Controllers**, a top 5 global brand
- **PC Gaming Peripherals** featuring award-winning keyboards, mice, & more
- **Simulation**, including the top-selling flight simulation model in the US⁽²⁾
- **Expanding Brand Reach** in key int'l growth markets including Canada & Latin America
- **Over 400 Patents**, a leading innovator at the forefront of technology with accessories for every gamer at every price point

1. Newzoo Peripheral Market Forecast, June 2023 & Internal Estimates updated June 2024

2. Circana, Retail Tracking Service, U.S., Video Game Accessories, Flight Controllers, Dollar Sales by Item, YTD 2024

3. Time.com October 2024 / <https://time.com/collection/worlds-best-brands-2024>



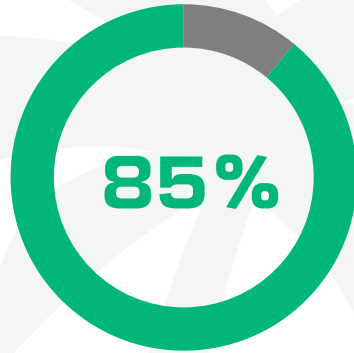
Named a Top 5 Consumer Electronics Brand for Gaming Hardware & Peripherals⁽³⁾



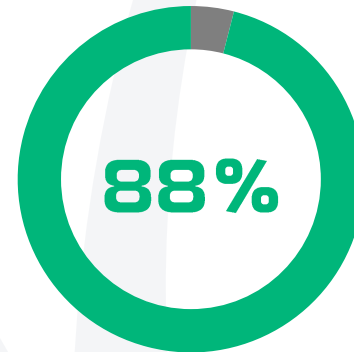
TOP BRAND LOYALTY & CUSTOMER SERVICE

MILLIONS OF FANS TRUST TURTLE BEACH TO PROVIDE THE BEST GAMING EXPERIENCE, INCLUDING CUSTOMER SUPPORT

Turtle Beach had the **highest headset brand loyalty**⁽¹⁾ among active PC and/or console headset owners in the U.S.



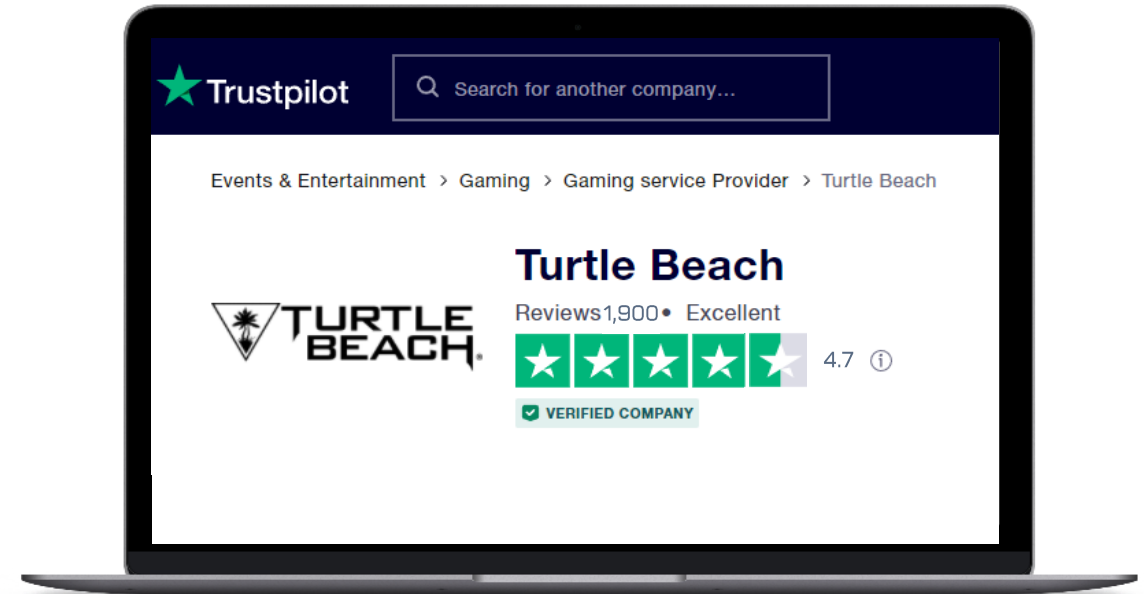
of consumers are willing to go out of their way to do business with a company that has better service⁽²⁾.



of customers think customer service is more important than ever⁽²⁾.

1. Newzoo consumer research, May-August 2023. Gamers play at least once a month on either platform. Console manufacturers excluded.
2. 2024 customer service and CX research

On Trustpilot, Turtle Beach is a **top-rated brand** with hundreds of reviews and a still rising 4.7/5 review score average with an "Excellent" rating.



FROM TURTLE BEACH TRUSTPILOT REVIEWS

"Totally and completely satisfied with the customer service, quality and coverage of your company and products. Will definitely recommend and will be a continued customer. Thank you."

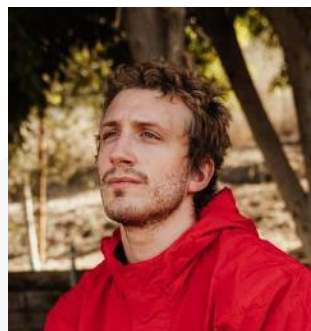


COMPELLING PARTNERSHIPS

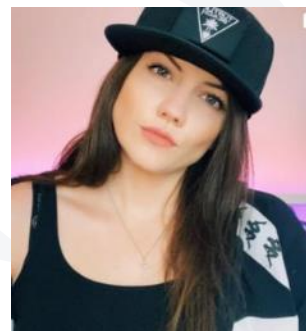
A SAMPLING OF TURTLE BEACH'S CURRENT GLOBAL CREATOR & ESPORTS PARTNERSHIPS



Ali-A
Fortnite/Call of Duty
41M Reach



Nicewigg
Apex Legends
1.2M Reach



KayPea
League of Legends
2M Reach



AirforceProud95
Flight Sim
1M Reach



Skyroz
Call of Duty
4M Reach



GrandpaGaming
FPS
5M Reach



Coconut Brah
Rainbow 6 Siege
2M Reach



Bajheera
World of Warcraft
700k Reach



Gen.G Esports
Global Esports
Team



NIU Esports
Collegiate
Partnership



UCSD Esports
Collegiate
Partnership



Team GO
French Esports
Team Competing
in League of
Legends, Fortnite,
Super Smash Bros.

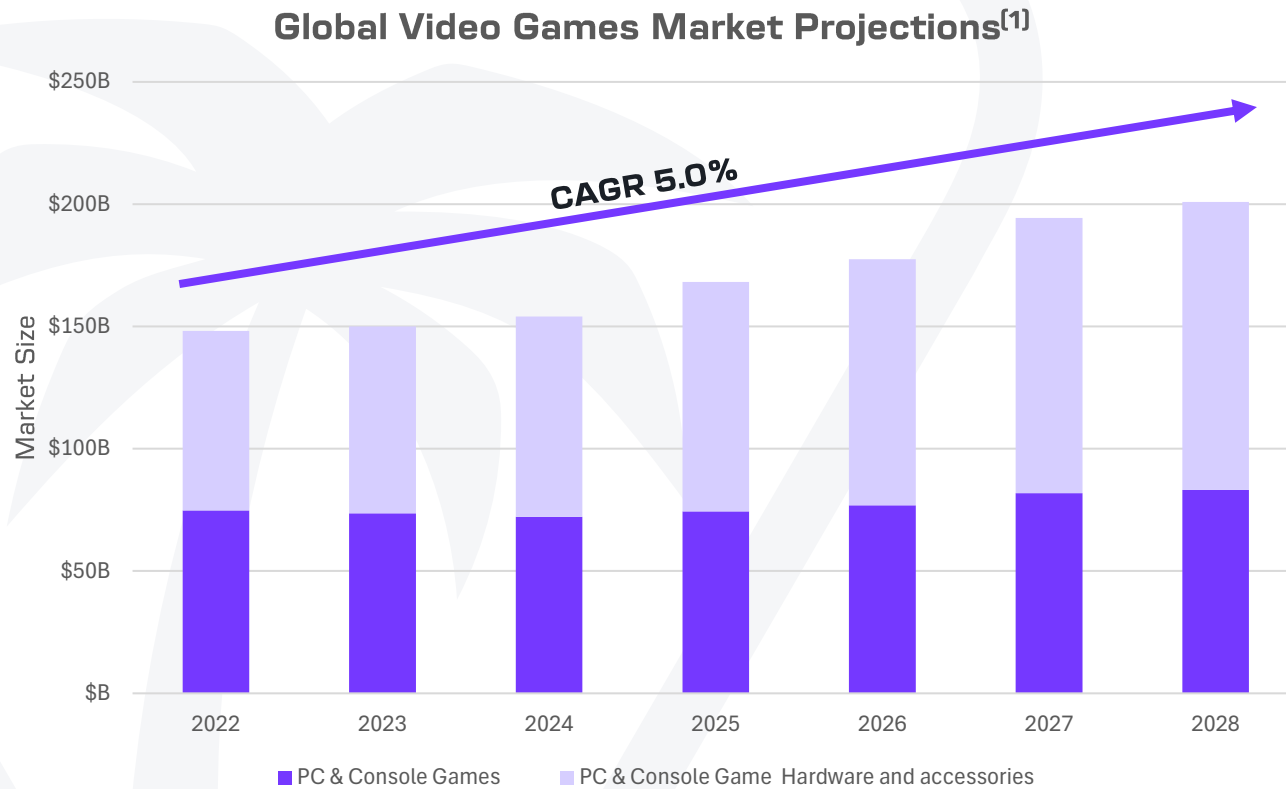


GAMING ACCESSORIES MARKETS & PRODUCTS



GAMING MARKET IS GROWING

DFC INTELLIGENCE IS EXPECTING STRONG GROWTH IN THE CORE PC AND CONSOLE VIDEO GAME SECTOR OVER THE NEXT FIVE YEARS⁽¹⁾



- The number of global gamers is forecast to reach 3.8B in 2027, up from 3.4B in 2024, a CAGR of 3.6%⁽²⁾
- "In 2023 consumers spent more money on PC and console game hardware and accessories than they did on game software. That trend is expected to continue for the foreseeable future." DFC Intelligence
- Gaming accessories growth is expected to progress as gamers continue replacing the gear they purchased during the pandemic
- Big AAA launches in Q4' 2024, including COD, Sonic x Shadow Generations, Microsoft Flight Simulator 2024, as well as GTA6 and many more in 2025

1. DFC intelligence Hardware, Software and accessories update September 2024

2. Newzoo Games Market Reports and Forecasts, July 2024



EXECUTING OUR GROWTH STRATEGY

TO FUEL TURTLE BEACH'S POSITION AS THE 2ND LARGEST 3RD PARTY GAMING ACCESSORIES MAKER

\$2.9B

Market

Continue Leadership in Gaming Headsets



\$3.0B

Market

Continue Growth in Gamepads/Controllers



\$3.9B

Market

Continue Expanding Turtle Beach Brand in PC Gaming Peripherals & Microphones



\$1.2B

Market

Continue Growth in Gaming Simulation Accessories



Design Innovative, High-Quality Products for Gamers on All Platforms
Continue Leadership as Gaming's Most Recognized and Trusted Brands
Deliver Superior Retail and Operational Execution

Targets: Revenue 10%+ CAGR EBITDA 15%+ Margins

Source: Newzoo Peripheral Market Forecast, June 2023 & Internal Estimates updated June 2024



THE MARKET LEADER IN GAMING HEADSETS

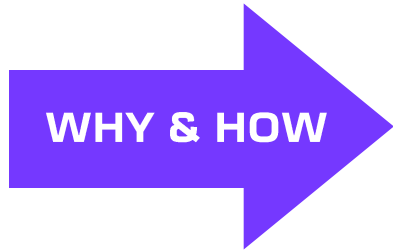
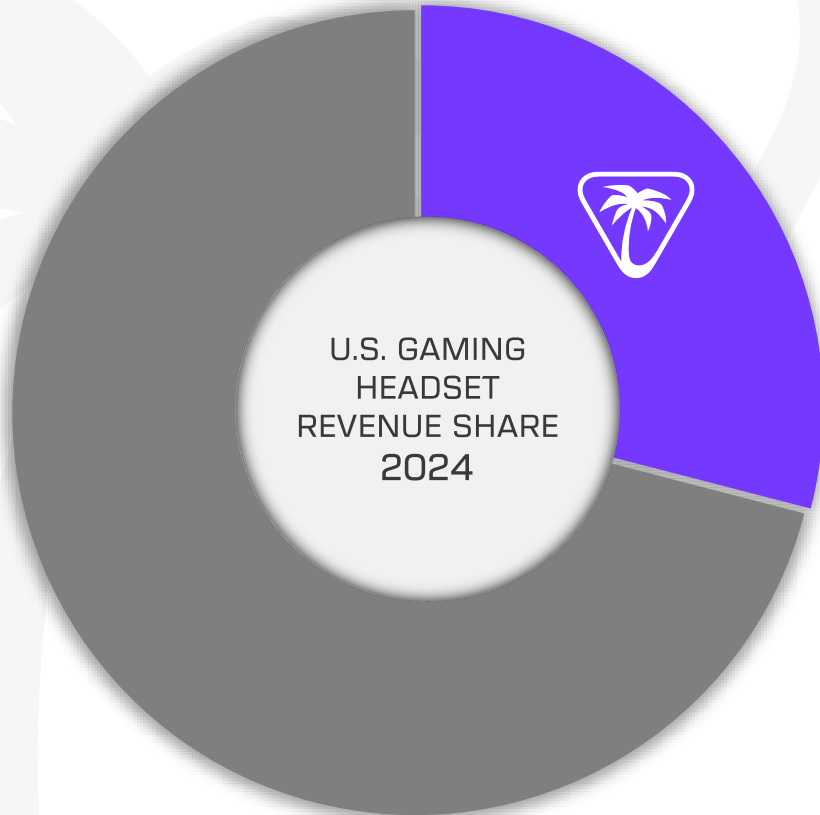
FOR THE PAST 14 YEARS AND COUNTING

#1 GAMING HEADSET⁽¹⁾

PROVIDER FOR XBOX & PLAYSTATION

#1 OVERALL SHARE POSITION⁽¹⁾

HIGHEST REVENUE & UNIT SHARE



STRONG BRAND & REPUTATION

AMONG GAMERS, RETAILERS, GAMING INDUSTRY

PRODUCT INNOVATION

WITH UNIQUE FEATURES, MANY PATENTED

GLOBAL RETAIL STRENGTH

~320K+ GLOBAL POINTS OF DISTRIBUTION

STRONG PARTNERSHIPS

WITH LEADING INFLUENCERS, CONTENT CREATORS

MORE THAN 50%⁽²⁾

REVENUE SHARE OF THE WIRED MARKET

MORE THAN 30%⁽²⁾

REVENUE SHARE OF THE WIRELESS MARKET

1. Circana, Retail Tracking Service, U.S., Video Game Accessories, Headsets/Headphones, Dollar Sales/Unit Sales, YTD 2024

2. Circana, Retail Tracking Service, U.S., Video Game Accessories, Headsets/Headphones/Wired/Wireless/Dollar Sales, YTD 2024



TURTLE BEACH GAMING HEADSETS

Turtle Beach is the leading maker of multiplatform gaming headsets.

\$2.9B Gaming Headsets Market

The total addressable market for gaming headsets for consoles and PC is roughly \$2.9B^[1].

Award-Winning Multiplatform Headsets

Turtle Beach's multiplatform gaming headsets are designed to work across multiple devices, including consoles, PC, and mobile devices, and the latest wireless Stealth and Atlas Air headsets continue winning over fans and critics alike.

Newly Redesigned & Packed with Features

Turtle Beach recently launched the Stealth 700 (Gen 3) as its latest \$199 MSRP premium wireless model, which completes the rollout of the brand's full wireless lineup of top-rated, award-winning multiplatform gaming headsets.











1. Newzoo Peripheral Market Forecast, June 2023 and internal estimates updated June 2024



A COMPLETE PORTFOLIO OF GAMING HEADSETS

ENABLES CONSUMER UPGRADES OVER TIME, FROM ENTRY-LEVEL TO ULTRA-PREMIUM

Feature Upgrades & Improvements

40 mm Speakers	Wired Multiplatform	Memory Foam	Wireless+ Bluetooth®	A.I. Based Mic Noise Reduction	Hi-Fidelity 24-Bit Audiophile Sound	60mm Eclipse™ Dual Drivers	Active Noise Cancellation
Performance Microphone	Flip-To-Mute Microphone	Glasses-Friendly Cushions	Superhuman Hearing®	App-Based Settings	Broadcast Quality Microphone	CrossPlay Dual Transmitters	Ultra-Premium Everything
RECON™ 50	RECON™ 70	RECON™ 200	STEALTH™ 500	STEALTH™ 600	ATLAS™ AIR	STEALTH™ 700	STEALTH™ PRO
							
\$24.99 MSRP	\$39.99 MSRP	\$59.95 MSRP	\$79.99 MSRP	\$99.99 MSRP	\$179.99 MSRP	\$199.99 'MSRP	\$329.99 MSRP
Entry-Level & Casual Gamers Plays Approx. 4-6 Hours Per Week			Enthusiast/Core Gamers Plays 7-15 Hours Per Week			High-End Gamers Plays 15+ Hours Per Week	

Innovations that drive immersion, enjoyment, & competitive advantages at every price point.



GROWING TURTLE BEACH LEADERSHIP IN CONTROLLERS

TURTLE BEACH CONTINUES EXPANDING IN THE CONTROLLERS MARKET WITH ~38% REVENUE GROWTH YOY⁽³⁾

\$3B Controllers Market

The total addressable market for controllers is roughly \$3B⁽¹⁾ with the same retail footprint and consumer base that knows and loves Turtle Beach headsets.



Premium Wireless & Wired Controllers

Groundbreaking, industry-leading wireless controllers for Xbox, Windows PCs, PlayStation, & more.



Officially Licensed Controllers

Q3 launches include Call of Duty, Minecraft, Sonic the Hedgehog and other officially licensed 1st party controllers merging fandom & collectibles.

Gaming Simulation Controllers

Stunning realism is fueling the \$1.2B gaming simulation market including racing and flight⁽²⁾.



Music Controllers & Fight Sticks

Continued leadership in the specialty fight sticks category, and 97% share of music controller market⁽³⁾.



1. Newzoo Peripheral Market Forecast, June 2023 and internal estimates updated June 2024

2. Internal Estimates updated June 2024

3. Circana, Retail Tracking Service, U.S., Video Games/Controllers/Music Controllers, Dollar sales/Dollar share YTD 2024



TURTLE BEACH PC GAMING PERIPHERALS

In September, Turtle Beach launched the new Turtle Beach Kone II Air & Kone II mice.

\$3.9B PC Gaming Accessories Market

The total addressable market for PC gaming peripherals, including keyboards, mice, and microphones is roughly \$3.9B⁽¹⁾.

Award-Winning Product Line

An all-new line of Turtle Beach-branded PC gaming peripherals includes a variety of keyboards and mice, including from the brand's highly-acclaimed Vulcan keyboard and Kone mouse product lines.

Performance Meets Stunning Design

Turtle Beach's PC peripherals are headlined by the Vulcan II TKL Pro keyboard, the lightweight Burst II Air mouse, and the ergonomic Kone II mice, with additional PC peripherals on the horizon.



1. Newzoo Peripheral Market Forecast, June 2023 and internal estimates updated June 2024



GAMING SIMULATION ACCESSORIES

\$1.2B Simulation Accessories Markets

PC/console flight sim hardware adds over \$414M⁽¹⁾ in global market opportunity and is ripe for new products and innovation. Racing sim adds another \$753M⁽¹⁾.

Flight Sim 2020 PC Launch

MSFT Flight Sim 2020 launched on PC August 2020, on Xbox Series X|S in 2021 capturing gamers on console, then Xbox Cloud in 2022 for Xbox One, PC's and mobile. MSFT Flight Sim 2024 launches November 19, 2024.

VelocityOne Flight Best-Seller

Turtle Beach's VelocityOne Flight Universal Control System launched in 2021 and became the industry's market share leader for flight controllers YTD 2024⁽²⁾. The VelocityOne Rudder, Flightstick, and Flightdeck are also top-sellers Q3 2024.

Racing Simulation Entry

In February 2024, Turtle Beach entered the racing simulation accessories market with the launch of the VelocityOne Race wheel & pedals system.



1. Internal Estimates, Updated June 2024

2. Circana, Retail Tracking Service, U.S., Video Game Accessories, Flight Controllers, Dollar Sales by Item, YTD 2024 / Q3'24



FINANCIALS & INVESTOR HIGHLIGHTS



THIRD QUARTER 2024 OVERVIEW

Q3 revenue of \$94.4M, up 60% vs. prior year

- Excluding PDP results, revenue up 15% YOY

Improved gross margins by 630 bps YOY leading to \$16.3M in Q3 Adjusted EBITDA

- Reflects lower discounting and cost structure as well as benefits of optimized portfolio, including new product launches

Integration of PDP progressing ahead of plan

- Now expect over \$13M in synergies by 2025, up from \$10 – \$12M prior

Raising full year 2024 Adjusted EBITDA guidance to \$55M – \$58M range

- Reflects optimized cost structures and operational efficiencies

Repurchased \$10.1M in common shares during Q3, bringing YTD total to \$25.3M

- Reflects largest repurchase in company history; \$21.3M remaining on current repurchase authorization

Strong U.S. video games accessories market YTD 2024⁽¹⁾

- While the overall gaming market was flat, the U.S. gaming accessories market was up 7% YOY YTD 2024

Turtle Beach continues gaining share/outpacing the market⁽²⁾

- Turtle Beach gaming headsets revenue share increased 108 bps in Q3 2024 over the prior quarter following the launch of the brand's new wireless lineup
- Turtle Beach controllers revenue share increased 150 bps, outpacing the U.S. controllers market YOY YTD 2024
- Turtle Beach flight simulation revenue share is up 330 bps, with revenue growth outpacing the market YOY YTD 2024

1. Circana, Retail Tracking Service, U.S., Video Games/Console Hardware/Accessories, Dollar sales

2. Circana, Retail Tracking Service, U.S., Gaming Headsets/Headphones/Controllers/Flight Simulation, Dollar Sales/Share



QUARTERLY FINANCIAL REVIEW

\$ Millions (except per-share data)	Q3 2024	Q3 2023	Commentary
Revenue	\$94.4	\$59.2	+60% YOY reflecting PDP acquisition. Excluding PDP, revenue was +15% YOY.
Gross Margin	36.2%	29.9%	+630 basis point YOY improvement on lower discounting and cost structure as well as benefits of optimized portfolio, including new product launches.
Operating Expenses	\$27.7	\$20.2	Reflects \$3.5M in acquisition-related costs in current year. The increase in operating expenses, excluding non-recurring acquisition related and other expenses, was primarily due to the addition of PDP.
Net Income (Loss)	\$3.4	\$(3.6)	Reflects robust revenue growth and cost and expense efficiency.
Diluted EPS	\$0.16	\$(0.21)	Reflects above factors.
Adjusted EBITDA ⁽¹⁾	\$16.3	\$1.0	Reflects higher revenue, improved margins and expense leverage.
Diluted Shares	21.5	17.3	

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



2024 GUIDANCE & LONG-TERM FINANCIAL TARGETS

2024 GUIDANCE ⁽¹⁾	
Net Revenue⁽¹⁾ \$370M – \$380M	Adj. EBITDA⁽¹⁾ \$55M – \$58M
up 43% – 47% <i>vs. 2023</i>	up \$49M – \$52M <i>vs. 2023</i>

Strong YTD 2024 Environment

Total gaming headsets market is up 8.4% YOY with Turtle Beach maintaining its market leadership⁽²⁾.

Gaming controllers market is up nearly 3% YOY with Turtle Beach outpacing market growth, up ~38%⁽²⁾.

LONG-TERM FINANCIAL TARGETS	
Metric	Target
Revenue	10%+ CAGR
Gross Margins %	Mid-high 30's
Adjusted EBITDA Margins	15%+

- Maintain leadership in gaming headsets.
- Continue driving growth in controllers and adjacent accessories categories.
- Proactively manage operating expenses.

1. 2024 Net Revenue and Adj. EBITDA guidance incorporates approximately nine months of operations from PDP acquisition, which closed on March 13, 2024

2. Circana, Retail Tracking Service, U.S., Gaming Headsets/Headphones/Controllers/Dollar Sales, YTD 2024



MEET TURTLE BEACH'S LEADERSHIP TEAM



CRIS KEIRN
CEO

Joined in 2013 & named CEO in 2024 following several years leading global sales

- Previously was Interim CEO & SVP of Global Sales at Turtle Beach
- Nearly 30 years in gaming accessories, consumer electronics and automotive
- 17 years with Motorola in engineering, product management, operations, quality & customer relations



JOHN HANSON
CFO

Joined in 2013 & and oversees all of Turtle Beach's finance operations

- 15+ years in CFO roles at multiple publicly traded companies
- EVP & CFO at Dialogic
- CFO at One Communications Corp



TOM ROBERTS
CSO

Joined in 2024 & drives the strategy behind the creation of new gaming accessories

- 30 years working in video game accessories touching all aspects of the business
- Former CTO, CEO, & Sr. EVP for PDP
- Nearly 10 years as EVP of product development at Mad Catz, & 13 years in aerospace engineering at General Dynamics & Hughes Aerospace



JOE STACHULA
CTO & SVP,
PRODUCT DEVELOPMENT

Joined in 2017 & ensures Turtle Beach stays at the forefront of technology

- 20+ years in consumer electronics
- 12 years at Plantronics engineering audio headsets



MEGAN WYNNE
GENERAL COUNSEL

Joined in 2014 as the head of Turtle Beach's Legal & oversees Human Resources

- 5 years with I-Flow, a Kimberly-Clark Health Care Company
- 13 years with Morris Polich & Purdy law firm



DREW JOHNSON
SVP,
GLOBAL SALES

Joined in 2015 & leads the Turtle Beach's best-in-class global sales team

- 16+ years in video games and consumer electronics
- Nearly a decade holding various sales leadership roles with Sony Electronics, Belkin International, and Best Buy



MATT SEYMOUR
SVP,
PRODUCT MANAGEMENT

Joined in 2013 & leads the teams that design and produce Turtle Beach accessories

- 25+ years in the consumer electronics industry
- Previously with Sony leading television portfolio planning & development, product marketing



JOSE ROSADO
SVP,
GLOBAL OPERATIONS

Joined in 2014 & makes sure Turtle Beach products can be found the world over

- Former Sr. Director, Global Supply Chain Operations for HP
- 22 years of supply chain management with Motorola, ON Semiconductor, HP, Cisco



RYAN DELL
SVP,
GLOBAL MARKETING

Joined in 2020 & drives all of Turtle Beach's global marketing initiatives

- 15+ years of brand, consumer, and digital marketing experience
- Formerly CMO at MVMT, VP of Marketing & Acquisitions at FTD Companies (Pro Flowers, Shari's Berries)



JESSICA MORROW
VP,
BUSINESS DEVELOPMENT

Joined in 2024 & manages Turtle Beach's global partner/licensor relationships

- Former Vice President, Business Development for PDP
- 20 years of gaming accessories licensing & bus dev with PDP and PowerA



MEET TURTLE BEACH'S BOARD OF DIRECTORS



**TERRY
JIMENEZ**

CHAIRMAN

Nearly 30 years of experience in executive leadership, M&A, and capital allocation

- Former CEO, President, and board member at Tribune Publishing, a media company with \$1B annual revenue
- Former Partner, IBM Global Business Services, and former board Chairman for BestReviews
- Currently board member for NIU College of Business



**CRIS
KEIRN**

Nearly 30 years of experience as a leader in gaming accessories and consumer electronics

- Currently CEO, Turtle Beach Corporation
- Previously Interim CEO & SVP of Global Sales at Turtle Beach
- 17 years with Motorola in engineering, product management, operations, quality & customer relations



**GREGORY
BALLARD**

40 years of experience as an executive, investor and entrepreneur

- General partner with Eleven Ventures
- Former SVP, Mobile & Social Games at Warner Bros, and former CEO of Glu Mobile
- Former President or CEO at Virgin USA, SonicBlue Inc, Ancestry.com, 3DFX Interactive and Capcom



**DAVE
MUSCATEL**

Nearly 20 years of experience operating and managing private equity-backed businesses

- Senior Operating Partner with Diversis Capital
- Former CEO of Rand McNally, ArrowStream, Inc., and Blue Software
- Former COO and CFO of Performance Designed Products



**KATHERINE L.
SCHERPING**

Nearly 40 years of finance, accounting and senior management experience

- Currently CEO, KLS Advisors, Inc. – a financial & exec leadership firm
- Former CFO for National CineMedia, Inc..
- Former CEO/CFO of Quiznos



**JULIA W.
SZE**

25+ years senior leadership experience in capital markets and investment management

- Impact investor supporting clients' strategies and generating growth
- Board member for Cavco Industries, Inc, Laird Norton Wealth Mgt., Tern Bicycles
- Former CIO, Wells Fargo Family Wealth Group



**DR. ANDREW
WOLFE**

30+ years of experience with Fortune 500 companies and tech startups

- Founder & principal of Wolfe Consulting
- Former CTO for SONICblue, Inc.
- Expert in IP strategy and licensing; Lecturer at Santa Clara University



**LIBBY
BUSH**

20+ years of experience in media & entertainment leading marketing & strategic growth initiatives

- Currently Global Head of Media & Entertainment Partnerships at Creative Artists Agency (CAA)
- Former Founder of Tandem Entertainment Agency
- Trusted advisor, strategist, and dealmaker for high profile clients including Netflix, Apple TV+, HBO



**WILLIAM
WYATT**

15+ years financial services industry experience

- Founder & CIO of The Donerail Group – an investment & advisory firm
- Former Portfolio Manager, Starboard Value LP – a New York-based investment advisor
- Formerly held investment, advisory, & leadership roles at Emperian Capital, Magnetar Capital, & Goldman Sachs

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APPENDIX



GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

THIRD QUARTER 2024 COMPARED TO 2023

	Three Months Ended	
	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Net Income [Loss]	\$3,413	\$(3,606)
Interest expense	2,712	107
Depreciation and amortization	3,322	1,212
Stock-based compensation	1,496	1,625
Income tax expense	46	501
Restructuring expense ⁽¹⁾	910	1,104
Business transaction expense ⁽²⁾	3,510	—
Incremental costs on acquired inventory ⁽³⁾	833	—
Other legal	26	94
Adjusted EBITDA	<u>\$16,268</u>	<u>\$1,037</u>

1. Restructuring charges are expenses that are paid in connection with reorganization of our operations. These costs primarily include severance and related benefits.
2. Business transaction expense includes one-time costs we incurred in connection with acquisitions including warehouse lease impairment, professional fees such as legal and accounting along with other certain integration related costs.
3. Costs relate to the step up of acquired PDP finished goods inventory to fair market value as required under GAAP purchase accounting. This step up in value over original cost is recorded as a charge to cost of revenue as such inventory is sold.



BALANCE SHEET SUMMARY

Balance Sheet Highlights \$ Millions	
	As of September 30, 2024
Cash & Cash Equivalents	\$13.8
Inventories	\$102.3
Revolver (asset-based)	\$58.6
Term Loan	\$49.3
Net Debt (debt less cash)	\$94.1



CONTACTS

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THANK YOU