



**TURTLE
BEACH**[®]
CORPORATION

SECOND QUARTER 2021 EARNINGS PRESENTATION NASDAQ: HEAR

AUGUST 5, 2021

SAFE HARBOR STATEMENT

Forward-Looking Information

This presentation includes forward-looking information and statements within the meaning of the federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. Statements containing the words “may”, “could”, “continue”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “goal”, “estimate”, “accelerate”, “target”, “project”, “intend” and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. These statements are based on management’s current belief, as well as assumptions made by, and information currently available to, management. While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to: risks related to the 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; the impact of the coronavirus (COVID-19) pandemic on consumer demands and manufacturing capabilities; **delays or disruptions in the supply of components for our products**, risks relating to, and uncertainty caused by or resulting from, the COVID-19 pandemic; the Company’s partnerships with influencers, athletes and esports teams; risks associated with the expansion of our business, including the implementation of any businesses we acquire, the integration of such businesses within our internal control over financial reporting and operations; and our liquidity. These risks may be in addition to the other factors and matters discussed in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and other periodic reports filed with the Securities and Exchange Commission. Except as required by the securities laws of the United States, the Company does not intend to publicly update or revise these forward-looking statements 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 EBITDA, and adjusted net income, 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. “Adjusted Net Income” is defined as net income excluding (i) integration and transaction costs related to the acquisition of the business and assets related to the ROCCAT brand, (ii) the effect of the mark-to-market requirement of the financial instrument obligation, (iii) any change in fair value of contingent consideration and (iv) the release of valuation allowances on deferred tax assets. “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 items that we believe are not representative of core operations (e.g., the integration and transaction costs related to the acquisition of the business and assets related to the ROCCAT brand, the mark-to-market adjustment for the financial instrument obligation and the change in fair value of contingent consideration). 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 Net Income and Adjusted EBITDA included in the appendix for the three and six months ended June 30, 2021.

SUMMARY – Q2 AND FIRST HALF 2021 EARNINGS HIGHLIGHTS

Q2 Net revenue of \$78.6 million, roughly flat to record 2020, **1H revenue up 50%**

Q2 Net Income (GAAP) of \$1.7M vs. \$8.2M, **1H Net Income up 127%**

GAAP EPS of \$0.09 vs. \$0.51, **1H GAAP EPS up 93%**

Adjusted EBITDA of \$5.0M, substantially beating outlook of \$2.0M, **1H Adjusted EBITDA up 98%**

Cash Balance grew to \$56.2M vs. \$21.2M as of June 30, 2020

Strong Balance Sheet with no short or long-term debt

Reaffirmed revenue guidance of \$385M, **7% YoY growth over record 2020**



GAMING IS THE MARKET TO BE IN...



A MASSIVE OPPORTUNITY

The global game market will **grow from \$176B** in 2021 **to more than \$200 billion** in 2024⁽¹⁾



GAMING LEADS THE ENTERTAINMENT WORLD

The broader gaming market is by far the **largest and most expansive industry in the world of entertainment**, worth over **\$254 billion**⁽²⁾



ESPORTS ARE QUICKLY RISING IN POPULARITY

Secular shift to esports with approximately **50% increase in value from 2020**⁽⁴⁾



NEW CONSOLES ENERGIZE THE GAMING MARKET

The **global market** for gaming consoles expected to reach **\$58 billion in 2021**⁽³⁾

A BREAKTHROUGH IN GAMING SIMULATION TECHNOLOGY

Visually stunning realism on console and PC is driving booming growth in simulation segments



GAMING DRIVING STREAMING

In 2021, the livestream gaming audience is likely to grow by **10% to 728M**, and to **920M by 2024**⁽¹⁾



1. Newzoo: Game market will hit \$200B in 2024
2. Vizara Entertainment Industry April Report

3. Gaming Industry Biz Global Console Market Report March 2021
4. Statista Esport Market Report March 2021

WE'RE EXECUTING ON OUR STRATEGY TO LEVERAGE THOSE TRENDS



Continue our decade-plus of leadership in \$1.7 billion console headset market.

Maintain a portfolio for all levels of gamers with innovation and great execution.



- **10 of the top 15** US console headsets by revenue YTD are TB⁽¹⁾
- Launched Recon 500, **the first dual-driver console headset**
- Both Xbox and PS announced record sales of new consoles

Continue rapid expansion into the \$3.5 billion PC gaming accessories market.

Further build out ROCCAT portfolio of award-winning PC gaming accessories.



- Launched **8 new ROCCAT PC gaming products year-to-date**
- **ROCCAT revenues up over 200% YTD** year-over year⁽²⁾
- **Exceeded market growth** in major regions

Expand into the \$2.3 billion global market for microphones.

Launch Neat Microphones' new generation of high-performance digital/USB and analog mics.



- Launching **Neat's first new 2021 product** – King Bee II
- Launching **ROCCAT's Torch mic** for streamers and creators
- **\$700M Digital/USB** market segment **experiencing rapid growth**

Enter additional new categories to drive further growth over time.

Launch first products in console game controller and console/PC gaming sim hardware markets.



- Recon Controller for Xbox **launched with outstanding reviews**
- **Over 15k fans registered** for notifications on VelocityOne Flight
- Expanding portfolio in both categories over time

Tracking to ~\$100 million in non-console headset revenues for 2022 (ahead of plan)

1. The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S./Jan-June 2021

2. The NPD Group, Inc., U.S. Retail Tracking Service, Gaming-Designed: PC Headsets/PC Microphones, Mice, and Keyboards, Dollar Sales, Jan. 2021- June 2021 combined vs. Jan. 2020- June 2020 combined.

...AND DELIVERING ON OUR LONG-TERM FINANCIAL GOALS



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



- Confirmed revenue guidance to record \$385M for 2021
- Expecting roughly \$100M of non-console headset revenues in 2022
- 5 Year revenue CAGR through 2020 is over 17%

Deliver category leading EBITDA margins while investing to drive growth.



- Maintained EBITDA guidance of \$50M, providing 13% margin
- Investing to drive growth including new category entries
- 5 Year EBITDA CAGR through 2020 is 91%¹

Maintain a strong balance sheet to enable the above including selective M&A.



- \$56M in cash with zero debt
- Over \$50 million in cash flow in 2020
- \$80M revolving credit facility

**1-Year and 5-Year TSR of >60% and >600%
(Exceeding Sector Benchmarks)²**

THE BRANDS



Best-Selling Console
Gaming Accessories



Award-Winning PC
Gaming Accessories



High-Quality Digital USB
& Analog Microphones

TURTLE BEACH GAMING HEADSETS



#1 IN GAMING AUDIO

The Global Market Leader In Console
Gaming Headsets for Over 10 Years

55 Million+

Headsets Sold Since 2010

46.8%⁽¹⁾

US Revenue Share 2020



A NEW GENERATION OF CONSOLE GAMING



"Named Best Headset
for Xbox Series X|S."
— IGN

STEALTH
700
GEN 2

Xbox Series S & Xbox Series X

STEALTH
600
GEN 2



"10/10. The \$100
Wireless King Returns
Stronger Than Ever."
— GADGETRYTECH



PlayStation 5 & PlayStation 5 Digital Edition

Fall 2020 celebrated a new era in console gaming with the launch of the Xbox Series X|S and PlayStation 5 systems.

The new Xbox and PlayStation consoles were hot commodities when they launched last holiday season. Fans who pre-ordered, along with savvy day one consumers secured the initial waves of inventory, and availability has been limited since, with resellers selling the systems for hundreds over MSRP.

Both Microsoft and Sony announced record sales since launch despite ongoing supply constraints. People are gaming now more than ever, with console gamers playing on the new systems and prior-gen Xbox One and PS4 alike.

Turtle Beach's best-selling **Stealth 700 Gen 2** and **Stealth 600 Gen 2** wireless console gaming headsets **have shown strong Q2'2021 performance.**

In the first half of 2021, **Turtle Beach's Stealth 700 Gen 2 and Stealth 600 Gen 2 headsets were 5 of the top 10⁽¹⁾.**

1. The NPD Group/Retail Tracking Service/Video Games/Video Game/Accessories/Headsets/Dollars/NA/Jan. 2021-June 2021 combined

INTRODUCING RECON 500

RECON™
500

Launched June 2021
MSRP: \$79.95



Also available in Black



*"4.5/5. A very impressive
sounding headset."*

— GAMESRADAR



Gaming's First 60mm Dual Drivers

The Recon 500 debuts Turtle Beach's patented, first-of-their-kind 60mm Eclipse Dual Drivers which produce a massive soundstage through dedicated woofers and tweeters in each earcup.

Combined with Turtle Beach's AccuTune wood composite-injection acoustic cavities, **the Recon 500's groundbreaking speakers deliver unprecedented sound quality at every frequency.**

The headset features a standard 3.5mm audio interface for multiplatform connectivity with Xbox Series X|S, Xbox One, PlayStation 5, PlayStation 4, Nintendo Switch, PC, and compatible mobile devices.

RECON 70 ARCTIC CAMO

RECON™

70

Launched April 2021

MSRP: \$39.95



*"The Recon 70
surprises us by going
above and beyond."*
— THEGAMER



The Best-Selling Recon 70 Series Gets Frosty

Recon 70 is an easy choice for gamers looking for the perfect value headset with multiplatform compatibility, powerful sound, lightweight comfort, and a MSRP of \$39.95.

Arctic Camo is the 10th Recon 70 color option of Turtle Beach's entry-level wired gaming headset that **have sat atop or near the top of every monthly sales leaderboard since their launch in April 2019⁽¹⁾**, making them the Company's best-selling headsets across multiple platforms.

During the first half of 2021, Recon 70's for PlayStation and Xbox were among the top five wired best-sellers in the market.

1. The NPD Group/Retail Tracking Service/Video Games/Video Game/Accessories/Headsets/Dollars/US//Jan. 2021 - June 2021 combined

THE CONSOLE GAMEPAD CONTROLLER OPPORTUNITY



GAME CONTROLLERS

Total Addressable Market for third-party controllers is roughly \$600⁽¹⁾ million.

MICROSOFT PARTNERSHIP

Leverage MSFT partnership to enter market with wired controller for Xbox Series X|S, Xbox One, and Windows 10.

WIRED, WIRELESS AND MORE

Grow controller line beyond initial wired Xbox offering, including wireless and other console platforms.

1. Newzoo 2020 Peripheral Market – updated April 2021 and internal estimations



INTRODUCING THE RECON CONTROLLER FOR XBOX

RECON™ CONTROLLER

Launches August 2021
MSRP: \$59.95



Also available in Black



"Best of E3:
Best Gaming
Accessory."



"Best Gaming
Accessory of E3 2021."



ANDROID AUTHORITY



Game-Changing Audio Meets Game-Winning Controls

Unveiled at E3 2021, the Designed for Xbox Recon Controller was proudly designated with "Best of E3" awards from CNN Underscored and Android Authority for **blending game-changing controls with Turtle Beach's signature audio technologies**.

Gamers on Xbox Series X|S, Xbox One, and compatible Windows 10 PCs will be able to plug in any wired headset with a standard 3.5mm audio interface and take advantage of proven Turtle Beach features, including Superhuman Hearing, Mic Monitoring, Signature Audio Presets, and more.

Plus, Pro-Aim Focus Mode, four profiles, mappable rear quick-action buttons, next-gen vibration, and an ergonomic shape with cooling rubber grips round out Turtle Beach's first ever game controller.



THE FLIGHT SIMULATION CONTROLLER MARKET OPPORTUNITY



MSFT FLIGHT SIM 2020 PC LAUNCHES AUGUST 2020

Game delivers a quantum leap in realism, fully leveraging modern processing capabilities and cloud computing/storage

MSFT FLIGHT SIM 2020 COMES TO XBOX

Capture a new audience of gamers experiencing Microsoft's Flight Sim 2020 on Xbox Series X|S

GAMING SIMULATION HARDWARE

PC/console flight sim hardware adds roughly \$400M in global market not including expansion into racing hardware



INTRODUCING VELOCITYONE FLIGHT FOR XBOX

VELOCITYONE™ FLIGHT

Launches Fall 2021

MSRP: \$349.95



"Best Gaming
Accessory of E3 2021."



ANDROID AUTHORITY



Take Flight on Xbox Series X|S and Windows 10

Announced during E3 2021, VelocityOne Flight garnered a "Best of Show" from Android Authority and boldly marks Turtle Beach's foray into the gaming simulation hardware market.

VelocityOne Flight is *the* complete flight control system, developed in collaboration with aeronautical engineers and pilots and by a dedicated Turtle Beach team with over two decades of experience creating many premier flight and racing simulation controllers.

VelocityOne Flight delivers the most immersive, authentic, and modern Xbox and PC flying experience on the market, and is the only full flight controller system launching alongside Microsoft Flight Simulator 2020 on Xbox Series X|S.

ROCCAT PC GAMING ACCESSORIES



Award-Winning
German Design

A Broad, Growing Portfolio

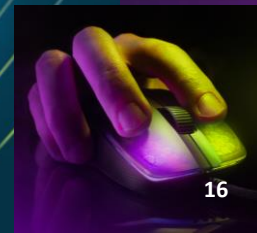
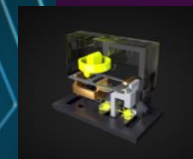
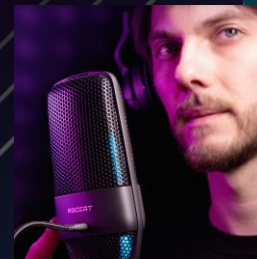
Including PC Mice, Keyboards, Headsets, and More

ROCCAT US sell-through grew by ~200%
during the first half of 2021 YoY⁽¹⁾

1. The NPD Group, Inc., U.S. Retail Tracking Service, Gaming-Designed: PC Headsets/PC Microphones, Mice, and Keyboards, Dollar Sales, Jan. 2021- June 2021 combined vs. Jan. 2020- June 2020 combined.



GERMAN DESIGN
& ENGINEERING
SINCE 2007



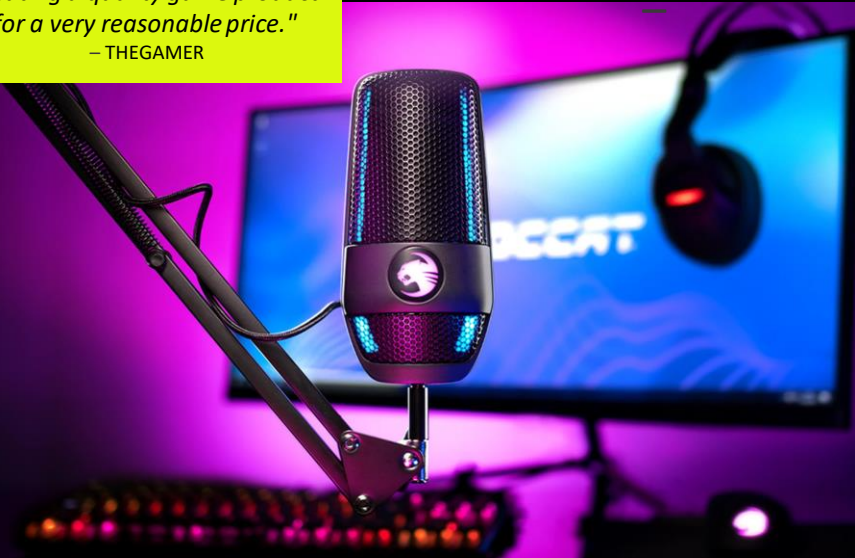
LIGHT UP YOUR VOICE

TORCH

Launches August 2021
MSRP: \$99.99



"Another example of ROCCAT creating a quality game product for a very reasonable price."
— THEGAMER



Studio-Quality Sound for Streamers & Aspiring Creators

The Torch is ROCCAT's first studio-grade USB microphone. Designed for gamers, streamers, and aspiring content creators, the Torch is packed full of professional-grade features, including 24-bit audio quality, a dual condenser design, latency-free Mic Monitoring, and a built-in pop filter.

ROCCAT's Torch will ensure creators always sound flawless, and its stylish and intelligent design is compatible with a wide range of shock mounts, boom arms, and other accessories.

The Torch microphone features ROCCAT's intelligent AIMO RGB lighting, and special lighting zones change color depending on the mic's settings. Additionally, driver-free setup makes the Torch simple to use right out of the box.

LET YOUR EARS SYN

SYN^{PRO AIR}

Launched June 2021
MSRP: \$149.99

*"With the **3D audio** and **customizable EQ** the user has the capability to get the **perfect sound**."*
— **HARDCORE GAMER**



Next-Generation PC Audio Performance & Wireless Freedom Without Compromise

The new addition to the award-winning PC accessory brand's headset range offers a bold new lightweight design, delivering premium comfort for PC gamers, along with integrating Turtle Beach's highly-acclaimed audio expertise and technologies.

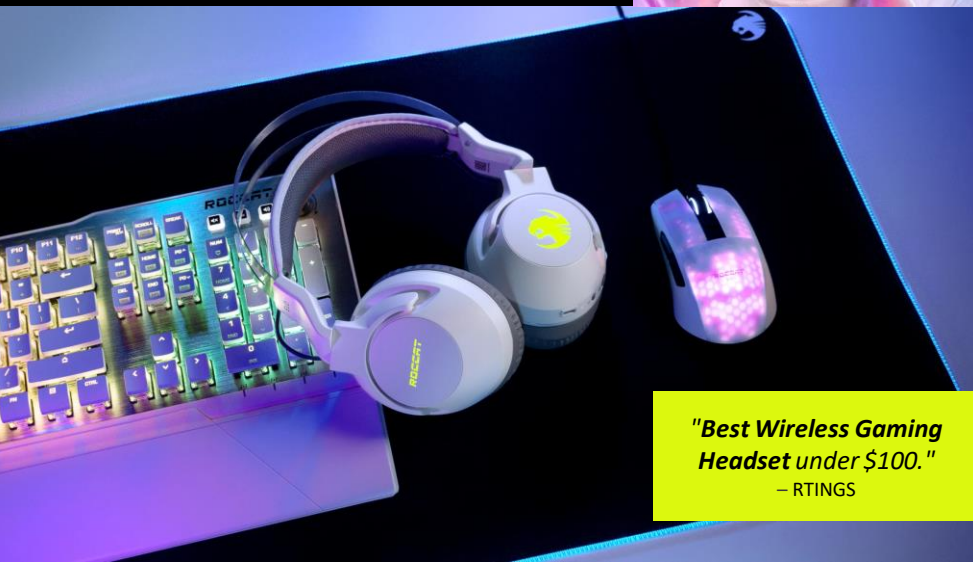
The result is a sleek headset that showcases ROCCAT's signature style, with the brand's Stellar Wireless technology delivering a solid connection and superior 24-hour battery life, and AIMO intelligent RGB lighting shining through its Bionic Shell.

The Syn Pro Air also features Turtle Beach's exclusive, patented innovations such as Superhuman Hearing for a competitive advantage, powerful Nanoclear 50mm drivers, the TruSpeak high-sensitivity microphone to ensure you're always heard clearly, and ProSpecs glasses-friendly ear cushions for those who game with glasses.

NOW AVAILABLE IN ARCTIC WHITE

ELO SERIES

Launched May 2021
MSRP: \$99.99



"Best Wireless Gaming Headset under \$100."

— RTINGS



Powerful Wireless 7.1 Channel Surround Sound

ROCCAT's Elo 7.1 Air is now available in a stand-out white color that is visually stunning with the headset's alluring AIMO RGB lighting.

The Elo Series headsets perfectly blend ROCCAT's award-winning design and innovation with Turtle Beach's unrivaled gaming audio expertise and exclusive audio technologies.

Elo 7.1 Air is the premium wireless model in the series and has been lauded by reviewers and fans alike for its premium offering at \$99.99.

LIQUID HOT MAGMA

MAGMA

Launched May 2021

MSRP: \$59.99

*"The **Best Membrane Gaming Keyboard.**"*

— GAMESRADAR



Taking desktop setups to the next level with alluring RGB lighting.

Since the launch of the AIMO lighting engine in 2017, ROCCAT has focused not only on delivering high-performance PC gaming equipment, but also on bringing the lighting experience to new levels.

ROCCAT's Magma Membrane RGB Gaming Keyboard is equipped with a semi-transparent top plate and five zone, 10 LED backlighting for ROCCAT's best AIMO lighting showcase to date.

Magma will connect and sync-up with all other products in ROCCAT's AIMO range, including the just revealed Kone Pro series mice, Elo series headsets, and more, to create a vibrant PC gaming battle station.

BRING THE HEAT

PYRO

Launched May 2021
MSRP: \$99.99



*"4.5/5. Incredible value for the money...one of the **best** keyboards I've tested in a while."*
— TRUSTED REVIEWS



The most feature-packed mechanical gaming keyboard under \$100.

Pyro's new design is reinforced by a premium brushed metal top plate, offering gamers a sleek, robust, and stylish mechanical keyboard.

The Pyro's switches are tested to 50 million keystrokes lifetime for a responsive and durable gaming experience. Advanced anti-ghosting technology also ensures all simultaneously pressed keys are registered.

Pyro also has the Vulcan series' fan-favorite volume wheel for quick and easy audio control, and features ROCCAT's AIMO lighting engine with per-key illumination in 16.8 million RGB colors that react organically to your usage with vivid lighting displays out of the box, without the need for extensive configuration.

ROCCAT'S MOST ICONIC MOUSE REBORN

KONE ^{PRO AIR}

Launched May 2021

MSRP:

Kone Pro Air (Wireless) \$129.99

Kone Pro (Wired) \$79.99

*"The world's best
gaming mouse."*

- ALEX ROWE - MEDIUM



ROCCAT's iconic mouse design, now featuring their latest groundbreaking technologies.

The all-new Kone Pro series mice combine ROCCAT's ridiculously fast Titan Optical Switch technology with the signature feel of the brand's legendary Kone PC gaming mouse design.

ROCCAT debuted the first-ever Kone mouse in 2007 at Gamescom in Leipzig, Germany. The following year the Kone was ROCCAT's first commercially launched product, and since then it has gone on to become a staple of competitive PC esports.

13 years later, the Kone's design has undergone well-over a decade's worth of research into hand sizes and grip-types to create the most advanced, ergonomic, and competitive mouse yet.

NEAT MICROPHONES



DIGITAL USB & ANALOG MICROPHONES

Today's global microphone market is \$2.3B overall,
with ~\$700M in the digital/USB category.

THE TEAM

The former founders of Blue Microphones, the Neat
Microphones team has a combined 100+ years of
experience creating leading mic products.

A NEW PRODUCT LINE

In 2H 2021, launch a second-generation of Neat's award-winning
"Bee" line of analog XLR and digital USB microphones.



INTRODUCING NEAT MICROPHONES' KING BEE II



Includes custom
Beekeeper shockmount
& Honeycomb pop filter

Launches Summer 2021
MSRP: \$169.99

The Return of the King!

The King Bee II is the long-awaited successor to Neat Microphones' original award-winning King Bee. Whether you're a musician, podcaster, or streamer, the King Bee II offers outstanding versatility and incredible sound quality.

Vocals, drums, electric guitar, piano, and acoustic instruments shine with the King Bee II, and spoken word applications, from voiceovers to podcasting to streaming content, can be captured with crystal-clear clarity and depth.

Thanks to customized Class-A discrete electronics, powerful design, and a precision, gold-sputtered condenser microphone capsule, what you hear at the output is what the King Bee II hears at its input.



TURTLE BEACH ANNOUNCES LONG-TERM PARTNERSHIP WITH GLSEN TO SUPPORT LGBTQ+ GAMERS

In late June, Turtle Beach announced a partnership with GLSEN to support their efforts to ensure all students feel safe and supported, regardless of sexual orientation or identity. Turtle Beach and GLSEN recognize that support for the LGBTQ+ community is more than a one-month effort but takes ongoing and continuous work to ensure inclusivity for all. In that spirit, Turtle Beach and GLSEN will be working closely together over the next year to support LGBTQ+ students in the classroom and in any of their virtual experiences while gaming. GLSEN joins other foundations and organizations that Turtle Beach actively supports to bring more inclusion to underrepresented communities in gaming.



TURTLE BEACH ANNOUNCES GRAYSON ALLEN AS ITS LATEST GAMING AMBASSADOR

Turtle Beach announced a new partnership with NBA star Grayson Allen of the Memphis Grizzlies. Allen is a standout player on the court as well as a global top-ranked Apex Legends player. With this partnership, Allen will exclusively use Turtle Beach headsets when he games and will work with Turtle Beach to produce content that blends the worlds of professional basketball and gaming while showcasing the benefits of Turtle Beach's high-quality gaming equipment.



TURTLE BEACH SIGNS RISING NBA STAR IMMANUEL QUICKLEY AS GAMING PARTNER

In late-June, Turtle Beach announced a new partnership with rising NBA star Immanuel Quickley of the NY Knicks. When he's not competing with the best basketball players in the world, Quickley is an adept, competitive gamer. Quickley will also be working closely with Turtle Beach to produce unique content that merges his worlds of professional basketball and gaming while highlighting the benefits of using Turtle Beach's high-quality gaming equipment.



TURTLE BEACH HITS THE VIRTUAL HARDWOOD WITH NBA 2K LEAGUE CHAMPIONS WIZARDS DISTRICT GAMING

Wizards District Gaming are the reigning NBA 2K League Champions after defeating Warriors Gaming Squad in four games during the 2020 NBA 2K League Finals. This was the first-ever championship win for WDG, which was one of the inaugural teams in the league when it launched in 2018. The franchise, owned by Monumental Sports & Entertainment, is the NBA 2K League affiliate of the Washington Wizards.

THE LATEST NEWS



TURTLE BEACH ANNOUNCES NEW PARTNERSHIP WITH ESPORTS POWERHOUSE TEAM WAR

In early June, Turtle Beach announced it has renewed and extended its partnership with popular Call of Duty Challenger team, Team WaR, who rose to popularity following the group's debut as a professional competitive Call of Duty team in 2017. Years later and with a multitude of significant victories to their name, Team WaR has become a fulltime professional esports and gaming entertainment organization with their sights set on future championship trophies.



ROCCAT PARTNERS WITH ACCLAIMED YOUTUBER STAR AND TWITCH STREAMER SYPHERPK

In late-May, ROCCAT announced a partnership with popular YouTube and Twitch Streamer Ali "SypherPK" Hassan. With over 14 million fans, including over 5.2 million YouTube subscribers and 4.7 million Twitch subscribers, Hassan has built his gargantuan following by showcasing his expert Fortnite skills. Ali's willingness to share his expertise, techniques, and strategies with aspiring gamers has made him one of the most popular Fortnite personalities in the world.

THE LATEST NEWS



TURTLE BEACH ANNOUNCES THE APPOINTMENT OF YIE-HSIN HUNG TO THE BOARD OF DIRECTORS

In April 2021, Yie-Hsin Hung joined Turtle Beach's Board of Directors, including the Nominating and Governance Committee and Compensation Committee. Since 2015, Yie-Hsin has been CEO of New York Life Investment Management – a global asset manager with more than \$400 billion of assets under management. Ms. Hung brings over 30 years of capital markets and investment management experience to the board.



TURTLE BEACH'S ROCCAT PC BRAND BECOMES OFFICIAL MOUSE & KEYBOARD PARTNER OF THE LEAGUE CHAMPIONSHIP SERIES (LCS)

In early April, we announced a multi-year partnership for our ROCCAT brand with the League Championship Series (LCS) as its exclusive mouse and keyboard partner. The LCS is North America's largest esports league and third most popular professional sports league among young adults in the United States. The partnership puts Turtle Beach's award-winning ROCCAT PC brand in front of the millions of League of Legends players and fans around the world.



QUARTERLY AND FIRST HALF FINANCIAL OVERVIEW

\$ in millions (except per-share data)	1H 2021	Q2 2020	Q2 2021	2Q Commentary
Revenue	50% Increase	\$79.7	\$78.6	Delivered second highest Q2 revenue, roughly flat to Q2 2020 where Stay At Home orders drove surge in demand and company posted 93% growth, outpacing the market and peers.
Gross Margin	210 Basis Point Increase	36.7%	36.5%	Lower air freight costs and fixed cost leverage were offset by business mix, a return to a more normalized level of promotional spend, and higher freight costs.
Operating Expenses	45% Increase	\$19.3	\$28.3	Increase due to larger size of business, investments to support portfolio expansion and addition of new markets, and somewhat higher Q2 marketing spend to align with product launches.
Adjusted EBITDA ⁽¹⁾	98% Increase	\$12.9	\$5.0	Reflects above factors.
Net Income	127% Increase	\$8.2	\$1.7	Reflects above factors.
Diluted EPS	93% Increase	\$0.51	\$0.09	Reflects above factors.
Adjusted Diluted EPS ⁽¹⁾	205% Increase	\$0.42	\$0.14	Reflects above factors.
Diluted Shares		16.2M	18.3M	See appendix.

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

BALANCE SHEET



Balance Sheet Highlights		
	At June 30, 2020	At June 30, 2021
Cash & Equivalents	\$21.2M	\$56.2M
Inventories	\$45.0M	\$81.9M
Revolver (asset-based)	\$0M	\$0M
Total Debt	\$0M	\$0M

Balance Sheet Comments
<ul style="list-style-type: none">➤ Cash and equivalents increased significantly due to record revenue, higher margins and fixed cost leverage.➤ Inventory increase driven by larger business run rate and anticipation of Q3 2021 sales including new product launches.➤ Strong balance sheet with no outstanding debt.

2021 OUTLOOK⁽¹⁾



	2021	2021 Outlook Commentary
Net Revenue	~\$385M	Maintaining annual outlook and 7% growth revenue guidance. Semiconductor constraints are holding back several console headset products. However, PC accessories and new categories, including mics, game controllers and gaming simulation hardware are forecasted to offset the constraints.
Gross Margin	Mid 30%s	Margins expected to be more aligned with historical levels. Lower air freight costs and fixed cost leverage were slightly offset by business mix, a return to a more normalized level of promotional spend and higher ocean and land-based freight costs.
Adj. EBITDA	~\$50M	Maintaining \$50 million adjusted EBITDA outlook, acknowledging and monitoring the dynamic ocean and land-based freight cost increases, which remain variable and prone to short-notice changes.
Adj. EPS	~\$1.55	Reflects above factors including the recognition of certain tax changes and credits which we expect to flow through to a full year effective tax rate of ~ 20%.
Diluted Shares	~18M	Assumes a higher average share price in 2021, which has the effect, under the treasury method, of increasing the share count used for EPS purposes.

1. Guidance provided August 5, 2021.

2H 2021 OUTLOOK⁽¹⁾



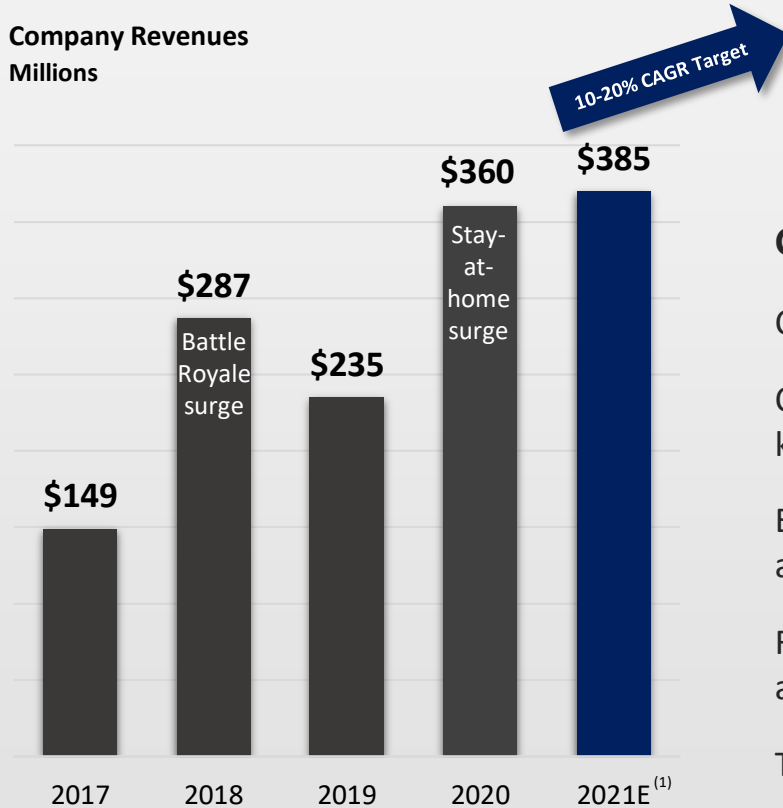
	2H 2021	2H 2021 Outlook Commentary
Net Revenue	~\$213M	Continue to expect retailers to increase inventory to ensure supply. This contributed to 2Q and will likely continue to cause the back half of 2021 to have unusual quarterly revenue phasing. We expect roughly 35% of our annual revenue to be in the fourth quarter with the possibility of movement given high velocity of shipments.
Gross Margin	Mid 30%	Margins expected to be more aligned with historical level, returning to more normal promotional spending and business mix, but impact from higher freight expected.
Adj. EBITDA	~\$30M	Reflects factors cited above.
Adj. EPS	~\$0.88	Reflects above factors. Effective tax rate expected to be approximately 20%.

1. Guidance provided August 5, 2021.



REVENUE PROFILE

Company Revenues
Millions



Growth Drivers:

Continued leadership in the \$1.7B console gaming headset market

Continued growth in \$3.5B market for PC gaming headsets, keyboards, and mice with ROCCAT brand expansion

Entry into the \$2.3B global microphone market with recent acquisition of Neat Microphones

Further expansion into game controllers and simulation hardware, adding \$1B in addressable market

Total addressable market has grown to \$8.5B⁽²⁾

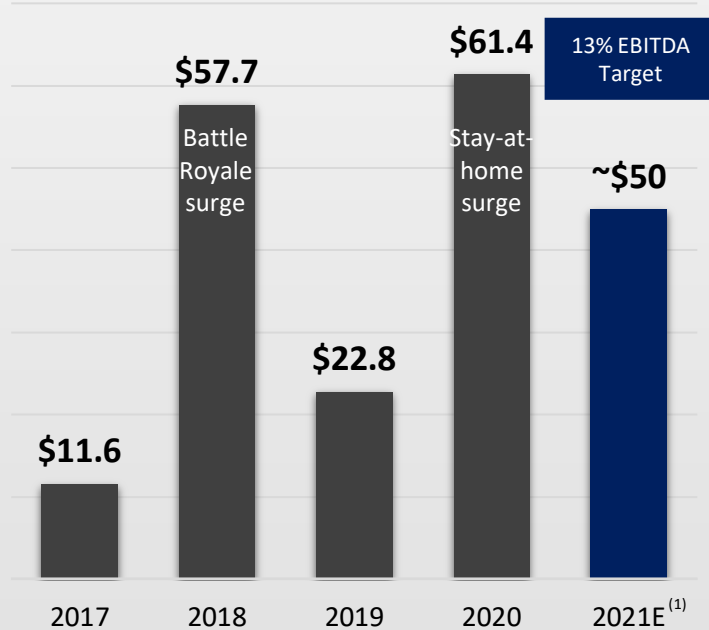
1. Reaffirmed guidance provided August 5, 2021.

2. Newzoo 2020 Peripheral Market – updated April 2021 and internal estimations

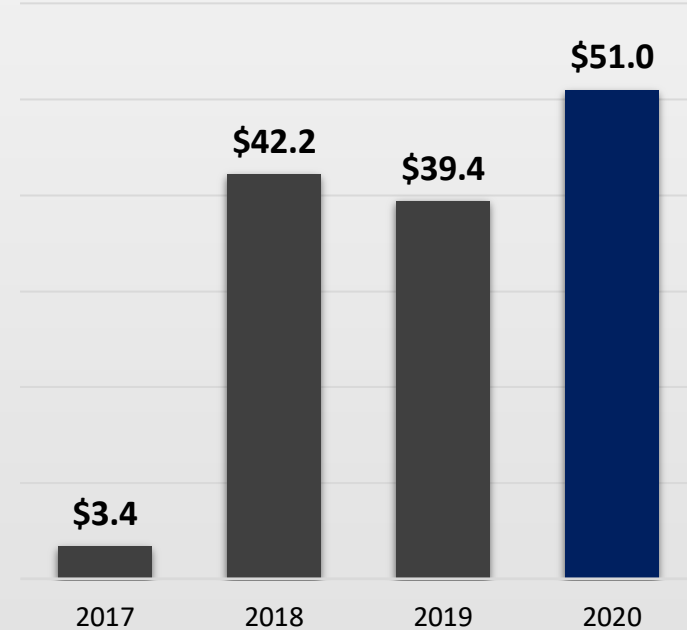


ADJUSTED EBITDA & CASH FLOW PROFILE

Adjusted EBITDA⁽²⁾ Millions



Cash Flow From Operations Millions



1. Guidance provided August 5, 2021.

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

TURTLE BEACH EARNINGS

Summary Key Takeaways

- Excellent second quarter performance exceeded net revenue and adjusted EBITDA outlook and resulted in record first half
- Continued leadership in the \$1.7B console gaming headset market with 10+ consecutive years of over 40% market share⁽¹⁾
- Strong progress in pursuit of \$3.5B PC accessories market with expanding portfolio and doubling of ROCCAT business in 2020⁽¹⁾
- Launched eight new products across gaming headsets, PC and microphone categories YTD 2021
- Announced entry into game controllers and flight simulation hardware expands our portfolio into two rapidly growing markets
- Tracking to generate ~ \$100 million in non-console headset revenues in 2022 (ahead of plan)
- Strong balance sheet with no debt

1. Newzoo 2020 Peripheral Market – updated April 2021 and internal estimations



Investor Relations Contacts:

Cody Slach/Alex Thompson
Gateway Investor Relations
+1 (949) 574-3860
HEAR@gatewayir.com

PR/Media Contact:

Jordan Schmidt
Gateway Investor Relations
+1 (949) 386-6332
jordan@gatewayir.com

Turtle Beach Contact:

MacLean Marshall
Sr. Director, Communications
Turtle Beach Corporation
+1 (310) 431-6215
maclean.marshall@turtlebeach.com

COMPANY WEBSITES

www.turtlebeachcorp.com | www.turtlebeach.com | www.roccat.com | www.neatmic.com

APPENDIX





GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

SECOND QUARTER 2021 COMPARED TO 2020

	Three Months Ended	
	June 30, 2021	June 30, 2020
<u>Net Income (Loss)</u>		
GAAP Net Income (Loss)	\$ 1,721	\$ 8,204
Adjustments, net of tax:		
Non-recurring business costs	851	
Gain on acquisition-related settlement	-	(1,702)
Change in fair value consideration	-	223
Acquisition integration costs	76	44
Non-GAAP Earnings	<u>\$ 2,648</u>	<u>\$ 6,769</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ 0.09	\$ 0.51
Non-recurring business costs	0.05	—
Gain on acquisition-related settlement	-	(0.10)
Change in fair value consideration	-	0.01
Non-GAAP- Diluted	<u>\$ 0.14</u>	<u>\$ 0.42</u>



GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

THREE MONTHS ENDED JUNE 30, 2021

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other ⁽¹⁾	Adj EBITDA
Net revenue	\$ 78,564	\$ -	\$ -	\$ -	\$ -	\$ 78,564
Cost of revenue	49,854	(410)	-	(90)	-	49,354
Gross Profit	28,710	410	-	90	-	29,210
Operating expenses	28,267	(698)	(322)	(1,851)	(1,075)	24,321
Operating income	443	1,108	322	1,941	1,075	4,889
Interest expense	73					
Other non-operating expense (income), net	(65)				-	(65)
Income before income tax	435					
Income tax expense	(1,286)					
Net income	\$ 1,721					
					Adjusted EBITDA	\$ 4,954

1. Other includes certain non-recurring business costs.



GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

THREE MONTHS ENDED JUNE 30, 2020

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other ⁽¹⁾	Adj EBITDA
Net revenue	\$ 79,680	\$ -	\$ -	\$ -	\$ -	\$ 79,680
Cost of revenue	50,453	(593)	-	(280)	-	49,580
Gross Profit	29,227	593	-	280	-	30,100
Operating expenses	19,270	(435)	(220)	(1,126)	(63)	17,426
Operating income (loss)	9,957	1,028	220	1,406	63	12,674
Interest expense	83					
Other non-operating expense (income), net	(1,616)				1,388	(228)
Income (loss) before income tax	11,490					
Income tax benefit	3,286					
Net income	\$ 8,204					
					Adjusted EBITDA	\$ 12,902

1. Other includes certain business costs and change in fair value of contingent consideration.