

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report: May 12, 2014**  
**(Date of earliest event reported)**

---

**Parametric Sound Corporation**

**(Exact name of registrant as specified in its charter)**

---

**Nevada**  
**(State or other jurisdiction**  
**of incorporation)**

**001-35465**  
**(Commission**  
**File Number)**

**27-2767540**  
**(IRS Employer**  
**Identification Number)**

**100 Summit Lake Drive, Suite 100**  
**Valhalla, New York**  
**(Address of principal executive offices)**

**888-477-2150**  
**(Registrant's telephone number, including area code)**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

## **Item 2.02 – Results of Operations and Financial Condition**

On May 12, 2014, Parametric Sound Corporation (the “Company”) issued a press release announcing its financial results for its first quarter ended March 31, 2014. A copy of that press release and the attached financial schedules are attached as Exhibit 99.1 to this report and incorporated herein by reference.

The information in this report (including Exhibit 99.1) is being furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

## **Item 5.02 – Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) Kenneth F. Potashner, a member of the Board of Directors (the “Board”) of the Company, resigned from the Board effective May 12, 2014. Mr. Potashner’s resignation did not involve any disagreement with the Company. A copy of the Company’s press release announcing Mr. Potashner’s resignation is attached as Exhibit 99.2.

## **Item 9.01. Financial Statements and Exhibits**

### **(d) Exhibits**

- 99.1 Press release dated May 12, 2014, announcing financial results for the first quarter ended March 31, 2014.
- 99.2 Press release dated May 12, 2014, announcing the resignation of Kenneth F. Potashner.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 12, 2014

**PARAMETRIC SOUND CORPORATION**

By: /s/ Juergen Stark

Juergen Stark

Chief Executive Officer and President

---

## Exhibit Index

**Exhibit  
No.**

**Description**

99.1	Press release dated May 12, 2014, announcing financial results for the first quarter ended March 31, 2014.
99.2	Press release dated May 12, 2014, announcing the resignation of Kenneth F. Potashner.

**Parametric Sound Announces First Quarter 2014 Results**

First Quarter Net Revenue Increased 30% to \$38.3 million

First Quarter Gross Profit Increased 44% to \$12.3 million

SAN DIEGO, May 12, 2014 – Parametric Sound Corporation (NASDAQ: HEAR) today announced financial results for the first quarter ended March 31, 2014.

**First Quarter 2014 Financial Highlights**

- Net revenue of \$38.3 million, a 30% increase from \$29.5 million in the first quarter of 2013.
- Gross profit of \$12.3 million, a 42% increase from \$8.6 million in the first quarter of 2013.
- Gross margin of 32.1%, a 290 basis point increase from 29.2% in the first quarter of 2013.
- Adjusted EBITDA (as defined below) for the headset business totaled approximately \$4.8 million, a 182% increase from \$1.7 million in the first quarter of 2013. The Company invested approximately \$2 million in HyperSound during the quarter, Adjusted EBITDA on a consolidated basis was \$2.8 million.
- Headset Adjusted EBITDA margins of 12.5%, a 680 basis point increase from 5.7% in the first quarter of 2013.

**Recent Developments**

- Signed a new \$60 million global asset backed credit facility with Bank of America that better supports our domestic and international growth strategies.
- Completed equity offering that raised \$35.6 million net of all commissions and fees that improved stock liquidity and increased institutional ownership.
- Used proceeds from the equity offering to significantly improve the balance sheet; as of April 29, 2014 cash and cash equivalents were approximately \$20 million, an increase of \$14.5 million from March 31, 2014, and net debt was approximately \$24.8 million, a reduction of \$35.9 million from March 31, 2014.
- Received U.S. Food and Drug Administration (FDA) clearance for the marketing of the HyperSound Audio System as a hearing improvement device.
- Changed ticker symbol to HEAR and moved closer to completing a corporate name change to Turtle Beach Corporation and related CUSIP change, which is expected to occur May 28th.

“It has been a busy and productive first quarter for Parametric Sound, and a formative period during which we laid the groundwork for what I believe will be a bright future for our company and our stockholders,” commented Juergen Stark, chief executive officer of Parametric Sound. “In less than 90 days we completed the merger and

strengthened our financial position by signing a new asset backed credit facility, paying down long-term debt, and raising capital through a common stock offering. In that same 90 day window, we successfully capitalized on the initial opportunities created by the gaming console transition through the well-executed launch of the first Xbox One headsets to market. We've also moved quickly to get the right people and pieces in place to successfully execute on the commercialization of our HyperSound technology, which will begin in earnest later this year. We are confident that our recent actions have put the Company in a stronger position to capitalize on the many global opportunities that lie ahead."

### **First Quarter 2014 Review**

Net revenue increased 30% to \$38.3 million, compared with \$29.5 million in the same period in 2013. The increase in revenue was driven primarily by demand for the Company's new Xbox One headsets, which launched during the first quarter of 2014.

Gross profit increased 42% to \$12.3 million, compared to \$8.6 million in the same period in 2013. Gross margin increased 290 basis points to 32.1% from 29.2% in the same period in 2013 driven primarily by a favorable product and channel mix.

Operating expenses, excluding \$4.2 million in one-time business transactions costs related to the VTBH and Parametric Sound merger that closed on January 15, 2014, increased 40% to \$12.6 million, or 32.8% of net revenue, compared to \$9.0 million, or 30.3% of net revenue in the same period in 2013. The increase in operating expenses was primarily attributable to investments in personnel and R&D to support future growth of HyperSound technology as well as additional general and administrative costs associated with being a larger public company, partially offset by lower marketing expenses.

Adjusted EBITDA (as defined below) for the headsets business totaled approximately \$4.8 million, a 182% increase from \$1.7 million in the first quarter of 2013. The Company invested approximately \$2 million in HyperSound during the quarter, Adjusted EBITDA on a consolidated basis was \$2.8 million.

"Our first quarter results represent a very good start to the new fiscal year," commented Mr. Stark. "Demand for our first Xbox One compatible headsets, including the popular Titanfall licensed series, has been strong, driving robust top-line growth and gross margin expansion versus a year ago. We expect the momentum across our Turtle Beach business to remain positive as household penetration of Xbox One and PlayStation 4 gaming consoles continues to increase in the U.S. and in international markets."

### **Balance Sheet Highlights**

As of March 31, 2014, cash and cash equivalents totaled \$5.5 million. As of April 29, 2014, immediately after the closing of our common stock offering, our cash and cash equivalents totaled approximately \$20 million. As of March 31, 2014, the Company had outstanding net debt of \$60.7 million. The debt at March 31, 2014 consisted of \$34.5 million drawn down from our revolver, \$17.7 million of subordinated notes and \$14.0 million in Series B Preferred Stock. Following the closing of the offering, on April 29, 2014, the Company's net debt outstanding was \$24.8 million, a decrease of \$35.9 million. Total inventory as of March 31, 2014 was \$41.6 million, a decrease of 16.2% as compared to the same period in 2013. There were approximately 37.7 total shares outstanding on March 31, 2014. Immediately after the closing of the offering on April 29, 2014, there were approximately 41.7 million.

## Full Year 2014 Expectations

Based on first quarter results and current visibility, the Company is reiterating its outlook for the full year. The Company expects net revenues in the Turtle Beach headset business to be in the range of \$210 to \$230 million representing growth of approximately 24% over 2013 levels at the mid-point of the range. The anticipated revenue growth is primarily driven by the expected rebound in the core console gaming headset market, which the Company expects to be a multi-year trend. Net revenues from the HyperSound business are still expected to be in the range of \$1 to \$4 million consistent with our expectations for the early stages of commercializing the HyperSound technology. Total company gross margins are expected to be in the 30% range, a 180 basis point increase over 2013 with further improvement expected in 2015 as Turtle Beach's gaming headset product portfolio for new consoles expands and HyperSound becomes a more material part of the revenues.

Full year Adjusted EBITDA for the headset business is expected to be in the range of \$30 to \$35 million representing year-over-year growth of 134% at the midpoint of the range. Full year Adjusted EBITDA margin is expected to be approximately 15%, a 730 basis point increase over 2013 at the mid-point of the range. The Company remains committed to investing in HyperSound in order to capitalize on the broad array of expected future opportunities for this technology. Adjusted EBITDA for the businesses in 2014 is expected to be in the range of \$20-\$25 million, reflecting the impact of a \$10 million anticipated investment during the year in HyperSound.

## Conference Call Details

Juergen Stark, CEO, and John Hanson, CFO, will host a conference call and simultaneous webcast to discuss the financial results and outlook today, May 12, 2014, at 1:30 PM Pacific Time / 4:30 PM Eastern Time. To participate in the conference call, investors should dial (877) 303-9855 (domestic) or (408) 337-0154 (international) and provide the pass code 36801752, 10 minutes prior to the scheduled start of the call. A simultaneous audio-only webcast of the call may be accessed on the Internet at [www.parametric-sound.com](http://www.parametric-sound.com). An archive of the webcast will be available on the Company's website for approximately one year, and a recorded replay of the call will be available for one week at (855) 859-2056 or (404) 537-3406 and entering conference ID number 36801752.

## Non-GAAP Financial Measures

In addition to its reported results, the Company has included in this earnings release certain financial results 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. These non-GAAP financial measures relate to presenting Adjusted EBITDA, as defined by the Company, for the years ended December 31, 2013, and 2012. Please see a reconciliation of GAAP results to Adjusted EBITDA, which is included below for the first quarters ended March 31, 2014, and 2013.

##

All trademarks are the property of their respective owners.

## About Parametric Sound

Parametric Sound Corporation is an audio technology company that markets innovative products under the Turtle Beach and HyperSound brands.

The Company designs and markets premium audio peripherals for video game consoles, personal computers and mobile devices under the brand Turtle Beach (TurtleBeach.com), including officially-licensed headsets for the next-generation Xbox One and PlayStation 4 consoles. Turtle Beach is the leading brand in video game audio and the official audio provider for Major League Gaming, the world's largest eSports league, and Twitch, the world's leading video platform and community for gamers.

Under the brand HyperSound (HyperSound.com), the Company markets pioneering directed audio solutions that beam sound to a specific listening area without the ambient noise of traditional speakers. HyperSound has applications in digital signage and kiosks, consumer electronics and health care.

## Forward-Looking Statements

This press release 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. Forward looking statements are based on management's statements containing the words "may", "could", "would", "should", "believe", "expect", "anticipate", "plan", "estimate", "target", "project", "intend" and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements are based on management's current belief, as well as assumptions made by, and information currently available to, management.

While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to, the substantial uncertainties inherent in acceptance of existing and future products, the difficulty of commercializing and protecting new technology, the impact of competitive products and pricing, general business and economic conditions, risks associated with the expansion of our business including the implementation of any businesses we acquire, our indebtedness, and other factors discussed in our public filings, including the risk factors included in the Company's Annual Report on Form 10-K and other periodic reports filed with the SEC, the Company's Proxy Statement on Schedule 14A filed in connection with our merger with Turtle Beach and the Company's Prospectus Supplement filed with the SEC on April 24, 2014. 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 any 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.

For more information:

Anne Rakunas

ICR

Investor Relations

[Anne.Rakunas@icrinc.com](mailto:Anne.Rakunas@icrinc.com)

+1-310-954-1113

David Lowey

Parametric Sound Corporation

Corporate Communications

[David.Lowey@turtlebeach.com](mailto:David.Lowey@turtlebeach.com)

+1-914-844-2759



**Parametric Sound Corporation**  
**Condensed Consolidated Balance Sheet**  
(in thousands, except share and per-share data)

	<u>As of</u> <u>March 31, 2014</u> (unaudited)	<u>As of</u> <u>December 31, 2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 5,552	\$ 6,509
Accounts receivable, net	28,904	48,542
Inventories, net	41,584	49,643
Deferred tax assets	9,745	2,214
Prepaid expenses and other current assets	4,131	3,561
Prepaid income taxes	2,925	2,925
Total Current Assets	92,841	113,394
Property and equipment, net	6,229	7,369
Deferred financing costs, net	449	1,575
Deferred tax assets, long-term portion	6,322	827
Intangible assets, net	40,210	3,972
Goodwill	80,868	—
Other assets	119	170
<b>TOTAL ASSETS</b>	<b>\$ 227,038</b>	<b>\$ 127,307</b>
<b>LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES:</b>		
Revolving credit facilities	\$ 34,490	\$ 39,736
Term loan, current portion	—	14,500
Subordinated notes	17,737	—
Accounts payable	28,833	44,136
Accrued liabilities	10,341	8,615
Due to shareholders, current portion	3,125	3,125
Capital lease obligation, current portion	38	—
Other current liabilities	288	1,097
Total Current Liabilities	94,852	111,209
Series B redeemable preferred stock	13,983	13,713
Income tax payable, long-term portion	1,986	1,986
Capital lease obligation, long-term portion	75	—
Deferred tax liabilities	14,325	850
Subordinated note	—	10,342
<b>TOTAL LIABILITIES</b>	<b>125,221</b>	<b>138,100</b>
<b>Commitments and Contingencies</b>		
Series A convertible stock, \$0.01 par value - 50,000,000 shares authorized; 48,689,555 shares issued and outstanding as of December 31, 2013	—	24,345
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Common stock, \$0.001 par value - 50,000,000 shares authorized; 37,651,247 shares issued and outstanding as of March 31, 2014 and 12,700,460 shares issued and outstanding as of December 31, 2013	38	13
Additional paid-in capital	85,678	(54,031)
Retained earnings	15,868	18,775
Accumulated other comprehensive income	233	105
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>101,817</b>	<b>(35,138)</b>
<b>TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 227,038</b>	<b>\$ 127,307</b>

**Parametric Sound Corporation**  
**Condensed Consolidated Statements of Operations**  
(unaudited)  
(in thousands)

	<b>Quarter Ended March 31, 2014</b>	<b>Quarter Ended March 31, 2013</b>
Net Revenue	\$ 38,288	\$ 29,533
Cost of Revenue	26,012	20,908
Gross Profit	<u>12,276</u>	<u>8,625</u>
Operating expenses:		
Selling and marketing	7,000	5,706
Research and development	1,998	887
General and administrative	3,573	2,370
Business transaction costs	4,228	—
Total operating expenses	<u>16,799</u>	<u>8,963</u>
Operating loss	(4,523)	(338)
Other (income) expense, net:		
Interest expense	4,240	1,314
Other (income) expense, net	(25)	389
Total other expense, net	<u>4,215</u>	<u>1,703</u>
Loss before (benefit) provision for income taxes	(8,738)	(2,041)
(Benefit) provision for income taxes	(5,832)	263
Net loss	<u>\$ (2,906)</u>	<u>\$ (2,304)</u>
Net loss per share:		
Basic	<u>\$ (0.09)</u>	<u>\$ (0.18)</u>
Diluted	<u>\$ (0.09)</u>	<u>\$ (0.18)</u>
Weighted-average shares used to compute net loss per share:		
Basic	<u>33,715</u>	<u>12,700</u>
Diluted	<u>33,715</u>	<u>12,700</u>

**Parametric Sound Corporation**  
**GAAP to Adjusted EBITDA Reconciliation**

Q1 2014	GAAP Reported	Adj Depr	Adj Stock Comp	Adj Amort	Adj Trans Exp	Adjusted EBITDA
<b>Revenue, net</b>	<b>\$38,288</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$38,288</b>
Cost of Revenue	\$26,012	\$ (54)	\$ (30)	\$ (6)	\$ —	\$25,922
<b>Gross Profit</b>	<b>\$12,276</b>	<b>\$ 54</b>	<b>\$ 30</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$12,366</b>
<b>Operating Expenses</b>						
Selling & Marketing	\$ 7,000	\$(1,361)	\$ (120)	\$ (231)	\$ —	\$ 5,288
Product Development	\$ 1,998	\$ (79)	\$ (206)	\$ —	\$ —	\$ 1,713
Gen & Admin	\$ 3,573	\$ (320)	\$ (693)	\$ —	\$ —	\$ 2,560
Business Trans	\$ 4,228	\$ —	\$ —	\$ —	\$ (4,228)	\$ —
Total Operating Exp	\$16,799	\$(1,760)	\$ (1,019)	\$ (231)	\$ (4,228)	\$ 9,561
<b>Operating Income (Loss)</b>	<b>\$ (4,523)</b>	<b>\$ 1,814</b>	<b>\$ 1,049</b>	<b>\$ 237</b>	<b>\$ 4,228</b>	<b>\$ 2,805</b>
<b>Other Income</b>						
Interest Expense, net	\$ 4,240					
Other Expense, net	\$ (25)					\$ (25)
Total Other Expense, net	\$ 4,215					
Loss Before Taxes	\$ (8,738)					
Tax Benefit	\$ (5,832)					
<b>Net Income(Loss)</b>	<b>\$ (2,906)</b>				<b>Adjusted EBITDA</b>	<b>\$ 2,830</b>

Q1 2013	GAAP Reported	Adj Depr	Adj Stock Comp	Adj Amort	Adj Trans Exp	Adjusted EBITDA
<b>Revenue, net</b>	<b>\$29,533</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$29,533</b>
Cost of Revenue	\$20,908	\$ (34)	\$ (20)	\$ —	\$ —	\$20,854
<b>Gross Profit</b>	<b>\$ 8,625</b>	<b>\$ 34</b>	<b>\$ 20</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 8,679</b>
<b>Operating Expenses</b>						
Selling & Marketing	\$ 5,706	\$(852)	\$ (75)	\$ (231)	\$ —	\$ 4,548
Product Development	\$ 887	\$ (13)	\$ (65)	\$ —	\$ —	\$ 809
Gen & Admin	\$ 2,370	\$ (37)	\$ (548)	\$ —	\$ (527)	\$ 1,258
Business Trans	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Operating Exp	\$ 8,963	\$(902)	\$ (688)	\$ (231)	\$ (527)	\$ 6,615
<b>Operating Income (Loss)</b>	<b>\$ (338)</b>	<b>\$ 936</b>	<b>\$ 708</b>	<b>\$ 231</b>	<b>\$ 527</b>	<b>\$ 2,064</b>
<b>Other Income</b>						
Interest Expense, net	\$ 1,314					
Other Income, net	\$ 389					\$ 389
Total Other Expense, net	\$ 1,703					
Loss Before Taxes	\$ (2,041)					
Tax Provision	\$ 263					
<b>Net Income(Loss)</b>	<b>\$ (2,304)</b>				<b>Adjusted EBITDA</b>	<b>\$ 1,675</b>

**Parametric Sound Announces Ken Potashner Leaving Board of Directors**

SAN DIEGO, May 12, 2014 – Parametric Sound Corporation (NASDAQ: HEAR) today announced Kenneth F. Potashner has stepped down from the company's board of directors.

"It has been a pleasure serving on the Parametric Sound board, and helping to guide Parametric Sound and Turtle Beach through a successful merger," Potashner said. "I am confident in the combined company's prospects for growth and long-term success, and I am proud to have played a role in those efforts."

Mr. Potashner joined the Board of Parametric Sound in December 2011 and was appointed executive chairman March 2012. After the merger with Turtle Beach, Mr. Potashner remained on the board and served on the compensation committee.

"Ken has made invaluable contributions to Parametric Sound and the development of our HyperSound business," said Juergen Stark, chief executive officer of Parametric Sound. "Ken has invested his valuable time and talent to help make our company successful and we will miss his passion for the business."

Mr. Potashner has served in leadership positions at a number of technology companies, including Chairman of the Board of Directors of Maxwell Technologies, Inc., a manufacturer of ultracapacitors, microelectronics and high voltage capacitors, President, Chief Executive Officer and Chairman of SONICblue Incorporated (formerly S3 Incorporated), a supplier of digital media appliances and services, and Executive Vice President and General Manager of Disk Drive Operations for Conner Peripherals, a manufacturer of storage systems.

Ken serves on the boards of directors of a number of private technology companies, and is Chairman of the Board of Newport Corporation.

##

**About Parametric Sound**

Parametric Sound Corporation is an audio technology company that markets innovative products under the Turtle Beach and HyperSound brands.

The company designs and markets premium audio peripherals for video game consoles, personal computers and mobile devices under the brand Turtle Beach (TurtleBeach.com), including officially-licensed headsets for the next-generation Xbox One and PlayStation 4 consoles. Turtle Beach is the leading brand in video game audio and the official audio provider for Major League Gaming, the world's largest eSports league, and Twitch, the world's leading video platform and community for gamers.

Under the brand HyperSound (HyperSound.com), the company markets pioneering directed audio solutions that beam sound to a specific listening area without the ambient noise of traditional speakers. HyperSound has applications in digital signage and kiosks, consumer electronics and health care.

---

For more information:

Anne Rakunas  
Investor Relations  
ICR

[Anne.Rakunas@icrinc.com](mailto:Anne.Rakunas@icrinc.com)  
+1-310-954-1113

David Lowey  
Corporate Communications  
Parametric Sound Corporation  
[David.Lowey@turtlebeach.com](mailto:David.Lowey@turtlebeach.com)  
+1-914-844-2759