



**TURTLE
BEACH**[®]
CORPORATION

INVESTOR
PRESENTATION
NASDAQ: HEAR
MAY 2023



SAFE HARBOR STATEMENT AND IMPORTANT INFORMATION

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 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. “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 months ended March 31, 2023 and 2022.

Important Additional Information

The Company, its directors and certain of its executive officers are participants in the solicitation of proxies from the Company’s shareholders in connection with the Annual Meeting. The Company intends to file a definitive proxy statement and a **WHITE** proxy card with the SEC in connection with any such solicitation of proxies from the Company’s shareholders. SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING **WHITE** PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. The Company’s definitive proxy statement for the 2022 Annual Meeting of Shareholders contains information regarding the direct and indirect interests, by security holdings or otherwise, of the Company’s directors and executive officers in the Company’s securities. Information regarding subsequent changes to their holdings of the Company’s securities can be found in the SEC filings on Forms 3, 4 and 5, which are available on the Company’s website at <https://corp.turtlebeach.com/> or through the SEC’s website at www.sec.gov. Information can also be found in the Company’s other SEC filings, including its Annual Report on Form 10-K for the year ended December 31, 2022. Updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the definitive proxy statement and other materials to be filed with the SEC in connection with the Annual Meeting. Shareholders will be able to obtain the definitive proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC’s website at www.sec.gov. Copies will also be available at no charge on the Company’s website at <https://corp.turtlebeach.com/>.



INTRODUCTION TO TURTLE BEACH CORPORATION

**& OPPORTUNITY IN THE GAMING
ACCESSORIES MARKET**



TURTLE BEACH IS A TOP FIVE PLAYER

IN THE \$8.4 BILLION⁽¹⁾ GAMING ACCESSORY MARKET



**LEADER IN CONSOLE GAMING HEADSETS FOR 13 YEARS
RUNNING WITH 65 MILLION+ HEADSETS SOLD SINCE 2010**

HIGH-QUALITY, INNOVATIVE PRODUCTS
FOR ALL LEVELS OF GAMERS

**SUCCESSFULLY DIVERSIFYING INTO BROAD ARRAY OF
GAMING ACCESSORIES ON ALL PLATFORMS**

PC ACCESSORIES, CONTROLLERS, SIMULATION
AND MICS COMPRISE ~25% OF SALES⁽²⁾

**WELL-POSITIONED TO LEVERAGE COMPELLING
STRENGTHS OF GLOBAL GAMING MARKET**

VIBRANT, GROWING AND #1
ENTERTAINMENT MARKET

INDUSTRY-LEADING INNOVATION AT EVERY PRICE POINT WITH OVER 375 PATENTS

TURTLE BEACH CORP. @ A GLANCE



NASDAQ:
HEAR

Company Origin: 1975

Headquarters: White Plains, NY

Global Team: ~270 Employees

2023 GUIDANCE⁽³⁾

REVENUE: \$265 - \$270 MILLION
+10 - 12% vs. 2022

ADJ. EBITDA: \$6 - \$8 MILLION
+\$24 - \$26M vs. 2022

1. Newzoo Peripheral Market Forecast, Oct. 2022 & Internal Estimates (Gaming Accessory Market includes gaming headsets for consoles & PC, PC gaming keyboards, & PC gaming mice, third-party game controllers, microphones, flight & racing simulation hardware)

2. Non-console headset sales comprised 25% of sales for the year ending 12/31/22

3. Guidance Provided May 4, 2023



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⁽¹⁾**



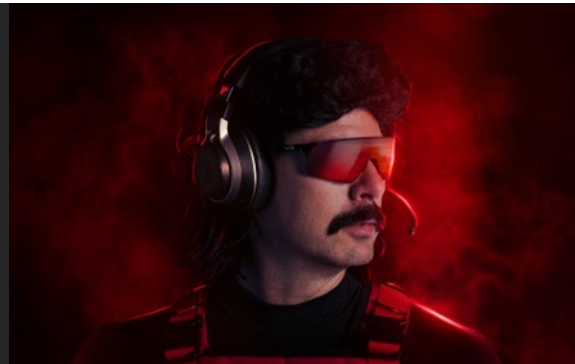
GAMING LEADS THE ENTERTAINMENT WORLD

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



NEW CONSOLES ENERGIZE THE GAMING MARKET

The **global market** for gaming consoles hardware expected to reach **\$22Bn in 2025⁽³⁾**



ONLINE INFLUENCERS CONTINUES RISING IN POPULARITY

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

A BREAKTHROUGH IN GAMING SIMULATION TECHNOLOGY

Stunning realism on console & PC is driving **booming growth** in the **\$1.2Bn⁽⁵⁾** 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⁽⁴⁾**



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 OUR STRATEGY & LEVERAGING INDUSTRY TRENDS



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

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



GAMING MARKETS & PRODUCTS



CONSOLE GAMING HEADSETS

Console Gaming Headsets Market

Turtle Beach is the leader for over 13-years running in the \$1.4bn⁽¹⁾ global console gaming headset market.

Gaming Headsets for Every Gamer

Turtle Beach designs gaming headsets for every type of gamer, at every skill level. Our best-selling brand has multiple headset options in multiple price tiers for entry-level to pro gamers.

Over 65 Million Headsets Sold

Turtle Beach's broad assortment of gaming headsets at different price tiers and variety of colorway options has led to 65 million+ gaming headsets being sold since 2010.

Sold Globally

Turtle Beach gaming headsets are available in more than 340,000⁽²⁾ points of distribution around the world.

THE
NEW
KING
OF
ULTRA-
PREMIUM
GAMING
AUDIO
HAS
BEEN
CROWNED



TURTLE BEACH®

Review Score – 5/5 + Editor's Choice Award

"A masterpiece of an all-in-one multi-purpose gaming headset."

– GamesRadar

Review Score – 5/5 + The Best Award

"Turtle Beach has confidently usurped the best Xbox headset crown with the Stealth Pro."

– Windows Central

Review Score – 9/10

"The best-sounding gaming headset in Turtle Beach's whole catalog and one of the best on the market today."

– IGN

1. Newzoo Peripheral Market Forecast, Oct. 2022

2. Turtle Beach console gaming headsets only



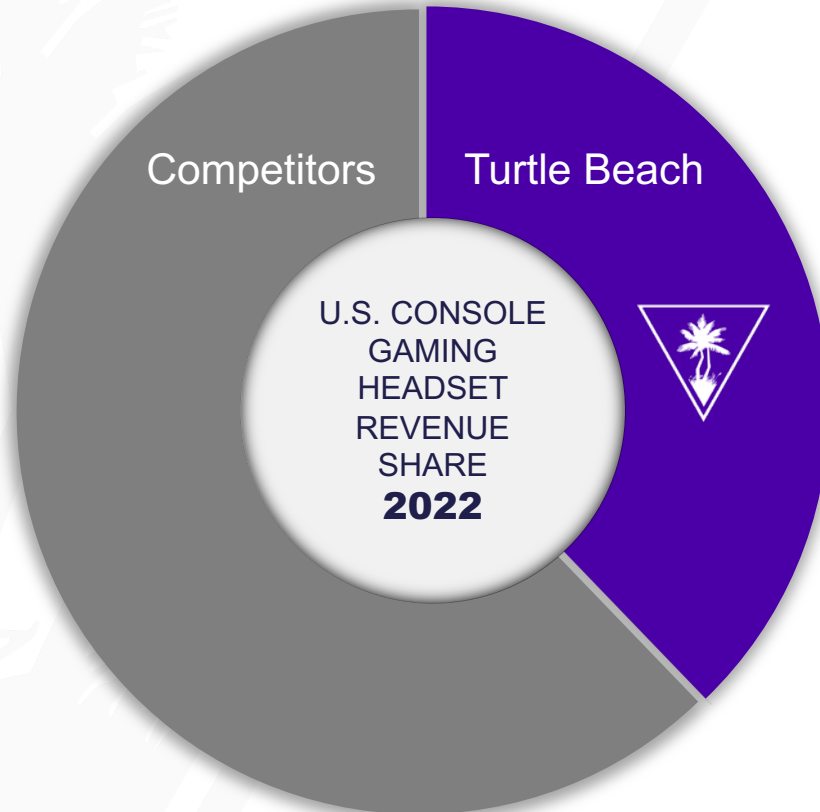
THE LEADER IN CONSOLE GAMING HEADSETS – BY FAR

FOR THE PAST 13 YEARS AND COUNTING



#1 GAMING HEADSET
PROVIDER FOR XBOX & PLAYSTATION

MARKET LEADER
HIGHEST REVENUE AND UNIT SHARE



WHY & HOW

STRONG BRAND & REPUTATION
AMONG GAMERS, RETAILERS, GAMING INDUSTRY

PRODUCT FOR EVERY GAMER
ENTRY-LEVEL TO PROFESSIONAL

PRODUCT INNOVATION
PLUS, UNIQUE FEATURES – MANY PATENTED

GLOBAL RETAIL STRENGTH
~340K+ GLOBAL POINTS OF DISTRIBUTION⁽¹⁾

STRONG PARTNERSHIPS
WITH LEADING INFLUENCERS, ESPORTS TEAMS,
CONTENT CREATORS

OVER 15 YEARS EXPERIENCE
GAMING HEADSETS & WITH XBOX AND PLAYSTATION

NEARLY 200 ISSUED PATENTS⁽²⁾
GAMING HEADSETS

5 OF THE TOP 10 SELLERS
OVERALL ARE TURTLE BEACH

11 OF TOP 20 SELLERS
OVERALL ARE TURTLE BEACH

Source: Circana (NPD Group)/Video Games/Dollars/U.S./Jan-Dec 2022

1. Includes only console gaming headsets

2. Counts only patents related to headsets (not including additional patents relating to ROCCAT brand products, Neat Microphones, or HyperSound products)



THE MOST COMPLETE PORTFOLIO OF CONSOLE GAMING HEADSETS

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

Feature Upgrades & Improvements

- Gaming Earbuds
- Multiplatform Connectivity

- 40mm Speakers
- Flip-to-Mute Mic

- Glasses Friendly
- Memory Foam Cushions
- Metal-Reinforced Headband

- Powerful Amplified Audio
- Bass Boost & Audio Presets
- Mic Monitoring

- Wireless Connectivity
- Larger 50 & 60mm Drivers
- Superhuman Hearing

- Bluetooth Connectivity
- App-Based Settings
- Premium Quality

- Esports-Focused Performance Features

- Ultra-Premium
- Audiophile Sound
- Best-in-Class ANC



BATTLE BUDS™

\$29.95

RECON™ 70

\$39.95

Entry-Level Gamers
Plays Approx. 4 Hours Per Week



RECON™ 200
GEN 2

\$59.95

RECON™ 500

\$79.95

SCOUT AIR™

\$99.99

Casual Gamers
Plays 4-6 Hours Per Week



STEALTH™ 600
GEN 2 USB

\$99.99

STEALTH™ 600
GEN 2 MAX

\$129.99

STEALTH™ 700
GEN 2 MAX

\$199.99

Enthusiast/Core Gamers
Plays 7-15 Hours Per Week



ELITE PRO™ 2
+SUPERAMP™

\$249.95

Esports Gamers
Plays 15+ Hours Per Week



STEALTH™ PRO

\$329.99

High-End Gamers
Plays 15+ Hours Per Week

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

Small sampling shown of Turtle Beach's portfolio of console gaming headsets. The full lineup is available at www.turtlebeach.com.



PC GAMING ACCESSORIES

PC Gaming Market

Total addressable market for PC gaming accessories, including keyboards, mice, PC headsets is roughly \$3.2B⁽¹⁾.

Expanding Award-Winning Product Line

Turtle Beach entered the PC gaming accessories market in 2019 with its ROCCAT branded products and has significantly expanded its lineup of award-winning PC gaming accessories.

Melding PC Performance & Style

ROCCAT's PC gaming accessories are well-known for combining performance-driven features and functionality with the brand's sleek modern style and beautiful RGB lighting.





INNOVATING THE PC GAMING EXPERIENCE



Kone Air
MSRP: \$69.99



Kone XP Air
MSRP: \$169.99



Kone XP
MSRP: \$89.99



Kone Pro Air | Kone Pro
MSRP: \$129.99 | \$79.99



Burst Pro Air | Burst Pro | Burst Core
MSRP: \$99.99 | \$59.99 | \$29.99



Kone AIMO Remastered
MSRP: \$79.99



Vulcan II Max
MSRP: \$199.99



Vulcan II Mini
MSRP: \$149.99



Vulcan Pro
MSRP: \$199.99



Vulcan TKL Pro | Vulcan TKL
MSRP: \$159.99 | \$129.99



Vulcan 120/121/122
MSRP: \$159.99



Pyro | Magma | Magma Mini
MSRP: \$99.99 | \$59.99 | \$49.99



Syn Max Air
MSRP: \$249.99



Syn Pro Air
MSRP: \$149.99



Elo 7.1 Air | Elo 7.1 USB | Elo X Stereo
MSRP: \$99.99 | \$69.99 | \$49.99



Torch USB Mic
MSRP: \$99.99



Syn Buds Air
MSRP: \$99.99



Syn Buds Core
MSRP: \$24.99



GAMING CONTROLLERS



Gaming Controllers Market

Total addressable market for third-party gamepad controllers is roughly \$500M⁽¹⁾ with the same retail footprint and consumer base that knows and loves Turtle Beach headsets.

Microsoft Partnership

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

Award-Winning Market Entry

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

Controller Portfolio Expansion

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





GROWING GAMING CONTROLLER LINEUP

EXPANDING GAMING CONTROLLERS FROM CONSOLE TO PC TO MOBILE GAMING



Turtle Beach Recon Controller Review



Amazing

The Turtle Beach Recon Controller's robust build quality and feature set make it a compelling wired alternative to the traditional Xbox gamepad.



Michelle Rae Uy

EDITORS' CHOICE

Recon Controller
Xbox | Windows PCs



REACT-R Controller
Xbox | Windows PCs



Recon Cloud Hybrid Controller
Android 8.0+ | Xbox | Windows PCs



Atom Controller
Android 8.0+ Mobile Phones





GAMING SIMULATION ACCESSORIES

Gaming Simulation Hardware Market

PC/console flight sim hardware adds over \$450M⁽¹⁾ in global market opportunity and is ripe for new products and innovation. Racing sim adds another \$700M⁽¹⁾.

Flight Sim 2020 PC Launch

MSFT Flight Sim 2020 launched on PC August 2020, on Xbox Series X|S in 2021 capturing a new audience of gamers on console, and on the Xbox Cloud in 2022 for Xbox One and lower-spec PCs and mobile.

VelocityOne Flight Becomes Best-Seller in 2022

Turtle Beach launched its first simulation product, VelocityOne Flight Universal Control System, in late 2021 and it became the gaming industry's market share leader for flight controllers in the U.S. and UK in 2022⁽²⁾.

Simulation Accessory Expansion

In 2022, Turtle Beach launched the follow-on VelocityOne Rudder pedals, Stand, and Flightstick products – all of which have received top ratings from flight sim enthusiasts and reviewers. Entry into Racing sim is in process.



Review Score – 4.5/5

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

– GamesRadar

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. Based on Internal Estimates, Updated Feb. 2023

2. 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



GROWING GAMING SIMULATION ACCESSORY LINEUP

EXPANDING TURTLE BEACH'S AWARD-WINNING VELOCITYONE PRODUCT LINE



VelocityOne Flight Universal Control System
Xbox | Windows PCs



VelocityOne Stand
Perfect for VelocityOne Products | Universal Compatibility



VelocityOne Rudder
Xbox | Windows PCs | Universal Compatibility



VelocityOne Flightstick
Xbox | Windows PCs



COMPANY CAPABILITIES



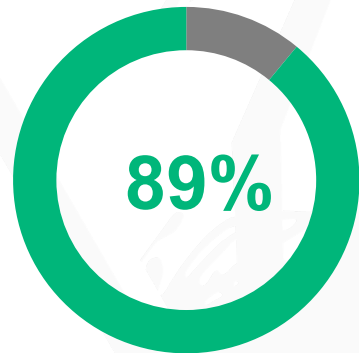
TOP CONSUMER BRAND LOYALTY & TOP-RATED CUSTOMER SERVICE

WHY WE PUT OUR CUSTOMERS FIRST

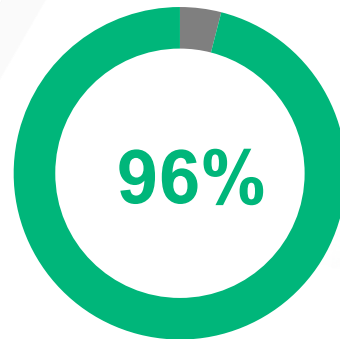
IN NEWZOO'S CONSUMER INSIGHTS REPORT⁽¹⁾, Turtle Beach had the **highest brand loyalty** among active console gamers in the U.S.

ON TRUSTPILOT – a digital platform for consumers to review and rate their customer service and support experiences – Turtle Beach is a **top-rated brand** with hundreds of reviews and a still rising 4.8/5 Star review average with an "Excellent" rating.

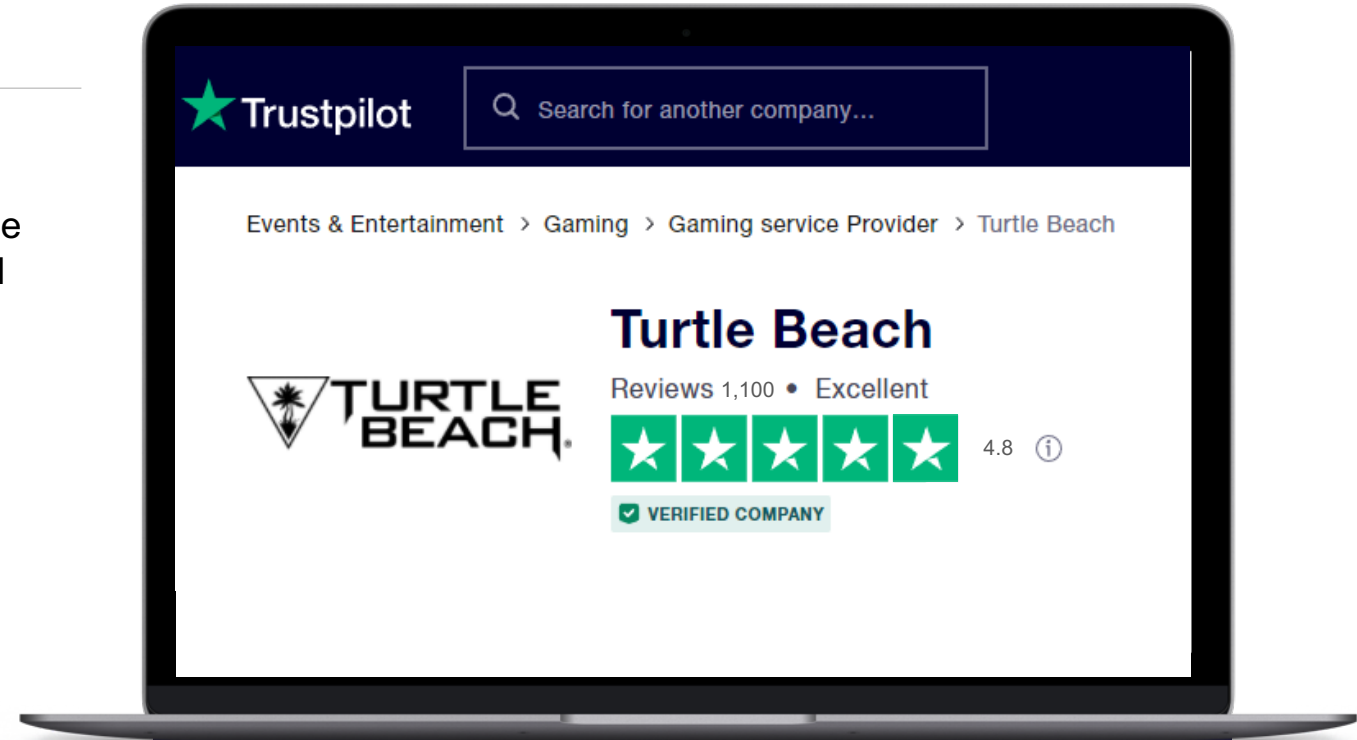
CUSTOMER SERVICE MATTERS



of consumers **will buy more from companies that deliver an exceptional customer support experience**⁽²⁾.



of customers say **customer service is important in their choice of loyalty to a brand**⁽³⁾.



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.”

” The best gaming company to deal with.”

1. Newzoo Consumer Insights: Gaming Peripherals 2021
2. NICE CXone CX Transformation Benchmark – Study 2018 via Salesforce
3. HubSpot Annual State of Service Research Report 2020



EXPERT OPERATIONAL MANAGEMENT WITH GLOBAL DISTRIBUTION FOOTPRINT

SUPERIOR EXECUTION, A COMMITMENT TO DETAIL & DESIGN, AND STRONG RETAILER RELATIONSHIPS PUSH OUR STRATEGY FORWARD

Decades of product quality & innovation, with over 375 patents, have led to 13+ years of leadership – by far – in console gaming headsets.

Superior operational execution with more than 340,000 global points of distribution and best-in-class retail execution have made Turtle Beach a top retail partner for gaming.

Efficient and flexible global supply chain, including significant non-China production, have enabled reliable delivery to retailers and highly competitive cost structure.

The above strengths have made Turtle Beach a top brand for gamers and enabled successful entry into additional new gaming accessory categories.

Nearly 400,000 points of distribution with top retailers globally

Many others globally...

Flexible, efficient global supply chain



Leading innovation in products





COMPELLING STREAMER & ESPORTS PARTNERSHIPS

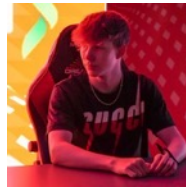
OVER 950M GAMERS IN THE AMERICAS & EUROPE, & OVER 270M ESPORTS ENTHUSIASTS GLOBALLY⁽¹⁾



Ali-A
36M Reach



DrDisrespect
10M Reach



MrSavage
10M Reach



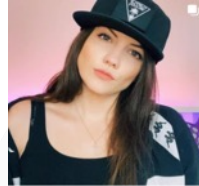
Castro
8M Reach



Skyrroz
5M Reach



Nikko Ortiz
5M Reach



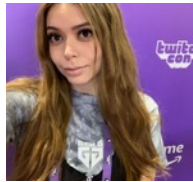
KayPea
2M Reach



Coconut Brah
2M Reach



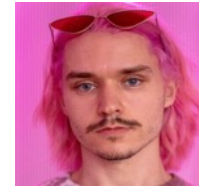
AirForceProud95
1.4M Reach



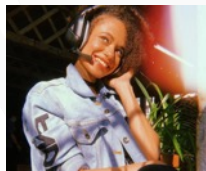
Adept
1M Reach



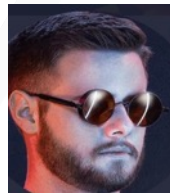
BennyCentral
673k Reach



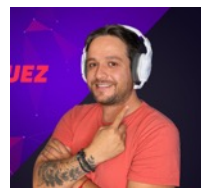
Vlesk
631k Reach



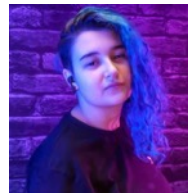
BlackKrystel
579k Reach



Archonaut
280k Reach



Javier Rodriguez
132k Reach



FabuRocks
102k Reach



Gen.G Esports
Global Esports Team



UCSD Esports
1st Collegiate
Partnership



Seattle Surge
Competitive
Call of Duty Team

Small sampling shown of Turtle Beach influencer/streamer and esports team partnerships.

1. Newzoo Global Esports Apr. 2022 & Global Games Market Report Nov. 2022



EXPERIENCED MANAGEMENT TEAM



**JUERGEN
STARK**
CEO

- 25+ years of hardware and software technology experience
- Former COO of Motorola Mobility's \$9Bn mobile business
- 10 years at McKinsey & Company, Inc.



**JOHN
HANSON**
CFO

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



**CRIS
KEIRN**
SVP,
GLOBAL SALES

- 25+ years in consumer electronics and automotive
- 17 years with Motorola in engineering, product management, operations, quality & customer relations



**MEGAN
WYNNE**
GENERAL
COUNSEL

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



**MATT
SEYMOUR**
SVP,
PRODUCT MANAGEMENT

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



**JOE
STACHULA**
CTO & SVP,
PRODUCT DEVELOPMENT

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



**JOSE
ROSADO**
SVP,
GLOBAL OPERATIONS

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



**RYAN
DELL**
SVP,
MARKETING

- 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)



A HIGHLY QUALIFIED & ENGAGED BOARD OF DIRECTORS

FOCUSED ON DRIVING SHAREHOLDER VALUE



**TERRY
JIMENEZ**

CHAIRMAN

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

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



**JUERGEN
STARK**

CEO

25+ years of experience in hardware and software technology businesses

- Former COO of Motorola Mobility's \$9Bn mobile business
- 10 years at McKinsey & Company, Inc.
- MBA, Harvard Business School



**WILLIAM
KEITEL**

40 years of senior executive technology and semiconductor company experience

- Former CFO of Qualcomm Inc. (NASDAQ: QCOM)
- During his 17-year tenure, Qualcomm grew revenues from ~\$800M to ~\$25Bn
- Named to Institutional Investor Magazine's "Best CFOs in America" list for nine consecutive years



**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, & former CEO of Glu Mobile
- Former President or CEO at Virgin USA, SonicBlue Inc, Ancestry.com, 3DFX Interactive, & Capcom



**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 & licensing; Lecturer at Santa Clara University



**KATHERINE L.
SCHERPING**

Nearly 40 years of finance, accounting and senior management experience

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



**MICHELLE D.
WILSON**

20+ years of financial, investing, and senior management experience

- Co-Founder & Co-CEO of Isos Capital Management, an independent investment firm
- Former Co-President, board member, & Chief Revenue & Marketing Officer for World Wrestling Entertainment, Inc.



**BRIAN
STECH**

20+ years of senior leadership experience across multiple industries

- Current CEO of Pedego, leading brand & largest chain of electric bike stores in North America
- Former CEO of Vinci Brands & Incipio Group
- Former President of ZAGG Inc. & SteelSeries ApS



**JULIA W.
SZE**

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

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



**WILLIAM
WYATT**

Nearly 20 years of leadership experience across the financial services industry

- Founder & CIO of The Donerail Group, an investment & advisory firm
- Former Portfolio Manager at Starboard Value LP, a NY-based investment adviser
- Formerly held investment, advisory, & leadership roles at Empyrean Capital, Magnetar Capital, & Goldman Sachs



FINANCIAL & INVESTOR HIGHLIGHTS



Q1 2023 RESULTS & KEY MESSAGES

Attractive Gaming Fundamentals Remain

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

Navigating Well Through Macroeconomic Headwinds

- Increased consumer demand paired with improvement in historic retail inventory pull back
- Competitive discounting remains but improving and expected to continue to improve
- Pandemic residual high freight costs are coming down rapidly, improving margins and profit

Gaming Market Showing Signs of Recovering

- Year-to-date hardware spending is 21% higher than the same period in 2022⁽³⁾
- Sony PlayStation set Q1 shipment record for any consoles
- Strong holiday and recent game releases, including several franchise records plus good 2023 slate
- Gaming has historically performed well in recessions, including posting growth 2008-2009

Expecting Strong Growth and Positive EBITDA in 2023

- Targeting to outgrow the market with 10-12% revenue growth – on track with 10% growth in Q1
- Expected growth driven by strong existing and new portfolio, including recent Stealth Pro launch
- Reduced OpEx (~13% in Q1) 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. Circana (Formerly NPD): Updated Mar. 2023

Q1 2023 RESULTS

Vs. Q1 2022

Net Revenue +10% YoY

\$51.4M vs \$46.7M

Adjusted EBITDA +\$3.4M YoY

\$(2.3)M vs. \$(5.7)M

Non-GAAP Net Income +\$1.8M YoY

\$(4.4)M vs. \$(6.3)M

Non-GAAP EPS +\$0.12 YoY

\$(0.27) vs. \$(0.39)

Continued Strong Balance Sheet

2023 GUIDANCE

Net Revenue:
\$265 – \$270M

EBITDA:
\$6 – \$8M

+10 – 12%
vs. 2022

+\$24 – \$26M
vs. 2022



QUARTERLY FINANCIAL REVIEW

\$ Millions (except per-share data)	Q1 2022	Q1 2023	Commentary
Revenue	\$46.7	\$51.4	Reflects strong growth in US console market and share gains across most markets and categories.
Gross Margin	30.1%	27.5%	Year-over-year decline due to higher promotional spend in light of continued competitive discounting partially offset by lower freight and logistics costs.
Operating Expenses	\$22.3	\$20.6	Reflects the benefit from the proactive expense management programs the Company initiated last year and alignment of expenses to product launch plans resulting in a 12.7% decline in recurring operating expenses.
Net Income (Loss)	\$(6.5)	\$(6.7)	Reflects above factors.
Diluted EPS	\$(0.40)	\$(0.40)	Reflects above factors.
Non-GAAP Diluted EPS ⁽¹⁾	\$(0.39)	\$(0.27)	Reflects above factors.
Adjusted EBITDA ⁽¹⁾	\$(5.7)	\$(2.3)	Reflects higher revenue and lower operating expenses.
Diluted Shares	16.2M	16.6M	See appendix.

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



2023 INCREASED OUTLOOK⁽¹⁾

	2023	2023 Outlook Commentary
Net Revenue	\$265M – \$270M 10% – 12% Growth	Reflects expectation of the Company outperforming gaming markets in specific categories based on exciting product releases for 2023, including the recently launched ultra-premium Stealth Pro. Continued execution of long-term business strategy projects return to 10%+ growth moving forward.
Gross Margin	~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.
Adj. EBITDA	\$6M – \$8M	Reflects above factors. Long-term financial outlook anticipates a progressive recovery to 10%+ EBITDA margin target over time as revenue grows.
Adj. EPS	(\$0.20) – (\$0.30)	Reflects above factors; anticipates full year effective tax rate of 20%.
Diluted Shares	~17M	

1. Guidance provided May 4, 2023

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| www.neatmic.com



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.

Maintain strong EBITDA while investing for growth.





APPENDIX



GAAP NET INCOME TO NON-GAAP EARNINGS RECONCILIATION

FULL YEAR 2022 COMPARED TO 2021

	Twelve Months Ended	
	December 31, 2022	December 31, 2021
<u>Net Income (Loss)</u>		
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

TWELVE MONTHS ENDED DECEMBER 31, 2022

	Twelve Months Ended December 31, 2022					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other ⁽¹⁾	Adj EBITDA
Net revenue	\$ 240,166	\$ -	\$ -	\$ -	\$ -	\$ 240,166
Cost of revenue	190,979	(2,359)	-	(434)	(9,763)	178,423
Gross Profit	49,187	2,359	-	434	9,763	61,743
Operating expenses	100,667	(2,220)	(1,238)	(7,550)	(10,922)	78,737
Operating income	(51,480)	4,579	1,238	7,984	20,685	(16,994)
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					
Net income (Loss)	\$ (59,546)					
					Adjusted EBITDA	\$ (18,747)

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



BALANCE SHEET



Balance Sheet Highlights \$ Millions

	@ March 31, 2022	@ March 31, 2023
Cash & Cash Equivalents	\$23.7	\$20.6
Inventories	\$117.4	\$65.2
Revolver (asset-based)	\$0	\$0
Total Debt	\$0	\$0

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.
- No outstanding borrowings under revolving credit facility.
- Cash flows from operations increased \$42.1M to \$28.8M for the quarter.
- Strong balance sheet with no outstanding debt.