

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: March 12, 2018
(Date of earliest event reported)

Turtle Beach Corporation

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

001-35465
(Commission File
Number)

27-2767540
(I.R.S. Employer
Identification Number)

11011 Via Frontera, Suite A/B
San Diego, California 92127
(Address of principal executive offices)

(888) 496-8001
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

Investor Presentation

Certain information concerning our business and financial results can be currently accessed on our website, <http://corp.turtlebeach.com/investor-relations> under the heading "Investor Presentations." Representatives of the Company expect to use this presentation, in whole or in part, and possibly with modifications, periodically in connection with conferences and presentations to investors, analysts and others. Portions of the presentation are attached hereto as Exhibit 99.1.

The investor presentation includes financial information not prepared in accordance with generally accepted accounting principles ("Non-GAAP Financial Measures"). A reconciliation of the Non-GAAP Financial Measures included in the presentation to financial information prepared in accordance with generally accepted accounting principles ("GAAP"), as required by Regulation G, appears in the Appendix to the presentation. The information contained in the presentation is summary information that is intended to be considered in the context of the Company's Securities and Exchange Commission ("SEC") filings and other public announcements that it may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in the presentation or this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information in this report is being furnished pursuant to Item 7.01 and shall not be deemed to be "filed" for purposes of Section 17 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 9.01 — Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Turtle Beach Corporation Investor Presentation

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.

TURTLE BEACH CORPORATION

Date: March 12, 2018

By: _____

/S/ JOHN T. HANSON

John T. Hanson
Chief Financial Officer, Treasurer and Secretary



Corporate Presentation

March 2018

Forward-Looking Information

This presentation includes “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements are statements that are not historical facts including statements about our beliefs and expectations and statements, and may contain the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project,” “intend,” “foresee,” and similar expressions. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein, including but not limited to, risks related to the Company’s liquidity and financial position, the substantial uncertainties inherent in the acceptance of existing and future products, the difficulty of commercializing and protecting new technology, the impact of competitive products and pricing, general business and economic conditions, risks associated with the expansion of our business including the implementation of any businesses we acquire, our indebtedness, and the other factors discussed in our public filings, including the section entitled “Risk Factors” in our most recent Quarterly Report on Form 10-Q, our Annual Report on Form 10-K and other periodic reports filed with the Securities and Exchange Commission (the “SEC”) and available on the SEC’s website, www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except as required by law, Turtle Beach Corporation (the “Company”) undertakes no obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation. All of the forward-looking statements in this presentation are qualified by such cautionary statements, and subject to the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. This presentation also contains trademarks and trade names that are property of their respective owners.

Non-GAAP Financial Measures

This presentation contains certain financial measures, including adjusted EBITDA and non-GAAP earnings per share (“EPS”), that are not calculated under the standards or rules of U.S. GAAP, which are referred to as “non-GAAP financial measures.” These non-GAAP financial measures, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these non-GAAP financial measures are not measurements of financial performance or liquidity under GAAP and should not be considered an alternative to the Company’s other financial information determined under GAAP. Management believes that these 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 EBITDA” is defined by the Company as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), and certain special items that we believe are not representative of core operations. The Adjusted EBITDA outlook for the first quarter and full year 2018 has not been reconciled with the Company’s net loss outlook for the same periods because of the variability, complexity and lack of visibility with respect to certain reconciling items between adjusted EBITDA and net loss, including other income (expense), provision for income taxes and stock-based compensation. These items cannot be reasonably and accurately predicted without the investment of undue time, cost and other resources and, accordingly, a reconciliation of the Company’s adjusted EBITDA outlook to its net loss outlook for such periods is not available without unreasonable effort. These reconciling items could be material to the Company’s actual results for such periods.

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- Key player in \$100 billion gaming market
- Critical accessory provider to esports fans and players
- Dominant market leader in gaming headsets
- Strong brand with high consumer loyalty
- Global distribution & partnerships
- Full line of differentiated products
- Extensive & valuable patent portfolio
- Strengthening balance sheet
- Well positioned for a strong 2018
- Opportunities to drive double-digit long-term growth
- Experienced board & management team



KEY PLAYER IN \$100B GLOBAL GAMING MARKET



(1) DFC Intelligence Video Game Worldwide Market Forecast (March 2017)

(2) 2017 Newzoo - 2017 Global esports Market Report

(3) Statista Virtual Reality Worldwide Market Size

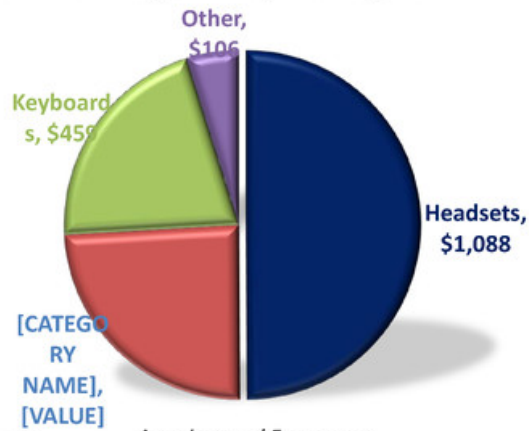
Gaming Headsets Provide...



- Good microphone for multi-player gaming
- More immersive audio for a better gaming experience
- Competitive advantage in picking up key audio cues
- Privacy of game and chat audio

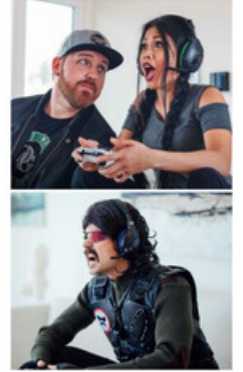
...And Are Largest Segment In \$2+B Accessory Market

Global Gaming Accessory Market \$2,180B⁽¹⁾



Americas and Europe are over 75% of the market

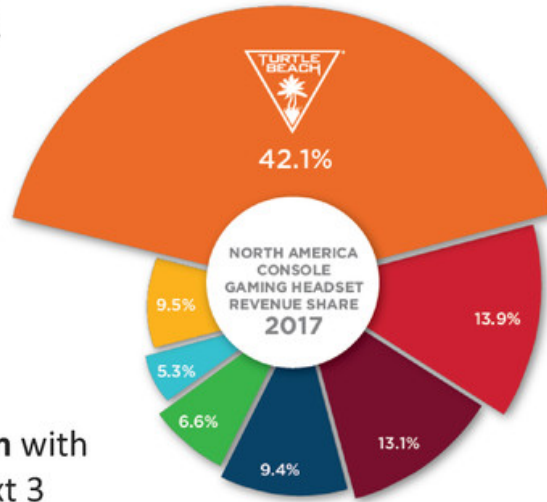
With over 700M Gamers and 175M esports fans in the Americas and Europe⁽¹⁾



⁽¹⁾ NewZoo Report

#1 gaming headset
provider for Xbox &
PlayStation

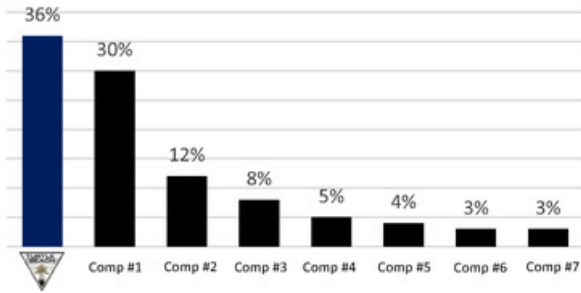
4 of the top 5 selling
3rd party headsets are
Turtle Beach



Longstanding position with
higher share than next 3
players combined

5 of the top 10 sellers
overall (1st & 3rd party)
are Turtle Beach

Consumers' Favorite Gaming Headset Brand¹

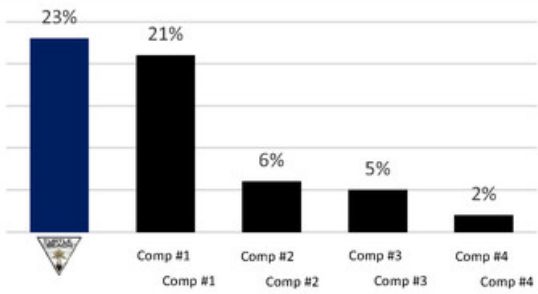


#1 rated headset based on audio quality¹

+52 Net Promoter Score²

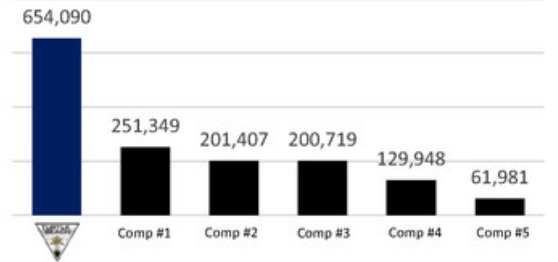


Unaided Brand Awareness²



#1 rated headset based on comfort¹

Facebook "Likes"³



(1) Source: Bowen Research (June 2015); (2) Source: Survey Sampling International Research (April 2017), showing main Console Gaming Headset competitors; (3) Source: Simply Measured Service, June 2017.

Strong Retail Presence	Great partnerships	10,000+ Interactive Displays
<p>Product sales in 42 countries with over 260,000 points of distribution</p> <p><u>Sample retailers</u></p> 	<p>Partnerships with industry-leading brands</p> 	<p>Market leader in deploying interactive gaming headset displays</p> 

Key Partnerships



Optic Gaming
#1 Console esports organization in the world, top ranked teams across Halo, Gears of War and Call of Duty
























Astralis
One of world's best CS:GO teams, Major Champions; one of Europe's top Call of Duty teams

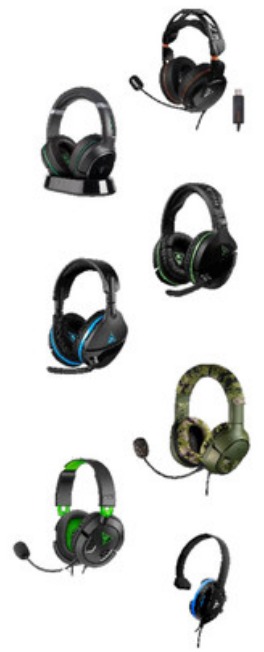


Splyce
Europe's top Call of Duty team



(1) Nielsen Esports Playbook (2017)

	ASP	Sample Products	TB Key Features
Esports	Varies	  Launched July & Oct. 2017	<ul style="list-style-type: none"> Tournament-grade game & chat audio Unmatched comfort with glasses friendly design & cooling gel-infused ear cushions Powerful amplified audio w/ DTS Headphone:X® 7.1 surround sound and Superhuman Hearing™ (PC Edition)
Core Gamer <i>16+ hours per week</i>	> \$200	 	<ul style="list-style-type: none"> Wireless game & chat Active noise-cancellation & Bluetooth® DTS Headphone:X® 7.1 surround sound Superhuman Hearing Magnetic base station
Enthusiast Gamer <i>7-15 hours per week</i>	\$100 - \$200	      Launched Sept. 2017	<ul style="list-style-type: none"> Immersive surround sound Xbox Wireless (connects directly to Xbox One) Active noise-cancellation & Bluetooth (700 only) Glasses friendly design Superhuman Hearing
Casual Gamer <i>4-6 hours per week</i>	\$50 - \$100	      Launched July & Oct. 2017	<ul style="list-style-type: none"> Large, powerful 50mm speakers High-sensitivity mic Durable, fan-favorite headset ID Superhuman Hearing (PX24)
Entry-Level Gamer <i>< 4 hours per week</i>	< \$50	     Launched Apr. 2017	<ul style="list-style-type: none"> High-quality 40mm speakers High-sensitivity mic Lightweight comfort Innovative open earcup Glasses friendly design



...AND DIFFERENTIATED TECHNOLOGY

Bolded & Italicized Text = Turtle Beach Headset First Mover Advantage

Superhuman Hearing

Hear every single thing around you, from enemy footsteps to distant vehicles to weapon reloads.

ProSpecs™ Glasses Relief System

*Ear pads with pressure-release technology that provides relief for gamers who wear glasses.
(Not on pictured headset.)*

Active Noise Cancellation

Silence unwanted background sound for an immersive listening experience.

Boomless Mic

Hidden, high-quality noise-cancelling microphones.

Bluetooth

Bluetooth integration allows you to take phone calls with your headset while playing.

Bass Boost

Bass boost enhances deep rumbling sounds in games.



DTS Headphone:X 7.1 Surround

Superior surround sound that adds a height dimension, recreating the sound in your environment.

Mic Monitoring

Allows gamers to hear their voice within the headset so they know how loud they are speaking.

Dynamic Chat Boost™

Chat volume increases as game volume increases.

100% Wireless

*Interference-free game audio & chat.
First Xbox direct-correct wireless*

Audio Presets

Customize your settings to create the perfect, personalized experience.

Rechargeable Batteries

Built-in rechargeable batteries provide for hours of continuous game play.

Magnetic Charging Stand

Easily charge & store your headset when not in use without fussing with wires.

New Sound Delivery Mechanism

- Thin panels generate ultrasound beam
- Audio is injected into the ultrasound beam
- Sound is created in the air along the beam
- Fundamentally new and different approach to audio
- Fully functional from glass emitters enabling glass "speakers"

Multiple, Innovative Benefits

- Highly controlled direction of sound
- Full 3D surround sound with 2 emitters (vs. 5 or 7 speakers)
- Significantly higher level of audio clarity to the listener

Monetization via Licensing or Sale

- 55 issued and 22 pending patents
- Small team engaged with prospective licensees
- Also exploring Strategic Alternatives

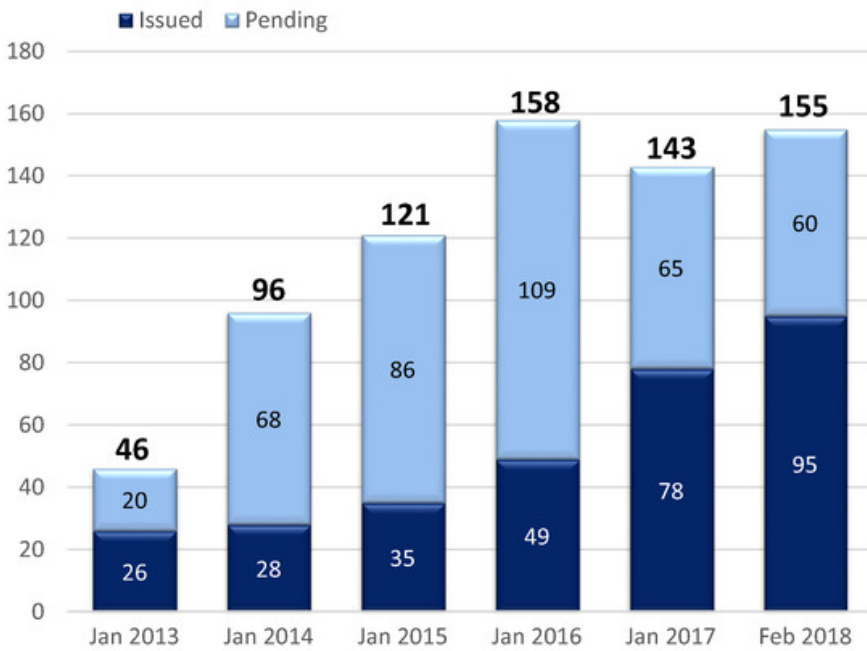
HYPERSOUND



Market	Application
Healthcare	Improves sound clarity and listening benefits for people with hearing loss. Early indications of benefits for sufferers of Tinnitus
Commercial Audio	Enables retailers and retail display manufacturers to add focused zone of audio to retail displays / kiosks
Enterprise Audio	Enables private zone of audio in office/enterprise environments
Consumer Audio	Utilize the 3D nature of HyperSound to create individual surround sound experience with two emitters
HyperSound Glass	Directional audio with all benefits and applications above but from glass panel. Creates glass speaker which can be stand-alone or integrated into video displays

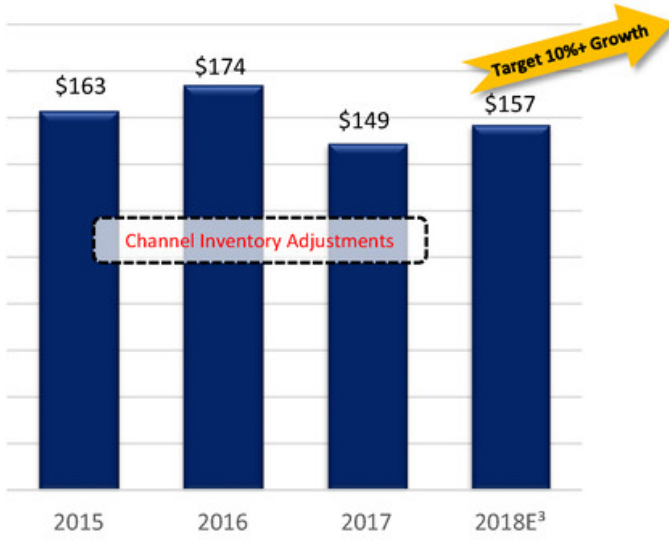


Demos available at:
[HyperSound Glass Demo](#)
[HyperSound Glass Integrated into Desktop Monitors](#)

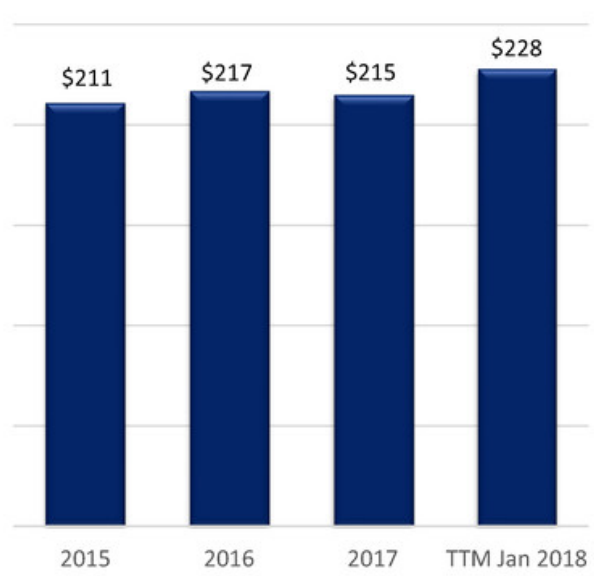


- Headset innovations:
 - Audio processing
 - Gaming specific features
- *HyperSound* innovations:
 - Emitter construction
 - Ultrasound & emitter electronics
 - Digital signal processing techniques

Company Revenues ⁽¹⁾
Millions

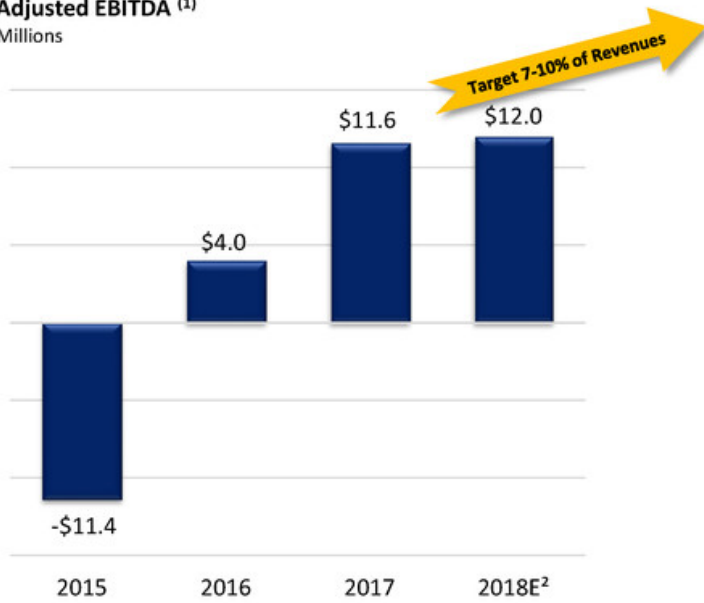


Company Product Retail Sell-Through in Core Markets ⁽²⁾
Millions



1) Company net revenues=wholesale revenues.
 2) NPD and GFK reported retail revenue value of Turtle Beach headset sell-through for North America and UK representing vast majority of company global sales. January 2018 numbers are unaudited.
 3) Guidance effective on March 6, 2018.

Adjusted EBITDA ⁽¹⁾
Millions



2016:

Returned headset business to profitability. Converted HyperSound to licensing model. Entered esports, VR, streaming mic categories.

2017:

Focused on core headset business and continued profitability improvements. Laid groundwork for 2018+ growth initiatives.

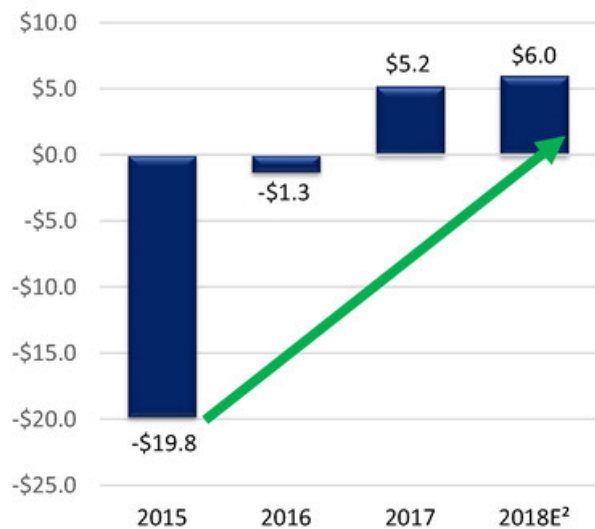
2018:

Continue to deliver good profitability in headset business. Lower cost of debt. Make select investments to drive future growth.

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

2) Guidance effective on March 6, 2018.

Free Cash Flow ⁽¹⁾
Millions



Strong free cash flow generation...

- Positioned the company to amend and improve debt agreements Mar 2018
- Allows important growth investments throughout 2018

1) Free cash flow defined as consolidated adjusted EBITDA less capital expenditures, less cash interest.

2) Guidance effective on March 6, 2018.

PC Gaming

- PC gaming headsets market ~\$730M market globally¹
- PC gaming more popular than console gaming in markets like Germany, China & other parts of Asia¹
- Leveraging expanded portfolio as growth platform in Germany & China
- Esports partnerships expected to help build upon our leading gaming audio position

1) ©Newzoo 2018.

International

Virtual Reality (VR)

Recent Esports/PC Gaming Partnerships



Astralis - one of world's best CS:GO teams & major champions



Splyce – Europe's top Call of Duty team



Eclipse – Top 5 ranked CS:GO team in China



Dr. Disrespect – fastest growing streamer on Twitch

PC Gaming

International

Virtual Reality (VR)

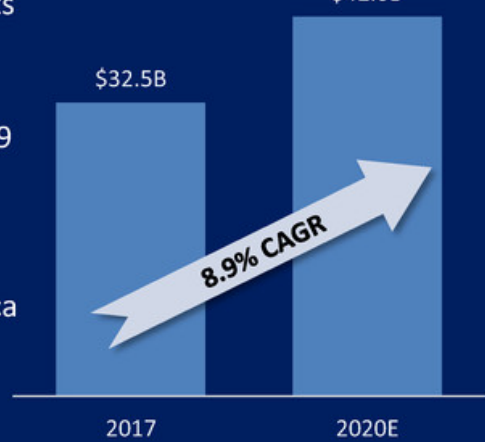
China Opportunity

- 573M Chinese gamers¹
- 114M esports audience in China of which 53.8M are esports Enthusiasts¹
- Turtle Beach has establish presence and making modest investments in 2018 with further activities planned for 2019

Latin America Opportunity

- 205M estimated gamers¹
- Turtle Beach in 15 countries & 113 retailers in Latin America

Chinese Games Market Forecast¹



1. ©Newzoo 2018

PC Gaming

International

Virtual Reality (VR)

- According to SuperData Research, VR hardware market expected to reach \$17.8B by 2020 from \$1.5B in 2016 (85% CAGR)¹
- Consoles likely to be key driver of non-mobile VR as evidenced by Sony PSVR having 69% revenue share of major non-mobile VR headsets since Oct '16 launch²
- STEALTH 350VR, our first gaming headset designed for VR devices, launched in Oct 2016 is now the leader in this category in North America²

STEALTH 350VR



1) <https://www.statista.com/statistics/550461/virtual-reality-market-size-worldwide/>
2) NPD data from 2016, 2017, through January 2018.

Capitalization		
	@12-31-16	@12-31-17
Cash & Equivalents	\$6.2M	\$5.2M
Debt		
Revolver (asset-based)	\$35.9M	\$38.5M
Term Loans	\$14.4M	\$11.7M
Subordinated Notes	\$19.4M	\$21.9M
Total Debt	\$69.7M	\$72.1M
Series B - Preferred Stock ¹	\$17.5M	\$18.9M
Leverage Ratio²	7.4x	2.1x

Balance Sheet Highlights
<ul style="list-style-type: none"> • Revolver typically peaks in Q4 and lowest in Q1 after holiday receipts. 2017 average Revolver balance was \$12.4M. • \$49.0M federal, \$21.0M state net operating losses @ Dec 31, 2016 offset taxable income (not scheduled to expire until 2029) • \$60M line of credit and Mar 5, 2018 refinancing anticipated to provide sufficient capital to make various growth investments

1) Due in October 2030 and has 8% per annum PIK interest.

2) Defined as total term loans outstanding and average trailing twelve month revolving debt, divided by consolidated trailing twelve month adjusted EBITDA.

- Amended lending agreements on Mar 6, 2018
- Improved terms include:
 - Reduction in the interest rate and greater availability on revolving credit line
 - Significant reduction in the interest rates on term loans (e.g., Crystal rate reduced by 3.5%)
 - Reduction in the interest rate on sub debt with Stripes (e.g., majority reduced by 1.4%)
 - Ability to use funds from the term loan to reduce sub debt, subject to certain conditions
 - Elimination of EBITDA coverage covenants on the term loans
 - Extension of the loans to 2023
- **Expected interest savings of at least \$3.5 million over the next five years**

	Q1-18 ¹	YoY Δ	Year-Over-Year Commentary & Assumptions
Revenue	~\$29M	102%	<ul style="list-style-type: none"> Retailer restocking after holiday under-ordering, strong consumer demand, healthy console gaming market
EPS	~\$(0.12)	55%	<ul style="list-style-type: none"> Various revenue drivers noted above
Adj. EBITDA	~\$(1.5)M	76%	<ul style="list-style-type: none"> Various revenue drivers noted above drive strong improvement

1) Guidance effective on March 6, 2018.

	2017	2018 ¹	Year-Over-Year Commentary & Assumptions
Total Revenue	\$149.1M	~\$157M	Quarterly revenue profile expected to shift revenue mix from Q4 to earlier quarters similar to 2016
Gross Margin	34.2%	~34.2%	Upper end of 33-35% targeted range
EPS	\$(0.07)	~\$(0.03)	Expecting continued improvements in EPS
Adj. EBITDA	\$11.6M	~\$12M	Includes several million dollars of investments to drive future growth

1) Guidance effective on March 6, 2018.

- #1 console gaming headset brand with dominant share
- \$106B global gaming market
- Critical accessory for gaming and esports
- Disruptive, cutting-edge technologies & patents
- Significantly improved balance sheet and lower cost of debt
- Projecting revenue growth in 2018
- Q1 off to a very strong start
- Room to grow in PC, esports, VR, and International markets



Investor Relations:

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COMPANY WEBSITES

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www.turtlebeach.com

www.hypersound.com



**HEAR EVERYTHING.
DEFEAT EVERYONE.™**

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TURTLE
BEACH

®

APPENDIX

EXPERIENCED BOARD OF DIRECTORS



Ron Doornink
Chairman

- Former Chairman & CEO of Activision Publishing (NASDAQ: ATVI)
- Operating partner of Stripes Group, LLC
- Founder & principal of Erasmus Equity Investments



Juergen Stark
CEO & Director

- COO of Motorola Mobility's mobile business
- 10 years as Principal at McKinsey & Company, Inc.
- MBA, Harvard Business School



Ken Fox
Director

- Managing partner of Stripes Group, LLC
- Former Managing Director & co-founder of Internet Capital Group (NASDAQ: ICGE)
- Co-founder of A-10 Capital & Sentinel Fund



William Keitel
Director

- Former CFO of Qualcomm Incorporated (NASDAQ: QCOM)
- During his time at the company grew revenues from ~\$800M to ~\$25B
- Held senior financial roles at Nortel (OTC: NRTLQ) & Pepsico (NYSE: PEP)



Dr. Andrew Wolfe, PhD
Director

- Founder & principal of Wolfe Consulting
- Former Chief Technology Officer for SONICblue, Inc.
- B.S.E.E. in Electrical Engineering & Computer Science, Johns Hopkins; Ph.D. in Computer Engineering, Carnegie Mellon



Gregory Ballard
Director

- General partner with Eleven Ventures
- Former senior VP for mobile & social games at Warner Bros.
- Former CEO of Glu Mobile, former board member with DTS

EXPERIENCED MANAGEMENT TEAM



- COO of Motorola Mobility's mobile business
- 10 years as principal at McKinsey & Company



Juergen Stark
CEO



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



Joe Stachula
CTO & VP Development



- EVP & CFO at Dialogic
- CFO at One Communications Corp



John Hanson
CFO



- 20+ years of brand, consumer & retail marketing experience
- Past experience at ESPN, Fler Trading Cards & National Media Group



Andrew Lilien
VP of Marketing



- Led headset transition as VP of business planning & strategy
- 17 years with Motorola in product management, operations, quality & customer relations



Cris Keirn
SVP, Global Sales



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



Jose Rosado
VP Global Operations



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



Matt Seymour
VP, Product Management



- 20+ years of logistics, transportation & operations experience
- 11+ years at Turtle Beach

Scott Rankin
VP Global Logistics



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



Megan Wynne
General Counsel

RECONCILIATION OF GAAP & NON-GAAP EARNINGS



	Three Months Ended		Year Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<u>Net Income (Loss)</u>				
GAAP Net Income (Loss)	\$ 14,231	\$ 12,201	\$ (3,248)	\$ (87,182)
Goodwill and intangible asset impairment	—	—	—	63,236
HyperSound inventory reserve	—	—	—	7,079
Restructuring charges	24	100	533	664
Non-GAAP Earnings	\$ 14,255	\$ 12,301	\$ (2,715)	\$ (16,203)
<u>Diluted Earnings Per Share</u>				
GAAP - Diluted	\$ 0.29	\$ 0.25	\$ (0.07)	\$ (1.79)
Goodwill and intangible asset impairment	\$ —	\$ —	\$ —	\$ 1.30
HyperSound inventory reserve	\$ —	\$ —	\$ —	\$ 0.15
Restructuring charges	\$ —	\$ —	\$ 0.01	\$ 0.01
Non-GAAP - Diluted	\$ 0.29	\$ 0.25	\$ (0.06)	\$ (0.33)

**GAAP TO ADJUSTED EBITDA RECONCILIATION – THREE MONTHS
ENDED DEC 31, 2017**



	Three Months Ended December 31, 2017					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (1)	Adj EBITDA
Net Revenue	\$ 79,696	\$ —	\$ —	\$ —	\$ —	\$ 79,696
Cost of Revenue	49,748	(99)	—	—	120	49,769
Gross Profit	29,948	99	—	—	(120)	29,927
Operating Expense	13,969	(975)	(89)	(243)	(24)	12,638
Operating income (loss)	15,979	1,074	89	243	(96)	17,289
Interest expense	2,199					
Other non-operating (income) expense, net	54					54
Earnings before income tax benefit	13,726					
Income tax benefit	(505)					
Net income	\$ 14,231					Adjusted EBITDA \$ 17,235

(1) Other includes business transition costs and restructuring charges.

GAAP TO ADJUSTED EBITDA RECONCILIATION – YEAR ENDED DEC 31, 2017



	Year Ended December 31, 2017					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (1)	Adj EBITDA
Net Revenue	\$ 149,135	\$ —	\$ —	\$ —	\$ —	\$ 149,135
Cost of Revenue	98,132	(578)	—	66	79	97,699
Gross Profit	51,003	578	—	(66)	(79)	51,436
Operating Expense	46,205	(3,496)	(348)	(1,496)	(533)	40,332
Operating income (loss)	4,798	4,074	348	1,430	454	11,104
Interest expense	7,916					
Other non-operating (income) expense, net	(463)					(463)
Loss before income tax expense	(2,655)					
Income tax expense	593					
Net loss	\$ (3,248)					Adjusted EBITDA \$ 11,567

(1) Other includes business transition costs and restructuring charges.

**GAAP TO ADJUSTED EBITDA RECONCILIATION – THREE MONTHS
ENDED DEC 31, 2016**



Three Months Ended
December 31, 2016

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (2)	Adj EBITDA
Net Revenue	\$ 82,204	\$ —	\$ —	\$ —	\$ —	\$ 82,204
Cost of Revenue	51,996	(151)	—	(159)	—	51,686
Gross Profit	30,208	151	—	159	—	30,518
Operating Expense	14,912	(729)	(100)	(579)	(100)	13,405
Operating income (loss)	15,296	880	100	738	100	17,113
Interest expense	2,116					
Other non-operating (income) expense, net	1,026					1,026
Earnings before income tax benefit	12,154					
Income tax benefit	(47)					
Net income	\$ 12,201					Adjusted EBITDA \$ 16,087

(2) Other includes goodwill and other intangible asset impairment, business transition and restructuring charges.

**GAAP TO ADJUSTED EBITDA RECONCILIATION – YEAR ENDED DEC 31,
2016**



	Year Ended December 31, 2016					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (2)	Adj EBITDA
Net Revenue	\$ 173,978	\$ —	\$ —	\$ —	\$ —	\$ 173,978
Cost of Revenue	131,368	(571)	(3,660)	(557)	(7,079)	119,501
Gross Profit	42,610	571	3,660	557	7,079	54,477
Operating Expense	120,311	(4,496)	(468)	(3,403)	(63,900)	48,045
Operating income (loss)	(77,701)	5,067	4,128	3,960	70,979	6,432
Interest expense	7,447					
Other non-operating (income) expense, net	2,421					2,421
Loss before income tax benefit	(87,569)					
Income tax benefit	(387)					
Net loss	\$ (87,182)					Adjusted EBITDA \$ 4,011

(2) Other includes goodwill and other intangible asset impairment, business transition and restructuring charges.

GAAP TO ADJUSTED EBITDA RECONCILIATION



	December 31, 2017	December 31, 2016	December 31, 2015
Consolidated			
Net Income (Loss)	(3,248)	(87,182)	(82,907)
Depreciation	4,075	5,066	5,901
Amortization of intangibles	349	4,128	2,015
Interest	7,916	7,447	5,100
Taxes	592	(387)	2,392
Stock Compensation	1,429	3,960	5,897
Restructuring Expense	533	664	399
Goodwill Impairment	-	63,236	49,822
Business Transaction Expense	(79)	7,079	-
Adj EBITDA	11,567	4,011	(11,381)

