



Q3 2020
EARNINGS PRESENTATION
NASDAQ: HEAR

November 5, 2020

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; 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, adjusted net income, and constant currency revenue, 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). “Constant currency revenue” is defined by the Company as revenue excluding the impacts of fluctuations in exchange rates from prior periods. 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 nine months ended September 30, 2020 and 2019.

TURTLE BEACH EARNINGS

Q3 2020 SUMMARY

Net revenue up 141% to a **record \$112.5M** (\$111.5M constant currency)

Gross margin up 880 basis points to a **record 41.0%**

Net income increased to a **record \$17.8M** vs. \$(3.1)M

EPS of **\$1.04** vs. \$(0.22)

Adjusted EBITDA up to a **record \$27.6M** vs. \$0.3M

Cash & cash equivalents of **\$27.3M**

Healthy balance sheet with **no short or long-term debt**





#1

IN GAMING AUDIO

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

50 Million+
Headsets Sold Since 2010



RECON 70



STEALTH 600 GEN 2



STEALTH 700 GEN 2



Broad Portfolio
of PC Gaming Accessories

Award-Winning Design
and Build Quality

ROCCAT ELO SERIES



ROCCAT VULCAN



ROCCAT BURST PRO



Industry-Leading Innovation at Every Price Point With Over 230 Patents

NEW PRODUCT – STEALTH 700 GEN 2 WIRELESS HEADSETS

STEALTH™

700

GEN 2

Launched September 2020

MSRP: \$149.95



"Turtle Beach has outdone itself. The Stealth 700 Gen 2 marks a huge upgrade over the original."

- IGN

Announced as the first cross generational gaming headsets that work with both current and next-gen consoles, the all-new Stealth 700 Gen 2 for Xbox and PlayStation improves on the best-selling prior Stealth 700 headsets.

Key Features:

- Wireless connectivity including direct to Xbox
- Bluetooth for simultaneous connection to mobile
- Metal-reinforced headband
- 20-hour battery
- Aerofit™ cooling gel-infused cushions
- Larger Gen 2 flip-to-mute and hide-away mic
- Patented ProSpecs™ glasses-friendly design
- Mobile app-based audio customization
- High-performance 50mm Nanoclear™ speakers
- Immersive surround sound and 3D audio on PlayStation
- Turtle Beach's patented Superhuman Hearing®

NEW PRODUCT – STEALTH 600 GEN 2 WIRELESS HEADSETS

STEALTH™

600

GEN 2

Launched September 2020

MSRP: \$99.95



Turtle Beach's Stealth 600 Gen 2 headsets build on the legacy of the prior Stealth 600 models which have been the best-selling wireless headsets for years with updated features and fully-ready for the next gen Xbox Series X|S and PS5.

Key Features:

- Wireless connectivity including direct to Xbox
- Robust construction w/new headband and hinges
- Larger Gen 2 flip-to-mute and hide-away mic
- 15-Hour battery
- Patented ProSpecs™ glasses-friendly design
- Powerful 50mm speakers
- Immersive surround sound and 3D audio on PlayStation
- Turtle Beach's patented Superhuman Hearing®

*"10/10. The \$100 Wireless King Returns
Stronger Than Ever."
- GadgetryTech.com*

NEW PRODUCT – ELO SERIES PC HEADSETS

ROCCAT
ELO SERIES

Launched October 2020



Elo 7.1 Air
MSRP: \$99.99

"ROCCAT's Elo 7.1 Air is a fantastic choice."
- The Gamer



Elo 7.1 USB
MSRP: \$69.99

"A compelling argument for those who want exceptional sound and comfort on a mid-range budget."
- Popzara (for Elo 7.1 USB)



Elo X Stereo
MSRP: \$49.99

"Simple, affordable, stylish and comfortable, but also packing a mighty acoustic punch you just won't find anywhere else for this kind of money."
- eTeknix (for Elo X Stereo)

ROCCAT's all-new Elo series headsets offer PC gamers the perfect blend of ROCCAT's award-winning German design and innovation with Turtle Beach's unrivaled audio expertise and exclusive technologies.

Key Features:

- Leatherette-wrapped memory foam cushions
- Turtle Beach's patented ProSpecs™ glasses-friendly design
- Self-adjusting floating metal headband
- Powerful 50mm speakers
- Turtle Beach's high-sensitivity TruSpeak™ mic
- Cross-platform compatibility (Elo X Stereo)
- 7.1 channel surround sound (Elo 7.1 Air, Elo 7.1 USB)
- Variable Mic Monitoring (Elo 7.1 Air, Elo 7.1 USB)
- AIMO intelligent lighting (Elo 7.1 Air, Elo 7.1 USB)
- Turtle Beach's Superhuman Hearing® (Elo 7.1 Air)
- Swarm PC software suite

NEW PRODUCT – NEW VULCAN KEYBOARDS



Launched October 2020

Vulcan Pro
MSRP: \$199.99



Vulcan TKL Pro
MSRP: \$159.99



Vulcan TKL
MSRP: \$129.99



Titan
Optical
Switch
Technology



ROCCAT' continues to innovate its award-winning Vulcan series keyboard design with the latest Vulcan Pro, TKL Pro, and TKL models. The Vulcan TKL is the tenkeyless version of the fan-favorite full-size mechanical Vulcan. The Vulcan Pro and TKL Pro debut ROCCAT's all-new Titan Optical Switch technology which registers keystroke response rates 100 times faster and offers double the lifespan of standard mechanical switches.

Key Features:

- Award-winning design
- ROCCAT's proprietary Titan Optical Switch
- 100 times faster compared to standard mech switches
- 2X lifespan compared to standard mech switches
- Light-based, linear actuation
- Mixer-style audio controls
- AIMO intelligent illumination
- Sleek aluminum plate
- Ergonomic low profile
- Detachable palm rest (Vulcan Pro)
- Detachable USB C to USB A cable (TKL Pro/TKL)
- Swarm PC software suite

"Right out of the box, it's about one of the best-looking keyboards I've ever seen."
- eTeknix (Vulcan TKL Pro)

"Visually stunning and satisfying to use."
- Tom's Guide (Vulcan TKL Pro)

NEW PRODUCT – ALL-NEW BURST MICE

ROCCAT
BURST SERIES

Burst Pro
MSRP: \$59.99
Launched Oct. 2020



Burst Core
MSRP: \$29.99
Launches Nov. 2020

*"For gaming, this is the mouse to use."
- Back to the Gaming*

ROCCAT's all-new Burst mice also take advantage of Titan Optical Switch technology to register mouse clicks faster than the competition. The Burst mice come in two options, each being extremely lightweight and offering a symmetrical ergonomic design.

Key Features:

- ROCCAT's proprietary Titan Optical Switch
- 2X lifespan compared to standard mech switches
- Extreme lightweight design – 68 grams
- Symmetrical ergonomic shape
- Heat-treated pure PTFE glides
- PhantomFlex™ cable
- Translucent honeycomb shell
- AIMO intelligent illumination
- 16k DPI ROCCAT Owl-Eye optical sensor (Burst Pro)
- 8,500k DIP Pixart optical sensor (Burst Core)
- EasyShift+ technology
- Onboard memory
- Swarm PC software suite

NEW PRODUCT – SENSE AIMO XXL MOUSEPAD

ROCCAT
SENSE

Launched October 2020



"The Sense is a solid mousepad."
- Gaming Trend

ROCCAT's new Sense XXL mousepad joins the fight to make the AIMO lighting ecosystem bigger and better than ever before. Paired with any of ROCCAT's AIMO-enabled mice and keyboards and you get an entire desktop battle station immersing gamers in a world of ambient light.

Key Features:

- AIMO intelligent lighting
- Dual lighting zones
- Detachable braided cable
- Low profile button for adjusting settings
- Premium flexible cloth surface
- Rubberized non-slip backing
- Swarm PC software suite

WHAT'S NEW

LATEST FROM TURTLE BEACH & ROCCAT



TURTLE BEACH & ROCCAT PARTNER WITH POP-CULTURE SNEAKER ARTIST KICKSTRADOMIS

Turtle Beach and ROCCAT continued expanding both brands' eclectic mix of ambassadors by lacing-up with pop-culture sneaker artist, Kickstradomis. A globally renowned artist, sneaker designer, and gamer, Sal "Kickstradomis" Amezcua operates at the intersection of culture and gaming. He is known for creating and collaborating on one-of-a-kind projects with superstar athletes such as James Harden, LeBron James, Robert Downey Jr., Will Smith, and Ryan Reynolds, among others.



TURTLE BEACH & ROCCAT PARTNER WITH GAMING, ESPORTS, & POP-CULTURE STAR ERIN ASHLEY SIMON

Erin Ashley Simon is a multimedia personality, host, and producer at the forefront of contemporary culture, with Forbes calling her "the future of esports storytelling" in a 2019 article. Simon harnessed the power of blogging to evolve her insight and entertainment abilities into the Grass Routes podcast show she continues hosting today. Erin is also a familiar face at esports events, and she was previously a host of Cheddar Esports.

WHAT'S NEW

LATEST FROM TURTLE BEACH & ROCCAT



TURTLE BEACH LAUNCHES WORK/LEARN FROM HOME BUNDLES

With many people staying home due to COVID-19 restrictions, Turtle Beach launched a handful of bundled products to aid those working and learning from home. The bundles are designed to elevate any work-from-home and virtual learning setup to the next level, ensuring that co-workers, teachers, students and their peers are heard loud and clear.



TURTLE BEACH & ROCCAT PARTNER WITH SKYRROZ AND INOXTAG

In July, Turtle Beach and ROCCAT announced partnerships with two popular French gaming influencers, Skyrroz and Inoxtag. Skyrroz is a veteran of the Call of Duty scene with millions of followers and will now exclusively be using Turtle Beach gear. Meanwhile, famous for his Fortnite content, rising YouTube star Inoxtag has an over two million subscribers. Inoxtag has been using ROCCAT's precision-tuned PC accessories for years and has now officially joined forces with the brand.

QUARTERLY FINANCIAL OVERVIEW



\$ in millions (except per-share data)	2019 Q3	2020 Q3	Commentary
Revenue	\$46.7	\$112.5 <small>(\$111.5 in constant currency)</small>	Increased demand from new and existing gamers and returning lapsed gamers, as well as work-from-home users. Superior supply and retail execution led to further market share gains. ~\$20M of earlier retail purchasing for holidays.
Gross Margin	32.2%	41.0%	Volume-driven fixed cost leverage, lower-than-normal promotional environment, favorable business mix, partially offset by roughly \$2 million in higher air freight spend to facilitate sales.
Operating Expenses	\$17.6	\$21.9	Reflects revenue-related increases as well as a portion of the roughly \$12M incremental growth spend planned for 2020.
Adjusted EBITDA¹	\$0.3	\$27.6	Reflects above factors.
Net Income (Loss)	\$(3.1)	\$17.8	Reflects above factors.
Diluted EPS	\$(0.22)	\$1.04	Reflects above factors; 14.5M weighted average diluted shares in Q3-19 vs. 17.2M in Q3-20 (due to loss vs. gain as well as a higher average share price, which results in more in the money options assumed exercised under treasury method).
Adjusted Diluted EPS ¹	\$(0.18)	\$1.05	Reflects above factors.

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

BALANCE SHEET



Liquidity		
	At September 30, 2019	At September 30, 2020
Cash & Equivalents	\$7.0M	\$27.3M
Inventories	\$67.0M	\$79.5M
Revolver (asset-based)	\$26.6M	\$0
Total Debt	\$26.6M	\$0

Balance Sheet Improvements
<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 higher current demand, earlier-than-normal retail holiday ordering, and anticipation of Q4 sales.➤ First time in at least ten years that total debt has been zero at the end of Q3. Highest level of net cash in the Company's history.

GEN 8 CONSOLE LAUNCH INFORMATION



Xbox Series X|S (announced E3/June 2019)

Release: November 10, 2020

Price: \$499 for Xbox Series X | \$299 for Xbox Series S

- Disc & digital only console options
- Backward compatibility
- Major power increase/faster game access/reduced load times
- Will support up to 8K resolution
- 3D Spatial Sound (headset required)
- Project xCloud game streaming service
- Xbox Games Pass subs get access to top Xbox One games

PlayStation 5/PlayStation 5 Digital (announced April 2019)

Release: November 12, 2020

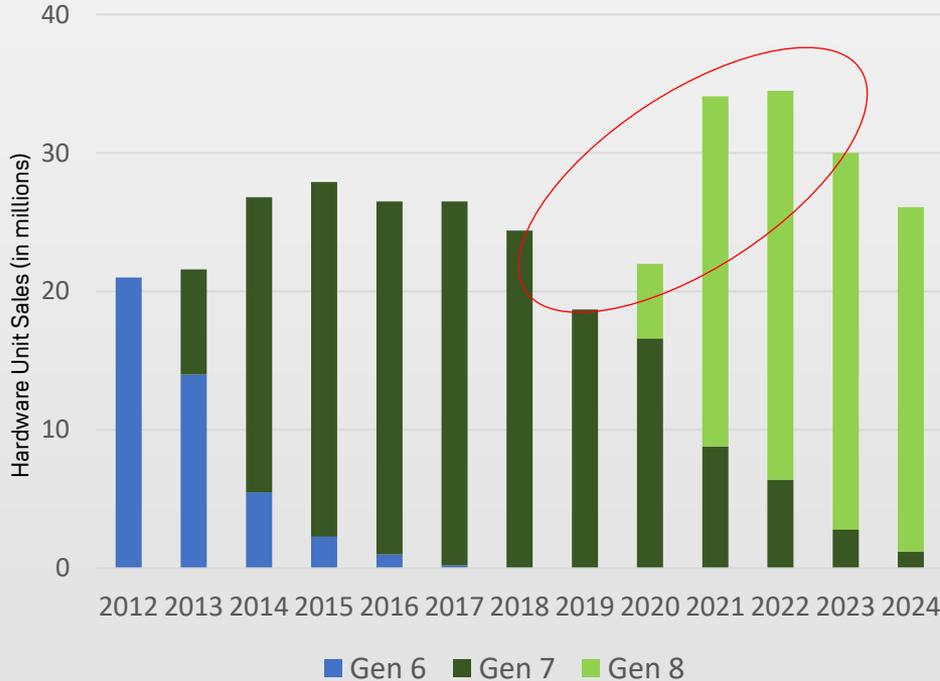
Price: \$499 for PS5 | \$399 for PS5 Digital Edition

- Disc & digital only console options
- Backward compatibility
- Major power increase/faster game access/reduced load times
- Will support up to 8K resolution
- 3D Spatial Sound (headset required)
- PlayStation Now streaming/focus on AAA titles
- PlayStation Plus subs get access to classic PS4 games at launch

XBOX AND PLAYSTATION UPDATED CONSOLE OUTLOOK*



PlayStation and Xbox Console Unit Sales



"With the launch of new systems and continued sales for existing consoles, we forecast Microsoft and Sony combined hardware sales will set records in 2021 and 2022."

David Cole, Head DFC Intelligence, Video games industry analyst

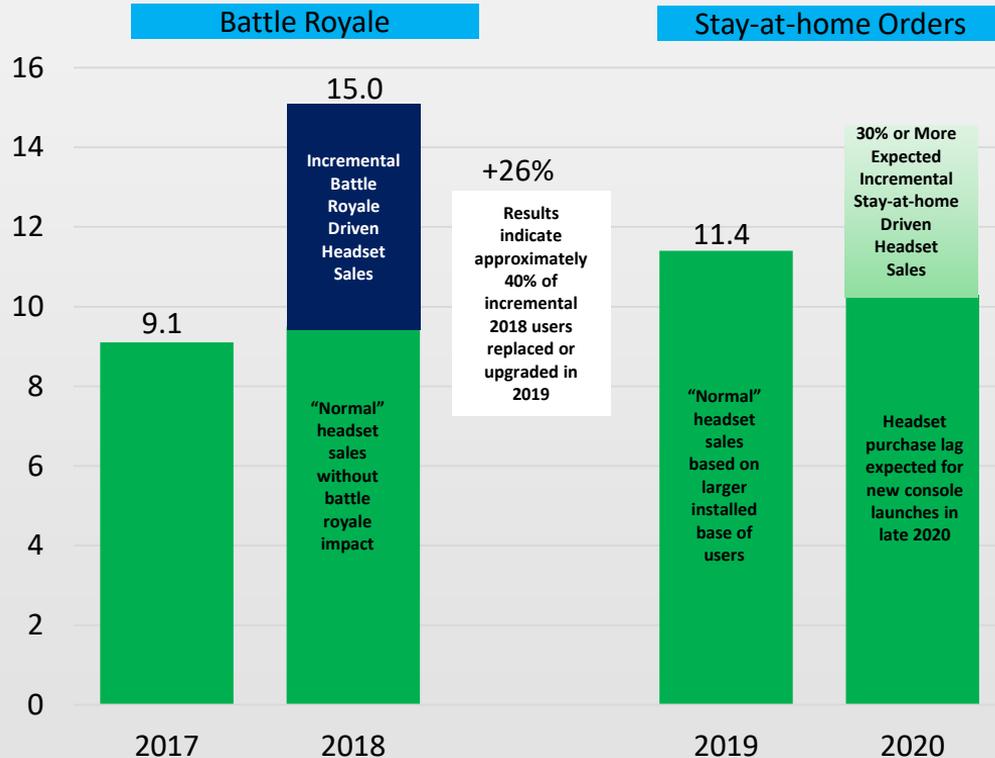
- Console transition has typically created a market decline the year prior to transition, an increase late in the year of new console launch, and then several years of accelerated growth post-launch.
- Accessories typically follow same pattern with some lag as some users will wait on new accessory purchases, particularly at the high-end prior to launch and then upgrading accelerates post-launch.
- However, due to stay-at-home orders, gaming engagement has increased significantly including accessories such as headsets which have shown record sales the past quarters. Headsets being backward compatible has kept the trend going even in a console transition year.
- DFC predicts the combined XB and PS hardware unit sales for Gen 8 and Gen 9 in the first three years of launch to be higher than the combined sales of Gen 7 and Gen 8 in the first three years, setting another record.
- Nintendo is not included; a new system core from Nintendo could substantially increase overall market potential.



ANTICIPATED CONSOLE HEADSET MARKET DYNAMICS

SIMPLIFIED MARKET MODEL¹

NORTH AMERICA CONSOLE GAMING HEADSET SELL-THROUGH
MILLIONS OF UNITS



Recent unprecedented increase in gaming and gaming accessories due to stay-at-home orders.

TB analysis indicates 2020 growth is roughly equally caused by:

1. Existing gamers gaming more
2. Influx of new and lapsed gamers gaming with headsets
3. Gaming headset purchases for work/school/socializing via video apps

Biggest drivers of potential increase from 2020+ estimates are:

- Stronger influx of new gamers/headsets users continues due to stay-at-home
- Faster upgrade/replace cycle among new/lapsed headset users
- New Xbox/PlayStation consoles increasing Q4 demand more than expected
- Stronger slate of new gen games or major games going “free” model

Biggest drivers of potential decrease from 2020+ estimates are:

- Headset upgrade/replace cycle slows due to pull forward purchases
- Inventory constraints on consoles and/or headsets
- Retail and/or ecommerce sales disruptions due to new lock-downs
- Late release of, or lower demand for, the new consoles

Market sell-in revenues (sales) will vary from sell-through units based on channel inventory adjustments to hold weeks-of-supply and ASP of product sales

1. This is a highly simplified market model to illustrate overall dynamics - actual market dynamics are much more complex than shown

Source: The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S., Canada & Mexico/CY 2017, 2018, 2019, 2020; TB analysis of consumer research conducted by Newzoo

INCREASED 2ND HALF 2020 OUTLOOK¹



	2 nd Half 2020 - Prior	2 nd Half 2020 - Updated	2020 Updated Commentary
Net Revenue	~\$185M	~\$215M	Channel refill entering Q3, continued strong consumer demand, even higher share driven by supply and retail execution, continued positive trends expected in Q4 (with ~\$20M of earlier ordering for holiday by retail in Q3 vs. Q4).
Gross Margin	Low 30% ^s	Mid 30% ^s	Higher operating leverage and lower promotional environment in Q3, partially offset by increases in air freight and tariffs as expected.
Adj. EBITDA	~\$20M	~\$40M	Higher revenue & gross margin; includes increased portion of \$12M in growth investments and over \$2M of airfreight shifted to Q4.
Diluted Shares	~17.5M	~17.5M	
GAAP EPS	~\$0.50	~\$1.45	Reflects above factors; anticipates full year effective tax rate of ~ 27%.
Adj. EPS	~\$0.50	~\$1.45	Reflects above factors, excludes ROCCAT transaction & integration costs, also anticipates full year effective tax rate of approximately 27%.

1. Guidance updated on November 5, 2020.

INCREASED 2020 OUTLOOK¹



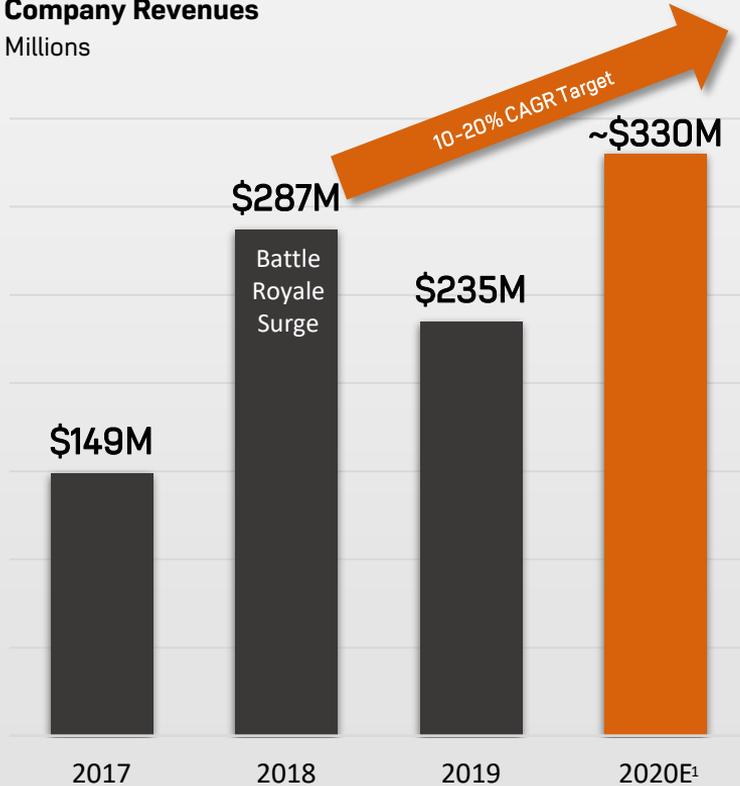
	2020 - Prior	2020 - Updated	2020 Updated Commentary
Net Revenue	~\$300M	~ \$330M	Continued strong consumer demand for gaming accessories, higher share driven by supply and retail execution, good progress in PC category expansion.
Gross Margin	Low 30%s	Mid 30%s	Higher operating leverage and lower than normal promotional spend in Q2 and Q3, partially offset by ~\$10M in air freight, tariffs & impact of tooling & certification investments for new products.
Adj. EBITDA	~\$30M	~ \$50M	Higher revenue & gross margin, strong OpEx leverage; includes roughly \$12M in investments to drive future growth.
Diluted Shares	~16.5M	~ 16.5M	
GAAP EPS	~\$0.85	~ \$1.80	Reflects above factors; anticipates full year effective tax rate of ~ 27%.
Adj. EPS	~\$0.80	~ \$1.75	Reflects above factors, excludes ROCCAT transaction & integration costs, also anticipates full year effective tax rate of approximately 27%.

1. Guidance updated on November 5, 2020.

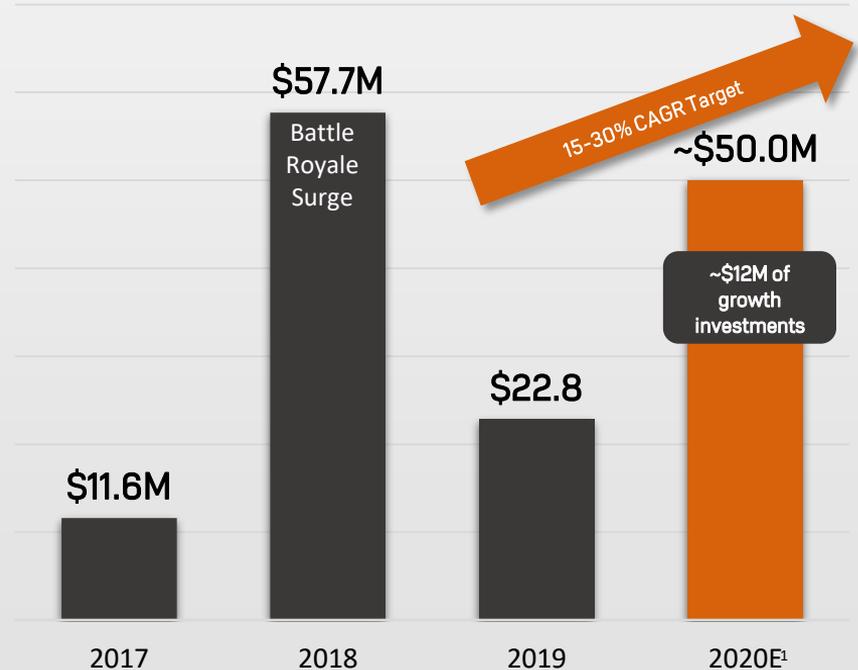
REVENUE & ADJUSTED EBITDA PROFILE



Company Revenues
Millions



Adjusted EBITDA²
Millions



1. Guidance updated on November 5, 2020.

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

TURTLE BEACH EARNINGS

SUMMARY KEY TAKEAWAYS

- **Record performance** driven by stay-at-home orders increasing demand, further share gains, and **strong operational execution**
- Continued **leadership** in the **\$1.7B¹ console gaming headset market** with ten consecutive years of **over 40%² market share**
- **Strong progress** in pursuit of **\$3.4B¹ PC accessories market** enabled by 2019 acquisition of leading German PC gaming accessory maker, ROCCAT
- Further increasing **investments to drive future revenue growth** by expanding PC portfolio and developing ROCCAT brand
- Healthy balance sheet with **no long-term debt**

1. Newzoo 2020 Peripheral Market estimates – updated September 2020

2. The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S., Canada & Mexico/Jan2010-Dec 2019 update



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APPENDIX



GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

THREE MONTHS ENDED SEPTEMBER 30TH



	Three Months Ended	
	September 30, 2020	September 30, 2019
<u>Net Income (Loss)</u>		
GAAP Net Income (Loss)	\$ 17,794	\$ (3,124)
Adjustments, net of tax:		
Gain on financial instrument obligation	—	—
Gain on acquisition-related settlement	—	—
Change in fair value of contingent consideration	126	—
Acquisition integration costs	26	543
Non-GAAP Earnings	<u>\$ 17,946</u>	<u>\$ (2,581)</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ 1.04	\$ (0.22)
Gain on financial instrument obligation	—	—
Gain on acquisition-related settlement	—	—
Change in fair value of contingent consideration	0.01	—
Acquisition integration costs	—	0.04
Non-GAAP- Diluted	<u>\$ 1.05</u>	<u>\$ (0.18)</u>

GAAP TO ADJUSTED EBITDA RECONCILIATION

THREE MONTHS ENDED SEPTEMBER 30, 2020



	Three Months Ended September 30, 2020					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other ⁽¹⁾	Adj EBITDA
Net revenue	\$ 112,494	\$ -	\$ -	\$ -	\$ -	\$ 112,494
Cost of revenue	66,358	(645)	-	(284)	-	65,429
Gross Profit	46,136	645	-	284	-	47,065
Operating expenses	21,916	(596)	(223)	(1,288)	(37)	19,772
Operating income	24,220	1,241	223	1,572	37	27,293
Interest expense	103					
Other non-operating expense (income), net	(101)				(175)	(276)
Income before income tax	24,218					
Income tax expense	6,424					
Net income	\$ 17,794					Adjusted EBITDA \$ 27,569

1. Other includes certain business acquisition costs, gain on an acquisition-related settlement and change in fair value of contingent consideration.

GAAP TO ADJUSTED EBITDA RECONCILIATION

NINE MONTHS ENDED SEPTEMBER 30, 2020



	Nine Months Ended September 30, 2020					
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other ⁽¹⁾	Adj EBITDA
Net revenue	\$ 227,181	\$ -	\$ -	\$ -	\$ -	\$ 227,181
Cost of revenue	141,033	(1,828)	-	(623)	-	138,582
Gross Profit	86,148	1,828	-	623	-	88,599
Operating expenses	56,984	(1,474)	(665)	(3,354)	(381)	51,110
Operating income	29,164	3,302	665	3,977	381	37,489
Interest expense	355					
Other non-operating expense (income), net	(1,520)				1,192	(328)
Income before income tax	30,329					
Income tax expense	7,886					
Net income	\$ 22,443				Adjusted EBITDA	\$ 37,817

1. Other includes certain business acquisition costs, gain on an acquisition-related settlement and change in fair value of contingent consideration.

GAAP TO ADJUSTED EBITDA RECONCILIATION

FULL YEARS



	December 31, 2019	December 31, 2018	December 31, 2017
Consolidated			
Net Income (Loss)	17,944	39,190	(3,248)
Depreciation	4,556	3,954	4,074
Amortization of intangibles	642	303	348
Interest	929	5,335	7,916
Taxes	(6,237)	1,737	593
Stock Compensation	3,558	1,877	1,430
Restructuring Expense	-	-	533
Goodwill Impairment	-	-	-
Business Transaction Expense	3,516	-	(79)
Change in Fair Value of Contingent Consideration	(471)	-	-
Unrealized loss (gain) on financial instrument obligation	(1,601)	5,291	-
Adj EBITDA	22,836	57,687	11,567