



**TURTLE  
BEACH**<sup>®</sup>  
CORPORATION

**FULL YEAR & FOURTH QUARTER 2021  
EARNINGS PRESENTATION**

NASDAQ: HEAR  
MARCH 2, 2022

# 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”, “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 logistic and supply chain challenges; 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 Company’s partnerships with influencers, athletes and esports teams; 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 and liquidity; and other factors and matters 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 earnings release certain financial results, including adjusted EBITDA, and adjusted net income that the Securities and Exchange Commission defines as “non-GAAP financial measures.” Management believes that such non-GAAP financial measures, when read in conjunction with the Company’s reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company’s results. “Non-GAAP Earnings” is defined as net income excluding (i) integration and transaction costs related to acquisitions, (ii) certain non-recurring business costs, (iii) any change in fair value of contingent consideration and (iv) acquisition-related settlements. “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 (e.g., the integration and transaction costs related to acquisitions, and the change in fair value of contingent consideration). These non-GAAP financial measures are presented because management uses non-GAAP financial measures to evaluate the Company’s operating performance, to perform financial planning, and to determine incentive compensation. Therefore, the Company believes that the presentation of non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. The presented non-GAAP financial measures exclude items that management does not believe reflect the Company’s core operating performance because such items are inherently unusual, non-operating, unpredictable, non-recurring, or non-cash. See a reconciliation of GAAP results to Adjusted Net Income and Adjusted EBITDA included below for each of the three months and full year ended December 31, 2021 and 2020.

## SUMMARY – FULL YEAR 2021 RESULTS

**Net revenue up \$6.3M to a record \$366.4M** (growth following record 2020)

**Gross Margin of 35% vs. 37.2%**

**Net Income (GAAP) of \$17.7M vs. \$38.7M**

**GAAP EPS of \$0.97 vs. \$2.37**

**Adjusted EBITDA of \$36.6M vs. \$61.4M**

**Cash & cash equivalents of \$37.7M vs. \$46.7M**

**Strong Balance Sheet with no short or long-term debt**



## SUMMARY – Q4 2021 RESULTS

Net revenue of **\$109.4M** vs. \$132.9M

Gross Margin of **32.5%** vs. 35.8%

Net Income (GAAP) of **\$4.5M** vs. \$16.3M

GAAP EPS of **\$0.25** vs. \$0.93

Adjusted EBITDA of **\$9.6M** vs. \$23.6M

Cash & cash equivalents of **\$37.7M** vs. \$46.7M

**Strong Balance Sheet with no short or long-term debt**



# GAMING IS THE MARKET TO BE IN



## A MASSIVE OPPORTUNITY

The global game market is expected to **grow from \$180 billion** in 2021 to **more than \$200 billion** in 2024<sup>(1)</sup>



## GAMING LEADS THE ENTERTAINMENT WORLD

The broader gaming market is the **largest and most expansive industry in the world of entertainment** at over **\$270 billion**<sup>(2)</sup>



## NEW CONSOLES ENERGIZE THE GAMING MARKET

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



## ESPORTS CONTINUE RISING IN POPULARITY

Secular shift to esports with approximately **50% increase in value from 2021 to 2024**<sup>(4)</sup>

## A BREAKTHROUGH IN GAMING SIMULATION TECHNOLOGY

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



## GAMING DRIVING STREAMING

Livestream gaming audience is expected to grow by **13% to 747M** in 2021 and to **943M by 2024**<sup>(4)</sup>



1. Newzoo Global Games Market Report, January 2022

2. Newzoo Global Games Market Report (October 2021), DFC (November 2021) & Internal Estimates

3. Ampere Analysis, April 2021, featured in [gamesindustry.biz](https://www.gamesindustry.biz) (Console HW, Games and Services)

4. Global Esports and Live Streaming Market Report, September 2021

# WE'RE EXECUTING ON OUR STRATEGY TO LEVERAGE THOSE TRENDS



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

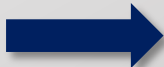
Maintain a portfolio for all levels of gamers with innovation and great execution.



- 9 of the top 15 U.S. console headsets by revenue are Turtle Beach<sup>(1)</sup>
- 12<sup>th</sup> consecutive year of 40% share or more in the U.S.<sup>(1)</sup>
- Both Xbox and PlayStation announced record sales of new consoles

## Continue rapid expansion into the \$3.8 billion PC gaming accessories market.

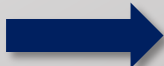
Further build out ROCCAT portfolio of award-winning PC gaming accessories.



- Launched 23 new ROCCAT PC gaming products in 2021
- ROCCAT U.S. sell-through increased over 60% year-over year<sup>(2)</sup>
- Exceeded market growth in major regions

## Expand into the \$2.3 billion global market for streaming and creator microphones.

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



- Launched 4 new Neat Microphones products in 2021
- Launched ROCCAT's Torch USB mic for streamers and creators
- \$700M Digital/USB market segment experiencing rapid growth

## Enter additional new categories to drive further growth over time.

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



- Recon Controller for Xbox launched with outstanding reviews
- VelocityOne Flight sold out multiple times since release in 2021
- Expanding portfolio in both categories over time

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

1. The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S./Annual 2021

2. The NPD Group/Retail Tracking Service/Gaming-Designed: PC Headsets, Mice, and Keyboards, Dollar Sales, Annual 2021 combined vs. Annual 2020 combined

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



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



- 5 Year revenue CAGR through 2021 is over 16%
- Revenue guidance of plus/minus 5% from record 2021
- Expecting \$100M of non-console-headset revenues in 2022

**Deliver category leading EBITDA margins while investing to drive growth.**



- Adjusted EBITDA margin guidance range of 9% - 11%
- Investing to drive growth including new category entries
- 5 Year EBITDA CAGR through 2021 is over 55%

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



- \$37M in cash with zero debt
- Over \$100 million in inventories 2021
- \$80M revolving credit facility

**5-Year TSR of >400%  
(Exceeding Sector Benchmarks)<sup>1</sup>**

## OUR BRANDS



The Best-Selling Console Gaming  
Headset & Accessory Brand



Award-Winning  
PC Gaming Peripherals



High-Quality Digital USB &  
Analog Microphones



## TURTLE BEACH GAMING HEADSETS



# #1 IN GAMING AUDIO

The Global Market Leader In Console  
Gaming Headsets for Over 12 Years Running

## 60 Million+

Headsets Sold Since 2010

## 40%+ Market Share<sup>(1)</sup>

US Revenue Share Since 2010



# INTRODUCING STEALTH 600 GEN 2 MAX

STEALTH™

600

GEN 2 MAX

Launches May 2022

MSRP: \$99.99



Also available  
in Midnight Red  
and Arctic Camo



## Connect & Conquer with Multiplatform Compatibility and a Best-in-Class 48+ Hour Battery

Turtle Beach further expands its #1 best-selling wireless gaming headset series with the new Stealth 600 Gen 2 MAX wireless multiplatform gaming headset. **Gen 2 MAX delivers incredible battery life and high-quality gaming audio & chat for Xbox or PlayStation, Nintendo Switch and PC.**

**The updated battery delivers a whopping 48+ hours of gaming,** while a lag-free 2.4GHz wireless connection keeps you in the game, and expertly tuned 50mm speakers and a flip-to-mute microphone provide game-changing audio & communication.

Stealth 600 Gen 2 MAX also delivers a variety of Turtle Beach proprietary features, including Superhuman Hearing to keep you in the game longer, and ProSpecs glasses-friendly comfort technology.

# INTRODUCING STEALTH 600 GEN 2 USB

STEALTH™

600

GEN 2 USB

Launches on Xbox May 2022  
and on PlayStation in Q3 2022  
MSRP: \$99.99



## The #1 Best-Selling Headset Gets Even Better

The new Stealth 600 Gen 2 USB delivers a premium wireless gaming audio experience with **24+ hours of battery life – an improvement of nearly 10 additional hours of gaming over the prior version.**

Since their August 2020 launch, Turtle Beach's Stealth 600 Gen 2 has **been THE #1 best-selling headset series.** Gen 2 USB maintains the series attractive \$99 MSRP and Turtle Beach proprietary features like Superhuman Hearing which keeps you in the game longer and ProSpecs glasses-friendly comfort technology.

In November 2021, TechRadar named the Stealth 600 Gen 2 for Xbox as one of its Top Xbox One Gaming Headsets, saying, "***Turtle Beach's Stealth 600 Gen 2 delivers exceptional bang for your buck, thanks to its excellent sound quality and robust features.***"

# THE FLIGHT SIMULATION CONTROLLER MARKET OPPORTUNITY



## MSFT FLIGHT SIM 2020 PC LAUNCHED AUGUST 2020

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

## MSFT FLIGHT SIM 2020 COMES TO XBOX

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

## GAMING SIMULATION HARDWARE

PC/console flight sim hardware adds over \$400M<sup>(1)</sup> in global market not including expansion into racing hardware

1. Based on internal estimates, August 2021



# THE ULTIMATE ALL-IN-ONE FLIGHT CONTROL SYSTEM

## VELOCITYONE™ FLIGHT

Launched November 2021  
MSRP: \$379.95



"Best Gaming  
Accessory of E3 2021."



ANDROID AUTHORITY

Windows 10/11



## Take Flight on Xbox Series X|S, Xbox One & Windows PCs

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

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

**VelocityOne Flight delivers an immersive, authentic, and modern all-in-one flying experience on Xbox and PC**, and is perfect for experiencing Microsoft Flight Simulator 2020 on Xbox Series X|S.

**Over 21,000 fans** signed up for pre-order notifications. Pre-orders on November 3 **sold out globally** in under an hour (15 minutes in the US, UK, and Germany).



## VELOCITYONE FLIGHT RECEPTION & ACCOLADES

High Praise for the Debut of VelocityOne Flight!

### GamingTrend – ‘Excellent’ 95/100

*“With ultra-realistic controls that perfectly match the real thing, there’s no better way to experience the thrill of flight.”*

### PC Pilot – ‘Editor’s Classic’ 90/100

*“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.”*

### GamesRadar – 4.5/5

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

### COGConnected – ‘Totally Badass’

*“The level of detail they’ve brought when it comes to the design of the VelocityOne Flight is unlike anything I’ve ever seen.”*

### TrueAchievements – ‘Best of E3 2021’

*“If you don’t have a yoke and throttle setup, I couldn’t recommend this more.”*



## THE GAMING CONTROLLER OPPORTUNITY

# GAMING CONTROLLERS

Total Addressable Market for third-party gaming controllers are roughly \$600<sup>(1)</sup> million.

## MICROSOFT PARTNERSHIP

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

## WIRED, WIRELESS AND MORE

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



# THE AWARD-WINNING RECON CONTROLLER FOR XBOX



## RECON™ CONTROLLER

Launched August 2021  
MSRP: \$59.95



"Best Gaming  
Accessory of E3 2021."



ANDROID AUTHORITY

"Best Xbox Controller."



gamesradar+  
HARDWARE  
AWARDS  
2021

Windows 10/11



## Game-Changing Audio Meets Game-Winning Controls

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

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

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



# RECON CONTROLLER RECEPTION & ACCOLADES



High praise for the debut of the Recon Controller

## IGN – ‘Editor’s Choice’ 9/10

*“A feature-packed wired gamepad with top-notch performance and build quality.”*

## GamesRadar – ‘Highly Recommended’ 4/5

*“A superb set of features at a low price.”*

## Digital Trends – ‘Recommended Product’ 9/10

*“Turtle Beach’s Xbox Recon controller is loaded with inventive and useful on-board features at a shockingly low price.”*

## CNN Underscored – ‘Best of E3 2021’

*“...perks you can’t get on the standard Xbox Wireless Controller that costs the same.”*

## Game Revolution – 9/10

*“For \$59.99, you really can’t go wrong with the Turtle Beach Recon Controller...this is a top-tier option.”*



# ROCCAT PC GAMING ACCESSORIES



**Award-Winning**  
German Design

**A Broad, Growing Portfolio**

Including PC Mice, Keyboards, Headsets, and More

**ROCCAT sales growth outpaced the market**  
in our core markets

**U.S. sell-through grew by over 60%**  
in 2021 vs. 2020<sup>(1)</sup>

1. The NPD Group/Retail Tracking Service/Gaming-Designed: PC Headsets, Mice, and Keyboards, Dollar Sales, Annual 2021 combined vs. Annual 2020 combined



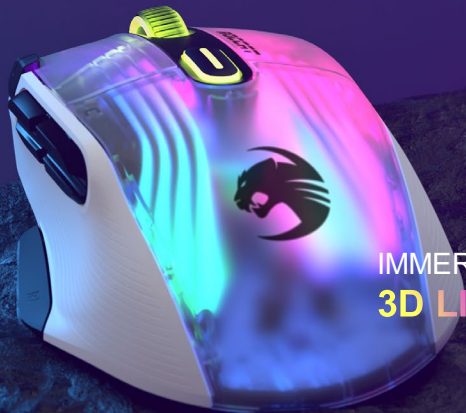
CONTROL YOUR EXPERIENCE

# KONE XP

Launches March 2022  
MSRP: \$89.99



MULTI-BUTTON  
DESIGN



IMMERSIVE  
3D LIGHTING



NVIDIA REFLEX  
COMPATIBLE MOUSE



## Next-Gen Customization Gaming Mouse

ROCCAT's Kone XP Next-gen Customization Gaming Mouse utilizes the refined ergonomics of the iconic Kone shape and is ideal for gamers who play a variety of PC games.

**The translucent shell** sets the stage for the Kone XP's 22 LEDs and 8 light guides, creating an **unprecedented and immersive 3D lighting experience**.

**Kone XP is one of the most customizable mice available, with 15 buttons and 29 possible button functions** thanks to ROCCAT's Easy-Shift[+] duplicator technology. The Krystal 4D Wheel not only adds to the number of inputs, but also enhances the experience, beautifully diffusing the RGB lighting.

NOW AVAILABLE IN ARCTIC WHITE

# VULCAN TKL PRO

Launched December 2021  
MSRP: \$159.99



*"5/5 stars - A mini marvel  
of a gaming keyboard."*

-T3



## Ridiculously Fast, Responsive Keys, Now in White

ROCCAT is adding another entry to its **award-winning Vulcan PC gaming keyboard** series with an all-new version of the Vulcan TKL Pro in Arctic White.

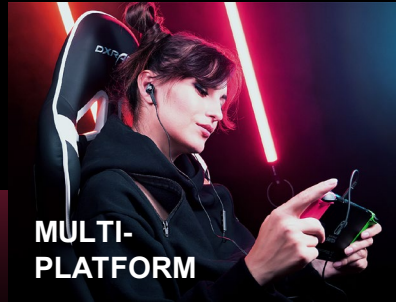
The Vulcan TKL Pro is the tenkeyless version of the full-size Vulcan Pro, and the Vulcan TKL Pro White features ROCCAT's ridiculously fast Titan Optical Switch technology. **Titan Optical Switches register keystrokes up to 100 times faster and last twice as long as traditional mechanical switches.**

The Vulcan TKL Pro White is ROCCAT's premium tenkeyless competitive gaming keyboard in the series, providing PC gamers more desktop space for a larger range of mouse movement.

## MEET YOUR NEW BEST BUDS

# SYN BUDS CORE

Launched December 2021  
MSRP: \$24.99



MULTI-  
PLATFORM

### For Gaming on the Go

Experience precision-tuned sound across all your devices with ROCCAT's latest in-ear headphones. The Syn Buds Core are Nintendo Switch ready and are designed specifically for those who game on a variety of 3.5mm mobile devices.

For the gamer who prioritizes value, performance and versatility, meet your new earbuds – the Syn Buds Core.



## ROCCAT'S NEW SENSE MOUSEPAD LINE-UP

# SENSE SERIES



Launched October 2021, **MSRP:**

Sense **Core** \$6.99 (Mini) \$14.99 (Square) \$19.99 (XXL)

Sense **Pro** \$29.99 (Square) \$49.99 (XXL)

Sense **Ctrl** \$29.99 (Square) \$39.99 (XXL)

Sense **Icon** \$19.99 (Square) \$29.99 (XXL)



## GET A SENSE FOR ROCCAT'S NEW MOUSEPADS

Four all-new mousepads join ROCCAT's popular Sense AIMO RGB mousepad to fill out the range. The new Sense mousepads come in a variety of mousepad sizes designed to enhance your gaming experience: Mini for small gaming spaces, Square for more vertical space, and the XXL designed to house both mouse and keyboard.

**ROCCAT's new Sense series mousepads offer an assortment of designs and materials to deliver greater balance, durability, speed, and precision control than ever before.**

New additions include the micro-weave cloth Sense Core, the resin-treated and smooth Sense Icon, the durable vulcanized and heat-treated Sense CTRL, and the exceptionally fast and precise Sense Pro.

# ROCCAT'S GOT EYES FOR OAKLEY



Launched October 2021



## IMPROVED EYES & EARS = BETTER PERFORMANCE

Turtle Beach and Oakley, a leader in sport performance and optical innovation, continue their ongoing partnership which now includes the award-winning ROCCAT brand.

The partnership expansion follows the successful Turtle Beach and Oakley collaboration announced in January 2021 that debuted custom gaming eyewear and limited-edition co-branded sunglasses. **With ROCCAT, Oakley continues its expansion of gaming eyewear developed for gamers looking for higher performance.**

When paired with ROCCAT's latest PC gaming headsets featuring Turtle Beach's patented *ProSpecs™* glasses-friendly technology, PC gamers will see better, hear better, and will have an advantage in vanquishing all foes on the digital battlefield.



NEAT MICROPHONES

## DIGITAL USB & ANALOG MICROPHONES

Today's global microphone market is \$2.3B<sup>(1)</sup> overall,  
with ~\$700M<sup>(1)</sup> in the digital/USB category.

### THE TEAM

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

### A NEW PRODUCT LINE

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



1. Based on internal estimates



# INTRODUCING NEAT'S BUMBLEBEE II USB MIC



Launched December 2021  
MSRP: \$99.99



## That's a Big Capsule for a USB Mic

The \$99 Bumblebee II features a large 25mm capsule – larger than any microphone capsule in its price range – making it an outstanding choice for creators, streamers, professionals, and students looking to elevate the quality of their recordings.

Bumblebee II is Neat's successor to their original acclaimed *Bumblebee* mic, which was often noted as a top choice for both professionals and consumers. The Bumblebee II raises its predecessor's high bar by delivering **even higher quality audio capture while keeping its attractive price.**

# INTRODUCING NEAT'S WORKER BEE II XLR MIC



Launched December 2021  
MSRP: \$99.99



Perfect for Recording & Streaming  
Vocals & Instruments

**The Worker Bee II is the perfect fit for a variety of recording scenarios** thanks to its compact size and ability to precisely capture vocals and instruments with accuracy and do so at an unmatched price of just \$99.99.

It features solid-state cardioid condenser microphone technology with an internally shockmounted, medium-sized 25mm capsule and discrete Class A electronics that can handle high sound pressure levels with a wide frequency and dynamic range.

# INTRODUCING NEAT'S KING BEE II XLR MIC



Includes custom  
Beekeeper shockmount  
& Honeycomb pop filter

*"...a great choice for up-and-coming content creators. It sounds great, is built like a tank, and includes needed accessories without breaking the bank.*

— TOM'S HARDWARE

Launched November 2021  
MSRP: \$169.99



## The Return of the King!

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

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

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

# INTRODUCING NEAT'S SKYLINE USB MICS



*"A beautiful blend of  
form and function."*

— ALEX ROWE | MEDIUM.COM



Launched October 2021  
MSRP: \$69.99

## Command the Room

The Skyline desktop USB microphone is Neat's elegant new mic featuring crystal clear, high-quality 24 bit/96 kHz digital audio for video conferencing, eLearning, streaming, and podcasting.

The Skyline's versatile design allows you to position the mic close to any desired sound source for optimum pickup, and its sleek, stylish looks will draw compliments anywhere you place it.

**It's the perfect mic for laptops, desktops, tablets, and any other audio devices with USB mic input ports** and features a large mute button for when you don't want to be heard.

## THE LATEST NEWS



### TURTLE BEACH & ROCCAT TEAM-UP WITH MRBEAST TO LAUNCH HIS NEW FEASTABLES SNACK LINE

In early February, Turtle Beach and ROCCAT announced a new partnership with popular online personality and entrepreneur, Jimmy Donaldson, aka “MrBeast.” MrBeast is one of YouTube’s biggest channels with nearly 88 million subscribers enjoying his outrageous stunts and impressive philanthropic efforts. The partnership celebrates the launch of MrBeast’s better-for-you snack portfolio, Feastables, rooted in gamified experiences. Gaming and snacking go hand-in-hand, so naturally it makes sense that one of the world’s top gaming accessory makers and one of the most watched YouTubers came together to create epic video gaming accessory bundles and more as part of Feastables’ massive sweepstakes.



### ROCCAT'S TEAMS-UP WITH ACCLAIMED STREAMER AND BUSINESSWOMAN JESSICA BLEVINS

In late October, ROCCAT announced a new partnership with popular online personality, gamer, entrepreneur, and businesswoman for the world-renowned Team Ninja brand Jessica Blevins. Jessica streams a wide variety of content on Twitch to a dedicated and loyal following. Her Twitch streams and content have reached over 450k fans, and her TikTok channel has nearly 900k followers. Jessica has amassed over 1 million followers on Instagram and has 584,900 followers on Twitter, and she has been recognized by publications such as Forbes and Business Insider.



### TURTLE BEACH PARTNERS WITH LEADING MEXICAN TV AND ESPORTS GAMING ICON JAVIER RODRIGUEZ

In mid-October, Turtle Beach announced it has partnered with Mexican TV personality, producer, content creator, and host **Javier Rodriguez**. **Rodriguez** has been behind the mic or in front of the camera since he was a child and has built a loyal following based on his many TV hosting roles over several decades. An avid and respected gamer, **Javier Rodriguez** also pioneered esports in Mexico with his support and creation of the competitive Mexican Esports Federation.



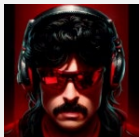
### TURTLE BEACH & ROCCAT WEBSITES RECOGNIZED WITH PRESTIGIOUS 2021 W3 AWARDS

In early October, Turtle Beach and ROCCAT announced their redesigned websites were recognized with Gold and Silver w3 Awards by the prestigious Academy of Interactive and Visual Arts. The w3 Awards recognize creative excellence on the Web and the creative and marketing professionals behind award-winning Websites, Video, Podcasts, Marketing, Mobile, and Social Media. The awards are fitting punctuations to Turtle Beach and ROCCAT's dedication and effort to level-up the brand's online shopping experiences.

# U.S. PARTNERSHIPS



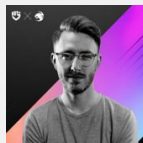
**SypherPK – RC**  
14M Reach



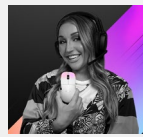
**Dr. Disrespect – TB/RC**  
7M Reach



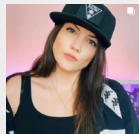
**Castro\_1021 – TB**  
7M Reach



**GoldGlove – RC**  
3M Reach



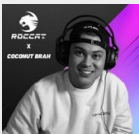
**Jessica Blevins – RC**  
2.5M Reach



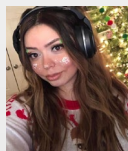
**KayPea – TB/RC**  
2M Reach



**Josh Hart – TB/RC**  
1M Reach



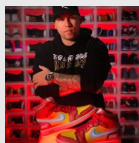
**Coconut Brah – RC**  
2M Reach



**Adept – TB/RC**  
877k Reach



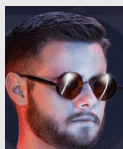
**Grayson Allen – TB**  
650k Reach



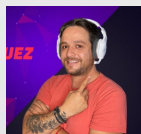
**Kickstradomis – TB/RC**  
565k Reach



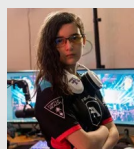
**Immanuel Quickley – TB/RC**  
274k Reach



**Archonaut – TB/RC**  
273k Reach



**Javier Rodriguez – TB**  
132k Reach



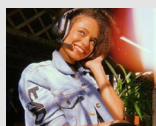
**FabuRocks – TB/RC**  
89k Reach



**Cburtney – TB/RC**  
53k Reach



**88bitmusic – TB/RC**  
44k Reach

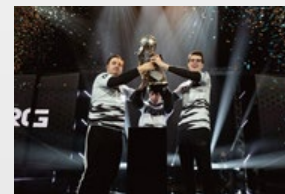


**BlackKrystal – TB/RC**  
42k Reach



**Erin Simon – TB/RC**  
38k Reach

Over 900M Gamers in the Americas and Europe and over 225M esports enthusiasts globally<sup>(1)</sup>



**NRG Esports**  
A leading collective of top influencers and world champion esports teams



**2021 Official Mouse and Keyboard Partner**  
RIOT LCS League of Legends Tournament



**UCSD Esports**  
1<sup>st</sup> Collegiate Partnership



**Team WaR**  
Rising amateur CoD team

*Titles shown represent games played by our partner esports teams and influencers and do not indicate a partnership with the publisher*

1. Newzoo Global Esports September 2021 and Global Games Market Report January 2021

# FULL YEAR FINANCIAL OVERVIEW



\$ Millions (except per-share data)	2020	2021	Commentary
<b>Revenue</b>	\$360.1 (\$357.9 in constant currency)	\$366.4 (\$359 in constant currency)	Growth following record 2020. Exceptionally strong first half due to stimulus checks and ongoing lockdowns. Weak holiday market, particularly in console market. Strong growth in PC and new categories.
<b>Gross Margin</b>	37.2%	35%	Year-over-year change was primarily due to higher logistics costs and more normalized holiday promotional activity compared to 2020.
<b>Operating Expenses</b>	\$84.6	\$108.0	Full-year run-rate of costs added in 2020 to support 53% increase in revenues, record new product launches, geographic expansion and marketing investments to support those growth activities.
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$61.4	\$36.6	Reflects above factors.
<b>Net Income</b>	\$38.7	\$17.7	Reflects above factors.
<b>Diluted EPS</b>	\$2.37	\$0.97	Reflects above factors.
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$2.22	\$1.11	Reflects above factors.
<b>Diluted Shares</b>	16.4M	18.3M	See appendix.

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



# QUARTERLY FINANCIAL OVERVIEW



\$ Millions (except per-share data)	Q4 2020	Q4 2021	Commentary
<b>Revenue</b>	\$132.9 (\$131.2 in constant currency)	\$109.4 (\$108.5 in constant currency)	Quarterly revenue decreased due to weak overall holiday gaming trends, particularly in console gaming: reduced foot traffic, console supply constraints, and disappointing AAA video game releases.
<b>Gross Margin</b>	35.8%	32.5%	Quarter-over-quarter change was primarily due to increased freight costs, more normalized level of promotional activity during holiday, and reduced operating leverage.
<b>Operating Expenses</b>	\$27.6	\$29.3	Increase mainly driven by incremental product development investments in the new categories entered in 2021 and continued expansion of our PC accessories portfolio.
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$23.6	\$9.6	Reflects above factors.
<b>Net Income</b>	\$16.3	\$4.5	Reflects above factors.
<b>Diluted EPS</b>	\$0.93	\$0.25	Reflects above factors.
<b>Adjusted Diluted EPS<sup>(1)</sup></b>	\$0.84	\$0.16	Reflects above factors.
<b>Diluted Shares</b>	17.6M	18.3M	See appendix.

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

# BALANCE SHEET



<b>Balance Sheet Highlights</b> \$ Millions		
	<b>At December 31, 2020</b>	<b>At December 31, 2021</b>
<b>Cash &amp; Cash Equivalents</b>	\$46.7	\$37.7
<b>Inventories</b>	\$71.3	\$101.9
<b>Revolver (asset-based)</b>	\$0	\$0
<b>Total Debt</b>	\$0	\$0

<b>Balance Sheet Comments</b>
<ul style="list-style-type: none"><li>➤ Increased product and component purchases due to longer freight transit times and to reduce risks of supply shortages.</li><li>➤ No outstanding borrowings under revolving credit facility as cash flows from operations were sufficient to fund the Company's working capital needs</li><li>➤ Strong balance sheet with no outstanding debt.</li></ul>

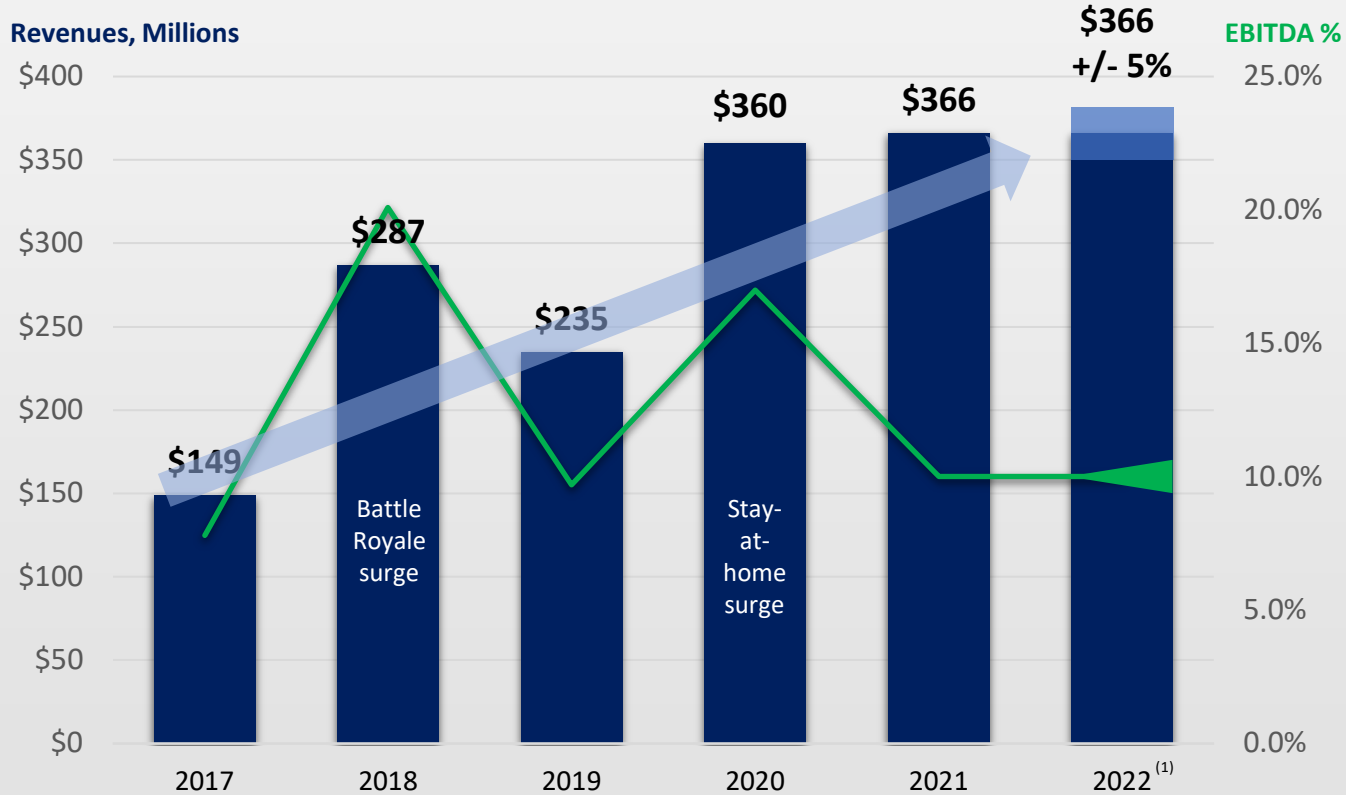
## 2022 OUTLOOK<sup>(1)</sup>



	2022	2022 Outlook Commentary
Net Revenue	\$366M +/- 5%	Net revenue is expected to be approximately flat, plus or minus 5%, from record 2021 revenues. The mid-point reflects anticipated growth in sell-through and share gains in all categories offset by a reduction in channel inventory and the expectation that console and PC markets may decline somewhat from 2021 given the absence of stimulus checks and stay-at-home orders that drove an exceptionally strong first half in 2021.
Gross Margin	Low 30%'s	Margins expected to be roughly 2-3% below the Company's target range of mid-30's, reflecting the impact of higher freight and component costs, as well as the expected return to normal promotional levels, partially offset by factoring higher costs into new product pricing.
Adj. EBITDA Margin	9% - 11%	Adjusted EBITDA margin expected to be within or slightly below our 10+% target due to the factors stated above.
Adj. EPS	\$0.70 - \$1.20	Reflects above factors; anticipates full year effective tax rate of 25%.
Diluted Shares	~17.5M	



# REVENUE AND EBITDA PROFILE AND TARGETS



## TAM Expanded from \$1.7B to \$8.8B<sup>(2)</sup>

- PC Accessories added 2019
- Gaming controllers added 2021
- Simulation accessories added 2021
- Microphones added 2021

## 2022 Guidance<sup>(1)</sup>

- \$366M +/- 5%
- Growth weighted to 2<sup>nd</sup> half
- EBITDA Margin 9-11%
- Impacted by freight costs

## Long-Term Targets

- 10-20% revenue growth
- Mid 30's gross margins
- EBITDA margins of 10%+ & growing

1. Guidance provided March 2, 2022

2. Newzoo Peripheral Market Forecast, October 2021 and internal estimates

## TURTLE BEACH EARNINGS

### 2021 Summary Key Takeaways

- Delivered year-over-year revenue growth following record full-year in 2020 despite supply chain constraints
- Continued leadership in the \$1.7B<sup>(1)</sup> console gaming headset market for the 12<sup>th</sup> consecutive year of 40% or higher market share<sup>(2)</sup>
- Strong progress in pursuit of \$3.8B<sup>(1)</sup> PC accessories market with 23 new ROCCAT PC products launched and share gains in all core markets
- Entered gaming controllers, flight simulation, and microphones, expanding our portfolio into three rapidly growing markets
- On track to generate ~ \$100 million in non-console-headset revenues in 2022 (ahead of plan)
- Strong balance sheet with no debt

1. Newzoo Peripheral Market Forecast, October 2021 and internal estimates

2. The NPD Group/U.S./Retail Tracking Service/Video Games/Dollars/Annual 2021



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# APPENDIX





# GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

## FOURTH QUARTER 2021 COMPARED TO 2020

	Three Months Ended	
	December 31, 2021	December 31, 2020
<u>Net Income</u>		
GAAP Net Income	\$ 4,539	\$ 16,303
Adjustments, net of tax:		
Non-recurring business costs	409	-
Gain on acquisition-related settlement	-	-
Change in fair value consideration	(1,928)	(1,631)
Acquisition integration costs	(186)	124
Non-GAAP Earnings	<u>\$ 2,834</u>	<u>\$ 14,796</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ 0.25	\$ 0.93
Non-recurring business costs	0.02	-
Gain on acquisition-related settlement	-	-
Change in fair value consideration	(0.11)	(0.09)
Acquisition integration costs	(0.01)	0.01
Non-GAAP- Diluted	<u>\$ 0.16</u>	<u>\$ 0.84</u>





# GAAP NET INCOME TO ADJUSTED NET INCOME RECONCILIATION

## FULL YEAR 2021 COMPARED TO 2020

	Twelve Months Ended	
	December 31, 2021	December 31, 2020
<u>Net Income</u>		
GAAP Net Income	\$ 17,721	\$ 38,746
Adjustments, net of tax:		
Non-recurring business costs	4,339	-
Gain on acquisition-related settlement	-	(1,702)
Change in fair value consideration	(1,928)	(1,121)
Acquisition integration costs	69	405
Non-GAAP Earnings	<u>\$ 20,201</u>	<u>\$ 36,328</u>
Diluted Earnings Per Share		
GAAP- Diluted	\$ 0.97	\$ 2.37
Non-recurring business costs	0.24	-
Gain on acquisition-related settlement	-	(0.10)
Change in fair value consideration	(0.11)	(0.07)
Acquisition integration costs	0.00	0.02
Non-GAAP- Diluted	<u>\$ 1.11</u>	<u>\$ 2.22</u>



# GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

## THREE MONTHS ENDED DECEMBER 31, 2021

	Three Months Ended December 31, 2021					
	As	Adj	Adj	Adj	Adj	Adj
	Reported	Depreciation	Amortization	Stock Compensation	Other <sup>(1)</sup>	EBITDA
Net revenue	\$ 109,430	\$ -	\$ -	\$ -	\$ -	\$ 109,430
Cost of revenue	<u>73,885</u>	<u>(549)</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>73,375</u>
<b>Gross Profit</b>	<b>35,545</b>	<b>549</b>	<b>-</b>	<b>(39)</b>	<b>-</b>	<b>36,055</b>
Operating expenses	<u>29,327</u>	<u>(584)</u>	<u>(315)</u>	<u>(2,470)</u>	<u>(255)</u>	<u>25,703</u>
<b>Operating income</b>	<b>6,218</b>	<b>1,133</b>	<b>315</b>	<b>2,431</b>	<b>255</b>	<b>10,352</b>
Interest expense	112					
Other non-operating expense (income), net	<u>(1,200)</u>				1,928	<u>728</u>
Income before income tax	7,306					
Income tax expense	<u>2,767</u>					
<b>Net income</b>	<b>\$ 4,539</b>					
					<b>Adjusted EBITDA</b>	<b>\$ 9,624</b>

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



## GAAP NET INCOME TO ADJUSTED EBITDA RECONCILIATION

### TWELVE MONTHS ENDED DECEMBER 31, 2021

	As	Adj	Adj	Adj	Other <sup>(1)</sup>	Adj
	Reported	Depreciation	Amortization	Stock Compensation		EBITDA
Net revenue	\$ 366,354	\$ -	\$ -	\$ -	\$ -	\$ 366,354
Cost of revenue	<u>237,971</u>	<u>(1,654)</u>	<u>-</u>	<u>(343)</u>	<u>-</u>	<u>235,974</u>
<b>Gross Profit</b>	<b>128,383</b>	<b>1,654</b>	<b>-</b>	<b>343</b>	<b>-</b>	<b>130,380</b>
Operating expenses	<u>107,952</u>	<u>(2,398)</u>	<u>(1,261)</u>	<u>(7,313)</u>	<u>(5,012)</u>	<u>91,968</u>
<b>Operating income</b>	<b>20,431</b>	<b>4,052</b>	<b>1,261</b>	<b>7,656</b>	<b>5,012</b>	<b>38,412</b>
Interest expense	383					
Other non-operating expense (income), net	<u>(101)</u>				1,928	<u>1,827</u>
Income before income tax	20,149					
Income tax benefit	<u>2,428</u>					
<b>Net income</b>	<b><u>\$ 17,721</u></b>					<b>Adjusted EBITDA \$ <u>36,585</u></b>

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