



NEWS RELEASE

# Turtle Beach Reports Selected Preliminary 2019 Results

2020-02-12

SAN DIEGO, Feb. 12, 2020 /PRNewswire/ — **Turtle Beach Corporation** (Nasdaq: HEAR), a leading gaming audio and accessory brand, is providing selected preliminary unaudited fourth quarter and full-year 2019 results.

Based on preliminary unaudited information, Turtle Beach expects to report fourth quarter 2019 sales between \$100 million and \$102 million compared to \$111.3 million reported in the fourth quarter of 2018. For the full year 2019, sales are expected to be between \$233 million and \$235 million compared to \$287.4 million in 2018.

“Our 2019 sales were the second highest in Turtle Beach’s history and played out very close to our expectations throughout 2019,” said Juergen Stark, CEO, Turtle Beach. “While last year’s performance was strong, headset sales in 2018 saw an extraordinary surge thanks to the popularity of Battle Royale games, which led to an overall decline in 2019 sales, as anticipated.

“Consistent with the initial outlook we provided in March of last year, full year industry-wide retail sales of console headsets were down 21% in 2019. According to NPD, our North America market share was 43.4% in 2019, down slightly from 45.7% in 2018 as expected. We continued to lead the market with our 2019 share higher than that of the next three largest console headset makers combined.<sup>1</sup> With the acquisition of ROCCAT in May of 2019, our expansion into the PC gaming accessories market showed strong year-over-year revenue growth.”

Preliminary diluted earnings per share for the fourth quarter are expected to be between \$0.64 and \$0.75 compared to \$1.33 in the fourth quarter of 2018. For the full year 2019, preliminary diluted earnings per share are expected to be between \$0.40 and \$0.50 compared to \$2.74 in 2018. Preliminary adjusted diluted earnings per share for the fourth quarter are expected to be between \$0.67 and \$0.78 compared to \$1.33 in the fourth quarter of 2018<sup>2</sup>. For the full year 2019, preliminary adjusted diluted earnings per share are expected to be between \$0.57

and \$0.69 compared to \$3.05 in 2018.<sup>1</sup>

The preliminary earnings per share estimate ranges assume an effective tax rate of approximately 20% and exclude potentially material positive or negative impacts from finalization of the tax provision, completion of the annual goodwill assessment, and other potential adjustments.

Adjusted EBITDA in the fourth quarter is expected to be between \$15 million and \$17 million compared to \$25.0 million in the fourth quarter of 2018. Adjusted EBITDA for the full year 2019 is expected to be between \$21 million and \$23 million compared to \$57.7 million in 2018.

Mr. Stark added, "We are very excited about the new consoles from Sony and Microsoft slated for release in the fourth quarter this year. We expect the console gaming market to be soft during this transition period until the new consoles are available at retail and then we expect the market to return to growth in 2021. In addition, we anticipate continued growth this year in our PC gaming accessories sales and plan to increase our investments in this product area to position ourselves for long-term success in the PC market. We will be providing a more detailed outlook when we report our fourth quarter and full year 2019 results in mid-March."

<sup>1</sup>Source: The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. and Canada/Jan- Dec 2019 update

#### <sup>2</sup>Important Note on 2019 Preliminary Estimates:

The financial information included herein for the fourth quarter and full year 2019 are preliminary, unaudited estimates and may change materially, including as a result of the finalization of financial statements for the Company's fourth quarter and full year ended December 31, 2019, review of inventory levels that could require additional reserves, review of sales-related reserves, review of the provision for income taxes, including an assessment of any valuation allowance, completion of the annual goodwill assessment, finalization of the audit by the Company's independent registered public accounting firm, and other factors and adjustments related to the Company's financial reporting process. The preliminary, unaudited estimates are based on the Company's internal estimates and information available as of the date hereof. There can be no assurance that our final results for the year will not differ from these estimates and that such changes will not be material; accordingly, these statements should not be viewed or relied upon as a substitute for complete audited financial statements prepared in accordance with generally accepted accounting principles (GAAP) or as a measure of our actual performance. The Company's final audited results for fourth quarter and full year 2019 are expected to be released by mid-March 2020.

The Company has included in this release of preliminary results adjusted EBITDA and adjusted earnings per share, which the Securities and Exchange Commission defines as "non-GAAP financial measures." Management believes

that adjusted EBITDA and adjusted earnings per share, when read in conjunction with the Company's GAAP financial measures, 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, including but not limited to the integration and transaction costs related to the ROCCAT acquisition. "Adjusted earnings per share" is defined by the Company as net income (loss) excluding integration and transaction costs related to the acquisition of the ROCCAT business and excluding the effect of the mark-to-market requirement of the financial instrument obligation, and certain special items that we believe are not representative of core operations, divided by the weighted average diluted number of shares. The Company will provide a reconciliation of non-GAAP measures to the related GAAP measure in its fourth quarter and full year 2019 earnings release in mid-March 2020.

### About Turtle Beach Corporation

Turtle Beach ([www.turtlebeach.com](http://www.turtlebeach.com)) is a leading gaming audio and accessory brand, offering a wide selection of cutting-edge, award-winning gaming headsets. Whether you're a professional esports athlete, hardcore gamer, casual player, or just starting out, Turtle Beach has the gaming headset to help you truly master your skills. Innovative and advanced technology, amazing high-quality gaming audio, crystal-clear communication, lightweight and comfortable designs, and ease-of-use are just a few features that make Turtle Beach a fan-favorite brand for gamers the world over. Designed for Xbox, PlayStation®, and Nintendo consoles as well as for PC, Mac®, and mobile/tablet devices, owning a Turtle Beach gaming headset gives you the competitive advantage. In 2019 Turtle Beach acquired ROCCAT, a leading PC accessories maker that combines detail-loving German innovation with a genuine passion for designing the best PC gaming products. Turtle Beach's shares are traded on the Nasdaq Exchange under the symbol: **HEAR**.

### Cautionary Note on Forward-Looking Statements

This press release includes forward-looking information and statements within the meaning of the federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. 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 belief 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, 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 integration of any businesses we acquire and the integration of such businesses within our internal control over financial reporting and operations, our indebtedness, the Company's liquidity, and other factors discussed in our public filings, including the risk factors included in the Company's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, and the Company's other periodic reports. 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.

All trademarks are the property of their respective owners.

View original content to download multimedia: <http://www.prnewswire.com/news-releases/turtle-beach-reports-selected-preliminary-2019-results-301004023.html>

SOURCE Turtle Beach Corporation

For Investor Information, Cody Slach or Sean McGowan, Gateway Investor Relations, On Behalf of Turtle Beach, 949.574.3860, HEAR@gatewayir.com or For Media Information, MacLean Marshall, Sr. Director – Brand & PR/Communications, Turtle Beach Corp., 858.914.5093, maclean.marshall@turtlebeach.com