



Corsair

Third Quarter 2020 Financial Results

November 10, 2020



Disclaimer

Forward Looking Statements

This presentation contains forward looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the Company's results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking statements, including, but not limited to: information or predictions concerning the Company's future financial performance, business plans and objectives, potential growth opportunities, financing plans, competitive position, technological, industry or market trends and potential market opportunities. These statements are based on estimates and information available to the Company at the time of this presentation and are not guarantees of future performance. Actual results could differ materially from the Company's current expectations as a result of many factors, including, but not limited to: the Company's ability to build and maintain the strength of its brand among gaming and streaming enthusiasts and its ability to continuously develop and successfully market new gear and improvements to existing gear; the introduction and success of new third-party high-performance computer hardware, particularly graphics processing units and central processing units, as well as sophisticated new video games; fluctuations in operating results; the risk that the Company is not able to compete with competitors and/or that the gaming industry, including streaming and eSports, does not grow as expected or declines; the loss or inability to attract and retain key management; delays or disruptions at manufacturing and distribution facilities of the Company or third parties; currency exchange rate fluctuations or international trade disputes resulting in the Company's gear becoming relatively more expensive to its overseas customers or resulting in an increase in the Company's manufacturing costs; the impact of the coronavirus on the Company's business; and general economic conditions that adversely effect, among other things, the financial markets and consumer confidence and spending. The Company assumes no obligation, and does not intend, to update these forward-looking statements, except as required by law. Investors are urged to review in detail the risks and uncertainties outlined in Corsair's Securities and Exchange Commission filings, including but not limited to Corsair's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 as well as the Risk Factors contained therein. You may get these documents for free by visiting EDGAR on the SEC website at <http://www.sec.gov>.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures, such as adjusted EBITDA, which are not recognized under the generally accepted accounting principles ("GAAP") in the United States and designed to complement the financial information presented in accordance with GAAP in the United States because management believes such measures are useful to investors. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation of, or as an alternative to, measures prepared in accordance with U.S. GAAP. The non-GAAP measures used by the Company may differ from the non-GAAP measures used by other companies. The Company urges you to review the reconciliation of its non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures set forth in the Appendix to this presentation, and not to rely on any single financial measure to evaluate the Company's business.

Market & Industry Data

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to the Company's industry, the Company's business and the market for the Company's products and its future growth. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of the Company's future performance and the future performance of the market for its products are necessarily subject to a high degree of uncertainty and risk.

Unless otherwise specified, all figures are as of September 30, 2020.

Q3 2020 Key Takeaways

Strong Revenue and EBITDA Growth

Robust Pipeline of Product Innovation

Strong Cash Flow Generation Used to Repay Outstanding Debt

Successful IPO in September 2020 Leaves Corsair Well-Positioned to Drive Continued Execution of Growth Strategy





What's new from Corsair

Robust Pipeline of Product Innovation



K100 RGB Gaming Keyboard



K60 RGB PRO Mechanical Gaming Keyboard



HS75 XB WIRELESS Gaming Headset:
Corsair's first officially licensed headset for
Microsoft® Xbox



iCUE ELITE CAPELLIX CPU Coolers



4000 Series of Mid-Tower Cases



EpocCam

K100 RGB Gaming Keyboard

New Flagship Gaming Keyboard:

Every detail built for speed

New CORSAIR AXON Hyper-Processing Technology, delivers your inputs up to four times faster than conventional gaming keyboards

The first keyboard to offer CORSAIR OPX Optical-mechanical keyswitches (also available with CHERRY MX Speed)

New programmable multi-function iCUE control dial puts more control at your fingertips

44-Zone RGB LightEdge and individually backlit keys light up your gaming setup like never before

A fully-loaded Gaming keyboard – premium aluminum construction, PBT keycaps, detachable memory foam wrist-rest and more



Coaching & Training

Pipeline

Corsair has partnered with Pipeline, a course-based education platform to help streamers improve their quality and increase their viewers

Gamer Sensei

Corsair recently acquired Gamer Sensei, one of the top platforms for connecting Gamers with Coaches who help them improve their gameplay



EpocCam

Turn Your Phone into a Webcam

Corsair recently acquired EpocCam, a popular App that allows your iPhone to be configured as a WEBCAM, and connect wirelessly to your PC or Mac

EpocCam is one of the most popular Apps in the Apple store in the photo and video category

EpocCam provides an additional video solution to Corsair's Elgato product portfolio



Financial Results



Third Quarter 2020 Financial Highlights

Strong Sales Growth and Profitability

Net revenue growth of 60.7% to \$457.1 million and adjusted EBITDA growth of 184.9% to \$63.7 million, driven by strong demand across all of our product lines as consumers spend more time working and gaming at home

Gross margin of 28.0%, an increase of 680 basis points, driven by faster than average sales volume of higher margin products and lower promotional activity

Adjusted operating income growth of 193.7% to \$61.4 million, driven by increased sales leverage

Cash flow from operations of \$24.7 million

	Q3'20	Q3'19	Y/Y
Net Revenue	\$457.1	\$284.4	60.7%
Gross Profit	\$127.9	\$60.2	112.4%
Gross Profit Margin	28.0%	21.2%	680 bps
Operating Income	\$49.7	\$11.0	353.6%
Adjusted Operating Income	\$61.4	\$20.9	193.7%
Net Income	\$36.4	\$1.5	2,293.5%
Earnings per Share (diluted)	\$0.40	\$0.02	
Adjusted Net Income	\$48.5	\$10.0	384.0%
Adjusted Earnings per Share (diluted)	\$0.54	\$0.13	
Adjusted EBITDA	\$63.7	\$22.4	184.9%

Gamer and Creator Peripherals

Gamer and Creator Peripherals segment net revenue growth of 128.8%, driven by sales of Elgato branded streaming products, gaming chairs, headsets, and the contribution from SCUF

Gamer and Creator Peripherals segment net revenue was 35.3% of total net revenue, an increase of 1050 basis points year-over-year

Gamer and Creator Peripherals segment gross profit was \$60.0 million, an increase of \$40.1 million

Gamer and Creator Peripherals segment gross margin was 37.1%, an increase of 880 basis points, driven by increasing sales of higher margin products, coupled with less promotional activities

	Q3'20	Q3'19	Y/Y
Net Revenue	\$161.6	\$70.6	128.8%
% of Total Net Revenue	35.3%	24.8%	1050 bps
Gross Profit	\$60.0	\$19.9	200.8%
Gross Profit Margin	37.1%	28.3%	880 bps



Gaming Components and Systems

Gaming Components and Systems segment net revenue growth of 38.3%, driven by strong sales across all products

Gaming Components and Systems segment gross profit was \$67.9 million, an increase of 68.7% year-over-year

Gaming Components and Systems segment gross margin was 23.0%, an increase of 420 basis points, driven by increasing sales of higher margin products, coupled with less promotional activities

	Q3'20	Q3'19	Y/Y
Net Revenue	\$295.5	\$213.8	38.3%
% of Total Net Revenue	64.7%	75.2%	
Gross Profit	\$67.9	\$40.3	68.7%
Gross Profit Margin	23.0%	18.8%	420 bps



Debt Summary

(\$ in millions)	September 30, 2020
Cash (excluding restricted cash)	\$116.2
Term Loan ⁽¹⁾	\$376.9
Total debt ⁽¹⁾	\$376.9
Net debt ⁽¹⁾	\$260.7
LTM Adjusted EBITDA ⁽²⁾	\$168.9
Total debt / LTM Adjusted EBITDA	2.2x
Net debt / LTM Adjusted EBITDA	1.5x

Successful IPO in September 2020 raised net proceeds of \$118.6 million

Repaid \$86.6 million of outstanding debt from IPO proceeds during Q3 2020 and additional \$40 million prior to IPO from operating cash flow

Strong financial position with \$116.2 million of cash and \$48 million of available capacity under our revolver

(1) Face value of debt

(2) See appendix for non-GAAP reconciliations

Full Year 2020 Financial Guidance

Financial Metrics	Guidance
Revenue	\$1,616 million to \$1,631 million
Adjusted Operating Income	\$178 million to \$184 million
Adjusted EBITDA	\$187 million to \$193 million

Full year 2020 guidance is based upon the following estimates and assumptions:

- Interest expense of approximately \$5 million per quarter (assumes no debt pay down)
- An effective tax rate of approximately 20% to 22% for Q4 2020
- Full-year weighted average diluted shares outstanding of approximately 91 million with approximately 100 million for Q4 2020

A detailed view of a Corsair liquid cooling system installed in a white PC case. The system features several fans with blue and purple LED lighting, clear blue tubing, and a reservoir. The Corsair logo is visible on the top of the case and on the tubing. The word "Appendix" is overlaid in large white text.

Appendix



GAAP to Non-GAAP Reconciliations

Corsair Gaming, Inc. (Unaudited, in thousands, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating Income – GAAP	\$49,721	\$10,962	\$99,468	\$9,489
Acquisition accounting impacts related to recognizing acquired inventory at fair value	-	-	394	-
Stock-based compensation	1,631	867	4,286	2,813
Intangible asset amortization	8,505	7,408	25,344	23,552
Acquisition-related and integration-related costs	726	1,270	2,476	1,849
Executive transition costs	-	129	-	540
Non-deferred IPO costs	451	259	1,205	911
Debt modification costs	335	-	623	-
Adjusted Operating Income – Non-GAAP	\$61,369	\$20,895	\$133,796	\$39,154
<i>As a % of net revenue – GAAP</i>	<i>10.9%</i>	<i>3.9%</i>	<i>8.7%</i>	<i>1.2%</i>
<i>As a % of net revenue – Non-GAAP</i>	<i>13.4%</i>	<i>7.3%</i>	<i>11.7%</i>	<i>5.1%</i>

GAAP to Non-GAAP Reconciliations

Corsair Gaming, Inc. (Unaudited, in thousands, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss) – GAAP	\$36,357	\$1,519	\$60,174	\$(14,406)
Acquisition accounting impacts related to recognizing acquired inventory at fair value	-	-	394	-
Stock-based compensation	1,631	867	4,286	2,813
Intangible asset amortization	8,505	7,408	25,344	23,552
Acquisition-related and integration-related costs	726	1,270	2,476	1,849
Executive transition costs	-	129	-	540
Non-deferred IPO costs	451	259	1,205	911
Debt modification costs	335	-	623	-
Loss on debt extinguishment	2,864	-	3,256	-
Non-GAAP income tax adjustment	(2,386)	(1,435)	(5,818)	(4,596)
Adjusted Net Income – Non-GAAP	\$48,483	\$10,017	\$91,940	\$10,663
Diluted Net income per share:				
GAAP	\$0.40	\$0.02	\$0.69	\$(0.19)
Adjusted, Non-GAAP	\$0.54	\$0.13	\$1.05	\$0.14
Shares used to compute diluted net income per share:				
GAAP	90,084	77,884	87,499	75,928
Adjusted, Non-GAAP	90,084	77,884	87,499	77,713

Adjusted EBITDA Reconciliation

Corsair Gaming, Inc. (Unaudited, in thousands, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss) – GAAP	\$36,357	\$1,519	\$60,174	\$(14,406)
Acquisition accounting impacts related to recognizing acquired inventory at fair value	-	-	394	-
Stock-based compensation	1,631	867	4,286	2,813
Acquisition-related and integration-related costs	726	1,270	2,476	1,849
Executive transition costs	-	129	-	540
Non-deferred IPO costs	451	259	1,205	911
Debt modification costs	335	-	623	-
Intangible asset amortization	8,505	7,408	25,344	23,552
Depreciation	2,341	1,871	6,705	5,448
Interest expense (include loss on debt extinguishment)	10,170	9,119	29,116	27,063
Tax expense (benefit)	3,217	(75)	10,149	(4,645)
Adjusted EBITDA – Non-GAAP	\$63,733	\$22,367	\$140,472	\$43,125
Adjusted EBITDA margin – Non-GAAP	13.9%	7.9%	12.3%	5.6%



THANKS!

