



Q2 2016 Preliminary Earnings Results Summary

July 27, 2016



SAFE HARBOR STATEMENT

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events, including but not limited to, those regarding our business outlook for the full year of 2016. These statements involve risks and uncertainties, and actual events or results may differ materially. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are our dependence on sales of our capture devices for substantially all of our revenue and the effect of a fall in sales during the holiday season; the fact that we do not expect to continue to grow in the future at the same rate as we have in the past, that we may fail to manage our growth, and profitability in recent periods might not be indicative of future performance; any inability to successfully manage frequent product introductions and transitions or to anticipate consumer preferences and successfully develop desirable products; the risks associated with our expected entrance into the consumer drone market; the effects of the highly competitive market in which we operate; the risks related to inventory, purchase commitments and long-lived assets; difficulty in accurately predicting our future customer demand; the importance of maintaining the value and reputation of our brand; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2015, which is on file with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof or as of the date otherwise stated herein. GoPro disclaims any obligation to update these forward-looking statements.

USE OF NON-GAAP METRICS

We report gross margin, operating expenses, operating income (loss), net income (loss) and diluted net income (loss) per share in accordance with U.S. generally accepted accounting principles (GAAP) and additionally on a non-GAAP basis. Non-GAAP items exclude, where applicable, the effects of stock-based compensation, acquisition-related costs, restructuring costs and the tax impact of these items. Additionally, we report non-GAAP adjusted EBITDA. We believe that non-GAAP information is useful because it can enhance the understanding of our ongoing economic performance. We use non-GAAP reporting internally to evaluate and manage our operations. We have chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how we analyze our own operating results.

A full reconciliation of GAAP to non-GAAP financial data can be found in the appendix to this slide package and in our Q2 2016 earnings press release issued on **July 27, 2016**, which should be reviewed in conjunction with this presentation.

QUARTERLY NON-GAAP INCOME STATEMENT SUMMARY

<i>(\$ in millions, except EPS)</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue	\$ 220.8	\$ 183.5	\$ 436.6	\$ 400.3	\$ 419.9	\$ 363.1	\$ 633.9	\$ 280.0	\$ 244.6
Units shipped <i>(in thousands)</i>	759	701	2,002	1,593	1,647	1,342	2,385	1,089	854
Gross margin*	42.4%	33.0%	29.6%	46.8%	46.4%	45.2%	48.0%	44.5%	42.2%
Operating expenses*	\$ 182.9	\$ 157.5	\$ 150.8	\$ 139.8	\$ 129.1	\$ 115.1	\$ 111.1	\$ 96.8	\$ 85.4
Operating income (loss)*	\$ (89.3)	\$ (96.8)	\$ (21.6)	\$ 47.5	\$ 65.8	\$ 49.1	\$ 193.2	\$ 27.6	\$ 17.8
Net income (loss)*	\$ (72.6)	\$ (86.7)	\$ (11.4)	\$ 36.6	\$ 50.7	\$ 35.6	\$ 144.9	\$ 18.0	\$ 11.8
Diluted earnings (loss) per share*	\$ (0.52)	\$ (0.63)	\$ (0.08)	\$ 0.25	\$ 0.35	\$ 0.24	\$ 0.99	\$ 0.12	\$ 0.08
Adjusted EBITDA*	\$ (76.8)	\$ (86.8)	\$ (9.3)	\$ 56.7	\$ 75.3	\$ 56.5	\$ 202.9	\$ 36.2	\$ 25.7
Headcount	1,621	1,483	1,539	1,460	1,284	1,076	970	869	776

* Non-GAAP metric. See reconciliation in Appendix.

QUARTERLY REVENUE METRICS

(\$ in millions)	Q2 2016		Q1 2016		Q4 2015		Q3 2015		Q2 2015	
	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev
Revenue by Channel:										
Direct	\$ 128.0	58.0%	\$ 83.9	45.7%	\$ 290.8	66.6%	\$ 190.8	47.7%	\$ 197.8	47.1%
Distribution	92.8	42.0	99.6	54.3	145.8	33.4	209.5	52.3	222.1	52.9
Total Revenue	\$ 220.8	100.0%	\$ 183.5	100.0%	\$ 436.6	100.0%	\$ 400.3	100.0%	\$ 419.9	100.0%
Revenue by Geography:										
Americas	\$ 124.6	56.4%	\$ 85.3	46.5%	\$ 285.5	65.4%	\$ 190.8	47.7%	\$ 212.3	50.5%
Europe	60.7	27.5	60.3	32.8	102.3	23.4	156.6	39.1	137.2	32.7
Asia and Pacific area	35.5	16.1	37.9	20.7	48.8	11.2	52.9	13.2	70.4	16.8
Total Revenue	\$ 220.8	100.0%	\$ 183.5	100.0%	\$ 436.6	100.0%	\$ 400.3	100.0%	\$ 419.9	100.0%

SELECTED BALANCE SHEET METRICS

<i>(\$ in millions)</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Cash, cash equivalents and marketable securities	\$ 279.2	\$ 388.7	\$ 474.1	\$ 513.1	\$ 517.0	\$ 491.9	\$ 422.3	\$ 237.7	\$ 104.9
Days sales outstanding	27	23	30	27	25	26	26	30	18
Inventory	\$ 89.9	\$ 139.7	\$ 188.2	\$ 289.5	\$ 219.3	\$ 164.0	\$ 153.0	\$ 117.0	\$ 80.4
Annualized inventory turns	4.4x	3.0x	5.1x	3.4x	4.7x	5.0x	9.8x	6.3x	6.6x
Inventory days	64	102	55	122	88	74	42	68	51



APPENDIX

APPENDIX: GAAP TO NON-GAAP RECONCILIATION

To supplement our unaudited selected financial data presented on a basis consistent with GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross margin, operating expenses, operating income (loss), net income (loss), earnings (loss) per share and adjusted EBITDA. These non-GAAP measures are not in accordance with, nor serve as an alternative for GAAP. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our GAAP results of operations. These non-GAAP measures should only be viewed in conjunction with corresponding GAAP measures.

In calculating non-GAAP financial measures, we exclude certain items to facilitate a review of the comparability of our core operating performance on a period-to-period basis. The excluded items represent stock-based compensation and charges that are primarily driven by discrete events that we do not consider to be directly related to core operating performance. We use non-GAAP measures to evaluate the core operating performance of our business, for comparison with forecasts and strategic plans and for calculating return on investment. In addition, management's incentive compensation is determined using non-GAAP measures. Since we find these measures to be useful, we believe that investors benefit from seeing results reviewed by management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by facilitating:

- the comparability of our on-going operating results over the periods presented;
- the ability to identify trends in our underlying business; and
- the comparison of our operating results against analyst financial models and operating results of other public companies that supplement their GAAP results with non-GAAP financial measures.

APPENDIX: GAAP TO NON-GAAP RECONCILIATION

The following are explanations of each type of adjustment that we incorporate into non-GAAP financial measures:

- Stock-based compensation expense relates to equity awards granted primarily to our workforce. We exclude stock-based compensation expense because we believe that the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance. In particular, we note that companies calculate stock-based compensation expense for the variety of award types that they employ using different valuation methodologies and subjective assumptions. These non-cash charges are not factored into our internal evaluation of net income as we believe their inclusion would hinder our ability to assess core operational performance. We believe that excluding this expense provides greater visibility to the underlying performance of our business operations, facilitates comparison of our results with other periods, and may also facilitate comparison with the results of other companies in our industry.
- Acquisition-related costs include the amortization of acquired intangible assets (primarily consisting of acquired technology), and third-party transaction costs incurred for legal and other professional services. These costs are not factored into our evaluation of potential acquisitions, or of our performance after completion of the acquisitions, because they are not related to our core operating performance, and the frequency and amount of such costs vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses being acquired.
- Restructuring costs primarily include severance-related costs recorded in connection with our global workforce reduction in January 2016. We believe that excluding this expense provides greater visibility to the underlying performance of our business operations, facilitates comparison of our results with other periods, and may also facilitate comparison with the results of other companies in our industry.
- Adjustment for taxes relates to the tax effect of the adjustments that we incorporate into non-GAAP measures in order to provide a more meaningful measure of non-GAAP net income. We believe that these adjustments provide us with the ability to more clearly view trends in our core operating performance.
- Additionally, adjusted EBITDA excludes the amortization of point-of-purchase (POP) display assets because it is a non-cash charge, and similar to depreciation of property and equipment and amortization of acquired intangible assets.

APPENDIX: GAAP TO NON-GAAP RECONCILIATION

<i>(in thousands, except per share data)</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
GAAP net income (loss)	\$ (91,767)	\$ (107,459)	\$ (34,451)	\$ 18,799	\$ 35,031	\$ 16,752	\$ 122,260	\$ 14,620	\$ (19,841)
Stock-based compensation:									
Cost of revenue	412	357	449	410	350	283	280	233	154
Operating expenses	16,992	15,374	17,671	17,460	17,839	26,218	18,976	13,680	34,039
Total stock-based compensation	17,404	15,731	18,120	17,870	18,189	26,501	19,256	13,913	34,193
Acquisition-related costs:									
Cost of revenue	222	222	222	222	295	222	221	223	222
Operating expenses	2,453	2,176	1,323	1,743	1,223	120	76	53	54
Total acquisition-related costs	2,675	2,398	1,545	1,965	1,518	342	297	276	276
Restructuring costs:									
Cost of revenue	—	364	—	—	—	—	—	—	—
Operating expenses	—	6,144	—	—	—	—	—	—	—
Total restructuring costs	—	6,508	—	—	—	—	—	—	—
Income tax adjustments	(907)	(3,918)	3,390	(2,008)	(4,023)	(7,976)	3,085	(10,850)	(2,854)
Non-GAAP net income (loss)	\$ (72,595)	\$ (86,740)	\$ (11,396)	\$ 36,626	\$ 50,715	\$ 35,619	\$ 144,898	\$ 17,959	\$ 11,774
GAAP shares for diluted net income (loss) per share	138,942	137,543	137,086	146,055	146,781	148,573	146,723	145,186	82,936
Non-GAAP shares for diluted net income (loss) per share	138,942	137,543	137,086	146,055	146,781	148,573	146,723	145,186	139,704
Non-GAAP diluted net income (loss) per share	\$ (0.52)	\$ (0.63)	\$ (0.08)	\$ 0.25	\$ 0.35	\$ 0.24	\$ 0.99	\$ 0.12	\$ 0.08

APPENDIX: GAAP TO NON-GAAP RECONCILIATION

(\$ in thousands)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
GAAP gross margin	42.1%	32.5%	29.4%	46.6%	46.3%	45.1%	47.9%	44.3%	42.1%
Stock-based compensation	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	—
Acquisition-related costs	0.1	0.1	0.1	0.1	—	—	—	0.1	0.1
Restructuring costs	—	0.2	—	—	—	—	—	—	—
Non-GAAP gross margin	42.4%	33.0%	29.6%	46.8%	46.4%	45.2%	48.0%	44.5%	42.2%
GAAP operating expenses	\$ 202,379	\$ 181,149	\$ 169,805	\$ 158,994	\$ 148,202	\$ 141,465	\$ 130,125	\$ 110,582	\$ 119,535
Stock-based compensation	(16,992)	(15,374)	(17,671)	(17,460)	(17,839)	(26,218)	(18,976)	(13,680)	(34,039)
Acquisition-related costs	(2,453)	(2,176)	(1,323)	(1,743)	(1,223)	(120)	(76)	(53)	(54)
Restructuring costs	—	(6,144)	—	—	—	—	—	—	—
Non-GAAP operating expenses	\$ 182,934	\$ 157,455	\$ 150,811	\$ 139,791	\$ 129,140	\$ 115,127	\$ 111,073	\$ 96,849	\$ 85,442
GAAP operating income (loss)	\$ (109,377)	\$ (121,435)	\$ (41,294)	\$ 27,636	\$ 46,138	\$ 22,268	\$ 173,688	\$ 13,457	\$ (16,666)
Stock-based compensation	17,404	15,731	18,120	17,870	18,189	26,501	19,256	13,913	34,193
Acquisition-related costs	2,675	2,398	1,545	1,965	1,518	342	297	276	276
Restructuring costs	—	6,508	—	—	—	—	—	—	—
Non-GAAP operating income (loss)	\$ (89,298)	\$ (96,798)	\$ (21,629)	\$ 47,471	\$ 65,845	\$ 49,111	\$ 193,241	\$ 27,646	\$ 17,803

APPENDIX: ADJUSTED EBITDA RECONCILIATION

<i>(in thousands)</i>	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
GAAP net income (loss)	\$ (91,767)	\$ (107,459)	\$ (34,451)	\$ 18,799	\$ 35,031	\$ 16,752	\$ 122,260	\$ 14,620	\$ (19,841)
Income tax expense (benefit)	(16,950)	(14,283)	(6,521)	8,474	11,229	3,272	50,313	(2,947)	1,639
Interest (income) expense, net	117	(334)	(126)	140	155	65	1,029	1,284	1,390
Depreciation and amortization	9,482	8,323	9,596	7,594	6,422	5,369	5,176	4,781	4,177
POP display amortization	4,957	4,743	4,114	3,844	4,323	4,548	4,820	4,524	4,166
Stock-based compensation	17,404	15,731	18,120	17,870	18,189	26,501	19,256	13,913	34,193
Restructuring costs	—	6,508	—	—	—	—	—	—	—
Adjusted EBITDA	\$ (76,757)	\$ (86,771)	\$ (9,268)	\$ 56,721	\$ 75,349	\$ 56,507	\$ 202,854	\$ 36,175	\$ 25,724