



**Q4 2019  
Preliminary Earnings  
Results Summary**

February 5, 2020

This presentation may contain projections or other forward-looking statements within the meaning Section 27A of the Private Securities Litigation Reform Act. Words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “should,” “will” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements in this presentation may include, but are not limited to planned growth and increased profitability in 2020. 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 ability to effectively manage the Q3 2019 late stage production delay; the risk that our reduction in operating expenses may impact our ability to meet our business objectives and achieve our revenue targets, and may not result in the expected improvement in our profitability; our ability to continue to focus on expense management; the fact that our future growth depends in part on further penetrating our addressable market and growing internationally, and we may not be successful in doing so; any inability to successfully manage frequent product introductions (including roadmap for new hardware, software and subscription products) and transitions, including managing our sales channel and inventory, and accurately forecasting future sales; our reliance on third party suppliers, some of which are sole source suppliers, to provide components for our products and our reliance on third party logistics partners to deliver without interruption; our dependence on sales of our cameras, mounts and accessories, and subscription services for substantially all of our revenue (and the effects of changes in the sales mix or decrease in demand for these products); the fact that an economic downturn or economic uncertainty in our key U.S. and international markets, as well as fluctuations in currency exchange rates, may adversely affect consumer discretionary spending; any changes to trade agreements, trade policies, tariffs, and import/export regulations; the effects of manufacturing U.S.-bound production in Mexico; the effects of the highly competitive market in which we operate, including new market entrants; the fact that we may not be able to achieve revenue growth or profitability in the future; 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; the risk that the e-commerce technology systems that give consumers the ability to shop online do not function effectively; the risk that we will encounter problems with our distribution system; the threat of a security breach or other disruption including cyberattacks; the concern that our intellectual property and proprietary rights may not adequately protect our products and services; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2018, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, each of which is on file with the Securities and Exchange Commission, and as updated in future filings with the SEC including the Annual Report on Form 10-K for the year ended December 31, 2019. 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.

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 on a non-GAAP basis. 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 Q4 2019 earnings press release issued on February 5, 2020, which should be reviewed in conjunction with this presentation.

# QUARTERLY NON-GAAP INCOME STATEMENT SUMMARY



(\$ in millions, except per share data)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>Revenue</b>	\$ 528.3	\$ 131.2	\$ 292.4	\$ 242.7	\$ 377.4	\$ 285.9	\$ 282.7	\$ 202.3	\$ 334.8
<b>Camera units shipped</b> <i>(in thousands)</i>	1,857	479	1,082	842	1,413	1,095	1,071	758	1,361
<b>Gross margin*</b>	38.6%	23.4%	35.8%	34.2%	38.4%	33.2%	30.8%	24.3%	24.8%
<b>Operating expenses*</b>	\$ 99.1	\$ 90.3	\$ 97.3	\$ 91.1	\$ 98.8	\$ 98.7	\$ 103.9	\$ 93.7	\$ 120.3
<b>Operating income (loss)*</b>	\$ 105.0	\$ (59.6)	\$ 7.5	\$ (8.1)	\$ 46.0	\$ (3.6)	\$ (16.7)	\$ (44.5)	\$ (37.4)
<b>Net income (loss)*</b>	\$ 102.5	\$ (61.3)	\$ 4.2	\$ (10.2)	\$ 42.4	\$ (6.1)	\$ (20.8)	\$ (47.4)	\$ (41.3)
<b>Diluted net income (loss) per share*</b>	\$ 0.70	\$ (0.42)	\$ 0.03	\$ (0.07)	\$ 0.30	\$ (0.04)	\$ (0.15)	\$ (0.34)	\$ (0.30)
<b>Adjusted EBITDA*</b>	\$ 112.1	\$ (52.7)	\$ 13.6	\$ (1.0)	\$ 58.8	\$ 6.2	\$ (8.7)	\$ (34.5)	\$ (26.5)
<b>Headcount</b>	926	912	900	903	891	927	948	1,020	1,273

\* Non-GAAP metric. See reconciliations in Appendix.

# QUARTERLY REVENUE METRICS



(\$ in millions)	Q4 2019		Q3 2019		Q2 2019		Q1 2019		Q4 2018	
	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev
<b>Revenue by Channel:</b>										
Direct *	\$ 230.3	43.6%	\$ 71.7	54.7%	\$ 135.3	46.3%	\$ 110.9	45.7%	\$ 172.4	45.7%
Distribution	298.0	56.4	59.5	45.3	157.1	53.7	131.8	54.3	205.0	54.3
<b>Total Revenue</b>	<b>\$ 528.3</b>	<b>100.0%</b>	<b>\$ 131.2</b>	<b>100.0%</b>	<b>\$ 292.4</b>	<b>100.0%</b>	<b>\$ 242.7</b>	<b>100.0%</b>	<b>\$ 377.4</b>	<b>100.0%</b>
<b>Revenue by Geography:</b>										
Americas	\$ 212.2	40.2%	\$ 60.4	46.0%	\$ 142.3	48.7%	\$ 109.1	45.0%	\$ 157.7	41.8%
Europe, Middle East and Africa	156.0	29.5	49.4	37.7	82.9	28.3	70.9	29.2	116.4	30.8
Asia and Pacific	160.1	30.3	21.4	16.3	67.2	23.0	62.7	25.8	103.3	27.4
<b>Total Revenue</b>	<b>\$ 528.3</b>	<b>100.0%</b>	<b>\$ 131.2</b>	<b>100.0%</b>	<b>\$ 292.4</b>	<b>100.0%</b>	<b>\$ 242.7</b>	<b>100.0%</b>	<b>\$ 377.4</b>	<b>100.0%</b>

\* Revenue from gopro.com is included as a component of our direct channel and represents \$56.4 million, \$19.0 million, \$22.8 million, \$26.7 million and \$37.4 million for the quarters ended December 31, 2019, September 30, 2019, June 30, 2019, March 31, 2019 and December 31, 2018, respectively.

# SELECT BALANCE SHEET METRICS



(\$ in millions)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>Cash, cash equivalents and marketable securities</b>	\$ 165.1	\$ 79.0	\$ 130.1	\$ 133.3	\$ 197.5	\$ 148.2	\$ 139.8	\$ 144.8	\$ 247.4
<b>Days sales outstanding*</b>	34	49	45	44	31	47	37	36	30
<b>Inventory*</b>	\$ 144.2	\$ 250.0	\$ 129.2	\$ 119.0	\$ 116.5	\$ 123.2	\$ 86.1	\$ 132.6	\$ 150.6
<b>Annualized inventory turns*</b>	6.6x	2.1x	6.0x	5.4x	7.8x	7.3x	7.2x	4.3x	6.1x
<b>Inventory days*</b>	40	224	62	67	45	58	40	78	54

\* 2019 and 2018 metrics reflect the impact of adopting Accounting Standards Codification 606, *Revenue from Contracts with Customers* on January 1, 2018.



# APPENDIX

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), diluted net income (loss) per share and adjusted EBITDA. We use non-GAAP financial measures to help us understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operational plans. Our management uses, and believes that investors benefit from referring to these non-GAAP financial measures in assessing our operating results. These non-GAAP financial measures should not be considered in isolation from, or as an alternative to, the measures prepared in accordance with GAAP, and are not based on any comprehensive set of accounting rules or principles. 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.

These non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. Some of these limitations are:

- adjusted EBITDA does not reflect tax payments that reduce cash available to us;
- adjusted EBITDA excludes depreciation and amortization and, although these are non-cash charges, the property and equipment being depreciated and amortized often will have to be replaced in the future, and adjusted EBITDA does not reflect any cash capital expenditure requirements for such replacements;



- adjusted EBITDA excludes the amortization of POP display assets because it is a non-cash charge, and is treated similarly to depreciation of property and equipment and amortization of acquired intangible assets;
- adjusted EBITDA and non-GAAP net income (loss) exclude the impairment of intangible assets because it is a non-cash charge that is inconsistent in amount and frequency;
- adjusted EBITDA and non-GAAP net income (loss) exclude restructuring and other related costs which primarily include severance-related costs, stock-based compensation expenses and facilities consolidation charges recorded in connection with restructuring actions announced in the fourth quarter of 2016, first quarter of 2017 and first quarter of 2018, and the related ongoing operating lease cost of those facilities recorded under Accounting Standards Codification 842, *Leases*. These expenses were tied to unique circumstances related to organizational restructuring, do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of current operating performance or comparisons to the operating performance in other periods;
- adjusted EBITDA and non-GAAP net income (loss) exclude stock-based compensation expense related 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 (loss) as we believe their inclusion would hinder our ability to assess core operational performance;
- non-GAAP net income (loss) excludes acquisition-related costs including the amortization of acquired intangible assets (primarily consisting of acquired technology), the impairment of acquired intangible assets (if applicable), as well as 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 these costs are not related to our core operating performance or reflective of ongoing operating results in the period, and the frequency and amount of such costs are inconsistent and vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses being acquired. Although we exclude the amortization of acquired intangible assets from our non-GAAP net income (loss), management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation;

- non-GAAP net income (loss) excludes non-cash interest expense. In connection with the issuance of the Convertible Senior Notes in April 2017, we are required to recognize non-cash interest expense in accordance with the authoritative accounting guidance for convertible debt that may be settled in cash;
- non-GAAP net income (loss) excludes a gain on the sale and license of intellectual property. This gain is not related to our core operating performance or reflective of ongoing operating results in the period, and the frequency and amount of such gains are inconsistent;
- non-GAAP net income (loss) includes income tax adjustments. For all periods presented, we utilize a cash-based non-GAAP tax expense approach (based upon expected annual cash payments for income taxes) for evaluating operating performance as well as for planning and forecasting purposes. This non-GAAP tax approach eliminates the effects of period specific items, which can vary in size and frequency and does not necessarily reflect our long-term operations. Historically, we computed a non-GAAP tax rate based on non-GAAP pre-tax income on a quarterly basis, which considered the income tax effects of the adjustments above; and
- other companies may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



(\$ in thousands, except per share data)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>GAAP net income (loss)</b>	\$ 95,820	\$ (74,810)	\$ (11,287)	\$ (24,365)	\$ 31,671	\$ (27,089)	\$ (37,269)	\$ (76,347)	\$ (55,848)
Stock-based compensation:									
Cost of revenue	419	448	522	513	548	534	490	382	580
Operating expenses	6,609	9,321	10,084	9,272	9,168	9,803	9,521	10,441	14,440
Total stock-based compensation	7,028	9,769	10,606	9,785	9,716	10,337	10,011	10,823	15,020
Acquisition-related costs:									
Cost of revenue	1,864	1,863	2,009	2,082	2,082	3,363	3,334	2,655	2,360
Operating expenses	—	—	—	—	19	—	—	3	—
Total acquisition-related costs	1,864	1,863	2,009	2,082	2,101	3,363	3,334	2,658	2,360
Restructuring and other costs:									
Cost of revenue	—	—	71	16	22	115	3	1,239	176
Operating expenses	29	—	1,793	287	1,195	3,901	769	15,499	3,328
Total restructuring and other costs	29	—	1,864	303	1,217	4,016	772	16,738	3,504
Non-cash interest expense	2,354	2,255	2,236	2,142	2,124	2,036	2,018	1,934	1,979
Gain on sale and license of intellectual property	—	—	—	—	(5,000)	—	—	—	—
Income tax adjustments	(4,597)	(342)	(1,235)	(118)	527	1,279	291	(3,170)	(8,334)
<b>Non-GAAP net income (loss)</b>	\$ 102,498	\$ (61,265)	\$ 4,193	\$ (10,171)	\$ 42,356	\$ (6,058)	\$ (20,843)	\$ (47,364)	\$ (41,319)
<b>GAAP shares for diluted net income (loss) per share</b>	147,052	145,617	144,668	142,601	143,401	140,072	139,166	137,857	136,886
Add: dilutive shares	—	—	1,622	—	—	—	—	—	—
<b>Non-GAAP shares for diluted net income (loss) per share</b>	147,052	145,617	146,290	142,601	143,401	140,072	139,166	137,857	136,886
<b>GAAP diluted net income (loss) per share</b>	\$ 0.65	\$ (0.51)	\$ (0.08)	\$ (0.17)	\$ 0.22	\$ (0.19)	\$ (0.27)	\$ (0.55)	\$ (0.41)
<b>Non-GAAP diluted net income (loss) per share</b>	\$ 0.70	\$ (0.42)	\$ 0.03	\$ (0.07)	\$ 0.30	\$ (0.04)	\$ (0.15)	\$ (0.34)	\$ (0.30)

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



(\$ in thousands)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>GAAP gross margin</b>	38.2%	21.7%	34.9%	33.1%	37.7%	31.8%	29.5%	22.2%	23.8%
Stock-based compensation	0.1	0.3	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Acquisition-related costs	0.3	1.4	0.7	0.9	0.6	1.2	1.1	1.3	0.7
Restructuring and other costs	—	—	—	—	—	—	—	0.6	0.1
<b>Non-GAAP gross margin</b>	38.6%	23.4%	35.8%	34.2%	38.4%	33.2%	30.8%	24.3%	24.8%
<b>GAAP operating expenses</b>	\$ 105,725	\$ 99,630	\$ 109,132	\$ 100,635	\$ 109,150	\$ 112,386	\$ 114,205	\$ 119,655	\$ 138,097
Stock-based compensation	(6,609)	(9,321)	(10,084)	(9,272)	(9,168)	(9,803)	(9,521)	(10,441)	(14,440)
Acquisition-related costs	—	—	—	—	(19)	—	—	(3)	—
Restructuring and other costs	(29)	—	(1,793)	(287)	(1,195)	(3,901)	(769)	(15,499)	(3,328)
<b>Non-GAAP operating expenses</b>	\$ 99,087	\$ 90,309	\$ 97,255	\$ 91,076	\$ 98,768	\$ 98,682	\$ 103,915	\$ 93,712	\$ 120,329
<b>GAAP operating income (loss)</b>	\$ 96,100	\$ (71,198)	\$ (6,947)	\$ (20,288)	\$ 32,967	\$ (21,354)	\$ (30,836)	\$ (74,739)	\$ (58,311)
Stock-based compensation	7,028	9,769	10,606	9,785	9,716	10,337	10,011	10,823	15,020
Acquisition-related costs	1,864	1,863	2,009	2,082	2,101	3,363	3,334	2,658	2,360
Restructuring and other costs	29	—	1,864	303	1,217	4,016	772	16,738	3,504
<b>Non-GAAP operating income (loss)</b>	\$ 105,021	\$ (59,566)	\$ 7,532	\$ (8,118)	\$ 46,001	\$ (3,638)	\$ (16,719)	\$ (44,520)	\$ (37,427)

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<i>(\$ in thousands)</i>	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>GAAP net income (loss)</b>	\$ 95,820	\$ (74,810)	\$ (11,287)	\$ (24,365)	\$ 31,671	\$ (27,089)	\$ (37,269)	\$ (76,347)	\$ (55,848)
Income tax expense (benefit)	(3,928)	(273)	(605)	378	1,655	1,780	706	(2,782)	(6,943)
Interest expense, net	5,032	4,278	4,479	4,083	4,470	4,297	4,299	4,212	4,163
Depreciation and amortization	6,445	6,421	6,552	6,850	7,290	9,693	9,173	8,907	9,218
POP display amortization	1,666	1,900	2,007	1,931	2,788	3,171	3,611	3,912	4,342
Stock-based compensation	7,028	9,769	10,606	9,785	9,716	10,337	10,011	10,823	15,020
Restructuring and other costs	29	—	1,864	303	1,217	4,016	772	16,738	3,504
<b>Adjusted EBITDA</b>	\$ 112,092	\$ (52,715)	\$ 13,616	\$ (1,035)	\$ 58,807	\$ 6,205	\$ (8,697)	\$ (34,537)	\$ (26,544)