

The background of the slide is an aerial photograph of a boat navigating a sharp turn in a river. The river is a vibrant turquoise color, contrasting with the surrounding reddish-brown and tan layered rock walls of the canyon. The boat is a small, dark-colored motorboat, leaving a white wake behind it. The canyon walls show distinct horizontal geological strata. The overall scene is dramatic and scenic.

# **Q2 2022 Preliminary Earnings Results Summary**

**August 4, 2022**

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 expansion of our total addressable market through subscription services; increased profitability in 2022 and beyond; overall consumer demand, and the impact of the COVID-19 pandemic on our business. 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 include our ability to achieve revenue growth or profitability in the future; our ability to grow our direct-to-consumer sales mix and grow our subscriptions; our reliance on third-party suppliers, some of which are sole-source suppliers, to provide components, which may lead to supply shortages, long lead times or other service disruptions and increase costs; the impact of the COVID-19 pandemic and its effect on the United States and global economies and our business in particular; the risk an economic downturn in our key markets, as well as inflation or fluctuations in currency exchange may adversely affect consumer discretionary spending and demand for our products; the risk that our sales fall below our forecasts, especially during the holiday season; our ability to further penetrating our total addressable market; the fact that sales of our cameras, mounts and accessories for substantially all of our revenue, and any decrease in the sales or change in sales mix of these products could harm our business; any inability to successfully manage product introductions, product transitions, product pricing and marketing; the effects of the highly competitive market in which we operate, including new market entrants; the fact that we may experience fluctuating gross margin, revenue, expenses and profitability in the future; our ability to attract, engage and retain qualified personnel; any changes to trade agreements, trade policies, tariffs, and import/export regulations; risks related to inventory, purchase commitments and long-lived assets; the fact that a small number of retailers and distributors account for a substantial portion of our revenue and our level of business with them could be significantly reduced; our transition away from some distributors and retailers; the threat of a security breach or other disruption including cyberattacks; the challenges and risks faced by our international operations; the importance of maintaining the value and reputation of our brand; 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, 2021, and as updated in future filings with the SEC including the Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, each of which is on file with the SEC. These forward-looking statements speak only as of the date hereof or as of the date otherwise stated herein. Forward-looking statements are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. 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 Q2 2022 earnings press release issued on August 4, 2022, which should be reviewed in conjunction with this presentation.

# QUARTERLY NON-GAAP INCOME STATEMENT SUMMARY



(\$ in millions, except per share data)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Revenue</b>	\$ 250.7	\$ 216.7	\$ 391.1	\$ 316.7	\$ 249.6	\$ 203.7	\$ 357.8	\$ 280.5	\$ 134.2
<b>Camera units shipped</b> (in thousands)	640	523	1,033	832	724	556	1,108	923	448
<b>Gross margin*</b>	38.5%	42.0%	41.3%	43.8%	40.1%	39.2%	38.3%	36.2%	31.6%
<b>Operating expenses*</b>	\$ 81.5	\$ 72.9	\$ 92.3	\$ 79.9	\$ 79.4	\$ 73.0	\$ 73.0	\$ 68.1	\$ 69.0
<b>Operating income (loss)*</b>	\$ 15.0	\$ 18.1	\$ 69.2	\$ 58.8	\$ 20.7	\$ 6.9	\$ 64.2	\$ 33.4	\$ (26.7)
<b>Net income (loss)*</b>	\$ 12.8	\$ 15.2	\$ 66.1	\$ 55.3	\$ 19.9	\$ 4.8	\$ 61.1	\$ 31.0	\$ (29.7)
<b>Diluted net income (loss) per share*</b>	\$ 0.08	\$ 0.09	\$ 0.41	\$ 0.34	\$ 0.12	\$ 0.03	\$ 0.39	\$ 0.20	\$ (0.20)
<b>Adjusted EBITDA*</b>	\$ 16.9	\$ 20.6	\$ 71.6	\$ 60.4	\$ 25.1	\$ 10.7	\$ 67.7	\$ 39.2	\$ (22.4)
<b>Headcount</b>	839	796	766	778	774	765	758	740	741

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

# QUARTERLY REVENUE METRICS



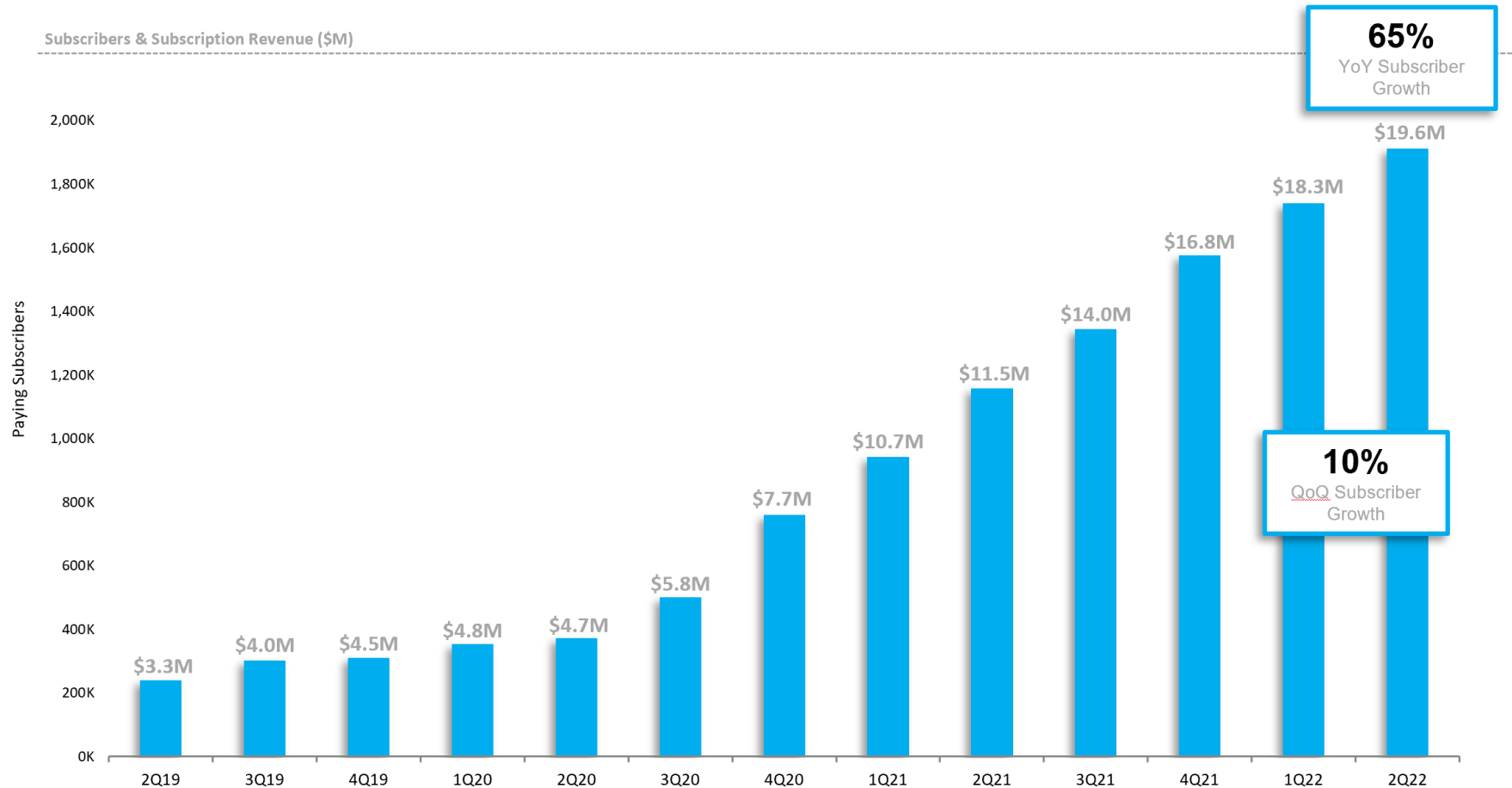
(\$ in millions)	Q2 2022		Q1 2022		Q4 2021		Q3 2021		Q2 2021	
Revenue by Channel:	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev
GoPro.com	\$ 95.3	38.0 %	\$ 88.6	40.9 %	\$ 127.8	32.7 %	\$ 94.4	29.8 %	\$ 87.8	35.2 %
Retail	155.4	62.0	128.1	59.1	263.3	67.3	222.3	70.2	161.8	64.8
<b>Total Revenue</b>	<b>\$ 250.7</b>	<b>100.0 %</b>	<b>\$ 216.7</b>	<b>100.0 %</b>	<b>\$ 391.1</b>	<b>100.0 %</b>	<b>\$ 316.7</b>	<b>100.0 %</b>	<b>\$ 249.6</b>	<b>100.0 %</b>
<b>GoPro.com Revenue:</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>
Hardware	\$ 75.2	78.9 %	\$ 70.0	79.0 %	\$ 110.7	86.6 %	\$ 80.0	84.7 %	\$ 76.0	86.6 %
Subscription and service	20.1	21.1	18.6	21.0	17.1	13.4	14.4	15.3	11.8	13.4
<b>Total GoPro.com Revenue</b>	<b>\$ 95.3</b>	<b>100.0 %</b>	<b>\$ 88.6</b>	<b>100.0 %</b>	<b>\$ 127.8</b>	<b>100.0 %</b>	<b>\$ 94.4</b>	<b>100.0 %</b>	<b>\$ 87.8</b>	<b>100.0 %</b>
<b>Revenue by Geography:</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>	<b>\$</b>	<b>% of Rev</b>
Americas	\$ 126.4	50.4 %	\$ 102.6	47.3 %	\$ 193.4	49.5 %	\$ 160.9	50.8 %	\$ 146.6	58.8 %
Europe, Middle East and Africa	71.7	28.6	61.5	28.4	108.9	27.8	85.8	27.1	61.2	24.5
Asia and Pacific	52.6	21.0	52.6	24.3	88.8	22.7	70.0	22.1	41.8	16.7
<b>Total Revenue</b>	<b>\$ 250.7</b>	<b>100.0 %</b>	<b>\$ 216.7</b>	<b>100.0 %</b>	<b>\$ 391.1</b>	<b>100.0 %</b>	<b>\$ 316.7</b>	<b>100.0 %</b>	<b>\$ 249.6</b>	<b>100.0 %</b>

# SELECT BALANCE SHEET METRICS



(\$ in millions)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Cash, cash equivalents, restricted cash and marketable securities	\$ 322.5	\$ 449.9	\$ 538.9	\$ 378.5	\$ 318.7	\$ 296.8	\$ 327.7	\$ 146.9	\$ 79.7
Days sales outstanding	32	29	26	28	35	30	27	34	46
Inventory	\$ 126.0	\$ 119.4	\$ 86.4	\$ 120.9	\$ 106.8	\$ 111.8	\$ 97.9	\$ 132.8	\$ 142.2
Annualized inventory turns	5.0x	4.9x	8.9x	6.3x	5.5x	4.7x	7.6x	5.2x	2.3x
Inventory days	74	85	34	61	64	81	40	67	139

# GOPRO SUBSCRIPTION



**65%**

YoY Subscriber  
Growth

**10%**

QoQ Subscriber  
Growth

# Appendix



# APPENDIX: GAAP TO **NON-GAAP RECONCILIATIONS**



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;

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



- adjusted EBITDA excludes the amortization of point of purchase (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 restructuring and other related costs which primarily include severance-related costs, stock-based compensation expenses, facilities consolidation charges recorded in connection with restructuring actions, including right-of-use asset impairment charges, and the related ongoing operating lease cost of those facilities recorded under Accounting Standards Codification 842, *Leases*. These expenses 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;
- adjusted EBITDA and non-GAAP net income (loss) exclude the loss on extinguishment of debt because it is not reflective of ongoing operating results in the period, and such losses vary in the frequency and amount;

# APPENDIX: GAAP TO **NON-GAAP RECONCILIATIONS**



- 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 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. Additionally, in connection with the adoption of ASU 2020-06 on January 1, 2022, we add back the tax effected cash interest expense associated with our 2022 Notes and 2025 Notes, as if converted at the beginning of the period, if the impact is dilutive;
- non-GAAP net income (loss) excludes non-cash interest expense. Prior to the adoption of ASU 2020-06 in fiscal year 2022, we were required to recognize non-cash interest expense related to the amortization of a debt discount associated with our 2022 Notes and 2025 Notes in accordance with the prior authoritative accounting guidance for convertible debt that may be settled in cash. From fiscal year 2022 and onwards, this debt discount accounting requirement was removed, and as a result, non-cash interest expense will no longer be a reconciling item between GAAP and non-GAAP net income (loss);
- non-GAAP net income (loss) includes income tax adjustments. 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;
- GAAP and non-GAAP net income (loss) per share includes the dilutive, tax effected cash interest expense associated with our 2022 Notes and 2025 Notes, as if converted at the beginning of the period in connection with the adoption of ASU 2020-06 on January 1, 2022; 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)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>GAAP net income (loss)</b>	\$ 2,519	\$ 5,685	\$ 52,626	\$ 311,761	\$ 16,952	\$ (10,168)	\$ 44,413	\$ 3,307	\$ (50,975)
Stock-based compensation:									
Cost of revenue	483	447	374	483	508	429	373	340	332
Operating expenses	9,768	9,389	10,049	8,846	9,521	8,440	7,664	8,073	5,544
Total stock-based compensation	10,251	9,836	10,423	9,329	10,029	8,869	8,037	8,413	5,876
Acquisition-related costs:									
Cost of revenue	—	47	71	70	288	723	723	964	1,024
Total acquisition-related costs	—	47	71	70	288	723	723	964	1,024
Restructuring and other costs:									
Cost of revenue	4	5	7	51	49	50	11	938	336
Operating expenses	80	74	106	747	856	783	58	14,277	11,015
Total restructuring and other costs	84	79	113	798	905	833	69	15,215	11,351
Non-cash interest expense	—	—	3,673	3,590	3,512	3,433	3,018	2,498	2,477
Loss on extinguishment of debt	—	—	—	—	—	—	5,389	—	—
Income tax adjustments	(64)	(451)	(759)	(270,324)	(11,824)	1,145	(585)	652	526
<b>Non-GAAP net income (loss)</b>	\$ 12,790	\$ 15,196	\$ 66,147	\$ 55,224	\$ 19,862	\$ 4,835	\$ 61,064	\$ 31,049	\$ (29,721)

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



(\$ in thousands, except per share data)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Numerator:</b>									
GAAP net income (loss) - Basic	\$ 2,519	\$ 5,685	\$ 52,626	\$ 311,761	\$ 16,952	\$ (10,168)	\$ 44,413	\$ 3,307	\$ (50,975)
Add: Interest on convertible notes, tax effected*	715	1,521	—	—	—	—	—	—	—
<b>GAAP net income (loss) - Diluted</b>	<b>\$ 3,234</b>	<b>\$ 7,206</b>	<b>\$ 52,626</b>	<b>\$ 311,761</b>	<b>\$ 16,952</b>	<b>\$ (10,168)</b>	<b>\$ 44,413</b>	<b>\$ 3,307</b>	<b>\$ (50,975)</b>
Non-GAAP net income (loss) - Basic	\$ 12,790	\$ 15,196	\$ 66,147	\$ 55,224	\$ 19,862	\$ 4,835	\$ 61,064	\$ 31,049	\$ (29,721)
Add: Interest on convertible notes, tax effected*	715	1,521	—	—	—	—	—	—	—
<b>Non-GAAP net income (loss) - Diluted</b>	<b>\$ 13,505</b>	<b>\$ 16,717</b>	<b>\$ 66,147</b>	<b>\$ 55,224</b>	<b>\$ 19,862</b>	<b>\$ 4,835</b>	<b>\$ 61,064</b>	<b>\$ 31,049</b>	<b>\$ (29,721)</b>
<b>Denominator:</b>									
GAAP shares - Diluted*	176,860	188,737	162,742	162,746	164,857	152,181	156,464	151,849	148,497
Add: Non-GAAP only dilutive shares	—	—	—	—	—	7,671	—	—	—
<b>Non-GAAP shares - Diluted</b>	<b>176,860</b>	<b>188,737</b>	<b>162,742</b>	<b>162,746</b>	<b>164,857</b>	<b>159,852</b>	<b>156,464</b>	<b>151,849</b>	<b>148,497</b>
<b>GAAP diluted net income (loss) per share</b>	<b>\$ 0.02</b>	<b>\$ 0.04</b>	<b>\$ 0.32</b>	<b>\$ 1.92</b>	<b>\$ 0.10</b>	<b>\$ (0.07)</b>	<b>\$ 0.28</b>	<b>\$ 0.02</b>	<b>\$ (0.34)</b>
<b>Non-GAAP diluted net income (loss) per share</b>	<b>\$ 0.08</b>	<b>\$ 0.09</b>	<b>\$ 0.41</b>	<b>\$ 0.34</b>	<b>\$ 0.12</b>	<b>\$ 0.03</b>	<b>\$ 0.39</b>	<b>\$ 0.20</b>	<b>\$ (0.20)</b>

\* Reflects the use of the if-converted method for our convertible notes, effective 1/1/22 due to the adoption of ASU 2020-06.

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



(\$ in thousands)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>GAAP gross margin</b>	38.3%	41.8%	41.2%	43.6%	39.8%	38.6%	38.0%	35.4%	30.3%
Stock-based compensation	0.2	0.2	0.1	0.2	0.2	0.2	0.1	0.2	0.2
Acquisition-related costs	—	—	—	—	0.1	0.4	0.2	0.3	0.8
Restructuring and other costs	—	—	—	—	—	—	—	0.3	0.3
<b>Non-GAAP gross margin</b>	38.5%	42.0%	41.3%	43.8%	40.1%	39.2%	38.3%	36.2%	31.6%
<b>GAAP operating expenses</b>	\$ 91,349	\$ 82,314	\$ 102,449	\$ 89,452	\$ 89,780	\$ 82,208	\$ 80,728	\$ 90,458	\$ 85,606
Stock-based compensation	(9,768)	(9,389)	(10,049)	(8,846)	(9,521)	(8,440)	(7,664)	(8,073)	(5,544)
Restructuring and other costs	(80)	(74)	(106)	(747)	(856)	(783)	(58)	(14,277)	(11,015)
<b>Non-GAAP operating expenses</b>	\$ 81,501	\$ 72,851	\$ 92,294	\$ 79,859	\$ 79,403	\$ 72,985	\$ 73,006	\$ 68,108	\$ 69,047
<b>GAAP operating income (loss)</b>	\$ 4,655	\$ 8,162	\$ 58,625	\$ 48,601	\$ 9,502	\$ (3,512)	\$ 55,355	\$ 8,854	\$ (44,914)
Stock-based compensation	10,251	9,836	10,423	9,329	10,029	8,869	8,037	8,413	5,876
Acquisition-related costs	—	47	71	70	288	723	723	964	1,024
Restructuring and other costs	84	79	113	798	905	833	69	15,215	11,351
<b>Non-GAAP operating income (loss)</b>	\$ 14,990	\$ 18,124	\$ 69,232	\$ 58,798	\$ 20,724	\$ 6,913	\$ 64,184	\$ 33,446	\$ (26,663)



# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



(\$ in thousands)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>GAAP net income (loss)</b>	\$ 2,519	\$ 5,685	\$ 52,626	\$ 311,761	\$ 16,952	\$ (10,168)	\$ 44,413	\$ 3,307	\$ (50,975)
Income tax expense (benefit)	110	(51)	(392)	(270,228)	(11,670)	1,219	116	1,242	1,069
Interest expense, net	1,244	2,111	5,701	5,697	5,484	5,796	5,442	5,241	4,629
Depreciation and amortization	2,253	2,302	2,363	2,371	2,694	3,534	3,570	4,802	4,711
POP display amortization	430	687	737	714	671	637	708	959	972
Stock-based compensation	10,251	9,836	10,423	9,329	10,029	8,869	8,037	8,413	5,876
Loss on extinguishment of debt	—	—	—	—	—	—	5,389	—	—
Restructuring and other costs	84	79	113	798	905	833	69	15,215	11,351
<b>Adjusted EBITDA</b>	\$ 16,891	\$ 20,649	\$ 71,571	\$ 60,442	\$ 25,065	\$ 10,720	\$ 67,744	\$ 39,179	\$ (22,367)