



# Investor Presentation

September 2018



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, expectations regarding our business outlook for 2018 and our ability to address the industry-wide shortage in supply of passive components. 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 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; 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 and software 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; the effects of the industry-wide shortage of passive components; our dependence on sales of our cameras, mounts and accessories for substantially all of our revenue (and the effects of changes in the sales mix or decrease in demand for these products) and; the effects of a decrease in sales during the holiday season; the fact that an economic downturn or economic uncertainty in our key U.S. and international markets may adversely affect consumer discretionary spending; the effects of the highly competitive market in which we operate; 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; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2017 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, each of which are 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. 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.

In addition to U.S. GAAP financials, this presentation includes 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 in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by GoPro may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable U.S. GAAP measure is included in the Appendix to these slides.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the products or services of GoPro.

ESTABLISHED  
IN 2004

HQ IN  
SAN MATEO

30M+  
CAMERAS<sup>1</sup>

36M+  
FOLLOWERS<sup>2</sup>



PLUS

- 2017 Revenue: \$1.2 Billion
- Sales in >100 Countries; >25,000 Retail Locations<sup>3</sup>
- Sold More Than 30 Million Cameras Since the First HD HERO in 2009
- Announced Its New Product Lineup: HERO7 Black, HERO7 Silver & HERO7 White, in Sep. 2018
- HERO7 Black Includes HyperSmooth, the Best In-Camera Stabilization Ever Featured in a Camera; TimeWarp, a New Form of Video; and Live Stream Capability
- HERO7 Silver and HERO7 White Also Include Significantly Improved Video Stabilization
- Announced Instagram Stories Integration that Enables Direct Sharing from GoPro App on May 1
- PLUS Subscription Service Had 160K Paying Subscribers as of Jun. 2018, Up 9% Q/Q
- Fusion Held 48% of the Spherical Camera Market on a Dollar Basis<sup>4</sup>
- HERO5 Black Sold More Than 4 Million Units Since Its Launch – the Best-Selling GoPro Ever
- GoPro is the Best-Selling Camera in the U.S. for 18 Straight Quarters<sup>5</sup>

<sup>1</sup> Cumulative HERO cameras sold since first HD HERO in 2009 through Q2 2018

<sup>2</sup> GoPro followers across all social media platforms, as of Q2 2018

<sup>3</sup> As of 6/30/18

<sup>4</sup> In Q2 2018, according to NPD

<sup>5</sup> Among Digital Image Cameras on a unit basis through Q2 2018, according to NPD



**HERO7**  
WHITE

HERO **7** BLACK

**HERO7**  
SILVER

MSRP: **\$199.99**

MSRP: **\$399.99**

MSRP: **\$299.99**



HERO **7** BLACK

- HyperSmooth Stabilization – Gimbal-like stabilization without the gimbal
- TimeWarp Video – Super-stabilized time lapse ‘magic carpet ride’ videos of your experiences, up to 30x speed
- Live Stream – automatic sharing as you live it while saving your streamed videos to your SD card in HD
- SuperPhoto – Intelligent scene analyzation for professional-looking photos via automatically applied HDR, Local Tone Mapping and Multi-Frame Noise Reduction
- Portrait Mode – Native vertical-capture for easy sharing to Instagram Stories, Snapchat and more
- Enhanced Audio – Re-engineered audio captures increased dynamic range, new microphone membrane reduces unwanted vibrations during mounted situations
- Intuitive Touch Interface – 2-inch touch display with simplified user interface enables native vertical (portrait) use of camera
- Face, Smile + Scene Detection – HERO7 Black recognizes faces, expressions and scene-types to enhance automatic QuikStory edits on the GoPro app
- Short Clips – Restricts video recording to 15- or 30-second clips for faster transfer to phone, editing and sharing. Great for new users and kids.
- Photo Timer – Countdown timer for convenient selfies and group shots
- Stunning Image Quality – 4K60 video and 12MP photos
- Ultra Slo-Mo – 8x slow motion in 1080p240
- Rugged and Waterproof – Waterproof without a housing to 33ft (10m), goes everywhere your phone can't
- Voice Control – Verbal commands let you go hands-free in 14 languages
- Auto Transfer to Phone – Your photos and videos move automatically from camera when connected to the GoPro app for on-the-go sharing
- GPS Performance Stickers – Track speed, distance and elevation, then highlight them by adding stickers to videos in the GoPro app
- Touch Zoom – Frame your photos and videos with just a touch

# #1

ACTION CAMERA BRAND IN  
N.A., EUROPE, AND ASIA<sup>1</sup>

# #1

SELLING CAMERA OF ANY  
TYPE FOR 18 QUARTERS IN  
A ROW<sup>2</sup>

# 97%

OF THE ACTION CAMERA  
CATEGORY<sup>3</sup>

# 48%

SPHERICAL CAMERA  
SHARE<sup>4</sup>

# 160k

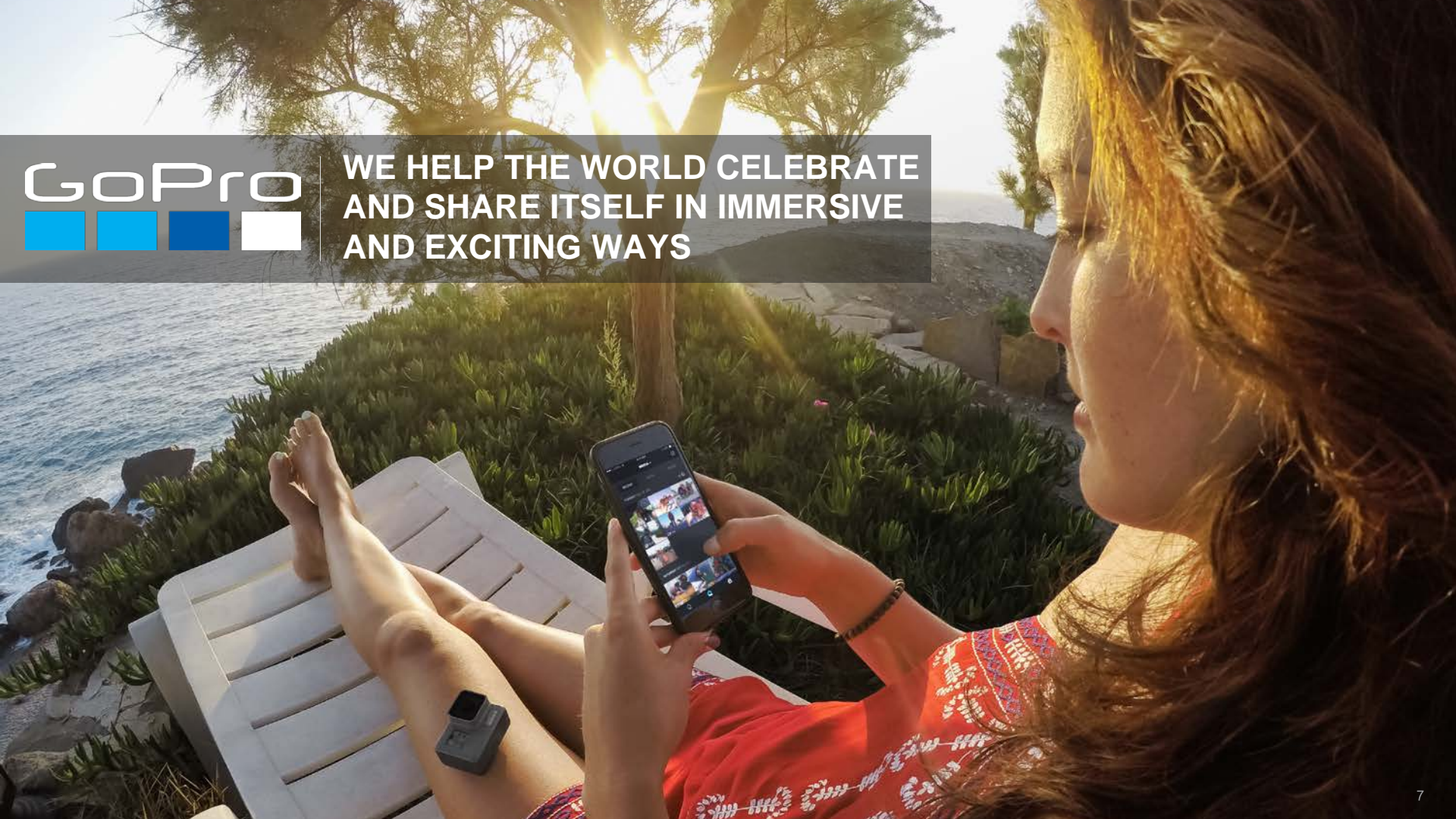
ACTIVE PAYING PLUS  
SUBSCRIBERS, UP 9%<sup>5</sup>

# 36M+

SOCIAL FOLLOWERS  
ACROSS ALL PLATFORMS



**WE HELP THE WORLD CELEBRATE  
AND SHARE ITSELF IN IMMERSIVE  
AND EXCITING WAYS**



## WHAT WE MAKE

Versatile Storytelling Solutions



## WHAT WE DO

Enable Immersive Sharing

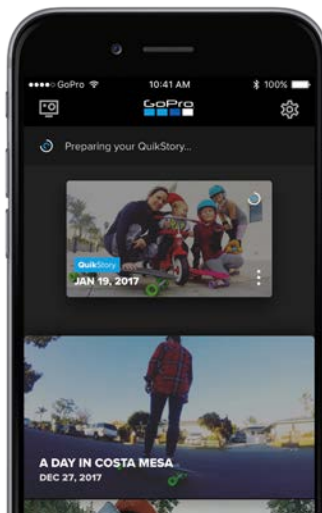




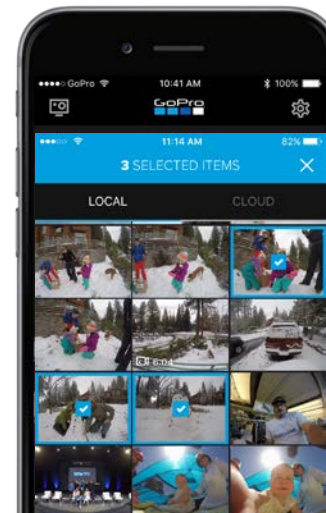
## CAPTURE



## SHARE



## CLOUD



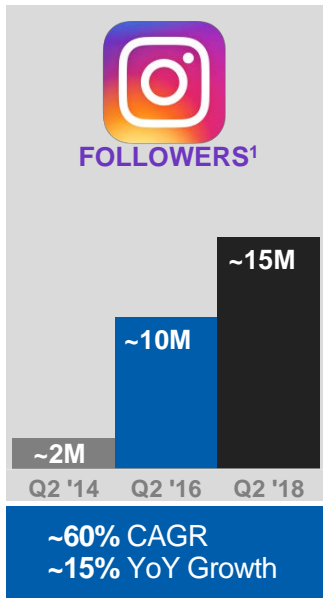
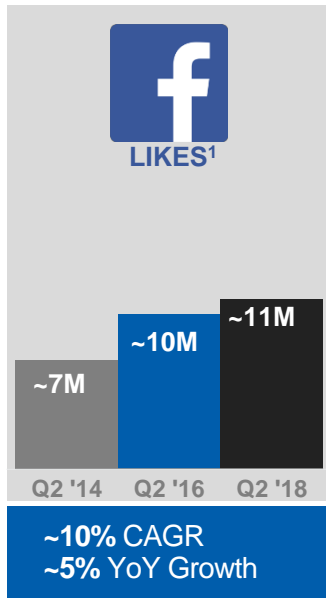
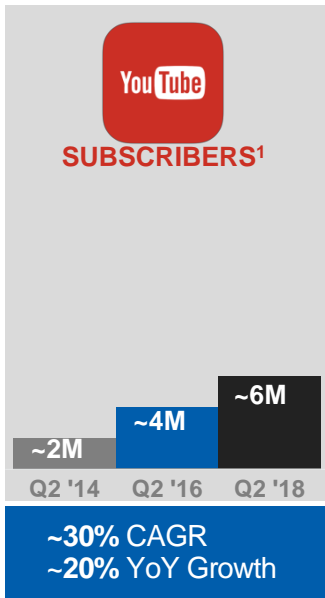
**30M+ CAMERAS SOLD**

**NOW INCLUDES DIRECT  
SHARING TO INSTAGRAM**

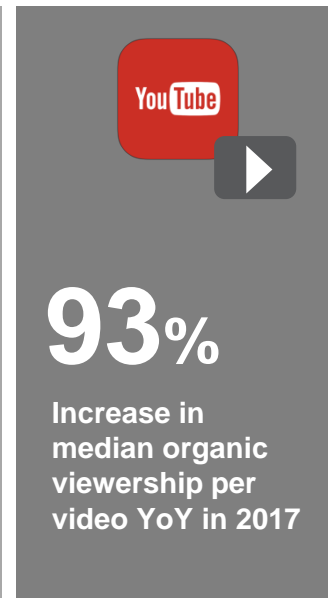
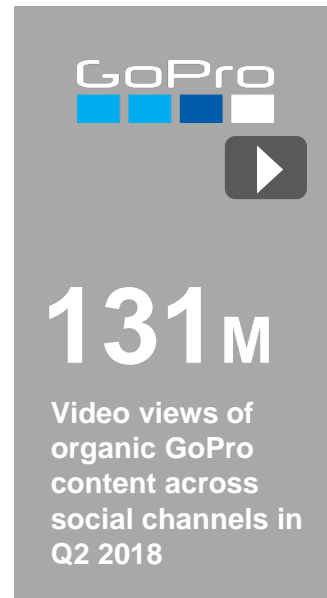
**160K PAYING SUBSCRIBERS**



# GROWING FOLLOWERS



# HIGHLY ENGAGED



Note: GoPro has over 36 million followers across all social platforms  
<sup>1</sup> Social media numbers are as of Q2 of each year

- 1 Strengthen our analytics and understanding of customer behavior to enable better business planning
- 2 Increase our investment in marketing to grow our brand and attract new customers globally
- 3 Launch products that broaden GoPro's appeal at all price points, with greater emphasis on new customers
- 4 Focus on our ecosystem of camera, app and cloud experiences
- 5 Expand the value proposition of our subscription offerings to attract new customers and engage our global user base
- 6 Attract, engage and retain top talent



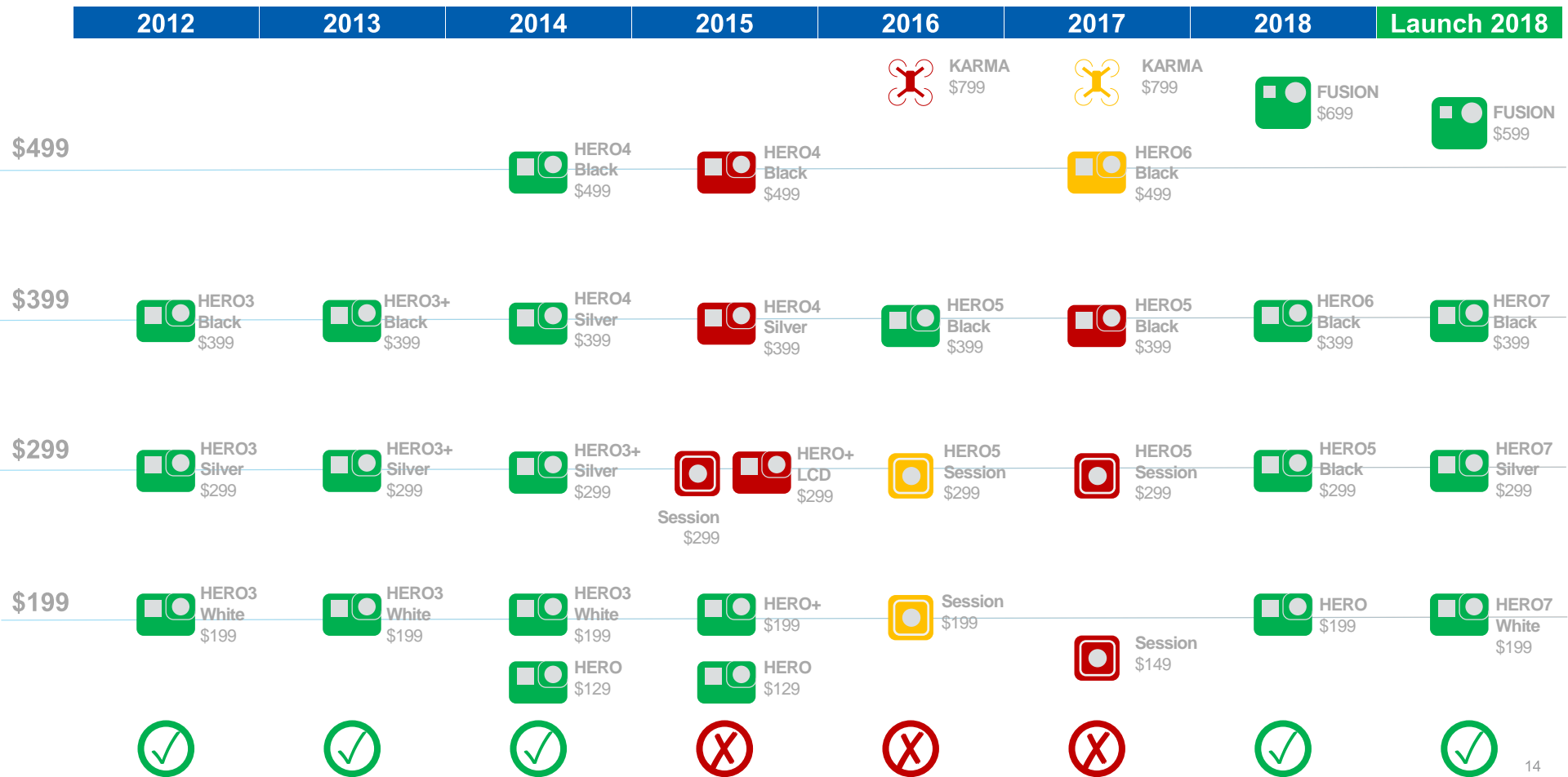
**Our Products**



# EVOLUTION OF PRODUCT PORTFOLIO



■ Underperformed expectations
 ■ Product fit and other questions





**HERO7**  
WHITE

10MP	1080p60
Waterproof 33ft (10m)	Voice Control
Touch Screen	2x Slo-Mo

MSRP: **\$199.99**



**HERO7**  
SILVER

10MP	4K30 1080p60
Waterproof 33ft (10m)	Voice Control
Touch Screen	2x Slo-Mo
GPS	WDR

MSRP: **\$299.99**



**HERO7**  
BLACK

12MP	4K60 1080p240
Waterproof 33ft (10m)	Voice Control
Touch Screen	8x Slo-Mo
GPS	HDR
HyperSmooth	Live Streaming

MSRP: **\$399.99**



**FUSION**

18MP	5.2K30 / 3K60
Next-Level Stabilization	OVERCAPTURE 1080p30 / 720p60
Waterproof 16ft (5m)	Voice Control
GPS	360 Audio

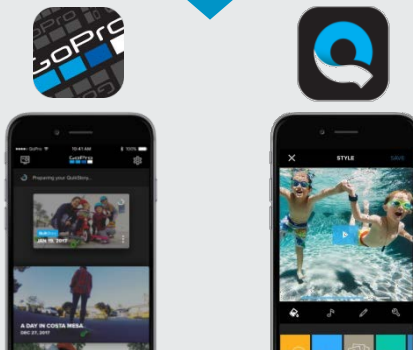
MSRP: **\$599.99**

## CAPTURE INNOVATION



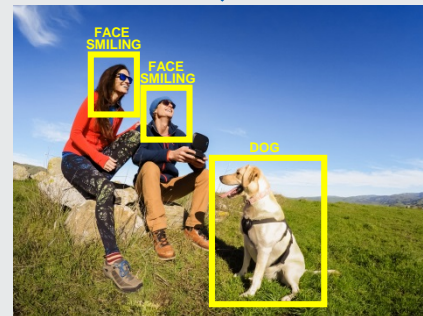
Next Gen Capture Leads To Next Gen Sharing

## APPS



Mobile & Cloud Automated Storytelling

## COMPUTER VISION + MACHINE LEARNING



Improved Capture & Storytelling Automation

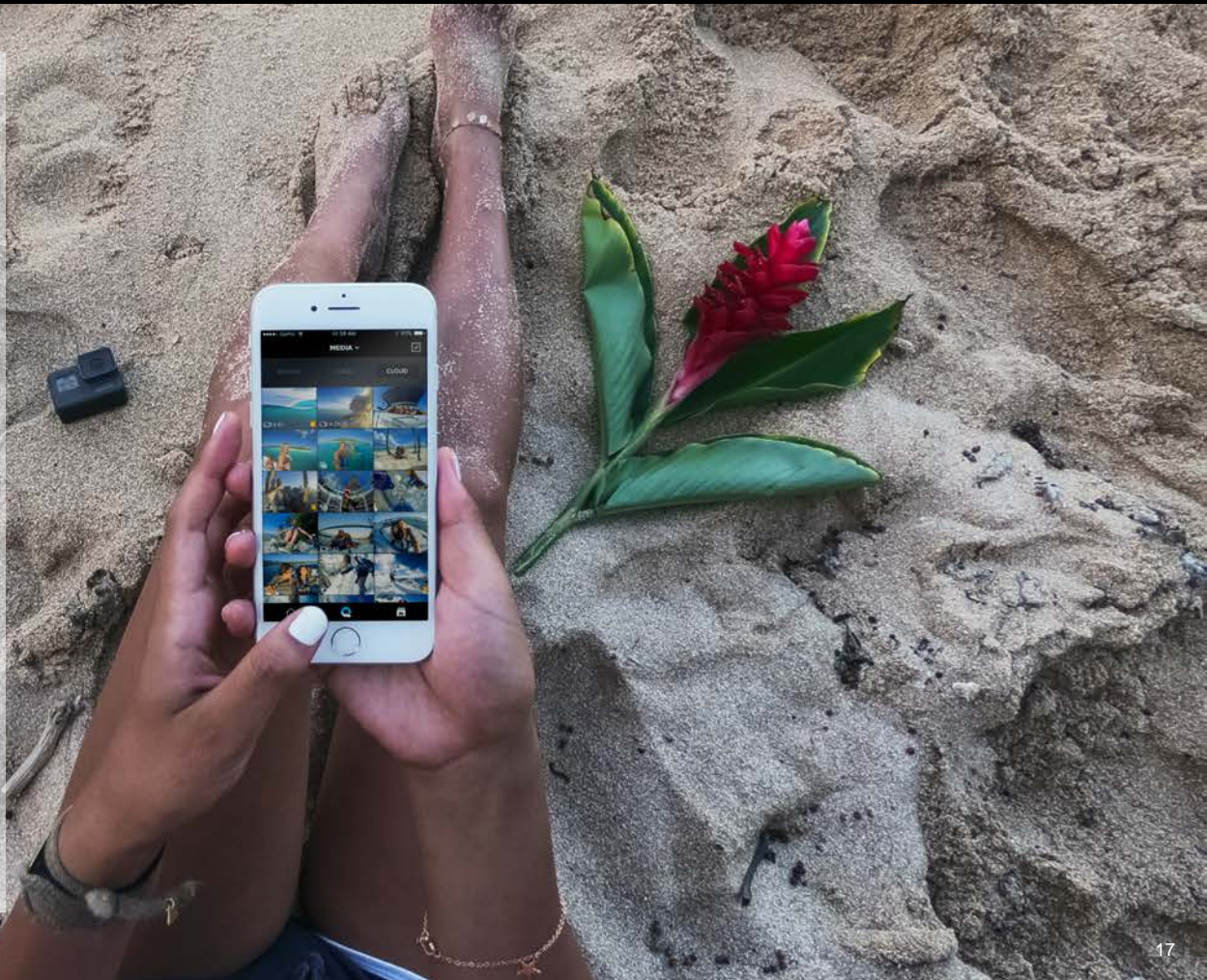


**\$4.99 / Month**

**160K Subscribers**

**PLUS** 

- **Damage Replacement<sup>1</sup>**
- **Auto Cloud Backup**
- **Share on the Go**
- **Unlimited Photo Storage**
- **35 Hours of Video**
- **20% Off Accessories**
- **VIP Support**



<sup>1</sup> Currently available only in the United States





**Marketing & Distribution**



# MULTI-CHANNEL STRATEGY

## CONSUMER

## LIFESTYLE

SOCIAL	PRINT ADS	GLOBAL RESORTS	CHANNEL MARKETING	GLOBAL TRADESHOWS	OUTDOOR	ATHLETES & SOCIAL INFLUENCERS	TOP TIER EVENTS
       	 	   	 	    	 	   	        

## GLOBAL FOOTPRINT >25,000 RETAIL LOCATIONS; >100 COUNTRIES<sup>1</sup>

### DIRECT (51% OF 1H'18 REVENUE)

### OUTSIDE THE U.S. (60% OF 1H'18 REVENUE)

#### BIG BOX RETAIL

#### MID MARKET RETAIL

#### SPECIALTY RETAIL

#### ONLINE



- In Europe, GoPro held 4 of the top 5 selling action cameras<sup>2</sup>
- In APAC, GoPro held 4 of the top 5 selling action cameras<sup>2</sup>
- In Japan, GoPro's share of the action camera market increased to 58% by unit volume<sup>2</sup>
- In Korea, sell-through grew by 22% by dollar volume year-over-year<sup>2</sup>

<sup>1</sup> As of 6/30/18

<sup>2</sup> In Q2 2018, according to GfK

POINT OF  
PURCHASE  
DISPLAYS  
GLOBALLY



# ~35K



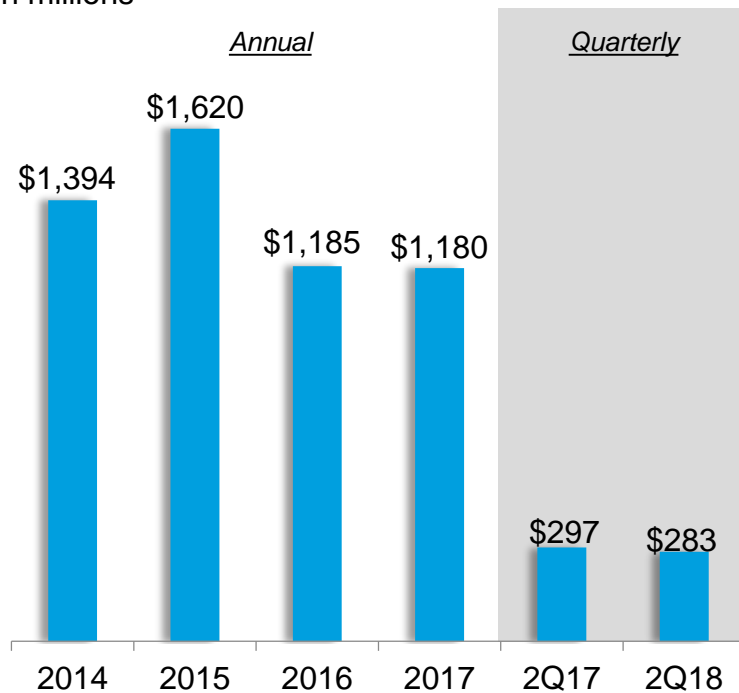


Financial Overview



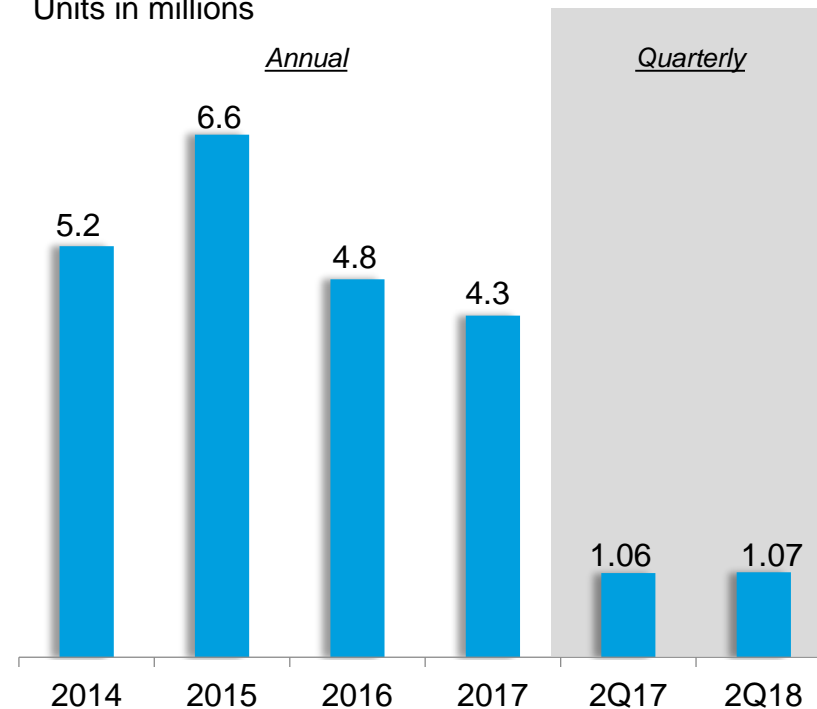
## REVENUE

\$ in millions



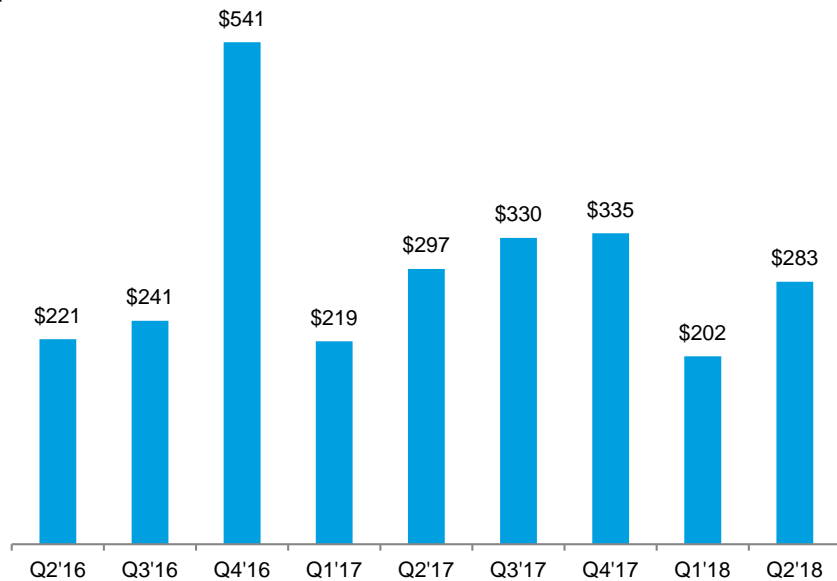
## CAMERA UNITS SHIPPED

Units in millions

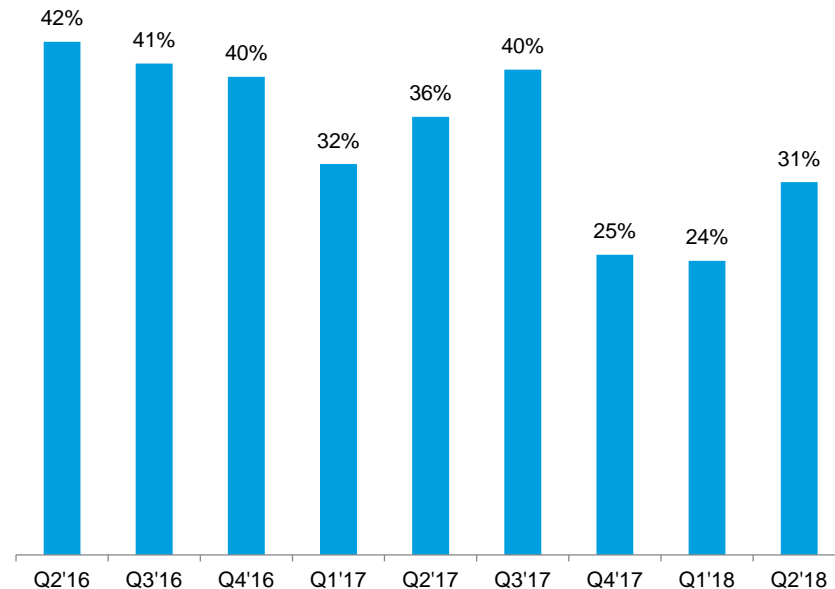


## QUARTERLY REVENUE

\$ in millions



## QUARTERLY NON-GAAP GROSS MARGIN<sup>1</sup>



<sup>1</sup> See reconciliation in Appendix



# QUARTERLY NON-GAAP INCOME STATEMENT SUMMARY



<i>(\$ in millions, except per share data)</i>	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Revenue</b>	\$ 282.7	\$ 202.3	\$ 334.8	\$ 329.8	\$ 296.5	\$ 218.6	\$ 540.6	\$ 240.6	\$ 220.8
<b>Camera units shipped</b> <i>(in thousands)</i>	1,071	758	1,361	1,144	1,061	738	2,284	1,018	759
<b>Gross margin*</b>	30.8%	24.3%	24.8%	40.1%	36.2%	32.3%	39.5%	40.6%	42.4%
<b>Operating expenses*</b>	\$ 103.9	\$ 93.7	\$ 120.3	\$ 108.2	\$ 116.5	\$ 131.0	\$ 182.1	\$ 186.3	\$ 182.9
<b>Operating income (loss)*</b>	\$ (16.7)	\$ (44.5)	\$ (37.4)	\$ 24.0	\$ (9.3)	\$ (60.3)	\$ 31.6	\$ (88.6)	\$ (89.3)
<b>Net income (loss)*</b>	\$ (20.8)	\$ (47.4)	\$ (41.3)	\$ 21.1	\$ (12.9)	\$ (62.8)	\$ 42.4	\$ (84.3)	\$ (72.6)
<b>Diluted net income (loss) per share*</b>	\$ (0.15)	\$ (0.34)	\$ (0.30)	\$ 0.15	\$ (0.09)	\$ (0.44)	\$ 0.29	\$ (0.60)	\$ (0.52)
<b>Adjusted EBITDA*</b>	\$ (8.7)	\$ (34.5)	\$ (26.5)	\$ 35.7	\$ 5.1	\$ (45.7)	\$ 44.3	\$ (73.6)	\$ (76.8)
<b>Headcount</b>	948	1,020	1,273	1,254	1,247	1,327	1,552	1,722	1,621

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

# QUARTERLY REVENUE METRICS



(\$ in millions)	Q2 2018		Q1 2018		Q4 2017		Q3 2017		Q2 2017	
	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev	\$	% of Rev
<b>Revenue by Channel:</b>										
Direct	\$ 145.3	51.4%	\$ 99.7	49.3%	\$ 179.4	53.6%	\$ 171.0	51.9%	\$ 169.7	57.2%
Distribution	137.4	48.6	102.6	50.7	155.4	46.4	158.8	48.1	126.8	42.8
<b>Total Revenue</b>	<b>\$ 282.7</b>	<b>100.0%</b>	<b>\$ 202.3</b>	<b>100.0%</b>	<b>\$ 334.8</b>	<b>100.0%</b>	<b>\$ 329.8</b>	<b>100.0%</b>	<b>\$ 296.5</b>	<b>100.0%</b>
<b>Revenue by Geography:</b>										
Americas	\$ 131.6	46.6%	\$ 90.5	44.7%	\$ 175.7	52.5%	\$ 163.4	49.6%	\$ 157.0	53.0%
Europe	90.8	32.1	62.3	30.8	89.6	26.8	97.2	29.4	80.2	27.0
Asia and Pacific	60.3	21.3	49.5	24.5	69.5	20.7	69.2	21.0	59.3	20.0
<b>Total Revenue</b>	<b>\$ 282.7</b>	<b>100.0%</b>	<b>\$ 202.3</b>	<b>100.0%</b>	<b>\$ 334.8</b>	<b>100.0%</b>	<b>\$ 329.8</b>	<b>100.0%</b>	<b>\$ 296.5</b>	<b>100.0%</b>

# SELECTED BALANCE SHEET METRICS



<i>(\$ in millions)</i>	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Cash, cash equivalents and marketable securities</b>	\$ 139.8	\$ 144.8	\$ 247.4	\$ 196.6	\$ 149.8	\$ 74.9	\$ 218.0	\$ 224.9	\$ 279.2
<b>Days sales outstanding*</b>	37	36	30	27	29	23	27	35	27
<b>Inventory*</b>	\$ 86.1	\$ 132.6	\$ 150.6	\$ 177.2	\$ 126.7	\$ 207.7	\$ 167.2	\$ 145.2	\$ 89.9
<b>Annualized inventory turns*</b>	7.2x	4.3x	6.1x	5.2x	4.5x	3.2x	8.4x	4.9x	4.4x
<b>Inventory days*</b>	40	78	54	81	60	126	46	92	64

\* 2018 metrics reflect impact of adopting Accounting Standards Codification 606 on January 1, 2018.

## Q2 2018 Actual

- Revenue: \$283 million, up 40% Q/Q
- ASP: \$264, nearly flat sequentially
- Gross margin: 31%, up from 24% in Q1'18
- Reduced operating expenses by \$13 million, or 11% Y/Y
- Inventory decreased by \$47 million to its lowest level since Q2 2014
- GAAP net loss of \$37 million, a 51% sequential improvement from Q1'18
- Non-GAAP net loss of \$21 million
- Headcount: 948

## Q3 2018 Guidance<sup>1</sup>

- Revenue: \$270 million +/- \$10 million
- Gross margin: 34% +/- 1%
- Operating expense: \$95 to \$100 million
- Non-GAAP tax expense: \$0.5 million
- EBITDA positive
- Cash up slightly sequentially

## Q4 2018 Guidance<sup>1</sup>

- Revenue: \$390 million +/- \$10 million
- Gross margin: 40% +/- 1%
- Operating expense: \$95 to \$100 million
- Non-GAAP tax expense: \$1 million
- Inventory below \$100 million
- Cash increase to \$190 million +/- \$10 million

## 2H 2018

- Non-GAAP net income and EBITDA profitability



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 costs which primarily include severance-related costs, stock-based compensation expenses and facilities consolidation charges recorded in connection with restructuring actions announced in the first and fourth quarters of 2016, first quarter of 2017 and first quarter of 2018. 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;

- 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) includes income tax adjustments. Beginning in the first quarter of 2017, we implemented 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)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>GAAP net income (loss)</b>	\$ (37,269)	\$ (76,347)	\$ (55,848)	\$ 14,661	\$ (30,536)	\$ (111,150)	\$ (115,709)	\$ (104,068)	\$ (91,767)
Stock-based compensation:									
Cost of revenue	490	382	580	445	415	495	421	426	412
Operating expenses	9,521	10,441	14,440	11,430	10,820	12,630	17,505	18,040	16,992
Total stock-based compensation	10,011	10,823	15,020	11,875	11,235	13,125	17,926	18,466	17,404
Acquisition-related costs:									
Cost of revenue	3,334	2,655	2,360	1,195	1,195	1,235	1,093	222	222
Operating expenses	—	3	—	946	947	1,113	2,607	8,351	2,453
Total acquisition-related costs	3,334	2,658	2,360	2,141	2,142	2,348	3,700	8,573	2,675
Restructuring costs:									
Cost of revenue	3	1,239	176	40	25	393	133	—	—
Operating expenses	769	15,499	3,328	1,937	2,331	12,062	36,448	—	—
Total restructuring costs	772	16,738	3,504	1,977	2,356	12,455	36,581	—	—
Non-cash interest expense	2,018	1,934	1,979	1,836	1,530	—	—	—	—
Income tax adjustments	291	(3,170)	(8,334)	(11,341)	359	20,439	99,869	(7,250)	(907)
<b>Non-GAAP net income (loss)</b>	\$ (20,843)	\$ (47,364)	\$ (41,319)	\$ 21,149	\$ (12,914)	\$ (62,783)	\$ 42,367	\$ (84,279)	\$ (72,595)
<b>Weighted-average dilutive shares*</b>	139,166	137,857	136,886	140,288	136,288	142,899	146,261	140,124	138,942
<b>Non-GAAP diluted net income (loss) per share</b>	\$ (0.15)	\$ (0.34)	\$ (0.30)	\$ 0.15	\$ (0.09)	\$ (0.44)	\$ 0.29	\$ (0.60)	\$ (0.52)

\* For all periods presented, weighted-average dilutive shares utilized for computing non-GAAP net income (loss) per share was equal to GAAP with the exception of Q4 2016. Shares of 146.3 million in Q4 2016 included 5.2 million potentially dilutive common shares that would have been anti-dilutive for computing GAAP net loss per share.

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS



(\$ in thousands)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>GAAP gross margin</b>	29.5%	22.2%	23.8%	39.6%	35.6%	31.4%	39.2%	40.3%	42.1%
Stock-based compensation	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.2	0.2
Acquisition-related costs	1.1	1.3	0.7	0.4	0.4	0.6	0.2	0.1	0.1
Restructuring costs	—	0.6	0.1	—	0.1	0.1	—	—	—
<b>Non-GAAP gross margin</b>	30.8%	24.3%	24.8%	40.1%	36.2%	32.3%	39.5%	40.6%	42.4%
<b>GAAP operating expenses</b>	\$ 114,205	\$ 119,655	\$ 138,097	\$ 122,497	\$ 130,615	\$ 156,781	\$ 238,703	\$ 212,658	\$ 202,379
Stock-based compensation	(9,521)	(10,441)	(14,440)	(11,430)	(10,820)	(12,630)	(17,505)	(18,040)	(16,992)
Acquisition-related costs	—	(3)	—	(946)	(947)	(1,113)	(2,607)	(8,351)	(2,453)
Restructuring costs	(769)	(15,499)	(3,328)	(1,937)	(2,331)	(12,062)	(36,448)	—	—
<b>Non-GAAP operating expenses</b>	\$ 103,915	\$ 93,712	\$ 120,329	\$ 108,184	\$ 116,517	\$ 130,976	\$ 182,143	\$ 186,267	\$ 182,934
<b>GAAP operating income (loss)</b>	\$ (30,836)	\$ (74,739)	\$ (58,311)	\$ 8,049	\$ (24,983)	\$ (88,215)	\$ (26,568)	\$ (115,589)	\$ (109,377)
Stock-based compensation	10,011	10,823	15,020	11,875	11,235	13,125	17,926	18,466	17,404
Acquisition-related costs	3,334	2,658	2,360	2,141	2,142	2,348	3,700	8,573	2,675
Restructuring costs	772	16,738	3,504	1,977	2,356	12,455	36,581	—	—
<b>Non-GAAP operating income (loss)</b>	\$ (16,719)	\$ (44,520)	\$ (37,427)	\$ 24,042	\$ (9,250)	\$ (60,287)	\$ 31,639	\$ (88,550)	\$ (89,298)

# APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS

<i>(\$ in thousands)</i>	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>GAAP net income (loss)</b>	\$ (37,269)	\$ (76,347)	\$ (55,848)	\$ 14,661	\$ (30,536)	\$ (111,150)	\$ (115,709)	\$ (104,068)	\$ (91,767)
Income tax expense (benefit)	706	(2,782)	(6,943)	(10,844)	1,991	22,282	87,391	(12,329)	(16,950)
Interest (income) expense, net	4,299	4,212	4,163	4,228	3,652	761	1,022	596	117
Depreciation and amortization	9,173	8,907	9,218	9,100	11,467	11,693	11,100	12,734	9,482
POP display amortization	3,611	3,912	4,342	4,728	4,955	5,165	4,944	4,979	4,957
Stock-based compensation	10,011	10,823	15,020	11,875	11,235	13,125	17,926	18,466	17,404
Impairment of intangible assets	—	—	—	—	—	—	1,088	6,000	—
Restructuring costs	772	16,738	3,504	1,977	2,356	12,455	36,581	—	—
<b>Adjusted EBITDA</b>	\$ (8,697)	\$ (34,537)	\$ (26,544)	\$ 35,725	\$ 5,120	\$ (45,669)	\$ 44,343	\$ (73,622)	\$ (76,757)



**THANK YOU**

