

Investor Presentation

November 2018

GoPro

SAFE HARBOR STATEMENT

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; any changes to trade policies, tariffs and import/export regulations; 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; 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 September 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.

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.

GOPRO AT A GLANCE

ESTABLISHED IN 2004	HQ IN SAN MATEO	31M+ CAMERAS[1]	37M+ FOLLOWERS[2]



- 2017 Revenue: $1.2 Billion
- Sales in >100 Countries; >25,000 Retail Locations[3]
- 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 Black Achieved Strongest Month-1 Sell-Through of Any New Camera in GoPro History
- HERO7 Silver and HERO7 White Also Include Significantly Improved Video Stabilization
- Fusion Held 47% of the Spherical Camera Market on a Dollar Basis[4]
- PLUS Subscription Service Had 185K Paying Subscribers as of Sep. 2018, Up 16% Q/Q
- Announced a Collaboration with Adobe to Bring Thousands of Curated GoPro Clips to Adobe Stock in Oct. 2018
- Announced Instagram Stories Integration that Enables Direct Sharing from GoPro App on May 1
- GoPro is the Best-Selling Camera in the U.S. for 19 Straight Quarters[5]



PLUS

[1] Cumulative HERO cameras sold since first HD HERO in 2009 through Q3 2018
[2] GoPro followers across all social media platforms, as of Q3 2018
[3] As of 6/30/18
[4] In Q3 2018, according to NPD
[5] Among Digital Image Cameras on a unit basis through Q3 2018, according to NPD



HERO7 WHITE

HERO 7 BLACK

HERO7 SILVER

MSRP: **$199.99**

MSRP: **$399.99**

MSRP: **$299.99**

HERO7 BLACK DETAIL



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 SuperPhoto
- 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

Q3 2018 HIGHLIGHTS

#1
ACTION CAMERA BRAND IN N.A., EUROPE, AND ASIA[1]

#1
SELLING CAMERA OF ANY TYPE FOR 19 QUARTERS IN A ROW[2]

96%
OF THE ACTION CAMERA CATEGORY[3]

47%
SPHERICAL CAMERA SHARE[4]

185K
ACTIVE PAYING PLUS SUBSCRIBERS, UP 16%[5]

37M+
SOCIAL FOLLOWERS ACROSS ALL PLATFORMS

[1] According to NPD and GfK; [2] In the US according to NPD; [3] In the US by dollar volume, according to NPD; GoPro held 21% of overall US digital imaging unit share as of Q3 2018; [4] On a dollar basis in the US, according to NPD; [5] Since Q2 2018


GoPro
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







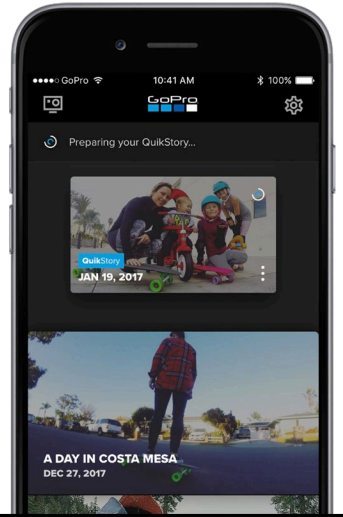




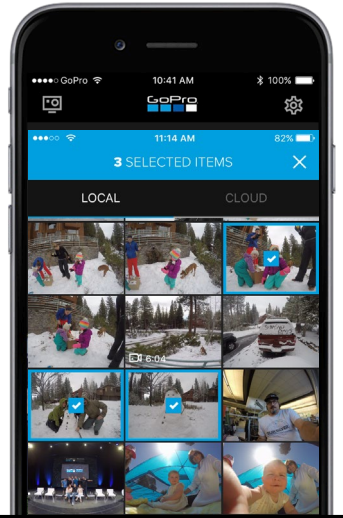
CAPTURE



SHARE



CLOUD



31M+ CAMERAS SOLD

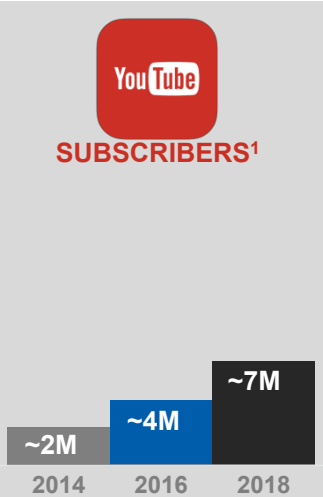
NOW INCLUDES DIRECT SHARING TO INSTAGRAM

185K PAYING SUBSCRIBERS

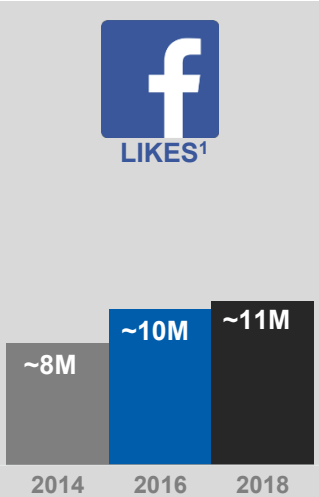
GOPRO MODEL: A VIRTUOUS CYCLE



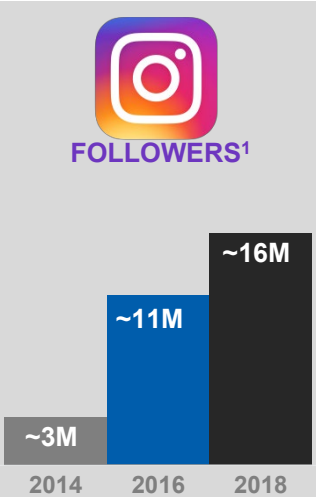
GROWING FOLLOWERS



~30% CAGR
~30% YoY Growth



~10% CAGR
~1% YoY Growth



~50% CAGR
~15% YoY Growth

HIGHLY ENGAGED

142M

Video views of organic GoPro content across social channels in Q3 2018

172%

Higher post-launch engagement in 2018 compared to launch in 2017

Note: GoPro has over 37 million followers across all social platforms as of September 30, 2018
[1] Social media numbers are as of Q3 of each year


Our Products
GoPro

EVOLUTION OF PRODUCT PORTFOLIO

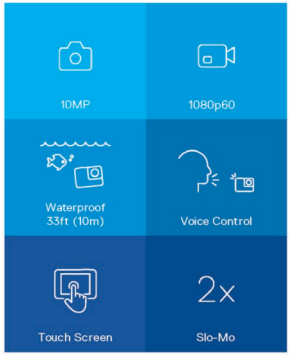
Underperformed expectations | Product fit and other questions

2012	2013	2014	2015	2016	2017	2018	Launch 2018
				KARMA $799	KARMA $799	FUSION $699	FUSION $599
$499		HERO4 Black $499	HERO4 Black $499		HERO6 Black $499		
$399	HERO3 Black $399	HERO3+ Black $399	HERO4 Silver $399	HERO4 Silver $399	HERO5 Black $399	HERO5 Black $399	HERO6 Black $399	HERO7 Black $399
$299	HERO3 Silver $299	HERO3+ Silver $299	HERO3+ Silver $299	Session $299 HERO+ LCD $299	HERO5 Session $299	HERO5 Session $299	HERO5 Black $299	HERO7 Silver $299
$199	HERO3 White $199	HERO3 White $199	HERO3 White $199 HERO $129	HERO+ $199 HERO $129	Session $199	Session $149	HERO $199	HERO7 White $199
	✓	✓	✓	✗	✗	✗	✓	✓

INDUSTRY LEADING HARDWARE



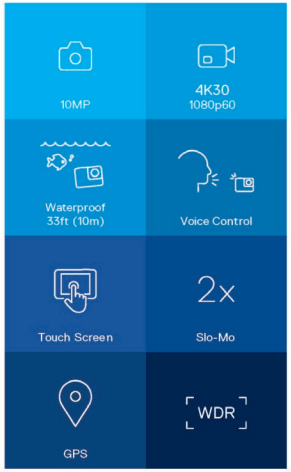
HERO7 WHITE



MSRP: **$199.99**



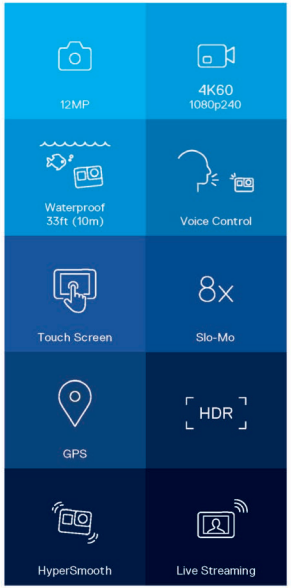
HERO7 SILVER



MSRP: **$299.99**



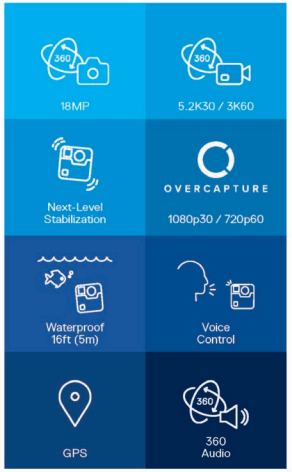
HERO7 BLACK



MSRP: **$399.99**



FUSION



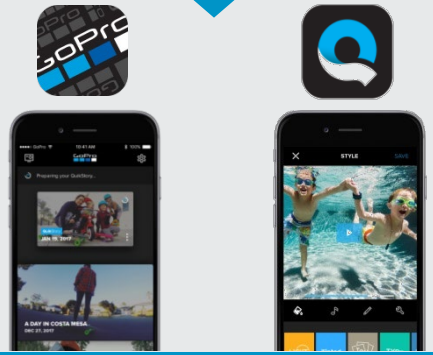
MSRP: **$599.99**

CAPTURE INNOVATION



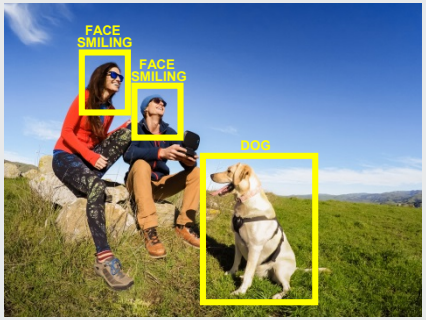
Next Gen Capture Leads To Next Gen Sharing

APPS



Mobile & Cloud Automated Storytelling

COMPUTER VISION + MACHINE LEARNING



Improved Capture & Storytelling Automation

PLUS SUBSCRIPTION SERVICE



$4.99 / Month
185K Subscribers

PLUS

- Damage Replacement[1]
- Auto Cloud Backup
- Share on the Go
- Unlimited Photo Storage
- 35 Hours of Video
- 20% Off Accessories
- VIP Support

[1] Currently available only in the United States


Marketing & Distribution
GoPro

MULTI-CHANNEL STRATEGY

CONSUMER

LIFESTYLE

SOCIAL

PRINT ADS





GLOBAL RESORTS

ALTERRA MOUNTAIN COMPANY

VAIL RESORTS

MÉRIBEL

CARDRONA ALPINE RESORT · NEW ZEALAND

CHANNEL MARKETING





GLOBAL TRADESHOWS

International CES

MOBILE WORLD CONGRESS

photokina IMAGING UNLIMITED

OutdoorRetailer WINTER MARKET

VidCon

OUTDOOR







ATHLETES & SOCIAL INFLUENCERS









TOP TIER EVENTS

US

UCI UNION CYCLISTE INTERNATIONALE

Monster Energy Supercross

Red Bull MEDIA HOUSE

motocross MXGP

GoPro MOUNTAIN GAMES

STRONG GLOBAL NETWORK OF RETAIL DISTRIBUTION

GLOBAL FOOTPRINT

>25,000 RETAIL LOCATIONS; >100 COUNTRIES[1]

DIRECT (49% OF YTD REVENUE)[2]

BIG BOX RETAIL	MID MARKET RETAIL	SPECIALTY RETAIL	ONLINE
BEST BUY		QUIKSILVER	GoPro
Walmart	REI		amazon
TARGET	B&H		JD.COM 京东
Dixons	Abt		天猫 TMALL.COM
fnac			

OUTSIDE THE U.S. (63% OF YTD REVENUE)[2]

- In Europe, in the $150 and above price band, GoPro held 84% unit share, up from 78% a year ago[3]
- In Japan, GoPro market share was 58% and 71% by units and dollars, up from 51% and 61%, respectively, year-over-year[3]
- In Korea, GoPro market share was 47% and 61% by units and dollars, up from 28% and 38%, respectively, year-over-year[3]

[1] As of 6/30/18
[2] For the 9 months ended September 30, 2018
[3] In Q3 2018, according to GfK

GLOBAL POINT OF PURCHASE

POINT OF PURCHASE DISPLAYS GLOBALLY ▶ **~35K**







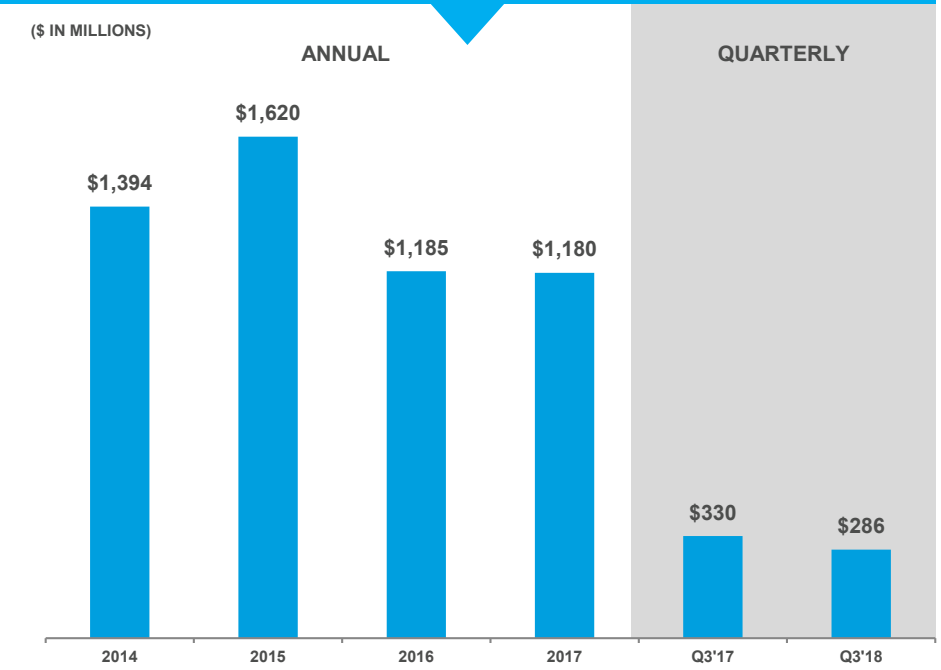


As of 6/30/2018

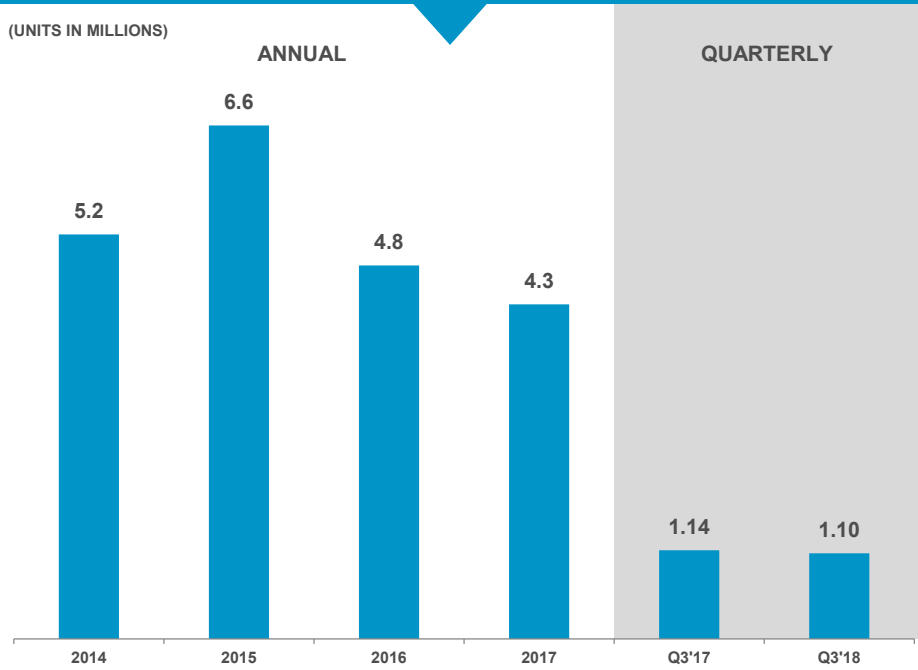

Financial Overview
GoPro

REVENUE AND UNITS SHIPPED

REVENUE



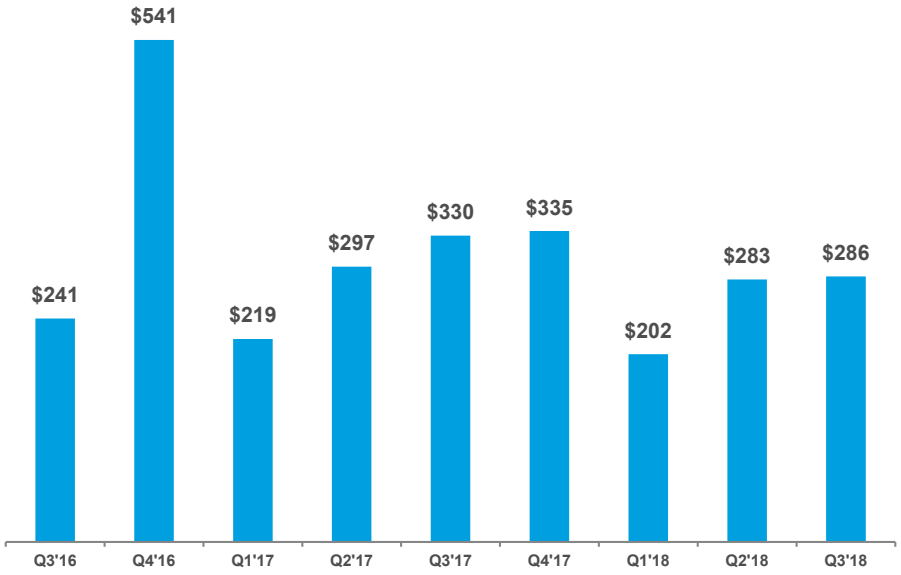
CAMERA UNITS SHIPPED



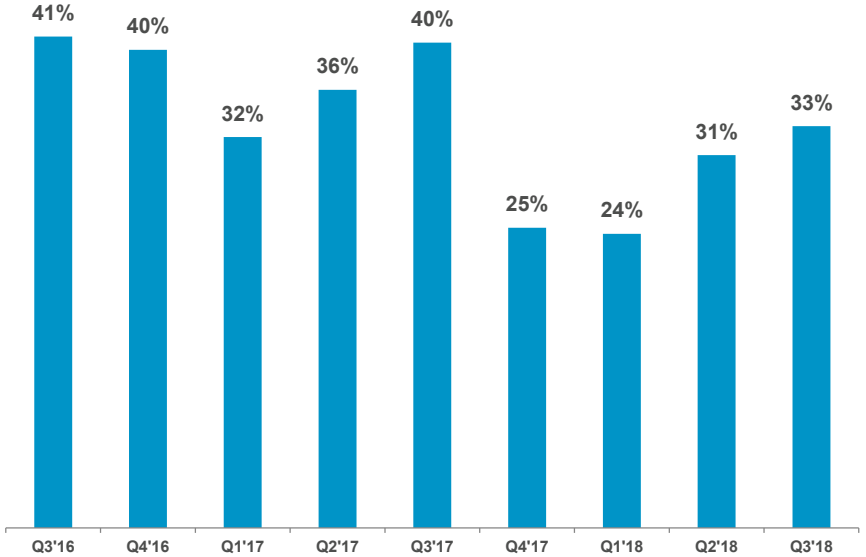
QUARTERLY TRENDS

QUARTERLY REVENUE

($ IN MILLIONS)



QUARTERLY NON-GAAP GROSS MARGIN[1]



[1] See reconciliation in Appendix

QUARTERLY NON-GAAP INCOME STATEMENT SUMMARY

($ in millions, except per share data)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Revenue	$ 285.9	$ 282.7	$ 202.3	$ 334.8	$ 329.8	$ 296.5	$ 218.6	$ 540.6	$ 240.6
Camera units shipped *(in thousands)*	1,095	1,071	758	1,361	1,144	1,061	738	2,284	1,018
Gross margin*	*33.2%*	*30.8%*	*24.3%*	*24.8%*	*40.1%*	*36.2%*	*32.3%*	*39.5%*	*40.6%*
Operating expenses*	$ 98.7	$ 103.9	$ 93.7	$ 120.3	$ 108.2	$ 116.5	$ 131.0	$ 182.1	$ 186.3
Operating income (loss)*	$ (3.6)	$ (16.7)	$ (44.5)	$ (37.4)	$ 24.0	$ (9.3)	$ (60.3)	$ 31.6	$ (88.6)
Net income (loss)*	$ (6.1)	$ (20.8)	$ (47.4)	$ (41.3)	$ 21.1	$ (12.9)	$ (62.8)	$ 42.4	$ (84.3)
Diluted net income (loss) per share*	$ (0.04)	$ (0.15)	$ (0.34)	$ (0.30)	$ 0.15	$ (0.09)	$ (0.44)	$ 0.29	$ (0.60)
Adjusted EBITDA*	$ 6.2	$ (8.7)	$ (34.5)	$ (26.5)	$ 35.7	$ 5.1	$ (45.7)	$ 44.3	$ (73.6)
Headcount	927	948	1,020	1,273	1,254	1,247	1,327	1,552	1,722

* Non-GAAP metric. See reconciliations in Appendix.

QUARTERLY REVENUE METRICS

($ in millions)	Q3 2018		Q2 2018		Q1 2018		Q4 2017		Q3 2017	
Revenue by Channel:	$	% of Rev	$	% of Rev	$	% of Rev	$	% of Rev	$	% of Rev
Direct	$ 133.7	46.8%	$ 145.3	51.4%	$ 99.7	49.3%	$ 179.4	53.6%	$ 171.0	51.9%
Distribution	152.2	53.2	137.4	48.6	102.6	50.7	155.4	46.4	158.8	48.1
Total Revenue	**$ 285.9**	**100.0%**	**$ 282.7**	**100.0%**	**$ 202.3**	**100.0%**	**$ 334.8**	**100.0%**	**$ 329.8**	**100.0%**
Revenue by Geography:	$	% of Rev	$	% of Rev	$	% of Rev	$	% of Rev	$	% of Rev
Americas	$ 119.5	41.8%	$ 131.6	46.6%	$ 90.5	44.7%	$ 175.7	52.5%	$ 163.4	49.6%
Europe	96.0	33.6	90.8	32.1	62.3	30.8	89.6	26.8	97.2	29.4
Asia and Pacific	70.4	24.6	60.3	21.3	49.5	24.5	69.5	20.7	69.2	21.0
Total Revenue	**$ 285.9**	**100.0%**	**$ 282.7**	**100.0%**	**$ 202.3**	**100.0%**	**$ 334.8**	**100.0%**	**$ 329.8**	**100.0%**

SELECT BALANCE SHEET METRICS

($ in millions)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Cash, cash equivalents and marketable securities	$ 148.2	$ 139.8	$ 144.8	$ 247.4	$ 196.6	$ 149.8	$ 74.9	$ 218.0	$ 224.9
Days sales outstanding*	47	37	36	30	27	29	23	27	35
Inventory*	$ 123.2	$ 86.1	$ 132.6	$ 150.6	$ 177.2	$ 126.7	$ 207.7	$ 167.2	$ 145.2
Annualized inventory turns*	7.3x	7.2x	4.3x	6.1x	5.2x	4.5x	3.2x	8.4x	4.9x
Inventory days*	58	40	78	54	81	60	126	46	92

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

2018 PROGRESS AND GUIDANCE

Q3 2018 Actual

- Revenue: $286 million, up 1% Q/Q
- ASP: $261, nearly flat sequentially
- Gross margin: 33%, up from 31% in Q2'18
- Reduced operating expenses by $10 million, or 9% Y/Y
- GAAP net loss of $27 million, a 27% sequential improvement from Q2'18
- Non-GAAP net loss of $6 million, or $0.04 loss per share
- Adjusted EBITDA: $6 million
- Cash and investments totaled $148 million
- Headcount: approximately 900
- Sell-in: 1.1 million units
- Sell-through: 1.1 million units, up slightly Y/Y

Q4 2018 Guidance[1]

- Revenue: $370 million +/- $10 million
- Street ASP: increase slightly Q/Q
- Gross margin: 38% +/- 50bps
- Operating expense: $99 to $101 million
- Non-GAAP tax expense: $0.7 million
- GAAP EPS: $0.09 to $0.18 per share
- Non-GAAP EPS: $0.21 to $0.31 per share
- Positive EBITDA
- Cash above $190 million
- Sell-in: ~1.4 million units in Q4'18; ~4.3 million units in 2018
- Sell-through: ~2 million units in Q4'18; ~5 million units in 2018
- Expect to exit year with low channel inventory

Source: GoPro Q3 2018 Earnings Release and Call held on 11/1/2018
Note: References are to non-GAAP financial figures unless otherwise specified; refer to Appendix for applicable reconciliations with GAAP figures
[1] As of 11/1/2018


Appendix
GoPro

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 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;

APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS

- 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)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
GAAP net income (loss)	$ (27,089)	$ (37,269)	$ (76,347)	$ (55,848)	$ 14,661	$ (30,536)	$ (111,150)	$ (115,709)	$ (104,068)
Stock-based compensation:									
Cost of revenue	534	490	382	580	445	415	495	421	426
Operating expenses	9,803	9,521	10,441	14,440	11,430	10,820	12,630	17,505	18,040
Total stock-based compensation	10,337	10,011	10,823	15,020	11,875	11,235	13,125	17,926	18,466
Acquisition-related costs:									
Cost of revenue	3,363	3,334	2,655	2,360	1,195	1,195	1,235	1,093	222
Operating expenses	—	—	3	—	946	947	1,113	2,607	8,351
Total acquisition-related costs	3,363	3,334	2,658	2,360	2,141	2,142	2,348	3,700	8,573
Restructuring costs:									
Cost of revenue	115	3	1,239	176	40	25	393	133	—
Operating expenses	3,901	769	15,499	3,328	1,937	2,331	12,062	36,448	—
Total restructuring costs	4,016	772	16,738	3,504	1,977	2,356	12,455	36,581	—
Non-cash interest expense	2,036	2,018	1,934	1,979	1,836	1,530	—	—	—
Income tax adjustments	1,279	291	(3,170)	(8,334)	(11,341)	359	20,439	99,869	(7,250)
Non-GAAP net income (loss)	$ (6,058)	$ (20,843)	$ (47,364)	$ (41,319)	$ 21,149	$ (12,914)	$ (62,783)	$ 42,367	$ (84,279)
Weighted-average dilutive shares*	140,072	139,166	137,857	136,886	140,288	136,288	142,899	146,261	140,124
Non-GAAP diluted net income (loss) per share	$ (0.04)	$ (0.15)	$ (0.34)	$ (0.30)	$ 0.15	$ (0.09)	$ (0.44)	$ 0.29	$ (0.60)

* 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)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
GAAP gross margin	31.8%	29.5%	22.2%	23.8%	39.6%	35.6%	31.4%	39.2%	40.3%
Stock-based compensation	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.2
Acquisition-related costs	1.2	1.1	1.3	0.7	0.4	0.4	0.6	0.2	0.1
Restructuring costs	—	—	0.6	0.1	—	0.1	0.1	—	—
Non-GAAP gross margin	33.2%	30.8%	24.3%	24.8%	40.1%	36.2%	32.3%	39.5%	40.6%
GAAP operating expenses	$ 112,386	$ 114,205	$ 119,655	$ 138,097	$ 122,497	$ 130,615	$ 156,781	$ 238,703	$ 212,658
Stock-based compensation	(9,803)	(9,521)	(10,441)	(14,440)	(11,430)	(10,820)	(12,630)	(17,505)	(18,040)
Acquisition-related costs	—	—	(3)	—	(946)	(947)	(1,113)	(2,607)	(8,351)
Restructuring costs	(3,901)	(769)	(15,499)	(3,328)	(1,937)	(2,331)	(12,062)	(36,448)	—
Non-GAAP operating expenses	$ 98,682	$ 103,915	$ 93,712	$ 120,329	$ 108,184	$ 116,517	$ 130,976	$ 182,143	$ 186,267
GAAP operating income (loss)	$ (21,354)	$ (30,836)	$ (74,739)	$ (58,311)	$ 8,049	$ (24,983)	$ (88,215)	$ (26,568)	$ (115,589)
Stock-based compensation	10,337	10,011	10,823	15,020	11,875	11,235	13,125	17,926	18,466
Acquisition-related costs	3,363	3,334	2,658	2,360	2,141	2,142	2,348	3,700	8,573
Restructuring costs	4,016	772	16,738	3,504	1,977	2,356	12,455	36,581	—
Non-GAAP operating income (loss)	$ (3,638)	$ (16,719)	$ (44,520)	$ (37,427)	$ 24,042	$ (9,250)	$ (60,287)	$ 31,639	$ (88,550)

APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS

($ in thousands)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
GAAP net income (loss)	$ (27,089)	$ (37,269)	$ (76,347)	$ (55,848)	$ 14,661	$ (30,536)	$ (111,150)	$ (115,709)	$ (104,068)
Income tax expense (benefit)	1,780	706	(2,782)	(6,943)	(10,844)	1,991	22,282	87,391	(12,329)
Interest expense, net	4,297	4,299	4,212	4,163	4,228	3,652	761	1,022	596
Depreciation and amortization	9,693	9,173	8,907	9,218	9,100	11,467	11,693	11,100	12,734
POP display amortization	3,171	3,611	3,912	4,342	4,728	4,955	5,165	4,944	4,979
Stock-based compensation	10,337	10,011	10,823	15,020	11,875	11,235	13,125	17,926	18,466
Impairment of intangible assets	—	—	—	—	—	—	—	1,088	6,000
Restructuring costs	4,016	772	16,738	3,504	1,977	2,356	12,455	36,581	—
Adjusted EBITDA	$ 6,205	$ (8,697)	$ (34,537)	$ (26,544)	$ 35,725	$ 5,120	$ (45,669)	$ 44,343	$ (73,622)


THANK YOU
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