GoPro

Q2 2024 Preliminary Earnings Results Summary

August 6, 2024

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,” “plan” 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 statements regarding our expectations for profitability, revenue growth and subscription growth; expanded product roadmap, expanded retail presence, distribution and overall consumer demand for our products. 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 the inability to achieve our revenue growth or profitability in the future, and if revenue growth or profitability is achieved, the inability to sustain it; the fact that an economic downturn or economic uncertainty in our key U.S. and international markets, inflation, and fluctuations in interest rates or currency exchange rates may adversely affect consumer discretionary spending and demand for our products; the fact that our goal to grow revenue and be profitable relies upon our ability to grow sales from our direct-to-consumer business and our retail partners and distributors; our ability to acquire and retain subscribers; our reliance on third-party suppliers, some of which are sole-source suppliers, to provide services and components for our products which may be impacted due to supply shortages, long lead times or other service disruptions that may lead to increased costs due to the effects of global conflicts and geopolitical issues such as the ongoing conflicts in the Middle East, Ukraine or China-Taiwan relations; our ability to maintain the value and reputation of our brand and protect our intellectual property and proprietary rights; the risk that our sales fall below our forecasts, especially during the holiday season; the risk we fail to manage our operating expenses effectively, which may result in our financial performance suffering the fact that our continued profitability depends in part on further penetrating our total addressable market, and we may not be successful in doing so; the risk we are able to reduce our operating expenses and achieve profitability in 2025; the fact that we rely on 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; the risk that we may not successfully manage product introductions, product transitions, product pricing and marketing; our ability to maintain profitability if there are delays or issues in our product launches; 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 ability to attract, engage and retain qualified personnel; any changes to trade agreements, trade policies, tariffs, and import/export regulations; the impact of competition on our market share, revenue and profitability; the fact that we may experience fluctuating revenue, expenses and profitability in the future; risks related to inventory, purchase commitments and long-lived assets; 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; the effects of global conflicts and geopolitical issues such as the conflicts in the Middle East, Ukraine or China-Taiwan relations and its effects on the United States and global economies and our business in particular; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2023, which is on file with the Securities and Exchange Commission (SEC), and as updated in filings with the SEC including the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. These forward-looking statements speak only as of the date hereof or as of the date otherwise stated herein. GoPro disclaims any obligation to update these forward-looking statements.

USE OF NON-GAAP METRICS

We report gross margin, operating expenses, operating income (loss), net income (loss) and diluted net income (loss) per share in accordance with U.S. generally accepted accounting principles (GAAP) and on a non-GAAP basis. We additionally 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 2024 earnings press release issued on August 6, 2024, which should be reviewed in conjunction with this presentation.

QUARTERLY NON-GAAP INCOME STATEMENT SUMMARY

($ in millions, except per share data)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	$ 186.2	$ 155.5	$ 295.4	$ 294.3	$ 241.0	$ 174.7	$ 321.0	$ 305.1	$ 250.7
Camera units shipped *(in thousands)*	576	393	895	923	704	462	850	797	640
Gross margin*	30.7%	34.4%	34.4%	32.2%	31.6%	30.3%	35.1%	38.2%	38.5%
Operating expenses*	$ 92.6	$ 83.3	$ 99.6	$ 88.9	$ 88.2	$ 82.7	$ 93.7	$ 83.1	$ 81.5
Operating income (loss)*	$ (35.4)	$ (29.9)	$ 2.0	$ 5.7	$ (12.1)	$ (29.8)	$ 19.1	$ 33.4	$ 15.0
Net income (loss)*, [1]	$ (36.2)	$ (319.4)	$ 4.2	$ 9.0	$ (7.9)	$ (25.5)	$ 17.4	$ 25.2	$ 10.4
Diluted net income (loss) per share*, [1]	$ (0.24)	$ (2.11)	$ 0.03	$ 0.06	$ (0.05)	$ (0.16)	$ 0.10	$ 0.15	$ 0.06
Adjusted EBITDA*	$ (33.4)	$ (29.3)	$ 3.3	$ 7.2	$ (10.3)	$ (27.5)	$ 22.0	$ 35.2	$ 16.9
Headcount	925	937	930	917	908	894	877	860	839

* Non-GAAP metric. See reconciliations in Appendix.

[1] In the first quarter of 2024, we revised the income tax adjustment to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments to better align with SEC guidance. For comparative purposes, we have revised our prior period income tax adjustments to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments. Additionally, in the second quarter of 2024, we revised the first quarter of 2024 income tax adjustment to exclude the establishment of a valuation allowance on United States federal and state deferred tax assets. See reconciliations in Appendix.

QUARTERLY REVENUE METRICS

($ in millions)	Q2 2024		Q1 2024		Q4 2023		Q3 2023		Q2 2023	
Revenue by Channel:	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**
GoPro.com	$ 49.1	26.4 %	$ 49.2	31.6 %	$ 67.4	22.8 %	$ 63.3	21.5 %	$ 75.6	31.4 %
Retail	137.1	73.6	106.3	68.4	228.0	77.2	231.0	78.5	165.4	68.6
Total Revenue	**$ 186.2**	**100.0 %**	**$ 155.5**	**100.0 %**	**$ 295.4**	**100.0 %**	**$ 294.3**	**100.0 %**	**$ 241.0**	**100.0 %**
GoPro.com Revenue:	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**
Hardware	$ 22.8	46.4 %	$ 23.3	47.4 %	$ 42.3	62.8 %	$ 38.5	60.8 %	$ 51.2	67.7 %
Subscription and service	26.3	53.6	25.9	52.6	25.1	37.2	24.8	39.2	24.4	32.3
Total GoPro.com Revenue	**$ 49.1**	**100.0 %**	**$ 49.2**	**100.0 %**	**$ 67.4**	**100.0 %**	**$ 63.3**	**100.0 %**	**$ 75.6**	**100.0 %**
Revenue by Geography:	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**	**$**	**% of Rev**
Americas	$ 88.7	47.6 %	$ 76.6	49.2 %	$ 126.9	42.9 %	$ 131.6	44.7 %	$ 121.6	50.4 %
Europe, Middle East and Africa	64.5	34.6	52.0	33.5	94.8	32.2	83.5	28.4	66.5	27.6
Asia and Pacific	33.0	17.8	26.9	17.3	73.7	24.9	79.2	26.9	52.9	22.0
Total Revenue	**$ 186.2**	**100.0 %**	**$ 155.5**	**100.0 %**	**$ 295.4**	**100.0 %**	**$ 294.3**	**100.0 %**	**$ 241.0**	**100.0 %**

SELECT BALANCE SHEET METRICS

($ in millions)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Cash, cash equivalents, restricted cash and marketable securities	$ 133.0	$ 133.7	$ 246.6	$ 259.5	$ 271.7	$ 294.6	$ 367.3	$ 348.8	$ 322.5
Days sales outstanding	42	40	28	33	31	29	22	25	32
Inventory	$ 97.3	$ 131.3	$ 106.3	$ 154.9	$ 135.4	$ 154.8	$ 127.1	$ 153.4	$ 126.0
Annualized inventory turns	4.5x	3.4x	5.9x	5.5x	4.5x	3.5x	5.9x	5.4x	5.0x
Inventory days	68	116	49	70	74	114	55	73	74

SUBSCRIPTION

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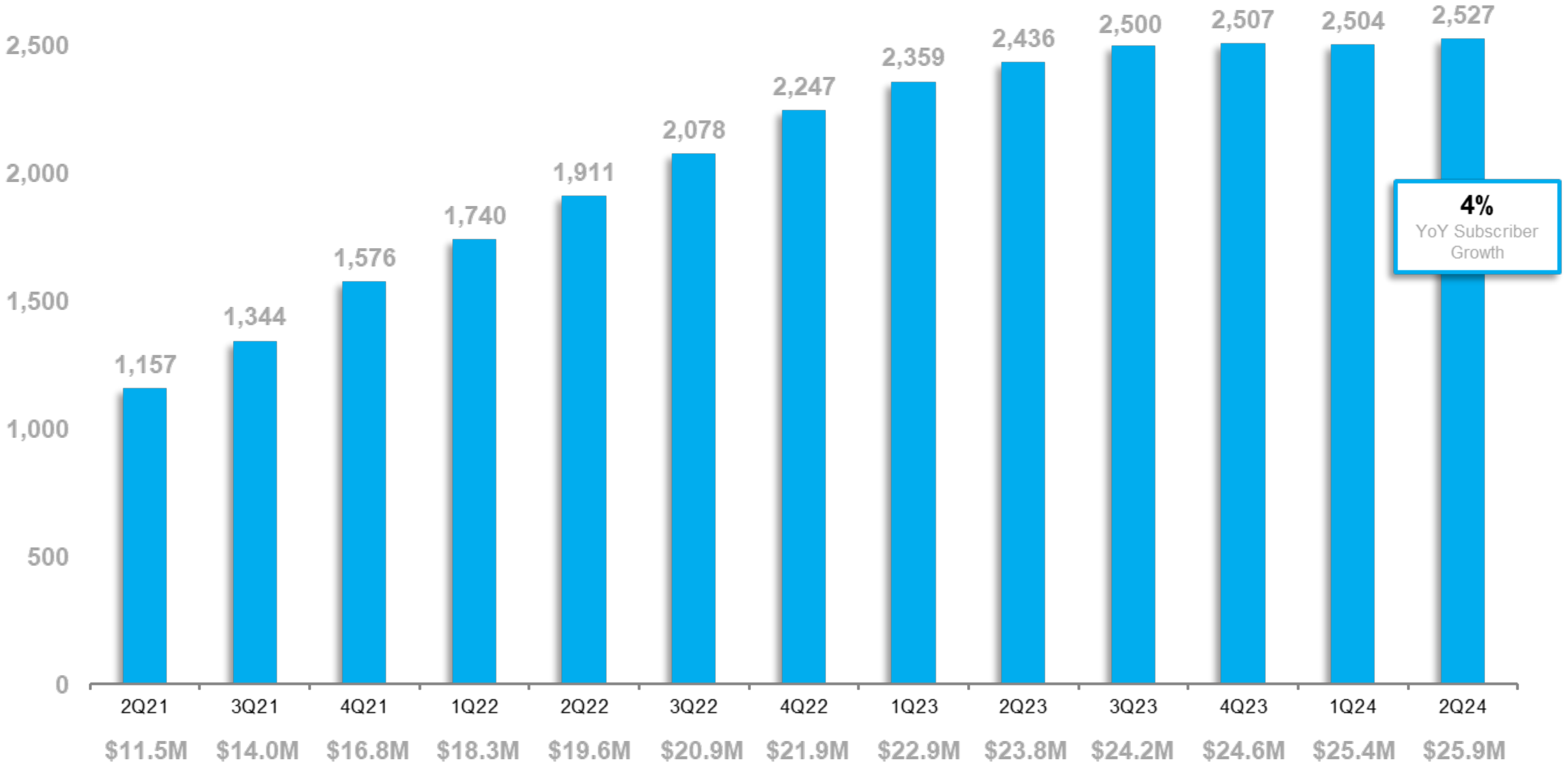

*Premium and Premium+

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 profit, gross margin percentage, 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 income tax expense (benefit), which may change cash available to us;
- adjusted EBITDA does not reflect interest income (expense), which may 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, manufacturing consolidation charges, facilities consolidation charges recorded in connection with restructuring actions, including right-of-use asset impairment charges (if applicable), and the related ongoing operating lease cost of those facilities recorded under ASC 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 non-GAAP 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) excludes any gain or loss on the extinguishment of debt because it is not reflective of ongoing operating results in the period, and the frequency and amount of such gains and losses vary;
- 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 can contribute to revenue generation;

APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS

- non-GAAP net income (loss) includes income tax adjustments. In the first quarter of 2024, we revised our income tax adjustments to reflect the current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments to better align with SEC guidance. For comparative purposes, we have revised the prior year income tax adjustments to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments. Additionally, in the second quarter of 2024, we revised the first quarter of 2024 income tax adjustment to exclude the establishment of a valuation allowance on the United States federal and state deferred tax assets;
- 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 in periods of net income, 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 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
GAAP net income (loss)	$ (47,821)	$ (339,088)	$ (2,418)	$ (3,684)	$ (17,212)	$ (29,869)	$ 3,073	$ 17,570	$ 2,519
Stock-based compensation:									
Cost of revenue	339	415	459	500	530	466	434	441	483
Operating expenses	7,452	8,355	9,572	9,517	10,587	9,848	9,131	8,898	9,768
Total stock-based compensation	7,791	8,770	10,031	10,017	11,117	10,314	9,565	9,339	10,251
Acquisition-related costs:									
Operating expenses	569	837	822	—	—	—	—	—	—
Total acquisition-related costs	569	837	822	—	—	—	—	—	—
Restructuring and other costs:									
Cost of revenue	137	—	75	(23)	(211)	(14)	8,047	(21)	4
Operating expenses	2,599	1,910	473	(462)	(504)	(247)	(242)	(393)	80
Total restructuring and other costs	2,736	1,910	548	(485)	(715)	(261)	7,805	(414)	84
Gain on extinguishment of debt	—	—	(3,092)	—	—	—	—	—	—
Income tax adjustments[1]	546	8,214	(1,733)	3,148	(1,118)	(5,669)	(2,997)	(1,266)	(2,462)
Non-GAAP net income (loss)	$ (36,179)	$ (319,357)	$ 4,158	$ 8,996	$ (7,928)	$ (25,485)	$ 17,446	$ 25,229	$ 10,392

[1] In the first quarter of 2024, we revised the income tax adjustment to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments to better align with SEC guidance. For comparative purposes, we have revised our prior period income tax adjustments to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments. Additionally, in the second quarter of 2024, we revised the first quarter of 2024 income tax adjustment to exclude the establishment of a valuation allowance on United States federal and state deferred tax assets.

APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS

($ in thousands, except per share data)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Numerator:									
GAAP net income (loss) - Basic	$ (47,821)	$ (339,088)	$ (2,418)	$ (3,684)	$ (17,212)	$ (29,869)	$ 3,073	$ 17,570	$ 2,519
Add: Interest on convertible notes, tax effected	—	—	—	—	—	—	334	485	715
GAAP net income (loss) - Diluted	$ (47,821)	$ (339,088)	$ (2,418)	$ (3,684)	$ (17,212)	$ (29,869)	$ 3,407	$ 18,055	$ 3,234
Non-GAAP net income (loss) - Basic[1]	$ (36,179)	$ (319,357)	$ 4,158	$ 8,996	$ (7,928)	$ (25,485)	$ 17,446	$ 25,229	$ 10,392
Add: Interest on convertible notes, tax effected	—	—	499	461	—	—	334	485	715
Non-GAAP net income (loss) - Diluted[1]	$ (36,179)	$ (319,357)	$ 4,657	$ 9,457	$ (7,928)	$ (25,485)	$ 17,780	$ 25,714	$ 11,107
Denominator:									
GAAP shares - Diluted	152,502	151,091	151,078	152,409	154,562	155,402	172,124	173,184	176,860
Add: Non-GAAP dilutive shares	—	—	13,541	16,272	—	—	—	—	—
Non-GAAP shares - Diluted	152,502	151,091	164,619	168,681	154,562	155,402	172,124	173,184	176,860
GAAP diluted net income (loss) per share	$ (0.31)	$ (2.24)	$ (0.02)	$ (0.02)	$ (0.11)	$ (0.19)	$ 0.02	$ 0.10	$ 0.02
Non-GAAP diluted net income (loss) per share[1]	$ (0.24)	$ (2.11)	$ 0.03	$ 0.06	$ (0.05)	$ (0.16)	$ 0.10	$ 0.15	$ 0.06

[1] In the first quarter of 2024, we revised the income tax adjustment to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments to better align with SEC guidance. For comparative purposes, we have revised our prior period income tax adjustments to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments. Additionally, in the second quarter of 2024, we revised the first quarter of 2024 income tax adjustment to exclude the establishment of a valuation allowance on United States federal and state deferred tax assets.

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($ in thousands)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
GAAP gross margin	30.5%	34.1%	34.2%	32.0%	31.4%	30.0%	32.5%	38.0%	38.3%
Stock-based compensation	0.2	0.3	0.2	0.2	0.3	0.3	0.1	0.2	0.2
Restructuring and other costs	—	—	—	—	(0.1)	—	2.5	—	—
Non-GAAP gross margin	30.7%	34.4%	34.4%	32.2%	31.6%	30.3%	35.1%	38.2%	38.5%
GAAP operating expenses	$ 103,219	$ 94,451	$ 110,463	$ 97,991	$ 98,266	$ 92,316	$ 102,596	$ 91,614	$ 91,349
Stock-based compensation	(7,452)	(8,355)	(9,572)	(9,517)	(10,587)	(9,848)	(9,131)	(8,898)	(9,768)
Acquisition-related costs	(569)	(837)	(822)	—	—	—	—	—	—
Restructuring and other costs	(2,599)	(1,910)	(473)	462	504	247	242	393	(80)
Non-GAAP operating expenses	$ 92,599	$ 83,349	$ 99,596	$ 88,936	$ 88,183	$ 82,715	$ 93,707	$ 83,109	$ 81,501
GAAP operating (loss) income	$ (46,509)	$ (41,413)	$ (9,368)	$ (3,787)	$ (22,494)	$ (39,814)	$ 1,707	$ 24,431	$ 4,655
Stock-based compensation	7,791	8,770	10,031	10,017	11,117	10,314	9,565	9,339	10,251
Acquisition-related costs	569	837	822	—	—	—	—	—	—
Restructuring and other costs	2,736	1,910	548	(485)	(715)	(261)	7,805	(414)	84
Non-GAAP operating (loss) income	$ (35,413)	$ (29,896)	$ 2,033	$ 5,745	$ (12,092)	$ (29,761)	$ 19,077	$ 33,356	$ 14,990

APPENDIX: GAAP TO NON-GAAP RECONCILIATIONS

($ in thousands)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
GAAP net (loss) income	$ (47,821)	$ (339,088)	$ (2,418)	$ (3,684)	$ (17,212)	$ (29,869)	$ 3,073	$ 17,570	$ 2,519
Income tax expense (benefit)	1,333	298,209	(2,988)	689	(3,998)	(8,253)	(413)	5,960	110
Interest (income) expense, net	(226)	(1,289)	(707)	(1,208)	(1,635)	(1,683)	(486)	262	1,244
Depreciation and amortization	1,559	1,325	1,159	1,444	1,748	1,809	1,980	2,035	2,253
POP display amortization	1,202	862	734	459	405	417	490	448	430
Stock-based compensation	7,791	8,770	10,031	10,017	11,117	10,314	9,565	9,339	10,251
Gain on extinguishment of debt	—	—	(3,092)	—	—	—	—	—	—
Restructuring and other costs	2,736	1,910	548	(485)	(715)	(261)	7,805	(414)	84
Adjusted EBITDA	$ (33,426)	$ (29,301)	$ 3,267	$ 7,232	$ (10,290)	$ (27,526)	$ 22,014	$ 35,200	$ 16,891