UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 6, 2020

GOPRO, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-36514**	**77-0629474**
(State or Other Jurisdiction of Incorporation)	**(Commission File No.)**	**(I.R.S. Employer Identification No.)**

3025 Clearview Way, San Mateo, CA 94402

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (650) 332-7600

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):
☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A common stock	GPRO	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On August 6, 2020, GoPro, Inc. (the “Company”) issued a press release to report its financial results for its second quarter ended June 30, 2020.

A copy of the press release is furnished as Exhibit 99.1 to this report.

The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to this or such filing. The information in this report, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

Item 7.01. Regulation FD Disclosure.

On August 6, 2020, the Company held a live audio webcast to discuss its financial results for its second quarter ended June 30, 2020.

A copy of management's commentary from Nicholas Woodman, our Chief Executive Officer, and Brian McGee, our Chief Financial Officer and Chief Operating Officer, is attached as Exhibit 99.2, and is incorporated by reference into this Current Report on Form 8-K.

The information in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 7.01 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing or document.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description of Document
99.1	Press Release of GoPro, Inc. dated August 6, 2020 to report its financial results for its second quarter ended June 30, 2020.
99.2	Management's commentary from Nicholas Woodman, Chief Executive Officer, and Brian McGee, Chief Financial Officer and Chief Operating Officer, dated August 6, 2020 (furnished pursuant to Item 7.01).
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GoPro, Inc.
(Registrant)

Dated: August 6, 2020

By: /s/ Brian McGee

Brian McGee
Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

EXHIBIT 99.1

GoPro Announces Second Quarter 2020 Results

Revenue of $134 Million up 12% Sequentially

GoPro.com Percentage of Revenue Grows to 44%

Camera Sell-through of nearly 750,000 Units

Channel Inventory Reduction of 25% Sequentially

SAN MATEO, Calif., August 6, 2020 - GoPro, Inc. (NASDAQ: GPRO) today announced financial results for its second quarter ended June 30, 2020.

"Our strategic shift to a more direct-to-consumer business with lower operating costs is working. Camera sell-through during Q2 demonstrates resilient consumer demand for GoPro and an increasing shift to online shopping. We believe GoPro has proven to be a part of global consumers' 'new normal' during the pandemic and we feel well positioned for the remainder of the year," said GoPro founder and CEO, Nicholas Woodman.

GoPro Q2 2020 Financial Results

- Revenue for Q2 2020 was $134 million, a 12% sequential improvement from $119 million in Q1 2020.
- GAAP gross margin for Q2 2020 was 30.3%, down from 34.9% year-over-year. Non-GAAP gross margin for Q2 2020 was 31.6%, down from 35.8% year-over-year.
- Q2 2020 GAAP net loss was $51 million, or $0.34 per share. Non-GAAP net loss was $30 million, or $0.20 per share.
- Q2 2020 GAAP operating expenses of $86 million decreased 22% year-over-year. Q2 2020 non-GAAP operating expenses were $69 million, down 29% year-over-year. GAAP and non-GAAP operating expenses were at their lowest levels since Q1 2014 and Q3 2013, respectively.
- Adjusted EBITDA for Q2 2020 was negative $22 million, compared to $14 million in the same period a year ago.
- Cash and investments totaled $80 million at the end of Q2 2020.

Recent GoPro Highlights

- Camera sell-through of nearly 750,000 in Q2 2020.
- Channel inventory reduction of 25% sequentially and 45% since Q4 2019.
- GoPro.com represented a record percentage of revenue in Q2 2020 at 44%, up from slightly below 10% of revenue in Q2 2019.
- GoPro's Plus subscription service ended Q2 2020 with 372,000 paid subscribers, up 5% sequentially and up 57% year-over-year.
- Cameras with retail prices above $300 represented 95% of Q2 2020 revenue, reflecting consumer preference for GoPro's premium products.
- Street ASPs increased 11% year-over-year to $300.
- GoPro ended Q2 2020 with 741 employees, the lowest headcount since 2014.
- Launched diversified products including Zeus Mini, The World's Most Versatile Light, and Lifestyle Gear including bags, apparel and accessories.
- HERO8 Black updated to work as a webcam.

“In Q2 2020, we saw steadily increasing demand and better-than-expected sell-through across all geographies,” said Brian McGee, GoPro CFO and COO. “Our direct-to-consumer model is gaining momentum and we’re seeing a faster-than-expected rebound at retail. These factors, along with our strong hardware, software and subscription roadmap give us confidence going into the second half of the year.”

Results Summary:

($ in thousands, except per share amounts)	Three months ended June 30, 2020	2019	% Change
Revenue	$ 134,246	$ 292,429	(54.1)%
Gross margin			
GAAP	30.3 %	34.9 %	(460) bps
Non-GAAP	31.6 %	35.8 %	(420) bps
Operating income (loss)			
GAAP	$ (44,914)	$ (6,947)	546.5 %
Non-GAAP	$ (26,663)	$ 7,532	(454.0)%
Net income (loss)			
GAAP	$ (50,975)	$ (11,287)	351.6 %
Non-GAAP	$ (29,721)	$ 4,193	(808.8)%
Diluted net income (loss) per share			
GAAP	$ (0.34)	$ (0.08)	325.0 %
Non-GAAP	$ (0.20)	$ 0.03	(766.7)%
Adjusted EBITDA	$ (22,367)	$ 13,616	(264.3)%

Conference Call

GoPro management will host a conference call and live webcast for analysts and investors today at 2 p.m. Pacific Time (5 p.m. Eastern Time) to discuss the Company's financial results.

Prior to the start of the call, the Company will post Management Commentary on the “Events & Presentations” section of its Investor Relations website at https://investor.gopro.com. Management will make brief opening comments before taking questions.

To listen to the live conference call, please dial toll free (800) 353-6461 or (334) 323-0501, access code 2952876, approximately 15 minutes prior to the start of the call. A live webcast of the conference call will be accessible on the “Events & Presentations” section of the Company’s website at https://investor.gopro.com. A recording of the webcast will be available on GoPro’s website, https://investor.gopro.com, approximately two hours after the call and for 90 days thereafter.

About GoPro, Inc. (NASDAQ: GPRO)

GoPro helps the world celebrate and share itself in immersive and exciting ways.

GoPro, HERO and their respective logos are trademarks or registered trademarks of GoPro, Inc. in the United States and other countries.

For more information, visit www.gopro.com. GoPro users can submit their photos, raw clips and video edits to GoPro Awards for social stoke, GoPro gear and cash prizes. Learn more at www.gopro.com/awards. Connect with GoPro on Facebook, Instagram, LinkedIn, TikTok, Twitter, YouTube, and GoPro’s blog The Inside Line.

GoPro’s Use of Social Media

GoPro announces material financial information using the Company’s investor relations website, SEC filings, press releases, public conference calls and webcasts. GoPro may also use social media channels to communicate about the Company, its brand and other matters; these communications could be deemed material information. Investors and others are encouraged to review posts on GoPro’s pages on Facebook, Instagram, LinkedIn, TikTok, Twitter, YouTube, GoPro’s investor relations website and The Inside Line.

Note Regarding Use of Non-GAAP Financial Measures

GoPro reports gross profit, gross margin, operating expenses, operating income (loss), other income (expense), tax expense, 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, GoPro reports non-GAAP adjusted EBITDA. Non-GAAP items exclude, where applicable, the effects of stock-based compensation, acquisition-related costs, restructuring and other related costs, non-cash interest expense, gain on sale and license of intellectual property and the tax impact of these items. When planning, forecasting and analyzing gross margin, operating expenses, other income (expense), tax expense, net income (loss) and net income (loss) per share for future periods, GoPro does so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for reconciling items which are inherently difficult to predict with reasonable accuracy.

Note on Forward-looking Statements

This press release may contain projections or other forward-looking statements within the meaning Section 27A of the Private Securities Litigation Reform Act. Words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “should,” “will” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements in this presentation may include but are not limited to planned growth and increased profitability in the second half of 2020 and beyond, and 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 are our ability to effectively manage late stage production delay, the risk that our reduction in operating expenses may impact our ability to meet our business objectives and achieve our revenue targets, and may not result in the expected improvement in our profitability; our ability to continue to focus on expense management; the fact that our plan to profitability depends in part on further penetrating our addressable market, and we may not be successful in doing so; the risk that growing our direct-to-consumer business while reducing our reliance on our other sales channels could impact profitability; the impact of the COVID-19 pandemic and its effect on the United States and global economies and our business in particular; any inability to successfully manage frequent product introductions (including roadmap for new hardware, software and subscription products) and transitions, including managing our sales channel and inventory, and accurately forecasting future sales; 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 due to retail closures related to COVID-19; the fact that we plan to further transition from some distributors and retailers as we shift our sales strategy to focus on our direct-to-consumer channel, and that transition may result in reduced revenue and profitability; our reliance on third party suppliers, some of which are sole source suppliers, to provide components for our products and our reliance on third party logistics partners to deliver without interruption; our dependence on sales of our cameras, mounts and accessories, and subscription services for substantially all of our revenue (and the effects of changes in the sales mix or decrease in demand for these products); the fact that an economic downturn or economic uncertainty in our key U.S. and international markets, as well as fluctuations in currency exchange rates, may adversely affect consumer discretionary spending; any changes to trade agreements, trade policies, tariffs, and import/export regulations; our ability to manufacture in Mexico; the effects of the highly competitive market in which we operate, including new market entrants; the fact that we may not be able to achieve revenue growth or profitability in the future; risks related to inventory, purchase commitments and long-lived assets; difficulty in accurately predicting our future customer demand; the importance of maintaining the value and reputation of our brand; the risk that the e-commerce technology systems that give consumers the ability to shop online do not function effectively; the risk that we will encounter problems with our distribution system; the threat of a security breach or other disruption including cyberattacks; the concern that our intellectual property and proprietary rights may not adequately protect our products and services; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2019, which is on file with the Securities and Exchange Commission (SEC), and as updated in future filings with the SEC including the Quarterly Report on Form 10-Q for the quarter ended June 30, 2020. 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.

GoPro, Inc.
Preliminary Condensed Consolidated Statement of Operations
(unaudited)

(in thousands, except per share data)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue	$ 134,246	$ 292,429	$ 253,646	$ 535,137
Cost of revenue	93,554	190,244	174,527	352,605
Gross profit	40,692	102,185	79,119	182,532
Operating expenses:				
Research and development	34,558	38,811	66,839	76,275
Sales and marketing	34,965	52,135	78,467	99,425
General and administrative	16,083	18,186	34,841	34,067
Total operating expenses	85,606	109,132	180,147	209,767
Operating loss	(44,914)	(6,947)	(101,028)	(27,235)
Other income (expense):				
Interest expense	(4,671)	(4,882)	(9,514)	(9,409)
Other income (expense), net	(321)	(63)	(493)	765
Total other expense, net	(4,992)	(4,945)	(10,007)	(8,644)
Loss before income taxes	(49,906)	(11,892)	(111,035)	(35,879)
Income tax expense (benefit)	1,069	(605)	3,468	(227)
Net loss	$ (50,975)	$ (11,287)	$ (114,503)	$ (35,652)
Basic and diluted net loss per share	$ (0.34)	$ (0.08)	$ (0.77)	$ (0.25)
Weighted-average number of shares outstanding, basic and diluted	148,497	144,668	148,028	143,640

GoPro, Inc.
Preliminary Condensed Consolidated Balance Sheets
(unaudited)

(in thousands)	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 79,679	$ 150,301
Marketable securities	—	14,847
Accounts receivable, net	68,498	200,634
Inventory	142,151	144,236
Prepaid expenses and other current assets	23,773	25,958
Total current assets	314,101	535,976
Property and equipment, net	29,180	36,539
Operating lease right-of-use assets	48,963	53,121
Intangible assets, net and goodwill	149,360	151,706
Other long-term assets	13,564	15,461
Total assets	$ 555,168	$ 792,803
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 48,959	$ 160,695
Accrued expenses and other current liabilities	88,605	141,790
Short-term operating lease liabilities	8,936	9,099
Deferred revenue	13,627	15,467
Short-term debt	30,000	—
Total current liabilities	190,127	327,051
Long-term debt	154,063	148,810
Long-term operating lease liabilities	57,916	62,961
Other long-term liabilities	20,984	20,452
Total liabilities	423,090	559,274
Stockholders' equity:		
Common stock and additional paid-in capital	943,927	930,875
Treasury stock, at cost	(113,613)	(113,613)
Accumulated deficit	(698,236)	(583,733)
Total stockholders' equity	132,078	233,529
Total liabilities and stockholders' equity	$ 555,168	$ 792,803

GoPro, Inc.
Preliminary Condensed Consolidated Statement of Cash Flows
(unaudited)

(in thousands)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating activities:				
Net loss	$ (50,975)	$ (11,287)	$ (114,503)	$ (35,652)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	4,710	6,552	10,693	13,402
Non-cash operating lease cost	2,123	2,763	4,158	5,389
Stock-based compensation	5,876	10,606	13,513	20,391
Deferred income taxes	47	(59)	53	(97)
Non-cash restructuring charges	3,299	2	3,299	(199)
Non-cash interest expense	2,477	2,236	4,850	4,378
Other	527	558	1,199	229
Net changes in operating assets and liabilities	(11,828)	(12,407)	(35,290)	(73,861)
Net cash used in operating activities	(43,744)	(1,036)	(112,028)	(66,020)
Investing activities:				
Purchases of property and equipment, net	(1,368)	(1,275)	(2,163)	(1,999)
Purchases of marketable securities	—	(23,219)	—	(30,167)
Maturities of marketable securities	7,500	30,878	14,830	35,278
Sale of marketable securities	—	—	—	1,889
Asset acquisition	—	—	(438)	—
Net cash provided by investing activities	6,132	6,384	12,229	5,001
Financing activities:				
Proceeds from issuance of common stock	22	65	1,909	3,877
Taxes paid related to net share settlement of equity awards	(351)	(1,324)	(2,354)	(3,997)
Proceeds from borrowings	—	—	30,000	—
Net cash provided by (used in) financing activities	(329)	(1,259)	29,555	(120)
Effect of exchange rate changes on cash and cash equivalents	185	220	(378)	294
Net change in cash and cash equivalents	(37,756)	4,309	(70,622)	(60,845)
Cash and cash equivalents at beginning of period	117,435	86,941	150,301	152,095
Cash and cash equivalents at end of period	$ 79,679	$ 91,250	$ 79,679	$ 91,250

GoPro, Inc.
Reconciliation of Preliminary GAAP to Non-GAAP Financial Measures

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, operating expenses, operating income (loss), other income (expense), tax expense, net income (loss), diluted net income (loss) per share and adjusted EBITDA. We also provide forecasts of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP other income (expense), non-GAAP tax expense, non-GAAP net income (loss) and non-GAAP diluted net income (loss) per share. We use these 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 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 the impairment of intangible assets because it is a non-cash charge that is inconsistent in amount and frequency;
- adjusted EBITDA and non-GAAP net income (loss) exclude restructuring and other related costs which primarily include severance-related costs, stock-based compensation expenses, facilities consolidation charges recorded in connection with restructuring actions announced in the fourth quarter of 2016, first quarter of 2017, first quarter of 2018 and second quarter of 2020, 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;
- non-GAAP net income (loss) excludes acquisition-related costs including the amortization of acquired intangible assets (primarily consisting of acquired technology), the impairment of acquired intangible assets (if applicable), as well as third-party transaction costs incurred for legal and other professional services. These costs are not factored into our evaluation of potential acquisitions, or of our performance after completion of the acquisitions, because these costs are not related to our core operating performance or reflective of ongoing operating results in the period, and the frequency and amount of such costs are inconsistent and vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses being acquired. Although we exclude the amortization of acquired

intangible assets from our non-GAAP net income (loss), management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation;

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

GoPro, Inc.
Reconciliation of Preliminary GAAP to Non-GAAP Financial Measures
(unaudited)

Reconciliations of non-GAAP financial measures are set forth below:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except per share data)	**2020**	**2019**	**2020**	**2019**
GAAP net loss	$ (50,975)	$ (11,287)	$ (114,503)	$ (35,652)
Stock-based compensation:				
Cost of revenue	332	522	835	1,035
Research and development	3,063	4,884	6,085	9,561
Sales and marketing	789	2,221	2,506	4,434
General and administrative	1,692	2,979	4,087	5,361
Total stock-based compensation	5,876	10,606	13,513	20,391
Acquisition-related costs:				
Cost of revenue	1,024	2,009	2,911	4,091
Total acquisition-related costs	1,024	2,009	2,911	4,091
Restructuring and other costs:				
Cost of revenue	336	71	332	87
Research and development	2,524	784	2,500	881
Sales and marketing	7,234	395	7,215	498
General and administrative	1,257	614	1,240	701
Total restructuring and other costs	11,351	1,864	11,287	2,167
Non-cash interest expense	2,477	2,236	4,850	4,378
Income tax adjustments	526	(1,235)	2,608	(1,353)
Non-GAAP net income (loss)	$ (29,721)	$ 4,193	$ (79,334)	$ (5,978)
GAAP shares for diluted net loss per share	148,497	144,668	148,028	143,640
Non-GAAP shares for diluted net income (loss) per share	148,497	146,290	148,028	143,640
GAAP diluted net loss per share	$ (0.34)	$ (0.08)	$ (0.77)	$ (0.25)
Non-GAAP diluted net income (loss) per share	$ (0.20)	$ 0.03	$ (0.54)	$ (0.04)

(dollars in thousands)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
GAAP gross profit as a % of revenue	30.3 %	34.9 %	31.2 %	34.1 %
Stock-based compensation	0.2	0.2	0.3	0.2
Acquisition-related costs	0.8	0.7	1.2	0.8
Restructuring and other costs	0.3	—	0.1	—
Non-GAAP gross profit as a % of revenue	31.6 %	35.8 %	32.8 %	35.1 %
GAAP operating expenses	$ 85,606	$ 109,132	$ 180,147	$ 209,767
Stock-based compensation	(5,544)	(10,084)	(12,678)	(19,356)
Restructuring and other costs	(11,015)	(1,793)	(10,955)	(2,080)
Non-GAAP operating expenses	$ 69,047	$ 97,255	$ 156,514	$ 188,331
GAAP operating loss	$ (44,914)	$ (6,947)	$ (101,028)	$ (27,235)
Stock-based compensation	5,876	10,606	13,513	20,391
Acquisition-related costs	1,024	2,009	2,911	4,091
Restructuring and other costs	11,351	1,864	11,287	2,167
Non-GAAP operating income (loss)	$ (26,663)	$ 7,532	$ (73,317)	$ (586)

(in thousands)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
GAAP net loss	$ (50,975)	$ (11,287)	$ (114,503)	$ (35,652)
Income tax expense (benefit)	1,069	(605)	3,468	(227)
Interest expense, net	4,629	4,479	9,310	8,562
Depreciation and amortization	4,711	6,552	10,693	13,402
POP display amortization	972	2,007	2,509	3,938
Stock-based compensation	5,876	10,606	13,513	20,391
Restructuring and other costs	11,351	1,864	11,287	2,167
Adjusted EBITDA	$ (22,367)	$ 13,616	$ (63,723)	$ 12,581

# # # # #

Investor Contact
investor@gopro.com

Media Contact
Christopher Clark
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EXHIBIT 99.2

August 6th, 2020

GoPro, Inc. (NASDAQ: GPRO)

Management Commentary

Q2 2020 Earnings Call

Management Commentary

Christopher Clark
Vice President, Corporate Communications, GoPro, Inc.

Enclosed is GoPro's Q2 2020 earnings report. Following this brief introduction is management commentary from GoPro CEO, Nicholas Woodman, and CFO and COO, Brian McGee. I'd like to remind everyone that this commentary may include forward-looking statements. Forward-looking statements and all other statements that are not historical facts are not guarantees of future performance and are subject to a number of risks and uncertainties which may cause actual results to differ materially. Additionally, any forward-looking statements made today are based on assumptions as of today, including but not limited to the assumption that consumer confidence does not further erode due to the global pandemic. We do not undertake any obligation to update these statements as a result of new information or future events. Information concerning our risk factors is available in our most recent annual report on Form 10-K for the year ended December 31, 2019, which is on file with the Securities and Exchange Commission and in other reports that we may file from time to time with the SEC.

In the management commentary, we may discuss gross margin, operating expense, net profit and loss as well as basic and diluted net profit and loss per share in accordance with GAAP and, additionally, on a non-GAAP basis. 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 choose to provide this information to enable investors to perform comparisons of operating results in a manner similar to how we analyze our own operating results. A reconciliation of GAAP to non-GAAP operating expenses can be found in the press release that was issued this afternoon, and which is posted on our website.

In addition to the earnings press release, we have posted slides containing detailed financial data and metrics for the second quarter 2020. These slides, as well as a link to today's live webcast and a replay of this conference call are posted on the GoPro Investor Relations website for your reference. All income statement-related numbers that are discussed in the management commentary, other than revenue, are non-GAAP, unless otherwise noted.

Nicholas Woodman
Founder, Chief Executive Officer and Chairman, GoPro, Inc.

Thank you for taking time to read GoPro's Q2 2020 earnings report in which Brian and I review our recent performance and our shift to a more direct-to-consumer business. Brian will also provide our perspective on the remainder of 2020 and share early thoughts on 2021.

Underlying this commentary is the assumption that consumer confidence does not further erode due to the global pandemic.

We believe our strategic shift to a more direct-to-consumer business with lower operating costs is working. Revenue in Q2 was $134 million, up 12% sequentially, with 44% of revenue coming from gopro.com. For perspective, sales through gopro.com in the second quarter were equal to Q4 2019, which was our highest revenue quarter ever for gopro.com.

Demand consistently improved throughout the quarter, with direct sales growth complemented by a faster-than-expected rebound in sell-through at retail. Estimated sell-through in the quarter was nearly 750,000 cameras, more than 20% above the 600,000 we forecasted on our last earnings call. As a result of this strong sell-through, channel inventory dropped by approximately 25% sequentially.

While COVID-19 continues to negatively impact society, we are seeing consumers' resilience in learning how to live with the pandemic, be it working remotely or engaging in outdoor activities closer to home.

And GoPro is adapting to the pandemic, both in finding new ways to approach our day-to-day work, as well as developing more versatile ways for consumers to use our products. In early July we launched an update that allows consumers to use HERO8 Black as a 1080p high-definition, wide-angle webcam for immersive video conferencing, instructional classes and more. And soon, we will be launching a dedicated, high-quality live streaming platform for GoPro Plus subscribers. This will add further functionality and value to Plus, expanding the program's appeal.

Speaking of Plus, our subscriber base continues to grow. At the end of Q2, we had 372,000 paying subscribers, a 5% sequential gain and growth of 57% year-over-year. Importantly, in Q2, we recorded a record number of free-trial starts in the quarter. Then, in June and again in July, we recorded our most ever free-trial starts on a *monthly* basis. This momentum sets us up well for continued paid subscriber growth and we expect to exit 2020 with between 600,000 to 700,00 paying GoPro Plus subscribers.

Since day one, GoPro has been focused on helping people pursue active lifestyles and our recent expansion into new product categories stays true to that.

In May, we introduced Zeus Mini, a multipurpose, waterproof light – 'the world's most versatile light'. While lighting is a complementary component of photo and video capture, Zeus Mini stands on its own as a tremendously versatile and compact lighting solution. Whether using GoPro's mounting ecosystem to turn it into a headlamp while camping, illuminating hard to reach areas with the included magnetic swiveling clip mount, or using it as a light for video conferencing, Zeus Mini shines.

And last week we launched a new line of branded lifestyle gear, melding GoPro's signature design and versatility across an exciting, ultra-functional line of bags, backpacks, cases, clothing and lifestyle goods. These new products are available exclusively at gopro.com at very attractive prices to maximize value for consumers. GoPro Plus subscribers save an additional 30% on these new products, helping to further engage subscribers while expanding their lifetime value to GoPro.

I'd like to give a shout out to GoPro's employees for their remarkable execution during this pandemic. Despite obvious challenges, we've been able to improve our efficiency and output in all areas of the business, and we remain on-track with our upcoming product launches that include hardware, software and subscription offerings.

Brian will now provide more detail on our Q2 financial performance, our outlook for the rest of 2020 and early thoughts on 2021.

Brian McGee
Executive Vice President, Chief Financial Officer and Chief Operating Officer, GoPro, Inc.

My comments will discuss our performance for the second quarter, our outlook for the third quarter and 2020, and some thoughts on full year 2021. In light of current economic conditions and the impacts of COVID-19, I will primarily provide sequential comparisons as year-over-year comparisons are not meaningful.

We saw steadily increasing demand for GoPro products throughout the second quarter resulting in nearly 750,000 units of sell-through, which is more than 20% above our original estimates. While all geographies experienced better than expected sell-through activity in the quarter, gopro.com accelerated and generated 44% of our revenue in the quarter. Consequently, we estimate that channel inventories at the end of the second quarter decreased by approximately 25% sequentially and 45% from year end 2019 to approximately 775,000 units.

The following table shows the second quarter guidance provided during our first quarter earnings call on May 7th compared to our Q2 2020 results.

Quarterly Results and Prior Guidance

	Q2 2020 Results	Q2 2020 Guidance
Revenue	$ 134 M	$ 120 M
gopro.com revenue as a % of net revenue	44 %	40 %
Unit sell-through	~ 750 K	600 K
Channel inventory	~ 775 K	800 K
Sequential reduction of channel inventory	25 %	20 %
Street ASP	$ 300	$ 300
Non-GAAP operating expenses	$ 69 M	$73 M - $78 M
Cash	$ 80 M	$ 100 M

Turning to our second quarter financial performance details, revenue was $134.2 million. Our non-GAAP net loss was $29.7 million, representing a 40% sequential improvement. Operating expenses benefited from a decrease in advertising spend and lower ongoing employee related costs resulting from the restructuring actions taken early in the quarter. GAAP and non-GAAP operating expenses were at their lowest levels since early 2014 at $85.6 million and $69.0 million, respectively, representing year-over-year reductions of 22% and 29%, respectively.

Sales through gopro.com in the second quarter were $59.5 million which, in absolute dollars, was in-line with the fourth quarter of 2019, and as you may recall, our fourth quarter has historically been our seasonally best performing revenue quarter. As a percentage of revenue, gopro.com represented 44% of total revenue, compared to 21% in the first quarter of 2020, and slightly below 10% in the second quarter of 2019. This accelerated shift to a direct-to-consumer business model was also aided by changing consumer shopping habits due to the pandemic. Gopro.com revenue includes all revenue generated from gopro.com including subscription and accessory revenue.

Cameras with suggested retail prices above $300 represented 95% of our revenue in the second quarter, continuing a trend of consumers purchasing our higher-end cameras. Camera units shipped during the quarter totaled 448,000. We worked with our distribution partners to reduce channel inventory in Asia and in Europe. As a result, camera units shipped through distribution were lower in Q2 from historical levels and represented 18% of revenue. The sales of higher-end cameras and accessories along with the increase in paying subscribers resulted in a Street ASP of $300, an 11% year-over-year increase. Street ASP is defined as total reported revenue divided by camera units shipped.

Turning to the balance sheet, we ended the quarter with $80 million in cash and cash equivalents, which includes a $30 million borrowing from our ABL. Our borrowing capacity on the ABL was $59 million as of June 30, 2020. The $45 million sequential decrease in cash and cash equivalents in Q2, was primarily due to the following factors:

- EBITDA loss of $22 million
- Accounts payable and accrued liabilities decrease of $24 million
- Accounts receivables increased by $18 million principally attributable to the timing of shipments in the quarter
- Offset by a decrease in inventory of $30 million

We expect cash to be approximately $130 million at the end of Q3 after repaying the $30 million draw on the ABL.

We ended the quarter with 741 employees, our lowest headcount since Q1 2014.

We believe strong sell-through of cameras will continue in the third quarter and expect sell-through to be up sequentially by 20% to 25% to approximately 900,000 units, or a 5% year-over-year improvement. If we extrapolate from current demand we are seeing thus far in the third quarter, combined with our plans in the second half to provide outsized value to consumers on cameras via our Plus subscription on gopro.com, our expectation is that sell-through for full year 2020 would be in a range of 3.6 million to 3.8 million cameras, up nearly 25% from our previously stated range of 2.8 million to 3.2 million cameras.

We expect increasing sell-through demand to result in higher sell-in for the second half. We expect to be profitable in the third and fourth quarter of 2020 driven by higher demand, combined with lower operating expenses. In addition, we expect strong cash flow from operations in the second half. We expect cash to be approximately $130 million in Q3, after repaying the $30 million draw on the ABL and to end the year at approximately $200 million.

The following table shows our third quarter 2020 guidance.

Third Quarter 2020 Guidance

	Q3 2020 Guidance
Revenue	$220M - $250M
Unit sell-through	900 K
Street ASP	~$300
Non-GAAP gross margin	35% +/- 50 bps
Non-GAAP net income per share	$0.01 - $0.07

Assuming we sell-through at the mid-point of the range in 2020, we expect to exit 2020 with channel inventory between 500,000 and 600,000 units compared to the more than 1.4 million units we exited with in 2019. This implies that we would sell-in approximately 2.8 to 3.0 million cameras in 2020, which is a 30% increase from what we shared on our last earnings call which was in a range of 2.1 to 2.3 million cameras.

We expect camera mix to continue at the high-end, thereby increasing ASPs in the remainder of 2020, and we expect to continue to increase ASP's into 2021 primarily due to a higher percentage of our business being on gopro.com. Specifically, we expect third quarter ASP to be $300, which is flat sequentially and a 10% increase over the third quarter of 2019. And we expect ASP to increase into the fourth quarter of 2020.

We expect 2020 operating expenses to be between $295 million to $305 million for the year, which is up slightly from our prior guidance due primarily to variable selling costs, such as credit card fees, related to expected increases in direct sales revenue as well as digital marketing. We expect operating expenses to be approximately $144 million plus or minus $5 million in the second half of 2020.

We continue to target gross margins in our long-term operating model to be in the 38% to 40% range as a result of both new products and a higher proportion of sales and channel mix to be from gopro.com. We expect margins to be 35% +/- 50 basis points in Q3 and 38% +/- 50 basis points in Q4, and we continue to believe we can grow margins over 2020 levels in 2021. The third quarter margin will be slightly lower due to a higher proportion of revenue from distributors as channel inventory normalized in Q2. The fourth quarter will be impacted by 50 basis points due to tariff related costs on products being produced in China. We believe we can produce cameras for the U.S. market in a tariff free zone in late Q4 to alleviate these costs in 2021.

We expect the revenue mix from gopro.com to increase significantly over the slightly above 10% reported in 2019, to approximately 40% to 45% of revenue in 2020, and we expect GoPro.com to represent the majority of revenue in 2021. As a percentage of revenue, we expect gopro.com to be in a range of 36% to 40% in Q3 due to a slightly higher mix of sales to distributors and retailers who depleted channel inventory in the second quarter. And, we expect gopro.com to represent approximately 40% to 45% of fourth quarter revenue.

As Nick noted above, we continue to expect to grow our Plus subscribers in 2020 and maintain our expected range of between 600,000 to 700,000 paid subscribers.

In closing, assuming we do not see a further erosion of consumer confidence due to the pandemic, our expectation is that we will be profitable in the second half of 2020 and nearly break-even to profitable for full year 2020. We expect to grow both revenue and profitability in 2021 thanks to our lower operating expense model and improved margins from our direct-to-consumer business. Demand for GoPro is proving to be resilient during the pandemic and we believe that our direct-to-consumer approach will continue to reveal the earnings leverage of our business in 2021.

Thank you for taking the time to read GoPro’s Q2 Earnings Report.