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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): November 7, 2023



**GOPRO, INC.**

(Exact name of registrant as specified in its charter)

001-36514

(Commission File No.)

77-0629474

(I.R.S. Employer  
Identification No.)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

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:

- 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, par value \$0.0001	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.

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## **Item 2.02. Results of Operations and Financial Condition.**

On November 7, 2023, GoPro, Inc. (the “Company”) issued a press release to report its financial results for its third quarter ended September 30, 2023.

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

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of that section. The information in Item 2.02 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 (“Securities Act”), except as may be expressly set forth by specific reference in such filing or document.

## **Item 7.01. Regulation FD Disclosure.**

On November 7, 2023, the Company held a live audio webcast to discuss its financial results for its third quarter ended September 30, 2023.

A copy of management commentary from Nicholas Woodman, the Company's Chief Executive Officer, and Brian McGee, the Company's Chief Financial Officer and Chief Operating Officer, is furnished as Exhibit 99.2 to this report, 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 Exchange Act, 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, except as may be expressly set forth by specific reference in such filing or document.

## **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit Number</b>	<b>Description of Document</b>
<a href="#"><u>99.1</u></a>	Press Release of GoPro, Inc. dated November 7, 2023 to report its financial results for its third quarter ended September 30, 2023.
<a href="#"><u>99.2</u></a>	Management's commentary from Nicholas Woodman, Chief Executive Officer, and Brian McGee, Chief Financial Officer and Chief Operating Officer, dated November 7, 2023 (furnished pursuant to Item 7.01).
<a href="#"><u>104</u></a>	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

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## 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: November 7, 2023

By: /s/ Brian McGee

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



## GoPro Announces Third Quarter 2023 Results

*Revenue of \$294 million, 5% Above Mid-Point of Guidance*

*GoPro Subscribers Grew 20% Year-over-Year to 2.5 million*

*Subscription and Service Revenue was \$25 million or 9% of Revenue, up 16% Year-over-Year*

**SAN MATEO, Calif., November 7, 2023** - GoPro, Inc. (NASDAQ: GPRO) today announced financial results for its third quarter ended September 30, 2023 and posted management commentary, including forward-looking guidance, in the investor relations section of its website at <https://investor.gopro.com>.

"GoPro had a strong third quarter, demonstrating the merits of the growth strategy we initiated in May," said Nicholas Woodman, GoPro's founder and CEO. "The successful launch of HERO12 Black combined with strong entry-level product sales and our growing retail presence to help us exceed our Q3 revenue and unit sales expectations and finish the quarter with 2.5 million subscribers."

"We are pleased to see how our TAM expansion strategy contributed to unit and subscriber growth in Q3," said Brian McGee, GoPro's CFO and COO. "We're looking forward to the Q4 holiday season and we believe our growth strategy will be a catalyst for meaningful revenue, subscriber and earnings growth in 2024."

For details on GoPro's Q3 performance and outlook for Q4, please see the management commentary referenced above and posted in the investor relations section of our website at <https://investor.gopro.com>.

### Q3 2023 Financial Results

- Revenue was \$294 million, 5% above the mid-point of guidance and down 4% year-over-year.
- GoPro subscriber count ended Q3 at 2.5 million, up 20% year-over-year.
- Revenue from the retail channel was \$231 million, or 78% of total revenue and up 12% year-over-year. GoPro.com revenue, including subscription and service revenue, was \$63 million, or 22% of total revenue and down 36% year-over-year.
- Subscription and service revenue increased 16% year-over-year to \$25 million.
- GAAP net loss was \$4 million, or negative \$0.02 per share, down from net income of \$18 million or \$0.10 per share in the prior year period. Non-GAAP net income was \$6 million, or \$0.04 per share, down from non-GAAP net income of \$32 million, or \$0.19 per share, in the prior year period.
- GAAP and non-GAAP gross margin was 32.0% and 32.2%, respectively, which reflects the impact from the strength in demand from our current lower margin entry-level cameras. This compares to GAAP and non-GAAP gross margin of 38.0% and 38.2%, respectively, in the prior year period.
- Adjusted EBITDA was \$7 million. This compares to \$35 million in the prior year period.
- Cameras with Manufacturer's Suggested Retail Prices (MSRP) at or above \$400 represented 75% of Q3 2023 camera revenue. Entry level products increased dramatically, accounting for 19% of camera revenue.
- Q3 2023 Street ASP was \$319, a 17% decrease year-over-year.
- Cash and marketable securities were \$259 million at the end of the third quarter.

### Recent Business Highlights

- In Q3 2023, GoPro bought back \$10 million in stock, and we plan to continue executing on our stock repurchase plan in 2023 and 2024.

- In September, GoPro launched its new \$399 flagship HERO12 Black.
- In September, GoPro was recognized in U.S. News & World Report's 2023 – 2024 Best Companies to Work for Rankings.
- In Q3, GoPro announced it further expanded its core sports partnerships as the official action camera partner of MotoGP, FIA Karting World Championships, AMSOIL Championship Off-Road, Pro Motocross Championship, Formula DRIFT, and Nitrocross, and as the exclusive action camera of Red Bull Rampage.
- Vince Nakayama has joined GoPro as Senior Vice President of Engineering. Nakayama has held product management, hardware and software engineering leadership roles at Microsoft, Flex, Sony, Amazon and Apple.

#### Results Summary:

(\$ in thousands, except per share amounts)	Three months ended September 30,		
	2023	2022	% Change
<b>Revenue</b>	\$ 294,299	\$ 305,130	(3.5)%
<b>Gross margin</b>			
GAAP	32.0 %	38.0 %	(600) bps
Non-GAAP	32.2 %	38.2 %	(600) bps
<b>Operating income (loss)</b>			
GAAP	\$ (3,787)	\$ 24,431	(115.5)%
Non-GAAP	\$ 5,745	\$ 33,356	(82.8)%
<b>Net income (loss)</b>			
GAAP	\$ (3,684)	\$ 17,570	(121.0)%
Non-GAAP	\$ 6,309	\$ 31,847	(80.2)%
<b>Diluted net income (loss) per share</b>			
GAAP	\$ (0.02)	\$ 0.10	(120.0)%
Non-GAAP	\$ 0.04	\$ 0.19	(78.9)%
<b>Adjusted EBITDA</b>	\$ 7,232	\$ 35,200	(79.5)%

## 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 call +1 833-470-1428 (US) or +1 404-975-4839 (International) and enter access code 620077, 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>, from approximately two hours after the call through January 30, 2024.

## About GoPro, Inc. (NASDAQ: GPRO)

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

GoPro has been recognized as an employer of choice by both [Outside Magazine](#) and [US News & World Report](#) for being among the best places to work. Open roles can be found on our [careers page](#). For more information, visit [GoPro.com](#).

Connect with GoPro on [Facebook](#), [Instagram](#), [LinkedIn](#), [TikTok](#), [X](#), [YouTube](#), and GoPro's blog, [The Current](#). GoPro customers can submit their photos and videos to [GoPro Awards](#) for an opportunity to be featured on GoPro's social channels and receive gear and cash awards. Members of the press can access official logos and imagery on our [press portal](#).

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

## 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 [Facebook](#), [Instagram](#), [LinkedIn](#), [TikTok](#), [X](#), [YouTube](#), and GoPro's [investor relations website](#) and blog, [The Current](#).

## Note Regarding Use of Non-GAAP Financial Measures

GoPro reports gross profit, gross margin percentage, 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, and the tax impact of these items. When planning, forecasting, and analyzing gross margin, operating expenses, operating income (loss), 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 press release may include but are not limited to statements regarding our expectations for profitability and subscription growth; product pricing strategy, expanded 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, we may not be able 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

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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 and may lead to increased costs due to the effects of global conflicts and geopolitical issues such as the ongoing conflicts in Israel and Ukraine or China-Taiwan relations, inflation or the negative impact on exchange rates; 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, and 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 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; 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 effects of the highly competitive market in which we operate, including new market entrants; 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 Israel and 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, 2022, which is on file with the Securities and Exchange Commission (SEC), and as updated in filings with the SEC. 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.

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

(in thousands, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 294,299	\$ 305,130	\$ 710,039	\$ 772,520
Cost of revenue	200,095	189,085	487,561	469,995
Gross profit	94,204	116,045	222,478	302,525
<b>Operating expenses:</b>				
Research and development	41,708	36,043	121,796	103,859
Sales and marketing	41,254	41,076	119,215	115,888
General and administrative	15,029	14,495	47,562	45,530
Total operating expenses	97,991	91,614	288,573	265,277
Operating income (loss)	(3,787)	24,431	(66,095)	37,248
<b>Other income (expense):</b>				
Interest expense	(1,171)	(1,185)	(3,463)	(4,932)
Other income (expense), net	1,963	284	7,231	(523)
Total other income (expense), net	792	(901)	3,768	(5,455)
Income (loss) before income taxes	(2,995)	23,530	(62,327)	31,793
Income tax expense (benefit)	689	5,960	(11,562)	6,019
Net income (loss)	\$ (3,684)	\$ 17,570	\$ (50,765)	\$ 25,774
<b>Net income (loss) per share:</b>				
Basic	\$ (0.02)	\$ 0.11	\$ (0.33)	\$ 0.16
Diluted	\$ (0.02)	\$ 0.10	\$ (0.33)	\$ 0.16
<b>Shares used to compute net income (loss) per share:</b>				
Basic	152,409	155,819	154,113	156,464
Diluted	152,409	173,184	154,113	180,038



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

(in thousands)	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 220,984	\$ 223,735
Marketable securities	38,488	143,602
Accounts receivable, net	107,453	77,008
Inventory	154,876	127,131
Prepaid expenses and other current assets	38,030	34,551
Total current assets	559,831	606,027
Property and equipment, net	9,314	13,327
Operating lease right-of-use assets	19,686	21,819
Goodwill	146,459	146,459
Other long-term assets	310,347	289,293
Total assets	\$ 1,045,637	\$ 1,076,925
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 118,713	\$ 91,648
Accrued expenses and other current liabilities	119,715	118,877
Short-term operating lease liabilities	9,873	9,553
Deferred revenue	52,502	55,850
Total current liabilities	300,803	275,928
Long-term taxes payable	12,400	9,536
Long-term debt	141,730	141,017
Long-term operating lease liabilities	27,825	33,446
Other long-term liabilities	3,799	5,439
Total liabilities	486,557	465,366
Stockholders' equity:		
Common stock and additional paid-in capital	989,189	960,903
Treasury stock, at cost	(183,231)	(153,231)
Accumulated deficit	(246,878)	(196,113)
Total stockholders' equity	559,080	611,559
Total liabilities and stockholders' equity	\$ 1,045,637	\$ 1,076,925

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

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Operating activities:</b>				
Net income (loss)	\$ (3,684)	\$ 17,570	\$ (50,765)	\$ 25,774
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,444	2,035	5,001	6,590
Non-cash operating lease cost	5	1,858	2,133	4,166
Stock-based compensation	10,017	9,339	31,448	29,426
Deferred income taxes	(1,891)	3,750	(17,964)	6,147
Other	25	367	(1,968)	2,383
Net changes in operating assets and liabilities	(7,554)	5,817	(44,477)	(94,301)
Net cash provided by (used in) operating activities	(1,638)	40,736	(76,592)	(19,815)
<b>Investing activities:</b>				
Purchases of property and equipment, net	(24)	(1,911)	(985)	(3,205)
Purchases of marketable securities	—	(56,656)	(25,782)	(103,733)
Maturities of marketable securities	44,000	44,500	134,204	109,649
Net cash provided by (used in) investing activities	43,976	(14,067)	107,437	2,711
<b>Financing activities:</b>				
Proceeds from issuance of common stock	1,552	2,000	3,876	4,686
Taxes paid related to net share settlement of equity awards	(2,312)	(3,839)	(7,146)	(12,327)
Repurchase of outstanding common stock	(10,000)	(9,856)	(30,000)	(31,618)
Repayment of borrowings	—	—	—	(125,000)
Net cash used in financing activities	(10,760)	(11,695)	(33,270)	(164,259)
Effect of exchange rate changes on cash and cash equivalents	(507)	(1,092)	(326)	(2,563)
Net change in cash and cash equivalents	31,071	13,882	(2,751)	(183,926)
Cash and cash equivalents at beginning of period	189,913	203,279	223,735	401,087
Cash and cash equivalents at end of period	\$ 220,984	\$ 217,161	\$ 220,984	\$ 217,161

**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 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 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 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;
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- non-GAAP net income (loss) includes income tax adjustments. We utilize a cash-based non-GAAP tax expense approach (based upon expected annual cash payments for income taxes) for evaluating operating performance as well as for planning and forecasting purposes. This non-GAAP tax approach eliminates the effects of period specific items, which can vary in size and frequency and does not necessarily reflect our long-term operations. Historically, we computed a non-GAAP tax rate based on non-GAAP pre-tax income on a quarterly basis, which considered the income tax effects of the adjustments above;
  - GAAP and non-GAAP net income (loss) per share includes the dilutive, tax effected cash interest expense associated with our 2022 Notes and 2025 Notes 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.
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**GoPro, Inc.**  
**Reconciliation of Preliminary GAAP to Non-GAAP Financial Measures**  
(unaudited)

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

(in thousands, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>GAAP net income (loss)</b>	\$ (3,684)	\$ 17,570	\$ (50,765)	\$ 25,774
Stock-based compensation:				
Cost of revenue	500	441	1,496	1,371
Research and development	4,713	4,395	14,381	12,958
Sales and marketing	2,125	1,819	6,662	6,171
General and administrative	2,679	2,684	8,909	8,926
Total stock-based compensation	10,017	9,339	31,448	29,426
Acquisition-related costs:				
Cost of revenue	—	—	—	47
Total acquisition-related costs	—	—	—	47
Restructuring and other costs:				
Cost of revenue	(23)	(21)	(248)	(12)
Research and development	(262)	(216)	(677)	(134)
Sales and marketing	(132)	(116)	(356)	(70)
General and administrative	(68)	(61)	(180)	(35)
Total restructuring and other costs	(485)	(414)	(1,461)	(251)
Income tax adjustments	461	5,352	(12,781)	4,837
<b>Non-GAAP net income (loss)</b>	<b>\$ 6,309</b>	<b>\$ 31,847</b>	<b>\$ (33,559)</b>	<b>\$ 59,833</b>
GAAP net income (loss) - basic	\$ (3,684)	\$ 17,570	\$ (50,765)	\$ 25,774
Add: Interest on convertible notes, tax effected	—	485	—	2,721
GAAP net income (loss) - diluted	<u>\$ (3,684)</u>	<u>\$ 18,055</u>	<u>\$ (50,765)</u>	<u>\$ 28,495</u>
Non-GAAP net income (loss) - basic	\$ 6,309	\$ 31,847	\$ (33,559)	\$ 59,833
Add: Interest on convertible notes, tax effected	461	485	—	2,721
Non-GAAP net income (loss) - diluted	<u>\$ 6,770</u>	<u>\$ 32,332</u>	<u>\$ (33,559)</u>	<u>\$ 62,554</u>
<b>GAAP shares for diluted net income (loss) per share</b>	152,409	173,184	154,113	180,038
Add: Non-GAAP only dilutive securities	16,272	—	—	—
<b>Non-GAAP shares for diluted net income (loss) per share</b>	<u>168,681</u>	<u>173,184</u>	<u>154,113</u>	<u>180,038</u>
<b>GAAP diluted net income (loss) per share</b>	<u>\$ (0.02)</u>	<u>\$ 0.10</u>	<u>\$ (0.33)</u>	<u>\$ 0.16</u>
<b>Non-GAAP diluted net income (loss) per share</b>	<u>\$ 0.04</u>	<u>\$ 0.19</u>	<u>\$ (0.22)</u>	<u>\$ 0.35</u>

(dollars in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>GAAP gross margin as a % of revenue</b>	32.0 %	38.0 %	31.3 %	39.2 %
Stock-based compensation	0.2	0.2	0.2	0.1
<b>Non-GAAP gross margin as a % of revenue</b>	32.2 %	38.2 %	31.5 %	39.3 %
<b>GAAP operating expenses</b>	\$ 97,991	\$ 91,614	\$ 288,573	\$ 265,277
Stock-based compensation	(9,517)	(8,898)	(29,952)	(28,055)
Restructuring and other costs	462	393	1,213	239
<b>Non-GAAP operating expenses</b>	\$ 88,936	\$ 83,109	\$ 259,834	\$ 237,461
<b>GAAP operating income (loss)</b>	\$ (3,787)	\$ 24,431	\$ (66,095)	\$ 37,248
Stock-based compensation	10,017	9,339	31,448	29,426
Acquisition-related costs	—	—	—	47
Restructuring and other costs	(485)	(414)	(1,461)	(251)
<b>Non-GAAP operating income (loss)</b>	\$ 5,745	\$ 33,356	\$ (36,108)	\$ 66,470

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>GAAP net income (loss)</b>	\$ (3,684)	\$ 17,570	\$ (50,765)	\$ 25,774
Income tax expense (benefit)	689	5,960	(11,562)	6,019
Interest (income) expense, net	(1,208)	262	(4,526)	3,617
Depreciation and amortization	1,444	2,035	5,001	6,590
POP display amortization	459	448	1,281	1,565
Stock-based compensation	10,017	9,339	31,448	29,426
Restructuring and other costs	(485)	(414)	(1,461)	(251)
<b>Adjusted EBITDA</b>	\$ 7,232	\$ 35,200	\$ (30,584)	\$ 72,740

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November 7th, 2023  
**GoPro, Inc. (NASDAQ: GPRO)**  
Management Commentary  
Q3 2023 Earnings Call

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**Christopher Clark**

*Vice President, Corporate Communications, GoPro, Inc.*

Enclosed is GoPro's third quarter 2023 earnings report. Following this brief introduction is management commentary from GoPro's CEO, Nicholas Woodman, and CFO and COO, Brian McGee. 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. This means that results could change at any time and we do not undertake any obligation to update these statements as a result of new information or future events. To better understand the risks and uncertainties that could cause actual results to differ from our commentary, we refer you to our most recent annual report on Form 10-K for the year ended December 31, 2022, which is on file with the Securities and Exchange Commission ("SEC") and 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, adjusted EBITDA as well as basic and diluted net profit and loss per share in accordance with GAAP, and on a non-GAAP basis. A reconciliation of GAAP to non-GAAP operating expenses can be found in the press release that was issued this afternoon, which is posted on the investor relations section of our website. Unless otherwise noted, all income statement-related numbers that are discussed in the management commentary, other than revenue, are non-GAAP.

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**Nicholas Woodman**

*Founder, Chief Executive Officer and Chairman, GoPro, Inc.*

Thank you for reading GoPro's Q3 2023 management commentary.

Today, I'm excited to share the positive progress we're making against the growth and TAM expansion strategy we initiated in May 2023.

As a reminder, this strategy included:

- A return to lower, pre-pandemic pricing to drive unit sales
- The re-introduction of entry-level priced GoPro cameras to reach new customers
- Increased marketing to drive awareness
- Expanding GoPro's global retail channel presence to better serve consumers' post-pandemic shopping behavior

We believe all of the above are catalysts that will result in meaningful revenue, subscriber and profit growth over the next two years.

In Q3 2023, both revenue and non-GAAP earnings per share exceeded the mid-point of our guidance. Revenue was \$294 million and non-GAAP earnings per share was \$0.04, and we ended the quarter on-target with 2.5 million subscribers.

In September, we launched our new \$399 flagship camera, [HERO12 Black](#), loaded with powerful new features for both professional and casual users and further establishing GoPro as the performance and value benchmark for our industry. Our launch resulted in global acclaim, generating a positive response from the media and public alike:

- "The HERO12 Black is the newest action camera from GoPro, and it's an absolute beast. For amateurs, influencers, and professionals, GoPro has added new features and content creation tools that make it easier to edit and share your videos with the world." – *Mashable*
  - "This feels like a truly refined device, and it's an effortless joy to use." – *Slashgear*
  - "The GoPro HERO12 Black focuses on what matters most, boasting incredible video performance, outstanding dynamic range, and superior stabilization." – *Tom's Guide*
  - "The GoPro HERO12 Black features an upgraded video engine with pro-level features while still catering to casual filmmakers with ease-of-use improvements, making it the action camera to beat." – *PC Magazine* (with Editor's Choice award)
-

As I mentioned, revenue for the quarter was ahead of guidance. This was a result of HERO12 Black and our entry level price point cameras both exceeding our expectations. Our entry-level SKUs generated 19% of camera revenue, demonstrating their TAM expanding potential without cannibalizing our high end SKUs.

Third quarter 2023 retail channel revenue grew 12% year-over-year to \$231 million, or 78% of total revenue. Total camera unit sales grew 31% sequentially and 16% year-over-year. Total camera units sold into retail grew 35% and retail sell-through grew 29%, respectively, year-over-year, aided by our renewed focus on growing our retail channel presence.

Last quarter we shared a target of adding approximately 2,000 new retail doors globally by the end of 2023 and I'm happy to report that we're tracking ahead of that goal, having already added 2,500 new retail doors as of today. Our work with these retailers includes refreshed point-of-purchase (POP) merchandisers, improved in-store brand presence, and enhanced account management to enable premium representation in each retail location.

Our 2024 target is to open more than 3,000 additional retail doors globally, bringing our total to approximately 25,000, which would be an increase of more than 30% from when we initiated this growth strategy in May of 2023.

To further leverage our growing retail network and expand our TAM, over the next two years we plan to introduce several new types of cameras beginning in the second quarter of 2024. We believe each of these new camera SKUs will address distinct use cases and will be built at improved margin profiles which we expect to contribute materially to revenue and earnings in 2024 and 2025.

In addition to scaling our presence at retail, we continue to enhance the shopping experience at GoPro.com, where we sell in more than 60 countries. While GoPro.com is a significant direct-to-consumer sales channel representing 22% of revenue in Q3 including our subscription revenue, it's also where consumers can learn about our complete end-to-end camera and software ecosystem, which includes our subscription service.

Our subscription service continues to perform as both a high-value, enabling solution for subscribers and a high margin revenue stream for GoPro. We finished Q3 on target with 2.5 million subscribers, representing 20% growth year-over-year.

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Subscriber attach and retention rates remain strong. In Q3, the subscription attach rate was 40%. Retention for our annual subscribers, who represent 90% of total subscribers, remained consistent with the prior quarter at between 60% and 65% for first year renewals and between 70% and 75% for second year renewals. We expect to finish 2023 with between 2.5 and 2.6 million subscribers, with additional subscriber growth in 2024.

As an added benefit for GoPro subscribers, later this month we're launching a desktop version of our Quik app for macOS at no additional charge. The Quik desktop app will bring the simplicity and convenience of automatic edits to desktop users, along with manual editing and media management tools, sync'd editing between mobile and desktop apps, plus the ability to import footage from any camera. We plan to launch a Windows version of the Quik desktop app in the second quarter of 2024.

As part of the Quik desktop app launch, we're introducing a new Premium+ \$99.99 subscription tier that includes an advanced, desktop-based HyperSmooth Pro video stabilization feature, plus increased cloud storage for footage captured with any camera. GoPro subscribers at both the original \$49.99 Premium tier and new \$99.99 Premium+ tier will continue to enjoy unlimited cloud storage of footage captured with their GoPro at original quality.

We expect our new Quik desktop app to further establish GoPro as an exciting end-to-end content creation solution for consumers, whether they're just getting started or they're an advanced creator. Our innovative auto-editing experience represents a convenient starting point for new creators and we believe the ongoing investments we're making in AI and computer vision will help maintain GoPro as an innovator in this space.

To reinforce GoPro's commitment to innovation and engineering excellence, we recently welcomed Vince Nakayama as GoPro's new Senior Vice President of Engineering. Vince brings a unique blend of software, hardware and UX experience to GoPro, having delivered many unique product and content experiences while holding influential roles at HP, Silicon Graphics, NetApp, Apple, Sony, Amazon, Flex, and Microsoft. He's passionate about cameras and cutting-edge technologies and we're excited for him to augment our efforts in AI to help our customers enrich their content and discover more utility in the use of their cameras and accessories.

On the marketing front, we're making solid progress in driving awareness and visibility for GoPro's brand through increased marketing collaboration with our retail channel partners as well as expanded athlete and event sponsorships and activations that align with the markets we serve. An example of this is the recently announced slate of motorsports series GoPro is now aligned with as the official action camera

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partner: MotoGP, FIA Karting World Championships, AMSOIL Championship Off-Road, Pro Motocross Championship, Formula DRIFT, and Nitrocross. These partnerships benefit both GoPro and the series themselves through the incredible content we produce together — content that authentically demonstrates the performance of our products and legitimizes our brand in the sport.

We're excited about our future, which would not be possible without our approximately 900 passionate employees. I want to thank them for their commitment to excellence. We foster a workplace culture of respect and accountability, an approach that yields consistently high employee engagement rates and third party recognition. Most recently we were recognized by *U.S. News & World Report* as one of the best places to work, adding to Outside Magazine's recognition of GoPro as one of the 50 best places to work for the past two years.

We're excited for the holiday season – demand is strong, we're making steady progress expanding our retail network, and we're looking forward to launching new margin-accretive hardware in 2024 while continuing to enhance our software and subscription offerings. We believe our strategy positions us well for the rest of the year and will yield meaningful unit, revenue, subscriber and profit growth in 2024 and 2025.

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**Brian McGee**

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

The third quarter of 2023 represents the first full quarter operating under the growth and TAM expansion strategy that we implemented in May 2023, which included:

- Reducing camera pricing to pre-pandemic price points and discontinuing subscription-related camera discounts at the time of purchase at GoPro.com
- The re-introduction of entry-level price point cameras to expand our TAM
- Scaling our marketing spend to pre-pandemic levels over time
- Introducing more hardware and software products over time to solve for more use cases

We're pleased to note that our Q3 results demonstrate positive progress. Camera unit sales increased 31% sequentially and 16% year-over-year; subscribers grew 20% year-over-year; we've opened more than 2,500 new retail doors since May 2023, putting us ahead of our end-of-year target; and, we returned to profitability on a non-GAAP basis.

Additionally, strong cross-functional execution – including excellence from product design, engineering, manufacturing, marketing, sales, retail merchandising and improved user experience at GoPro.com – led to the successful product launch of HERO12 Black.

Third quarter 2023 revenue was \$294 million, ahead of the mid-point of guidance by 5%, and earnings per share was \$0.04, ahead of the mid-point of guidance of \$0.02.

Revenue for our HERO12 Black flagship camera exceeded expectations in the quarter. In addition, our entry-level price point cameras exceeded expectations, generating 19% of camera revenue and demonstrating there is strong demand for an entry-level priced camera. Third quarter 2023 revenue from our retail channel grew 12% year-over-year to \$231 million, or 78% of total revenue. On a unit basis, units sold into retail grew 35% and sell-through at retail grew 29%, respectively, year-over-year.

In the quarter, gross margin was 32.2%, below the mid-point of our guidance of 34%. This was primarily due to the stronger shift in sales to our retail channel combined with strong sales of our entry-level cameras that currently have higher product costs. Looking ahead at our product roadmap, in the second quarter of 2024 we expect to replace our current low margin entry-level camera with a new, entry-level camera at an appropriate product cost point.

Our subscriber base continues to grow, reaching a milestone of 2.5 million subscribers in the third quarter of 2023, or 20% growth year-over-year.

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Third quarter results compared to guidance for the same period are as follows:

### Third Quarter Results and Prior Guidance

	Q3'23 Results	Q3'23 Guidance
Revenue	\$ 294 M	\$280M +/- \$10M
Unit sell-through	~750ku	~750ku
Street ASP	\$ 319	~\$355
Gross margin	32.2 %	34.0% +/- 50bps
Non-GAAP income per share	\$ 0.04	\$0.02 +/- \$0.02

Notable third quarter 2023 performance highlights:

- Subscription and service revenue grew 16% year-over-year to \$25 million
- GoPro subscribers grew 20% year-over-year to 2.5 million
- Estimated sell-through increased 8% year-over-year to approximately 750,000 units, slightly ahead of expectations
- The GoPro subscription attach rate was 40% and attach rates for entry-level priced cameras were nearly 30%
- GAAP loss per share was \$0.02 and non-GAAP income per share was \$0.04
- Repurchased \$10 million of GoPro stock, or 2.6 million shares

Turning to more detail on our financial performance, revenue of \$294 million was down 4% year-over-year. Third quarter revenue from our retail channel grew 12% year-over-year to \$231 million, or 78% of total revenue. We are pleased to see retail sales continue to spring back as a result of the price move, improving door count and retail efforts including merchandising during the third quarter. As expected, we experienced a decline in product sales on GoPro.com. Product revenue from GoPro.com was \$38 million, a year-over-year decline of 50%, representing 13% of total revenue. Subscription and service revenue grew 16% year-over-year to \$25 million, or 9% of total revenue. Importantly, we continue to drive our subscriber base across all camera price points.

Looking at third quarter revenue by geography, Americas decreased 6%, Europe decreased 2%, and Asia-Pacific decreased 2% year-over-year, respectively. Looking at sell-in units by geography, Asia-Pacific increased 22%, Americas increased 21% and Europe increased 3% year-over-year, respectively.

Third quarter Street ASP was \$319 compared to \$383 in Q3'22. In the quarter, 75% of our camera revenue mix was from suggested retail prices of \$400 and above, down from 87% in the year-ago

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quarter. The decrease in ASP was primarily driven by our camera price reductions to drive sales, which is working. Street ASP is defined as total reported revenue divided by camera units shipped.

Third quarter demand as measured via sell-through was approximately 750,000 units, up approximately 8% year-over-year. Every geography experienced unit sell-through growth year-over-year: Europe increased 16%, Americas increased 6%, and Asia Pacific increased 4%. The 16% increase in growth from Europe was due to increasing door count and having products priced appropriately for the market.

In the U.S. market, GoPro sell-through grew 6% in September, year-over-year, which is in contrast to the U.S. consumer electronics market which declined in September. According to Circana, in September 2023, U.S. consumer technology dollars were down 11%, driven by a 10% decline in units as average sales prices fell by 1%.

GoPro continued to grow its subscriber base reaching 2.5 million, or 20% growth year-over-year. Our overall subscription attach rate from cameras sold across all channels was 40%. Additionally, the subscription attach rate for our entry-level cameras was nearly 30%. Our overall subscription attach rate is calculated from cameras purchased through both GoPro.com and at retail and represents the number of new GoPro subscribers in the period over the corresponding number of estimated camera units sold through both GoPro.com and retail channels. Our entry-level camera subscriber attach rate is calculated from entry-level price point cameras purchased on GoPro.com and represents the number of new GoPro subscribers in the period over the corresponding number of estimated entry-level price point camera units sold on GoPro.com.

As a reminder, we focus on driving annual subscriptions rather than monthly subscriptions and are pleased that our annual subscribers account for 90% of our total subscribers, a 6% improvement over the prior year. Our annual subscriber retention rate for the first-year renewal continues to be in a range of 60% and 65%. In addition, annual subscribers renewing for the second year has a retention rate in a range of 70% and 75%. Our annual GoPro subscriber retention rate represents the number of annual subscribers that renewed their subscription in the period.

Turning to expenses, third quarter operating expenses increased 7% year-over-year to \$89 million, largely due to our continued investment in research and development to support our product and subscription roadmap.

Turning to the balance sheet, we ended the quarter with \$259 million in cash, cash equivalents and marketable securities. Cash decreased \$12 million sequentially, primarily from \$10 million in share

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repurchases and decreases in non-GAAP net working capital of \$8 million, partially offset by non-GAAP net income of \$6 million. Third quarter cash net of debt was \$116 million.

We ended the third quarter with inventory of \$155 million, flat compared to the same period in the prior year and inventory days were 70, down from 73 days, year-over-year. Our days' sales outstanding was 33 days, up from 25 days, year-over-year.

### Current Outlook

Before going into more detailed guidance, I'd like to frame at a high level where we are as we evolve the business.

Based on the full-year outlook provided today, revenue and unit sales for 2023 are expected to be ahead of what we estimated on our Q2'23 earnings call. We returned to year-over-year unit growth in the third quarter at 16% and expect unit growth to be up approximately 15% year-over-year in the fourth quarter. We increased door count by 13% since the second quarter. Through October, we are tracking to our estimated 1 million units of camera sell-through in the fourth quarter. We returned to non-GAAP profitability in the third quarter and expect to be profitable on a non-GAAP basis in the fourth quarter. These are very positive, early signs that our plans to return GoPro to growth and profitability are working.

Our success in selling more of our entry-level products than initially projected has put pressure on near-term gross margins. We expect margin pressure to continue through Q1 2024 until the replacement of our current low margin entry-level products with a newly designed entry-level camera at a lower product cost expected in the second quarter of 2024.

We continue to invest in innovation, notably in system-on-chip, hardware, accessories and software. In addition, we are expanding marketing and sales capabilities to fuel growth, while also driving efficiencies in other areas of the business. We have prudently tightened operating expenses for 2023, which we expect to be at \$365 million, down from \$370 million estimated during our last earnings report.

We continue to tightly manage our balance sheet metrics, particularly inventory and DSO. We expect to reduce inventory exiting the fourth quarter to below \$100 million, or approximately 40 days. And, we expect to exit 2023 with cash of \$300 million, including a minimum of \$10 million of stock buy-backs in the fourth quarter, or \$40 million in share repurchases for the year.

Our guidance reflects our excitement for the fourth quarter and 2023, and even more so for the future. Looking ahead to 2024, we expect to grow units to a range of 3.3 to 3.5 million, or more than 10% over

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2023. That would put revenue in a range of \$1.1 to \$1.2 billion. We expect to end 2024 with approximately 25,000 doors, or growth of approximately 14%, year-over-year.

We expect to improve gross margin of 32% in 2023 to 37% plus or minus 50bps in 2024 driven by the following factors, by approximately:

- 230bps from the introduction of a lower product cost entry level product in Q2 2024
- 150bps from price protection incurred in 2023 for our strategic price move
- 80bps from identified product cost savings
- 70bps from subscription and other improvements

We expect operating expenses to grow modestly from \$365 million in 2023 to approximately \$385 million in 2024. And, we expect non-GAAP tax expense to be approximately \$1.5 million in 2024.

Successfully executing against these assumptions would result in revenue growth, margin expansion, and subscriber growth. In addition, expected earnings leverage is substantial in 2024 and we expect to generate a range of \$30 million to \$50 million in net income, a solid \$60 million to \$80 million improvement over 2023.

This profitability improvement will enable us to increase our capital allocation in 2024.

#### Fourth Quarter 2023 Guidance

	Q4'23 Guidance
Revenue	\$325M +/- \$5M
Unit sell-through	~1,000ku
Street ASP	~\$335
Gross margin	33.0% +/- 50bps
Non-GAAP income per share	\$0.02 +/- \$0.01

For the fourth quarter of 2023, we expect to deliver revenue of approximately \$325 million, up 1% year-over-year. We estimate Street ASP in the fourth quarter to be approximately \$335, down 11%, year-over-year, and up 5% sequentially. Our expectation, as a result of our pricing, retail expansion and increasing marketing, CRM, product bundles and tactics to improve conversion, is for unit sell-through to increase more than 10% year-over-year to approximately one million units. That said, there may still be macroeconomic pressures that impact consumer confidence and spending in the fourth quarter.

Our guidance assumes channel inventory will reduce during the quarter.

We expect gross margin in the fourth quarter to be 33% at the midpoint of guidance, down from 35% in the prior year quarter, but up from 32.2% in the third quarter of 2023. The year-over-year decline in gross margin percentage is primarily related to reduced camera pricing and higher camera demand at our entry level price point. It's worth pointing out that we are seeing GoPro subscriber attach rates amongst these entry level camera buyers of nearly 30%, which is helping to drive subscription revenue growth and offset near term margin impact.

We expect subscribers to grow to between 2.5 and 2.6 million by the end of the fourth quarter, or more than 10% growth, year-over-year. Our year end subscriber estimate assumes consistent renewal rates. Due to historic seasonality and gift giving trends, we modeled the fourth quarter subscription attach to last year's fourth quarter retail attach rate of nearly 30%. As a reminder, our first quarter has the highest subscription attach in the year.

We expect non-GAAP net income per share for the fourth quarter of \$0.02 at the midpoint of guidance. We expect shares outstanding to be approximately 166 million shares in the fourth quarter based on our current stock price and anticipated share repurchases in the quarter.

We expect our GAAP effective tax rate in 2023 to be in a range of between 20% to 25%. Non-GAAP tax expense is primarily related to actual cash tax paid as we utilize our U.S. NOLs and other tax attributes to offset tax expenses. We expect non-GAAP tax expense to remain low in a range of \$1.5 million to \$1.8 million in 2023. And, for the fourth quarter, we expect \$0.6 million in non-GAAP tax expense.

### Full Year 2023 Guidance

	2023 Guidance Provided in August	Current 2023 Guidance
Revenue	\$1.03B +/- \$30M	\$1.04B +/- \$5M
Unit sell-through	~3.0mu	~3.0mu
Street ASP	~\$350	~\$340
Gross margin	33.0% +/- 50bps	32.0 %
Non-GAAP loss per share	(\$0.18) +/- \$0.04	(\$0.20) +/- \$0.02

For 2023, we raised revenue estimates slightly to \$1.04 billion, down 5% from 2022. We expect units sold to grow by approximately 9% year-over-year to 3 million units as a result of our recent price moves.

We expect gross margin to be 32% at the midpoint of guidance, which reflects both lower ASPs and the related price protection cost required to achieve lower pricing at retail to drive unit volume.

We expect operating expenses to reduce to \$365 million in 2023 from our prior estimate of \$370 million, up nearly 11% from 2022, largely driven by investments in research and development and increased marketing, which we expect to have a positive impact on revenue in Q4 and into 2024.

We expect non-GAAP EPS loss of approximately \$0.20 at the midpoint for 2023. We expect to be profitable and generate adjusted EBITDA of approximately \$13 million in the second half of 2023.

In summary we are pleased by the results in our first full quarter of our growth and TAM expansion plan. We look forward to exciting developments and software releases in the fourth quarter and believe we will enter 2024 with strong momentum and that our strategies will be a catalyst for expanding growth and profitability in 2024 and 2025.