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

FORM 10-K/A

(Amendment No. 1)

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file number: 001-36514

GOPRO, INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0629474**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3000 Clearview Way San Mateo, California	**94402**
(Address of principal executive offices)	*(Zip Code)*

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

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

Class A Common Stock, par value $0.0001	**The NASDAQ Stock Market LLC**
(Title of each class)	*(Name of each exchange on which registered)*

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non accelerated filer ☐	Smaller reporting company ☐
		(Do not check if a smaller reporting company)	

If an emerging growth company, indicated 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $1,097,400,000 based upon the closing price reported for such date on the NASDAQ Global Select Market.

As of January 31, 2017 , 105,351,578 and 36,760,415 shares of Class A and Class B common stock were outstanding, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for its 2017 Annual Meeting of Stockholders (the “Proxy Statement”) that was filed on April 26, 2017 are incorporated by reference in Part II and Part III of the Annual Report on Form 10-K. Except with respect to information specifically incorporated by reference in the Annual Report on Form 10-K, the Proxy Statement is not deemed to be filed as part of the Annual Report on Form 10-K

EXPLANATORY NOTE

GoPro, Inc. (the "Company") is filing this Amendment No. 1 ("Amendment No. 1") to its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed on February 16, 2017 (the "Original 10-K"). The Company is filing this Amendment No. 1 to:

(1) Provide an amended report of its independent registered public accounting firm, in order to correct an administrative oversight related to the omission of references to the information contained in Schedule II - Valuation and Qualifying Accounts Financial Statement as required by Rule 5-04(c) of Regulation S-X;

(2) Include a cross-reference in Item 15 to Schedule II - Valuation and Qualifying Accounts Financial Statement under Item 8;

(3) Include a reference to Schedule II - Valuation and Qualifying Accounts Financial Statement in the Index to Consolidated Financial Statements under Item 8; and

(4) Provide an updated consent of its independent registered public accounting firm.

In accordance with applicable Securities and Exchange Commission rules and as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, Amendment No. 1 includes new certifications from our Principal Executive Officer and Principal Financial Officer dated as of the date of filing of Amendment No. 1.

This Amendment No. 1 consists solely of the preceding cover page, this explanatory note, Part II, Item 8, Financial Statements and Supplementary Data, in its entirety, the amended Report of Independent Registered Public Accounting Firm, Part IV, Item 15, Exhibits, Financial Statement Schedules, in its entirety, the signature page, Consent of Independent Registered Public Accounting Firm and the new certifications from our Principal Executive Officer and Principal Financial Officer .

Amendment No. 1 speaks as of the date of the Original 10-K, does not reflect events that may have occurred after the date of the Original 10-K and does not modify or update in any way the disclosures made in the Original 10-K, except as described above. Amendment No. 1 should be read in conjunction with the Original 10-K and with the Company’s subsequent filings with the SEC.

GoPro, Inc.
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PART II

Item 8. Financial Statements and Supplementary Data

GoPro, Inc.
Index to consolidated financial statements

The supplementary financial information required by this Item 8, is included in Part II, Item 7 of the Annual Report on Form 10-K under the caption "Quarterly Results of Operations," which is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of GoPro, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of redeemable convertible preferred stock and stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of GoPro, Inc. and its subsidiaries at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our audits (which were integrated audits in 2016 and 2015). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 16, 2017

GoPro, Inc.
Consolidated Balance Sheets

(in thousands, except par values)		December 31, 2016		December 31, 2015
Assets				
Current assets:				
Cash and cash equivalents	$	192,114	$	279,672
Marketable securities		25,839		194,386
Accounts receivable, net		164,553		145,692
Inventory		167,192		188,232
Prepaid expenses and other current assets		38,115		25,261
Total current assets		587,813		833,243
Property and equipment, net		76,509		70,050
Intangible assets, net		33,530		31,027
Goodwill		146,459		57,095
Other long-term assets		78,329		111,561
Total assets	$	922,640	$	1,102,976
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	205,028	$	89,989
Accrued liabilities		211,323		192,446
Deferred revenue		14,388		12,742
Total current liabilities		430,739		295,177
Long-term taxes payable		26,386		21,770
Other long-term liabilities		18,570		13,996
Total liabilities		475,695		330,943
Commitments, contingencies and guarantees (Note 11)				
Stockholders’ equity:				
Preferred stock, $0.0001 par value, 5,000 shares authorized; none issued		—		—
Common stock and additional paid-in capital, $0.0001 par value, 500,000 Class A shares authorized,104,647 and 100,596 shares issued and outstanding, respectively; 150,000 Class B shares authorized, 36,712 and 36,005 shares issued and outstanding, respectively		757,226		663,311
Treasury stock, at cost, 1,545 and 1,545 shares, respectively		(35,613)		(35,613)
Retained earnings (accumulated deficit)		(274,668)		144,335
Total stockholders’ equity		446,945		772,033
Total liabilities and stockholders’ equity	$	922,640	$	1,102,976

The accompanying notes are an integral part of these consolidated financial statements.

GoPro, Inc.
Consolidated Statements of Operations

(in thousands, except per share data)	Year ended December 31, 2016	2015	2014
Revenue	$ 1,185,481	$ 1,619,971	$ 1,394,205
Cost of revenue	723,561	946,757	766,970
Gross profit	461,920	673,214	627,235
Operating expenses:			
Research and development	358,902	241,694	151,852
Sales and marketing	368,620	268,939	194,377
General and administrative	107,367	107,833	93,971
Total operating expenses	834,889	618,466	440,200
Operating income (loss)	(372,969)	54,748	187,035
Other expense, net	(2,205)	(2,163)	(6,060)
Income (loss) before income taxes	(375,174)	52,585	180,975
Income tax expense	43,829	16,454	52,887
Net income (loss)	$ (419,003)	$ 36,131	$ 128,088
Less: net income allocable to participating securities	—	—	(16,512)
Net income (loss) attributable to common stockholders—basic	$ (419,003)	$ 36,131	$ 111,576
Add: net income allocable to dilutive participating securities	—	—	2,277
Net income (loss) attributable to common stockholders—diluted	$ (419,003)	$ 36,131	$ 113,853
Net income (loss) per share:			
Basic	$ (3.01)	$ 0.27	$ 1.07
Diluted	$ (3.01)	$ 0.25	$ 0.92
Shares used to compute net income (loss) per share:			
Basic	139,425	134,595	104,453
Diluted	139,425	146,486	123,630

The accompanying notes are an integral part of these consolidated financial statements.

GoPro, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

(in thousands)	Redeemable convertible preferred stock Shares	Redeemable convertible preferred stock Amount	Common stock and additional paid-in capital Shares	Common stock and additional paid-in capital Amount	Treasury stock Amount	Retained earnings (accumulated deficit)	Stockholders' equity (deficit)
Balances at December 31, 2013	30,523	$ 77,198	81,420	$ 14,518	$ —	$ (19,884)	$ (5,366)
Issuance of common stock upon public offerings, net of offering costs	—	—	10,188	286,247	—	—	286,247
Conversion of preferred stock to common stock upon initial public offering, net of issuance cost accretion	(30,523)	(77,198)	30,523	77,198	—	—	77,198
Common stock issued under employee benefit plans, net of shares withheld for tax	—	—	8,414	7,681	—	—	7,681
Retirement of common stock	—	—	(1,430)	(1,177)	—	—	(1,177)
Stock-based compensation expense	—	—	—	71,399	—	—	71,399
Excess tax benefit from stock-based compensation	—	—	—	77,134	—	—	77,134
Net income	—	—	—	—	—	128,088	128,088
Balances at December 31, 2014	—	—	129,115	533,000	—	108,204	641,204
Common stock issued under employee benefit plans, net of shares withheld for tax	—	—	14,249	36,413	—	—	36,413
Taxes paid related to net share settlements	—	—	—	(13,943)	—	—	(13,943)
Retirement of common stock	—	—	(5,218)	—	—	—	—
Repurchase of outstanding common stock	—	—	(1,545)	—	(35,613)	—	(35,613)
Stock-based compensation expense	—	—	—	80,583	—	—	80,583
Excess tax benefit from stock-based compensation	—	—	—	27,258	—	—	27,258
Net income	—	—	—	—	—	36,131	36,131
Balances at December 31, 2015	—	—	136,601	663,311	(35,613)	144,335	772,033
Common stock issued under employee benefit plans, net of shares withheld for tax	—	—	3,936	10,103	—	—	10,103
Taxes paid related to net share settlements	—	—	—	(6,889)	—	—	(6,889)
Shares issued to third-party vendor for services (Note 11)	—	—	822	7,297	—	—	7,297
Stock-based compensation expense (Note 7)	—	—	—	69,499	—	—	69,499
Stock-based compensation expense related to restructuring (Note 13)	—	—	—	15,566	—	—	15,566
Excess tax benefit from stock-based compensation	—	—	—	(1,661)	—	—	(1,661)
Net loss	—	—	—	—	—	(419,003)	(419,003)
Balances at December 31, 2016	—	$ —	141,359	$ 757,226	$ (35,613)	$ (274,668)	$ 446,945

The accompanying notes are an integral part of these consolidated financial statements.

GoPro, Inc.
Consolidated Statements of Cash Flows

	Year ended December 31,		
(in thousands)	2016	2015	2014
Operating activities:			
Net income (loss)	$ (419,003)	$ 36,131	$ 128,088
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	41,640	28,981	17,945
Stock-based compensation	69,527	80,680	71,399
Excess tax benefit from stock-based compensation	(3,463)	(29,348)	(77,134)
Deferred income taxes	38,568	(11,468)	(16,920)
Non-cash restructuring charges	17,601	—	—
Impairment of intangible assets	7,088	—	—
Other	7,574	5,427	1,865
Changes in operating assets and liabilities:			
Accounts receivable, net	(18,816)	38,313	(61,323)
Inventory	21,040	(35,005)	(41,033)
Prepaid expenses and other assets	(14,618)	(23,281)	(30,317)
Accounts payable and other liabilities	142,941	68,461	98,354
Deferred revenue	2,168	(1,280)	5,998
Net cash provided by (used in) operating activities	(107,753)	157,611	96,922
Investing activities:			
Purchases of property and equipment, net	(43,627)	(51,245)	(27,210)
Purchases of marketable securities	—	(220,055)	(103,827)
Maturities of marketable securities	119,918	94,680	1,083
Sale of marketable securities	47,348	30,048	—
Acquisitions, net of cash acquired	(104,353)	(65,405)	(3,950)
Net cash provided by (used in) investing activities	19,286	(211,977)	(133,904)
Financing activities:			
Proceeds from issuance of common stock, net	2,775	22,833	300,097
Excess tax benefit from stock-based compensation	3,463	29,348	77,134
Payment of deferred acquisition-related consideration	(950)	—	(2,000)
Payment of credit facility issuance costs	(3,333)	—	—
Payment of deferred public offering costs	—	(903)	(5,730)
Repurchases of outstanding common stock	—	(35,613)	—
Repayment of debt	—	—	(114,000)
Net cash provided by financing activities	1,955	15,665	255,501
Effect of exchange rate changes on cash and cash equivalents	(1,046)	(1,556)	—
Net increase (decrease) in cash and cash equivalents	(87,558)	(40,257)	218,519
Cash and cash equivalents at beginning of period	279,672	319,929	101,410
Cash and cash equivalents at end of period	$ 192,114	$ 279,672	$ 319,929

Supplementary cash flow disclosure:						
Cash paid for interest	$	—	$	—	$	1,853
Cash paid (refunded) for income taxes, net	$	9,690	$	(1,093)	$	37,283
Non-cash investing and financing activities:						
Conversion of preferred stock to common stock, net	$	—	$	—	$	77,198
Purchases of property and equipment included in accounts payable and accrued liabilities	$	2,258	$	5,153	$	2,474
Reclass of deferred public offering costs to additional paid-in capital	$	—	$	—	$	7,722

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of business and significant accounting policies

GoPro, Inc. (GoPro or the Company) makes mountable and wearable cameras, drones and accessories. The Company's products are sold globally through retailers, wholesale distributors and on the Company’s website. The Company's global corporate headquarters are located in San Mateo, California.

Basis of presentation . The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Company's fiscal year ends on December 31, and its fiscal quarters end on March 31, June 30, and September 30.

Principles of consolidation. These consolidated financial statements include all the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company’s consolidated financial statements and accompanying notes. The Company bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from management's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations could be affected.

Comprehensive income (loss). For all periods presented, comprehensive income (loss) approximated net income (loss). Therefore, the consolidated statements of comprehensive income (loss) have been omitted.

Prior period reclassifications. Reclassifications of certain prior period amounts in the consolidated financial statements have been made to conform to the current period presentation.

Cash equivalents and marketable securities. Cash equivalents primarily consist of investments in money market funds with maturities of three months or less from the date of purchase. Marketable securities consist of commercial paper, U.S. agency securities, and corporate debt securities, and are classified as available-for-sale securities. The Company views these securities as available to support current operations and it has classified all available-for-sale securities as current assets. Available-for-sale securities are carried at fair value with unrealized gains and losses, if any, included in stockholders' equity. Unrealized losses are charged against other income (expense), net, for declines in fair value below the cost of an individual investment that is deemed to be other than temporary. The Company has not identified any marketable securities as other-than-temporarily impaired for the periods presented. The cost of securities sold is based upon a specific identification method.

Accounts receivable and allowance for doubtful accounts. Accounts receivable are stated at invoice value less estimated allowances for returns and doubtful accounts. Allowances are recorded based on the Company's assessment of various factors, such as: historical experience, credit quality of its customers, age of the accounts receivable balances, geographic related risks, economic conditions and other factors that may affect a customer’s ability to pay. The allowance for doubtful accounts as of December 31, 2016 and 2015 was $1.3 million and $1.4 million , respectively.

Inventory. Inventory consists of finished goods and component parts, which are purchased directly or from contract manufacturers. Inventory is stated at the lower of cost or market on a first-in, first-out basis. The Company writes down its inventory for estimated obsolescence or excess inventory equal to the difference between the cost of inventory and estimated market value. The Company’s assessment of market value is based upon assumptions around market conditions and estimated future demand for its products within a specified time horizon, generally 12 months. Adjustments to reduce inventory to net realizable value are recognized in cost of revenue.

Point of purchase (POP) displays. The Company provides retailers with POP displays, generally free of charge, in order to facilitate the marketing of the Company’s products within retail stores. The POP displays contain a display that broadcasts video images taken by GoPro cameras with product placement available for cameras and accessories. POP display costs, less any fees charged, are capitalized as long-term assets and charged to sales and marketing expense over the expected period of benefit, which generally ranges from 24 to 36 months . Cash outflows and amortization related to POP displays are classified as operating activities in the consolidated statement of cash flows. Amortization was $19.6 million , $16.8 million and $18.0 million in 2016, 2015 and 2014, respectively.

Property and equipment, net. Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful life of the assets, ranging from one to ten years. Leasehold improvements are amortized over the shorter of the lease term or their expected useful life. Property and equipment pending installation, configuration or qualification are classified as construction in progress. Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. The Company estimates and categorizes the fair value of its financial assets by applying the following hierarchy:

Level 1	Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to directly access.
Level 2	Valuations based on quoted prices for similar assets or liabilities; valuations for interest-bearing securities based on non-daily quoted prices in active markets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
Level 3	Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value of Level 2 financial instruments is obtained from an independent pricing service, which may use quoted market prices for identical or comparable instruments or model driven valuations using observable market data or inputs corroborated by observable market data.

Leases. The Company leases its office space and facilities under cancelable and non-cancelable operating leases. For leases that contain rent escalation or rent concession provisions, the Company recognizes rent expense on a straight-line basis over the term of the lease. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed to be reasonably assured at lease inception.

Goodwill and other intangible assets . Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in a business combination. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. For intangible assets acquired in a business combination, the estimated fair values of the assets received are used to establish their recorded values. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Impairment of goodwill and long-lived assets. The Company performs an annual assessment of its goodwill during the fourth quarter of each calendar year or more frequently if indicators of potential impairment exist, such as an adverse change in business climate or a decline in the overall industry demand, that would indicate it is more likely than not that the fair value of its single reporting unit is less than its carrying value. There was no impairment of goodwill for any periods presented. For the annual impairment testing in 2016, the Company performed a quantitative analysis and determined the fair value of its single reporting unit exceeded the carrying value. Other indefinite-lived intangible assets are assessed for impairment at least annually. If their value carrying value exceeds the estimated fair value, the difference is recorded as an impairment. See Note 4 for information regarding impairment charges recorded for indefinite-lived intangible assets.

Long-lived assets, such as property and equipment and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount to the estimated future undiscounted cash flows expected to be generated by the asset group. If it is determined that an asset group is not recoverable, an impairment charge is recognized for the amount by which the carrying amount of the asset group exceeds its fair value. There was no material impairment of long-lived assets for any periods presented.

Warranty. The Company records a liability for estimated product warranty costs at the time product revenue is recognized. The Company's standard warranty obligation to its end-users generally provides a 12 -month warranty coverage on all of its products except in the European Union where the Company provides a two -year warranty. The Company's estimate of costs to service its warranty obligations is based on its historical experience of repair and replacement of the associated products and expectations of future conditions. The warranty obligation is affected by product failure rates and the related use of materials, labor costs and freight incurred in correcting any product failure.

Revenue recognition. Revenue is primarily comprised of product revenue, net of returns and sales incentives. The Company derives substantially all of its revenue from the sale of cameras, mounts and accessories and the related implied post contract support (PCS). The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. For most of the Company's revenue, these criteria are met at the time the product is shipped. For customers who purchase products directly from the Company’s website, revenue is deferred until delivery to the customer's address because the Company retains a portion of the risk of loss on these sales during transit.

The Company grants limited rights to return product for certain large retailers and distributors. The Company records reductions to revenue and cost of sales for expected future product returns at the time of sale based on analyses of historical return trends by customer class. Return trends are influenced by product life cycles, new product introductions, market acceptance of products, product sell-through, the type of customer, seasonality, and other factors. Return rates may fluctuate over time, but are sufficiently predictable to allow the Company to estimate expected future product returns.

The Company's camera sales are multiple element arrangements that generally include the following two units of accounting: a) the hardware component (camera and/or accessories) and the embedded firmware essential to the functionality of the camera delivered at the time of sale, and b) the implied right for the customer to receive PCS. PCS includes the right to receive, on a when and if available basis, future unspecified firmware upgrades and features as well as bug fixes, email and telephone support. The Company accounts for each element separately and allocates revenue based on its best estimate of the selling price (BESP). The Company's process for determining BESP considers multiple factors that may vary over time depending upon the unique facts and circumstances related to each deliverable, including: the level of support provided to customers, estimated costs to provide the Company's support, the amount of time and cost that is allocated to the Company's efforts to develop the undelivered elements, and market trends in the pricing for similar offerings. The Company also offers several mobile and desktop applications at no charge to help users manage, edit, view and share their content. These applications are not essential to the functionality of the camera, therefore, are not accounted as a separate element of the arrangement.

Revenue allocated to the delivered hardware and the related essential software is recognized at the time of sale provided the conditions for recognition of revenue have been met. Revenue allocated to PCS is deferred and recognized on a straight-line basis over the estimated term of the support period, which is estimated to be 15 months based on historical experience. Deferred revenue also includes amounts related to the Company’s GoPro Care and GoPro Plus fee-based service offerings.

Sales incentives. The Company offers sales incentives through various programs, consisting primarily of cooperative advertising and marketing development fund programs. Sales incentives are recorded as a reduction to revenue in the period the incentives are offered to the Company’s customers or the related revenue is recognized, whichever is later. In addition, the Company offers price protection discounts to certain customers when camera device models are released or repriced and the customer has remaining inventory on hand. The Company calculates price protection discounts in the period that the price reduction goes into effect, and they are recorded as a reduction of revenue, based on the evaluation of inventory currently held by the customer subject to price protection.

Shipping costs. Amounts billed to customers for shipping and handling are classified as revenue and the Company's related shipping and handling costs incurred are classified as cost of revenue.

Sales taxes. Sales taxes collected from customers and remitted to respective governmental authorities are recorded as liabilities and not included in revenue.

Advertising costs. Advertising costs consist of costs associated with print, television and ecommerce media advertisements and are expensed as incurred. The Company incurs promotional expenses resulting from payments under event, resort and athlete sponsorship contracts. These sponsorship arrangements are considered to be executory contracts and, as such, the costs are expensed as performance under the contract is received. The costs associated with preparation of sponsorship activities, including the supply of GoPro products, media team support, and activation fees are expensed as incurred. Prepayments made under sponsorship agreements are included in prepaid expenses or other long-term assets depending on the period to which the prepayment applies. Advertising costs were $106.0 million , $64.7 million and $47.2 million in 2016, 2015 and 2014, respectively.

Stock-based compensation. The Company accounts for stock-based compensation in accordance with accounting guidance that requires all stock-based awards granted to employees and directors to be measured at fair value and recognized as an expense. The Company primarily issues restricted stock units. For service-based awards, stock-based compensation is recognized on a straight-line basis over the requisite service period, net of estimated forfeitures. For performance and market-based awards which also require a service period, the Company uses graded vesting over the longer of the derived service period or when the performance or market condition is satisfied.

The Company recognizes a benefit from stock-based compensation as additional paid-in capital if an excess tax benefit is realized by following the with-and-without approach. The indirect effects of stock-based compensation deductions are reflected in the income tax provision for purposes of measuring the excess tax benefit at settlement of awards.

Foreign currency. The U.S. dollar is the functional currency of the Company's foreign subsidiaries. The Company remeasures monetary assets or liabilities denominated in currencies other than the U.S. dollar using exchange rates prevailing on the balance sheet date, and non-monetary assets and liabilities at historical rates. Foreign currency remeasurement and transaction gains and losses are included in other expense, net and have not been material for any periods presented.

Income taxes. The Company utilizes the asset and liability method for computing its income tax provision, under which deferred tax assets and liabilities are recognized for the expected future consequences of temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates. Management makes estimates, assumptions and judgments to determine the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation losses recorded against deferred tax assets. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent the Company believes recovery is not likely, establishes a valuation allowance.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. Interest and penalties related to unrecognized tax benefits are recognized within income tax expense.

Segment information. The Company operates as one operating segment as it only reports financial information on an aggregate and consolidated basis to its CEO, who is the Company’s chief operating decision maker.

Recent accounting pronouncements

Standard	Description	Expected date of adoption	Effect on the financial statements or other significant matters
Standards that are not yet adopted			
Revenue from Contracts with Customers Accounting Standards Update (ASU) No. 2014-09, 2016-08, 2016-10 and 2016-12 (Topic 606)	The updated revenue standard establishes principles for recognizing revenue and develops a common revenue standard for all industries. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard requires that entities disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Early adoption is permitted, but not earlier than the first quarter of 2017. The retrospective or cumulative effect transition method is permitted.	January 1, 2018	The Company completed an initial analysis of the impact of the standard on its sales contract portfolio by reviewing its current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standard to its sales contracts. The Company does not anticipate a material impact on its consolidated financial statements because the analysis of its contracts under the new standard supports the recognition of most of its revenue at the time product is shipped, consistent with its current revenue policy. Although the Company is continuing to review certain aspects of its policies and practices, it expects that, as a result of the adoption of the new guidance, the timing of recognizing certain sales incentives as a reduction of revenue will generally be earlier than under the existing guidance. The Company expects to utilize the modified retrospective transition method.
Leases ASU No. 2016-02(Topic 842)	This standard requires lessees to put most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. Lessees would recognize a right-to-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The new standard should be applied on a modified retrospective basis.	January 1, 2019	Although the Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements and related disclosures, the Company currently expects that most of its operating lease commitments will be subject to the new standard and recognized as operating lease liabilities and right-of-use assets upon adoption.
Stock Compensation ASU No. 2016-09 (Topic 718)	This standard simplifies certain aspects of the accounting for share-based payment transactions, including income taxes, classification of awards and classification on the statement of cash flows. The new guidance also allows an entity to make a policy election to account for forfeitures as they occur. Early adoption is permitted for an entity in any interim or annual period.	January 1, 2017	The adoption of the standard resulted in a net cumulative-effect adjustment of $16.2 million to decrease accumulated deficit as of January 1, 2017, mostly related to the recognition of previously unrecognized excess tax benefits using the modified retrospective method. The previously unrecognized excess tax effects were recorded as a reduction to tax liabilities or an increase to deferred tax assets, which was fully offset by a valuation allowance. Without the valuation allowance, the Company's deferred tax assets would have increased by $162.8 million. The Company elected to apply the change in presentation to the statements of cash flows prospectively and elected to account for forfeitures as they occur.
Income Taxes ASU No. 2016-16 (Topic 740)	This standard requires entities to recognize at the transaction date the income tax consequences of intra-entity asset transfers. Previous guidance requires the tax effects from intra-entity asset transfers to be deferred until that asset is sold to a third party or recovered through use. The updated standard is effective in annual and interim periods in fiscal years beginning after December 15, 2017, with early adoption permitted during the first interim period of a fiscal year, and requires a modified retrospective transition method.	January 1, 2018	The Company is evaluating the impact that the adoption of this standard will have on its consolidated financial statements and related disclosures.

Intangible - Goodwill and Other ASU No. 2017-04 (Topic 350)	This standard simplifies the accounting for goodwill and removes Step 2 of the annual goodwill impairment test. Upon adoption, goodwill impairment will be determined based on the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017, and requires a prospective transition method.	January 1, 2020	The Company is evaluating the impact that the adoption of this standard will have on its consolidated financial statements and related disclosures.

2. Business Acquisitions

In 2016, the Company completed acquisitions of two privately-held mobile editing application companies for total cash consideration of approximately $104 million . The aggregate allocation of the purchase prices primarily included $17.4 million of identifiable intangible assets, $3.4 million of net deferred tax liabilities and approximately $89 million of residual goodwill. Net tangible assets acquired were not material. In addition to the amounts above, aggregate deferred cash and stock compensation of up to approximately $35 million is payable to certain continuing employees subject to meeting specified future employment conditions. This amount is being recognized as compensation expense over the requisite service periods of up to four years from the respective acquisition dates, including approximately $22 million recognized in 2016.

In 2015, the Company completed several acquisitions qualifying as business combinations for aggregate consideration of $70.2 million , the substantial majority of which was cash consideration. The aggregated allocation of the purchased prices primarily included $32.3 million of identifiable intangible assets, $4.7 million of net deferred tax liabilities and approximately $43.0 million of residual goodwill. Net liabilities assumed were not material.

Goodwill is primarily attributable to expected synergies in the technologies that can be leveraged by the Company in future product offerings related to device and software related offerings. Goodwill is not expected to be deductible for U.S. income tax purposes. The operating results of the acquired companies have been included in the Company's consolidated financial statements for 2016 and 2015 from the date of acquisition.

Actual and pro forma results of operations for these acquisitions have not been presented because they do not have a material impact to the Company's consolidated results of operations, either individually or in aggregate.

3. Fair value measurements

The Company's assets that are measured at fair value on a recurring basis within the fair value hierarchy are summarized as follows:

	December 31, 2016			December 31, 2015		
(in thousands)	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents [1] :						
Money market funds	$ 18,024	$ —	$ 18,024	$ 51,059	$ —	$ 51,059
Total cash equivalents	$ 18,024	$ —	$ 18,024	$ 51,059	$ —	$ 51,059
Marketable securities:						
U.S. agency securities	$ —	$ 8,283	$ 8,283	$ —	$ 14,451	$ 14,451
Commercial paper	—	—	—	—	2,197	2,197
Corporate debt securities	—	15,226	15,226	—	165,825	165,825
Municipal securities	—	2,330	2,330	—	11,913	11,913
Total marketable securities	$ —	$ 25,839	$ 25,839	$ —	$ 194,386	$ 194,386

[1] Included in "cash and cash equivalents" in the accompanying consolidated balance sheets. Cash balances were $174.1 million and $228.6 million as of December 31, 2016 and December 31, 2015 , respectively.

There were no transfers of financial assets between levels for the periods presented.

The remaining contractual maturities of available-for-sale marketable securities are as follows:

	December 31,	
(in thousands)	2016	2015
Less than one year	$ 25,839	$ 122,199
Greater than one year but less than two years	—	72,187
Total	$ 25,839	$ 194,386

At December 31, 2016 and 2015, the amortized cost of the Company's cash equivalents and marketable securities approximated their fair value and there were no material unrealized gains or losses, either individually or in the aggregate.

For certain other financial assets and liabilities, including accounts receivable, accounts payable and other current liabilities, the carrying amounts approximate their fair value due to the relatively short maturity of these balances.

4. Consolidated financial statement details

The following sections and tables provide details of selected balance sheet items.

Inventory

	December 31,	
(in thousands)	2016	2015
Components	$ 25,236	$ 9,476
Finished goods	141,956	178,756
Total inventory	$ 167,192	$ 188,232

Property and equipment, net

(in thousands)	Useful life (in years)	December 31, 2016		December 31, 2015	
Leasehold improvements	3–12	$	48,103	$	40,841
Production, engineering and other equipment	4		46,328		25,174
Tooling	1–2		23,742		19,537
Computers and software	2		18,750		14,581
Furniture and office equipment	3		12,530		11,389
Tradeshow equipment and other	2-5		7,578		4,136
Construction in progress			1,870		4,632
Gross property and equipment			158,901		120,290
Less: Accumulated depreciation and amortization			(82,392)		(50,240)
Property and equipment, net		$	76,509	$	70,050

Depreciation expense was $32.4 million , $24.8 million and $16.8 million in 2016, 2015 and 2014, respectively. The Company recorded accelerated depreciation charges in connection with plans to vacate certain leased office facilities as disclosed in Note 13.

Intangible assets and goodwill

(in thousands)	December 31, 2016 Gross carrying value		Accumulated amortization		Net carrying value	
Purchased technology	$	47,001	$	(17,086)	$	29,915
In-process research and development (IPR&D)		3,615		—		3,615
Total intangible assets	$	50,616	$	(17,086)	$	33,530

(in thousands)	December 31, 2015 Gross carrying value		Accumulated amortization		Net carrying value	
Purchased technology	$	32,952	$	(8,540)	$	24,412
IPR&D		6,615		—		6,615
Total intangible assets	$	39,567	$	(8,540)	$	31,027

A summary of the Company's IPR&D activity during 2016 is as follows:

(in thousands)	Total	
Balance at December 31, 2015	$	6,615
IPR&D assets acquired		4,460
Technological feasibility achieved		(1,150)
Asset impairment		(6,310)
Balance at December 31, 2016	$	3,615

Purchased technology acquired in 2016 had an estimated useful life of four years. The Company recorded impairment charges of $6.3 million to research and development expense for IPR&D assets abandoned in the third and fourth quarters of 2016. As of December 31, 2016 , technological feasibility has not been established for the remaining IPR&D assets, which have no alternative future use and, as such, continue to be accounted for as indefinite-lived intangible assets.

Amortization expense was $9.1 million , $4.2 million and $1.1 million in 2016 , 2015 and 2014 , respectively. At December 31, 2016 , the expected amortization expense of intangible assets for future periods is as follows:

(in thousands)	Total
Year ending December 31,	
2017	$ 8,689
2018	8,297
2019	7,786
2020	4,273
2021	870
	$ 29,915

The carrying amount of goodwill was $146.5 million and $57.1 million as of December 31, 2016 and 2015 , respectively. The increase in 2016 was entirely attributable to the acquisitions described above in Note 2. There was no impairment of goodwill for any periods presented.

Other long-term assets

	December 31,	
(in thousands)	2016	2015
POP displays	$ 27,592	$ 27,989
Long-term deferred tax assets	106	41,936
Income tax receivable	33,425	33,206
Deposits and other	17,206	8,430
Other long-term assets	$ 78,329	$ 111,561

Accrued liabilities

	December 31,	
(in thousands)	2016	2015
Accrued payables	$ 91,655	$ 60,738
Employee related liabilities (1)	42,577	27,535
Accrued sales incentives	40,070	29,298
Warranty liability	11,456	10,400
Customer deposits	4,381	8,877
Income taxes payable	2,756	7,536
Purchase order commitments	4,730	38,477
Other	13,698	9,585
Accrued liabilities	$ 211,323	$ 192,446

(1) See Note 13 for amounts associated with restructuring liabilities.

5. Financing Arrangements

In March 2016, the Company entered into a Credit Agreement ("Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, Wells Fargo Bank, National Association, as co-agent, and the lender parties thereto. The Credit Agreement provides for a secured revolving credit facility ("Credit Facility") under which the Company may borrow up to an aggregate of $250 million and the Company and lenders may increase the total commitments under the Credit Facility to up to $300 million , subject to certain conditions. The Credit Facility will terminate, and all outstanding borrowings become due and payable, in March 2021.

The amount that may be borrowed under the Credit Facility is based upon a borrowing base formula with respect to the Company's inventory and accounts receivable balances. Borrowed funds accrue interest, at the Company's election, based on an annual rate of (a) London Interbank Offered Rate ("LIBOR") or (b) the administrative agent's base rate, plus an applicable margin of between 1.50% and 2.00% for LIBOR rate loans, and between 0.50% and 1.00% for base rate loans, depending on the level of utilization of the Credit Facility. The Company is required to pay a commitment fee on the unused portion of the Credit Facility of 0.25% or 0.375% per annum, based on the level of utilization of the Credit Facility. Amounts owing under the Credit Agreement and related credit documents are guaranteed by the Company and its material subsidiaries. The Company and its Cayman and Netherlands subsidiaries have also granted security interests in substantially all of their assets to collateralize these obligations.

The Credit Agreement contains customary affirmative covenants, such as financial statement reporting requirements and delivery of borrowing base certificates, as well as customary covenants that limit the ability of the Company and its subsidiaries to, among other things, pay dividends, incur debt, create liens and encumbrances, make investments and redeem or repurchase stock. The Company is required to maintain a minimum fixed charge coverage ratio if and when the unborrowed availability under the Credit Facility is less than the greater of $25.0 million or 10.0% of the borrowing base at such time. The Credit Agreement contains customary events of default, such as the failure to pay obligations when due, initiation of bankruptcy or insolvency proceedings, defaults on certain other indebtedness, change of control or breach of representations and warranties or covenants. Upon an event of default, the lenders may, subject to customary cure rights, require the immediate payment of all amounts outstanding and foreclose on collateral.

As of December 31, 2016, the Company may borrow up to approximately $150 million under the Credit Facility and was in compliance with all financial covenants contained in the Credit Agreement. No borrowings have been made from the Credit Facility to date.

6. Stockholders' equity

Initial public offering. In July 2014, the Company completed its IPO in which the Company issued and sold 8.9 million shares of Class A common stock at a public offering price of $24.00 per share and the selling stockholders sold 11.6 million shares of Class A common stock, including 2.7 million shares upon the underwriters' option to purchase additional shares. The Company did not receive any proceeds from the sale of shares by the selling stockholders. The total net proceeds received by the Company from the IPO were $200.8 million after deducting underwriting discounts and commissions.

Follow-on offering. In November 2014, the Company completed a follow-on offering in which the Company issued and sold 1.3 million shares of Class A common stock at a public offering price of $75.00 per share and the selling stockholders sold 10.6 million shares of Class A common stock, including 1.6 million shares upon the underwriters' option to purchase additional shares. The Company did not receive any proceeds from the sale of shares by the selling stockholders. The total net proceeds received by the Company from the follow-on offering were $93.2 million after deducting underwriting discounts and commissions.

Redeemable convertible preferred stock. Prior to the Company's IPO, the Company had 30.5 million of Series A redeemable convertible preferred stock outstanding, which were convertible into shares of Class B common stock at a rate of 1 -for-1. Concurrent with the close of the IPO, those outstanding shares were converted into Class B common stock.

Common stock. Following the Company's IPO, the Company had two classes of authorized common stock: Class A common stock with 500 million shares authorized and Class B common stock with 150 million shares authorized. As of December 31, 2016, 104.6 million shares of Class A stock were issued and outstanding and 36.7 million shares of Class B stock were issued and outstanding. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting power and conversion rights. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible at any time at the option of the stockholder into one share of Class A common stock and has no expiration date. The Class B common stock is also convertible into Class A common stock on the same basis upon any transfer, whether or not for value, except for “permitted transfers” as defined in the Company’s restated certificate of incorporation. Each share of Class B common stock will convert automatically into one share of Class A common stock upon the date when the outstanding shares of Class B common stock represent less than 10% of the aggregate number of shares of common stock then outstanding. As of December 31, 2016, the Class B stock continued to represent greater than 10% of the overall outstanding shares.

The Company had the following shares of common stock reserved for issuance upon the exercise of equity instruments as of December 31, 2016:

(in thousands)	**December 31, 2016**
Stock options outstanding	12,379
Restricted stock units outstanding	7,970
Common stock available for future grants	20,685
Total common stock shares reserved for issuance	41,034

Stock repurchase program . The stock repurchase program authorized by the Company’s board of directors in September 2015 to repurchase up to $300 million of the Company's Class A common stock expired on September 30, 2016 and has not been renewed. The repurchase program did not obligate the Company to acquire any specific number of shares. Under the program, the Company repurchased approximately 1.5 million shares of its common stock at an average price of $23.05 per share, for an aggregate purchase price of approximately $35.6 million . The Company holds the repurchased shares as treasury stock.

CEO stock contributions. In the first half of 2015, the CEO contributed an aggregate 5.2 million common stock to the Company without consideration per the terms of a Contribution Agreement dated December 28, 2011, and amended on May 11, 2015. Under the original Contribution Agreement, the CEO agreed to contribute back to the Company from time-to-time the same number of shares of common stock as are issued to a certain Company employee upon the exercise of certain stock options held by such employee. Pursuant to this agreement, the CEO contributed back to the Company 0.5 million shares of Class B common stock from January 2015 through April 2015. In May 2015, the CEO contributed back to the Company 4.7 million shares of Class B common stock pursuant to the amended agreement, representing all of the then remaining shares subject to the contribution obligations. All of the shares contributed by the CEO were retired during the year.

7. Employee benefit plans

Equity incentive plans . The Company has outstanding equity grants from its three stock-based employee compensation plans: the 2014 Equity Incentive Plan (2014 Plan), the 2010 Equity Incentive Plan (2010 Plan) and the 2014 Employee Stock Purchase Plan (ESPP). In 2014, the Company terminated the authority to grant new awards under the 2010 Plan and no new options or awards have been granted under the 2010 Plan since June 2014. Outstanding options and awards under the 2010 Plan continue to be subject to the terms and conditions of the 2010 Plan.

The 2014 Plan serves as the successor to the 2010 Plan and provides for the granting of incentive and nonqualified stock options, restricted stock awards (RSAs), restricted stock units (RSUs), stock appreciation rights, stock bonus awards and performance awards to qualified employees, non-employee directors and consultants. Options granted under the 2014 Plan generally expire within 10 years from the date of grant and generally vest over four years and are exercisable for shares of the Company's Class A stock. Options with performance or market-based conditions are generally subject to a required service period along with the performance or market condition. RSUs granted under the 2014 Plan generally vest annually over a four year period based upon continued service and are settled at vesting in shares of the Company's Class A common stock.

The ESPP allows eligible employees to purchase shares of the Company's Class A common stock through payroll deductions at a price equal to 85% of the lesser of the fair market values of the stock as of the first date or the ending date of each six-month offering period. The 2014 Plan and the ESPP also provides for automatic annual increases in the number of shares reserved for future issuance.

Employee retirement plan. The Company has a defined contribution retirement plan covering U.S. and other international full-time employees that provides for voluntary employee contributions from 1% to 86% of annual compensation, subject to a maximum limit allowed by Internal Revenue Service guidelines. The Company matches 100% of each employee's contributions up to a maximum of 4% of the employee's eligible compensation. The Company's matching contributions to the plan were $7.2 million , $5.5 million and $2.7 million in 2016 , 2015 and 2014 , respectively.

S tock options

A summary of the Company's stock option activity in 2016 is as follows:

	Options outstanding			
	Shares (in thousands)	Weighted- average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2015:	13,081	$ 11.82	6.70	$ 108,846
Granted	2,573	11.27		
Exercised	(1,733)	2.05		
Forfeited/Cancelled	(1,542)	19.07		
Outstanding at December 31, 2016:	12,379	$ 12.17	5.97	$ 32,772
Vested and expected to vest at December 31, 2016	12,245	$ 12.12	5.95	$ 32,772
Exercisable at December 31, 2016	8,952	$ 10.37	5.36	$ 32,771

The weighted average grant date fair value of all options granted and assumed were $4.84 , $18.40 and $11.51 per share in 2016, 2015 and 2014, respectively. The total fair value of all options vested was $27.2 million , $26.9 million and $16.0 million in 2016, 2015 and 2014, respectively. The aggregate intrinsic value of the stock options outstanding as of December 31, 2016 represented the value of the Company's closing stock price on the last trading day of the year in excess of the exercise price multiplied by the number of options outstanding.

Restricted stock units

A summary of the Company's RSU activity in 2016 and 2015 is as follows:

	Shares (in thousands)	Weighted- average grant date fair value
Non-vested shares at December 31, 2014	4,307	$ 21.98
Granted	2,170	44.00
Vested	(1,735)	19.84
Forfeited	(104)	63.47
Non-vested shares at December 31, 2015	4,638	32.15
Granted	7,354	12.10
Vested	(2,075)	23.87
Forfeited	(1,947)	22.85
Non-vested shares at December 31, 2016	7,970	$ 18.08

In June 2014, the Company granted an award of 4.5 million RSUs covering shares of the Company's Class B common stock to the Company's CEO (CEO RSUs), which included 1.5 million RSUs that vested immediately upon grant and 3.0 million RSUs that were subject to both a market-based vesting condition and a three-year service-based vesting condition. The market-based condition was achieved in January 2015. Stock-based compensation expense related to the CEO RSUs was $6.4 million , $29.4 million and $38.3 million for 2016 , 2015 and 2014 , respectively.

Employee stock purchase plan In 2016 and 2015 , the Company issued 668,107 and 436,924 shares under its ESPP at weighted average prices of $9.15 and $26.88 , respectively. The weighted-average fair value of each right to purchase shares of the Company's Class A common stock granted under the ESPP was $3.99 , $15.76 and $7.16 in 2016, 2015 and 2014, respectively.

Fair value disclosures The fair value of stock options granted and purchases under the Company's ESPP is estimated using the Black-Scholes option pricing model. Expected term of stock options granted was estimated based on the simplified method. Expected stock price volatility was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term. Risk-free interest rate was based on the yields of U.S. Treasury securities with maturities similar to the expected term. Dividend yield was zero as the Company does not have any history of, nor plans to make, dividend payments.

The fair value of stock options granted was estimated as of the grant date using the following assumptions:

	Year ended December 31,		
	2016	2015	2014
Volatility	44%–45%	43%–54%	54%–56%
Expected term (years)	5.2–6.1	5.5–7.0	5.3–6.3
Risk-free interest rate	1.2%–2.0%	1.6%–2.0%	1.7%–2.0%
Dividend yield	—%	—%	—%

The fair value of stock purchase rights granted under the ESPP was estimated using the following assumptions:

	Year ended December 31,		
	2016	2015	2014
Volatility	43%–54%	39%–45%	45.5%
Expected term (years)	0.5	0.5	0.6
Risk-free interest rate	0.4%–0.5%	0.1%–0.2%	0.1%
Dividend yield	—%	—%	—%

During 2014, the Company used a Monte Carlo valuation model to calculate the fair value of the CEO RSUs subject to a market condition based on the following assumptions: expected term of 10 years, expected volatility of 50.9% , risk-free interest rate of 2.69% , and a grant date fair value of $18.40 for the underlying shares.

Stock-based compensation expense. The following table summarizes stock-based compensation included in the consolidated statements of operations:

	Year ended December 31,		
(in thousands)	**2016**	**2015**	**2014**
Cost of revenue	$ 1,616	$ 1,492	$ 835
Research and development	31,365	18,024	11,640
Sales and marketing	13,883	13,762	10,428
General and administrative	22,663	47,402	48,496
Total stock-based compensation expense	$ 69,527	$ 80,680	$ 71,399

The income tax benefit related to stock-based compensation expense was zero , $28.0 million and $19.5 million for 2016 , 2015 and 2014 , respectively. There is no current year tax benefit due to a full valuation allowance on U.S. net deferred tax assets (see Note 9 below).

At December 31, 2016 , total unearned stock-based compensation of $116.3 million related to stock options, RSUs and ESPP shares is expected to be recognized over a weighted average period of 2.6 years.

8. Net income (loss) per share

Basic net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period. All participating securities are excluded from basic weighted average common shares outstanding. The Company considers shares issued upon the early exercise of options subject to repurchase and non-vested restricted shares to be participating securities, because holders of such shares have a non-forfeitable right to dividends. Additionally, prior to the Company's IPO and their conversion, the Company considered its redeemable convertible preferred stock to be participating securities due to their non-cumulative dividend rights.

Diluted net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding, including all potentially dilutive common shares.

Undistributed earnings are allocated based on the contractual participation rights of Class A and Class B as if the earnings for the year have been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis. The computation of the diluted net income per share of Class A common stock assumes the conversion of Class B common stock.

The following table presents the calculations of basic and diluted net income (loss) per share:

	Year ended December 31,		
(in thousands, except per share data)	**2016**	**2015**	**2014**
Numerator:			
Allocation of net income (loss)	$ (419,003)	$ 36,131	$ 128,088
Less: net income allocable to participating securities	—	—	16,512
Net income (loss) attributable to common stockholders—basic	(419,003)	36,131	111,576
Add: net income allocable to dilutive participating securities	—	—	2,277
Net income (loss) attributable to common stockholders—diluted	$ (419,003)	$ 36,131	$ 113,853
Denominator:			
Weighted-average common shares—basic for Class A and Class B common stock	139,425	134,595	104,453
Stock options, RSU's and ESPP shares	—	11,891	19,177
Weighted-average common shares—diluted for Class A and Class B common stock	139,425	146,486	123,630
Net income (loss) per share attributable to common stockholders:			
Basic	$ (3.01)	$ 0.27	$ 1.07
Diluted	$ (3.01)	$ 0.25	$ 0.92

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding as the effect would have been anti-dilutive:

	Year ended December 31,		
(in thousands)	**2016**	**2015**	**2014**
Stock options, RSUs and ESPP shares	21,000	2,681	15,921

9. Income taxes

Income before income taxes consisted of the following:

	Year ended December 31,		
(in thousands)	**2016**	**2015**	**2014**
Domestic	$ (200,595)	$ 13,562	$ 114,937
Foreign	(174,579)	39,023	66,038
	$ (375,174)	$ 52,585	$ 180,975

Income tax expense consisted of the following:

	Year ended December 31,		
(in thousands)	**2016**	**2015**	**2014**
Current:			
Federal	$ (2,925)	$ 18,548	$ 55,846
State	(356)	3,007	6,075
Foreign	8,542	6,539	8,219
Total current	5,261	28,094	70,140
Deferred:			
Federal	37,573	(11,211)	(13,551)
State	4,436	(204)	(3,369)
Foreign	(3,441)	(225)	(333)
Total deferred	38,568	(11,640)	(17,253)
Income tax expense	$ 43,829	$ 16,454	$ 52,887

As of December 31, 2016, $3.3 million of earnings had been indefinitely reinvested outside the U.S., primarily in active non-U.S. business operations. We do not intend to repatriate these earnings to fund U.S. operations and, accordingly, we do not provide for U.S. federal income and foreign withholding tax on these earnings.

	Year ended December 31,					
	2016		2015		2014	
(in thousands, except percentage)	$	%	$	%	$	%
Reconciliation to statutory rate:						
Tax at federal statutory rate	$ (131,311)	(35.0)%	$ 18,405	35.0 %	$ 63,341	35.0 %
Change in valuation allowance	101,878	27.2	8,555	16.3	—	—
Impact of foreign operations	84,491	22.5	6,434	12.2	(13,305)	(7.4)
Stock-based compensation	15,718	4.2	2,390	4.5	8,050	4.4
State taxes, net of federal benefit	(14,195)	(3.8)	1,454	2.8	4,911	2.7
Tax credits	(12,992)	(3.5)	(21,891)	(41.6)	(10,616)	(5.9)
Other	240	0.1	1,107	2.1	506	0.4
Income tax provision at effective tax rate	$ 43,829	11.7 %	$ 16,454	31.3 %	$ 52,887	29.2 %

The lower effective tax rates of 2016 compared to 2015 resulted from a significant benefit on pre-tax book losses, offset by the establishment of a valuation allowance on all U.S. federal and state net deferred tax assets and by income taxes paid at lower rates in profitable foreign jurisdictions (primarily wholly owned subsidiaries in Europe). The provision for income taxes in each period has differed from the tax computed at U.S. federal statutory tax rates due to change in valuation allowance, the effect of non-U.S. operations, deductible and non-deductible stock-based compensation expense, states taxes, federal research and development tax credits, and other adjustments.

The higher effective tax rate for 2015 compared to 2014 was due to higher U.S. taxable income and lower international taxable income, which resulted from incurring a higher proportion of our 2015 operating expenses in foreign jurisdictions. Additionally, the effective tax rate for 2015 was lower than the federal statutory rate of 35% primarily due to benefits from research and development tax credits.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities were as follows:

	December 31,	
(in thousands)	2016	2015
Deferred tax assets:		
Net operating loss carryforwards	$ 30,193	$ 339
Tax credit carryforwards	22,341	9,372
Stock-based compensation	26,656	19,096
Allowance for returns	6,336	8,812
Accruals and reserves	26,587	20,398
Total deferred tax assets	112,113	58,017
Valuation allowance	(110,433)	(8,555)
Total deferred tax assets, net of valuation allowance	1,680	49,462
Deferred tax liabilities:		
Depreciation and amortization	(1,714)	(6,937)
Intangible assets	(2,540)	(2,904)
Total deferred tax liabilities	(4,254)	(9,841)
Net deferred tax assets (liabilities)	$ (2,574)	$ 39,621

Recognition of deferred tax assets is appropriate when realization of such assets is more likely than not. Based upon the weight of available evidence, the Company believes it is not more likely that not that the U.S. deferred tax assets will be realized. Accordingly, a full valuation allowance is established against U.S. deferred tax assets. The foreign deferred tax assets in each jurisdiction are minimal and are supported by taxable income or in the case of acquired companies, by the future reversal of deferred tax liabilities. It is more likely than not that the Company's foreign deferred tax assets will be realized and thus, no valuation allowance is required on foreign deferred tax assets. The Company will continue to assess the realizability of the deferred tax assets in each of the applicable jurisdictions going forward. The Company's valuation allowance increased by $101.9 million to $110.4 million as of December 31, 2016 , primarily due to the establishment of a full valuation allowance on all U.S. federal and state deferred tax assets. As of December 31, 2015 , the Company had established a valuation allowance of $8.6 million for state research tax credits.

As of December 31, 2016, the Company’s federal, California and other state net operating loss carryforwards for income tax purposes were $467.2 million , $201.5 million and $207.3 million , respectively and federal and California state tax credit carryforwards were $32.5 million and $27.9 million , respectively. If not utilized, federal loss, federal credit and California loss carryforwards will begin to expire from 2030 to 2036, while other state loss carryforwards will begin to expire from 2019 to 2036. California tax credits may be carried forward indefinitely.

Under the provisions of §382 of the Internal Revenue Code, a change of control may impose an annual limitation on the amount of the Company’s net operating loss and tax credit carryforwards that can be used to reduce future tax liabilities. Of the Company’s total $467.2 million federal and state net operating loss carryforwards, approximately $8 million was from one of our 2016 acquisitions. These acquired tax attributes are subject to an annual limitation of $1.7 million per year for federal purposes and will begin to expire in the year 2034, if not utilized.

Uncertain income tax positions. The Company had gross unrecognized tax benefits of $56.9 million , $36.3 million and $16.6 million , as of December 31, 2016 , 2015 and 2014 , respectively. For fiscal 2016, 2015 and 2014, total unrecognized income tax benefits in an amount of $24.1 million , $31.0 million and $16.6 million , respectively, if recognized, would reduce income tax expense after considering the impact of the change in valuation allowance in the U.S. A material portion of our gross unrecognized tax benefits, if recognized, would increase the Company’s net operating loss carryforward, which would be offset by a full valuation allowance based on present circumstances.

These unrecognized tax benefits relate primarily to unresolved matters with taxing authorities regarding the Company’s transfer pricing positions and tax positions based on the Company’s interpretation of certain U.S. trial and appellate court decisions, which remain subject to appeal and therefore could be overturned in future periods. The Company’s existing tax positions will continue to generate an increase in unrecognized tax benefits in subsequent periods. Management believes events that could occur in the next 12 months and cause a material change in unrecognized tax benefits include, but are not limited to, the completion of examinations by the U.S. or foreign taxing authorities and the expiration of statute of limitations on the Company's tax returns. Although the completion, settlement and closure of any audits is uncertain, it is reasonably possible that the total amount of unrecognized tax benefits will materially increase within the next 12 months. However, given the number of years remaining that are subject to examination, the range of the reasonably possible change cannot be estimated reliably.

A reconciliation of the beginning and ending amount of the unrecognized income tax benefits are as follows:

	December 31,		
(in thousands)	**2016**	**2015**	**2014**
Gross balance at January 1	$ 36,273	$ 16,558	$ 9,898
Gross increase related to current year tax positions	20,594	19,948	6,401
Gross increase related to prior year tax positions	130	108	259
Gross decrease related to prior year tax positions	(88)	(341)	—
	$ 56,909	$ 36,273	$ 16,558

The Company’s policy is to account for interest and penalties related to income tax liabilities within the provision for income taxes. The balances of accrued interest and penalties recorded in the balance sheets and provision for income taxes were not material for any period presented.

The Company files income tax returns in the U.S. and non-U.S. jurisdictions. The Company is subject to federal, state and foreign income tax examinations for calendar tax years ending 2012 through 2015. The tax authorities could choose to audit the tax years beyond the statute of limitation period due to tax attribute carryforwards from prior years, making adjustments only to carryforward attributes. The Company is currently under examination by the

Internal Revenue Service for the 2012 through 2015 tax years. At this time, the Company is not able to estimate the potential impact that the examination may have on income tax expense. If the examination is resolved unfavorably, there is a possibility it may have a material negative impact on the Company's results of operations.

10. Related party transactions

The Company incurs costs for Company-related chartered aircraft fees for the use of the CEO’s private plane. The Company recorded expense of $0.5 million , $0.7 million and $0.6 million in 2016, 2015 and 2014, respectively. As of December 31, 2016 and 2015, the Company had accounts payable associated with these aircraft fees of zero and $0.1 million , respectively.

In 2013, the Company entered into a three -year agreement, which was amended in July 2016 to continue through the end of 2016, with a company affiliated with the son of one of the members of the Company's board of directors to acquire certain naming rights to a kart racing facility. As consideration for these naming rights, the Company paid $0.6 million over the three year period. As of December 31, 2016 , the Company has recorded cumulative expense of $0.6 million , and has also provided 100 GoPro cameras at no cost each year. As of December 31, 2016 and 2015, the Company had no accounts payable associated with this agreement.

In 2016, the Company obtained services from a vendor whose CEO is also one of the members of the Company's board of directors. The Company recorded expense of $0.4 million in 2016. As of December 31, 2016, the Company had accounts payable associated with this vendor of $0.3 million .

The Company has agreements for certain contract manufacturing and engineering services with a vendor affiliated with one of the Company's investors. The Company made payments of zero , $0.2 million and $12.2 million to this vendor in 2016, 2015 and 2014, respectively. As of December 31, 2016 and 2015 , the Company had no accounts payable associated with this vendor.

In June 2014, the CEO purchased seven automobiles from the Company for a total purchase price of $0.3 million , which was equal to the deemed fair value of the automobiles purchased. There have been no additional purchases in 2016 and 2015.

In the second quarter of 2013, the Company loaned one of its executive officers $0.2 million pursuant to a demand payment loan that did not bear interest, which was fully repaid in March, 2014.

See Notes 6 and 7 above for information regarding CEO RSUs and Class B common stock contributed by the CEO back to the Company.

11. Commitments, contingencies and guarantees

The Company enters into multi-year agreements to lease facilities, purchase sponsorships with event organizers, resorts and athletes as part of its marketing efforts; software licenses related to its financial and IT systems; and various other contractual commitments.

In May 2016, the Company entered into a 3.5 year agreement with Red Bull GmbH (Red Bull) that includes content production, distribution and cross-promotion. As part of the agreement, the Company issued unregistered restricted shares of its Class A common stock to Red Bull with a fair value of approximately $7 million , which is being expensed ratably over one-year as a component of sales and marketing expense. Over the term of the agreement, Red Bull will also receive cash consideration, which is included in the other contractual commitments section of the table below.

The following table summarizes the Company's total undiscounted future expected obligations under multi-year agreements with terms longer than one year:

(in thousands)	Total	2017	2018	2019	2020	2021	Thereafter
Operating leases (1)	$ 139,511	$ 16,972	$ 20,345	$ 13,896	$ 17,157	$ 16,770	$ 54,371
Sponsorship commitments (2)	14,500	7,449	4,134	2,917	—	—	—
Other contractual commitments (3)	39,189	11,744	14,723	12,722	—	—	—
Total contractual cash obligations	$ 193,200	$ 36,165	$ 39,202	$ 29,535	$ 17,157	$ 16,770	$ 54,371

(1) The Company leases its facilities under long-term operating leases, which expire at various dates through 2027.

(2) The Company enters into multi-year sponsorship agreements with event organizers, resorts and athletes as part of its marketing efforts.

(3) The Company enters into other contractual commitments, including the multi-year agreement with Red Bull, as well as software licenses related to the Company's financial and IT systems which require payments over several years.

In 2016, the Company entered into sub-lease agreements for its office facilities that decreased the Company’s total future minimum lease payments by sub-lease rentals of approximately $6 million , which approximates the corresponding remaining lease rentals.

Rent expense was $19.8 million , $12.2 million and $7.3 million for 2016 , 2015 and 2014 , respectively.

Product warranty

The following table summarizes the warranty liability activity:

	Year ended December 31,		
(in thousands)	2016	2015	2014
Beginning balances	$ 10,856	$ 6,405	$ 3,870
Charged to cost of revenue	19,272	25,377	10,268
Settlements of warranty claims	(18,183)	(20,926)	(7,733)
Ending balances	$ 11,945	$ 10,856	$ 6,405

At December 31, 2016 , $11.5 million of the warranty liability was recorded as an element of accrued liabilities and $0.5 million was recorded as an element of other long-term liabilities.

Legal proceedings. From time to time, the Company is involved in legal proceedings in the ordinary course of business. Due to inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of these matters. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on the results of operations, financial condition or cash flows of the Company.

Indemnifications. In the normal course of business, the Company enters into agreements that contain a variety of representations and warranties and provide for general indemnification. The Company’s exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but have not yet been made. It is not possible to determine the maximum potential amount under these indemnification agreements due to the Company’s limited history with indemnification claims and the unique facts and circumstances involved in each particular agreement. As of December 31, 2016, the Company has not paid any claims nor has it been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

12. Concentrations of risk and geographic information

Customer concentration . Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables. The Company's management believes that credit risk for accounts receivable is mitigated by the Company's credit evaluation process, relatively short collection terms and dispersion of its customer base. The Company generally does not require collateral and losses on trade receivables have historically been within management's expectations.

Customers who represented 10% or more of the Company's net accounts receivable balance were as follows:

	December 31,	
(in thousands)	**2016**	**2015**
Customer A	15%	*
Customer B	27%	40%
Customer C	*	18%

* Less than 10% of total accounts receivable for the period indicated

The following table summarizes the Company's accounts receivables sold, without recourse, and factoring fees paid:

	Year ended December 31,		
(in thousands)	**2016**	**2015**	**2014**
Accounts receivable sold	$ 167,769	$ 194,223	$ 250,437
Factoring fees	1,266	1,566	2,148

Customers who represented 10% or more of the Company's total revenue were as follows:

	Year ended December 31,		
	2016	**2015**	**2014**
Customer A	17%	14%	20%
Customer B	11%	12%	*

* Less than 10% of total revenue for the period indicated

Supplier concentration. The Company relies on third parties for the supply and manufacture of its products, some of which are sole-source suppliers. The Company's management believes that outsourcing manufacturing enables greater scale and flexibility. As demand and product lines change, the Company periodically evaluates the need and advisability of adding manufacturers to support its operations. In instances where a supply and manufacture agreement does not exist or suppliers fail to perform their obligations, the Company may be unable to find alternative suppliers or satisfactorily deliver its products to its customers on time, if at all. The Company also relies on third parties with whom it outsources supply chain activities related to inventory warehousing, order fulfillment, distribution and other direct sales logistics **.**

Geographic information

Revenue by geographic region, based on ship-to destinations, was as follows:

	Year ended December 31,		
(in thousands)	**2016**	**2015**	**2014**
Americas	$ 619,784	$ 868,772	$ 890,352
EMEA	366,352	535,260	371,197
APAC	199,345	215,939	132,656
Total revenue	$ 1,185,481	$ 1,619,971	$ 1,394,205

Revenue in the United States, which is included in the Americas geographic region, was $554.9 million , $769.2 million and $796.0 million for 2016 , 2015 and 2014 , respectively. No other individual country exceeded 10% of total revenue for any period presented. The Company does not disclose revenue by product category as it does not track sales incentives and other revenue adjustments by product category to report such data.

As of December 31, 2016 and 2015 long-lived assets, which represent gross property and equipment, located outside the United States, primarily in Hong Kong and China, were $76.6 million and $47.6 million , respectively.

13. Restructuring charges and other exit costs

First quarter 2016 restructuring. On January 12, 2016, the Company approved a restructuring that provided for a reduction in the Company's global workforce of approximately 7% . The Company incurred aggregate restructuring expenses of $6.5 million in the first quarter of 2016, which primarily included cash-based severance costs. The plan was substantially completed as of March 31, 2016 and all costs have been paid.

Fourth quarter 2016 restructuring

On November 29, 2016, the Company approved a restructuring to reduce future operating expenses and achieve its goal of returning to profitability. The restructuring provided for a reduction of the Company's global workforce of approximately 15% , the closure of the Company's entertainment group to concentrate on its core business, and the consolidation of certain leased office facilities. The Company estimates that it will incur total aggregate charges of approximately $40 million for the restructuring. The Company expects actions associated with the restructuring will be substantially completed in the first half of 2017.

Restructuring charges of approximately $36.6 million were recorded in the fourth quarter of 2016, which was comprised of the following:

(in thousands)	Amount
Employee severance pay and related costs [1]	$ 18,893
Non-cash acceleration of stock-based compensation expense [1]	15,566
Non-cancelable leases, accelerated depreciation and other charges	2,122
Total restructuring charges	$ 36,581

(1) Includes total charges of $11.4 million (including $8.8 million for accelerated equity awards) associated with the departure of the Company's former President.

The following table provides a summary of the Company's restructuring activities in the fourth quarter of 2016 and the related liabilities recorded in accrued liabilities on the consolidated balance sheet. The Company expects to pay out its restructuring liability for severance in the first half of 2017.

(in thousands)	Severance	Other	Total
Restructuring liability as of October 1, 2016	$ —	$ —	$ —
Restructuring charges	18,893	879	19,772
Cash paid	(8,440)	—	(8,440)
Non-cash settlements	(793)	—	(793)
Restructuring liability as of December 31, 2016	$ 9,660	$ 879	$ 10,539

Restructuring charges

The following table summarizes total 2016 restructuring charges in the consolidated statements of operations:

(in thousands)	Amount
Cost of revenue	$ 497
Research and development	17,197
Sales and marketing	12,064
General and administrative	13,331
Total restructuring charges	$ 43,089

Other exit costs. In addition to the restructuring actions above, in the second and third quarters of 2016, the Company committed to plans to vacate and sublet certain leased office facilities. Changes in estimated useful life of associated leasehold improvements and office equipment are expected to result in accelerated depreciation expense of approximately $10 million , including $6.0 million recorded in 2016 and $ 4.0 million ratably over an estimated remaining period of 8 months.

Schedule II

GoPro, Inc.

VALUATION AND QUALIFYING ACCOUNTS

For the years ended December 31, 2016, 2015 and 2014

(in thousands)	Balance at Beginning of Year	Charges to Revenue	Charges to Expense	Deductions/ Write-offs	Balance at End of Year
Allowance for doubtful accounts receivable:					
Year ended December 31, 2016	$ 1,400	$ —	$ 40	$ (159)	$ 1,281
Year ended December 31, 2015	1,250	—	682	(532)	1,400
Year ended December 31, 2014	520	—	970	(240)	1,250
Allowance for sales returns:					
Year ended December 31, 2016	$ 26,280	$ 35,136	$ (41,378)	$ —	$ 20,038
Year ended December 31, 2015	25,747	48,182	(47,649)	—	26,280
Year ended December 31, 2014	14,352	39,011	(27,616)	—	25,747
Valuation allowance for deferred tax assets:					
Year ended December 31, 2016	$ 8,555	$ —	$ 101,878	$ —	$ 110,433
Year ended December 31, 2015	—	—	8,555	—	8,555

PART IV

Item 15. Exhibits, Financial Statement Schedules

1. Financial Statements

The financial statements filed as part of this report are listed in the "Index to Financial Statements" under Part II, Item 8 of this report.

2. Financial Statement Schedules

The financial statement schedule filed in response to Part II, Item 8 and Part IV, Item 15(c) of this Form 10-K/A is listed under Part II, Item 8 on the Index to Consolidated Financial Statements on page 5.

3. Exhibits

The information required by this item is set forth on the exhibit index which follows the signature page of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Amendment No. 1 to its Annual Report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

GoPro, Inc.
(Registrant)

Dated: **May 25, 2017**	By: /s/ Nicholas Woodman
	Nicholas Woodman Chief Executive Officer (Principal Executive Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.01	Restated Certificate of Incorporation of the Registrant.	S-1	333-200038	3.01	November 10, 2014	
3.02	Amended and Restated Bylaws of the Registrant.	S-1	333-200038	3.02	November 10, 2014	
4.01	Form of Registrant's Class A common stock certificate.	S-1	333-196083	4.01	May 19, 2014	
4.02	Investors' Rights Agreement, dated as of February 26, 2011, by and among the Registrant and certain investors, as amended.	S-1	333-196083	4.02	May 19, 2014	
10.01*	Form of Indemnity Agreement by and between the Registrant and each of its directors and executive officers.	S-1	333-196083	10.01	May 19, 2014	
10.02*	Form of Change in Control Severance Agreement.	S-1	333-196083	10.09	May 19, 2014	
10.03*	2010 Equity Incentive Plan, as amended, and form of stock option agreement and restricted stock unit agreement.	S-1	333-196083	10.02	May 19, 2014	
10.04*	2014 Equity Incentive Plan, as amended, and forms thereunder.	10-Q	001-36514	10.03	July 29, 2016	
10.05*	2014 Employee Stock Purchase Plan and forms thereunder.	S-1/A	333-196083	10.04	June 11, 2014	
10.06*	Employment Letter to Nicholas Woodman from the Registrant, dated June 2, 2014.	S-1/A	333-196083	10.16	June 11, 2014	
10.07*	Offer Letter to Jack Lazar from the Registrant, dated January 17, 2014.	S-1	333-196083	10.07	May 19, 2014	
10.08*	Amended and Restated Change in Control Severance Agreement dated June 8, 2014, by and between Jack Lazar and the Registrant.	S-1/A	333-196083	10.01	June 11, 2014	
10.09*	Offer Letter to Sharon Zezima from the Registrant, dated August 23, 2013.	S-1	333-196083	10.08	May 19, 2014	
10.10*	Amended and Restated Offer Letter to Anthony Bates from the Registrant, effective as of October 23, 2014.	S-1	333-200038	10.16	November 10, 2014	
10.11*	Separation Agreement and Release of Claims dated December 15, 2016 by and between Anthony Bates and the Registrant.	8-K	001-36514	10.01	December 20, 2016	
10.12*	Offer Letter to Brian McGee from the Registrant, dated September 3, 2015.	10-K	001-36514	10.12	February 16, 2017	
10.13*	Offer Letter to Charles Prober from Registrant, dated May 28, 2014.	10-K	001-36514	10.13	February 16, 2017	
10.14	Office Lease Agreement, dated as of November 1, 2011, by and between Locon San Mateo, LLC and the Registrant, as amended, and other leases for the Registrant's headquarters.	S-1	333-196083	10.12	May 19, 2014	
10.15	Eighth amendment to Office Lease Agreement, by and between RAR2 - Clearview Business Park Owner QRS, LLC and the Registrant, dated February 24, 2016.	10-K	001-36514	10.15	February 16, 2017	
10.16	Ninth amendment to Office Lease Agreement, by and between RAR2 - Clearview Business Park Owner QRS, LLC and the Registrant, dated August 3, 2016.	10-K	001-36514	10.16	February 16, 2017	
10.17	Credit Agreement by and among Registrant, the Lenders party thereto and JPMorgan Chase Bank, N.A. dated March 25, 2016.	10-Q	001-36514	10.17	May 6, 2016	

21.01	List of Subsidiaries.	10-K	001-36514	21.01	February 16, 2017	
23.01	Consent of Independent Registered Public Accounting Firm.					X
24.01	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).	10-K	001-36514	24.01	February 16, 2017	
31.01	Certification of Principal Executive Officer Required Under Rule 13(a)-14(a) and 15(d)-14(a) of the Securities Exchange Act of 1934, as amended.					X
31.02	Certification of Principal Financial Officer Required Under Rule 13(a)-14(a) and 15(d)-14(a) of the Securities Exchange Act of 1934, as amended.					X
32.01‡	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.					X
101.INS**	XBRL Instance Document	10-K	001-36514	101.INS	February 16, 2017	
101.SCH**	XBRL Taxonomy Extension Schema	10-K	001-36514	101.SCH	February 16, 2017	
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase	10-K	001-36514	101.CAL	February 16, 2017	
101.LAB**	XBRL Taxonomy Extension Label Linkbase	10-K	001-36514	101.LAB	February 16, 2017	
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase	10-K	001-36514	101.PRE	February 16, 2017	
101.DEF**	XBRL Taxonomy Extension Definition Linkbase	10-K	001-36514	101.DEF	February 16, 2017	

* Indicates a management contract or compensatory plan.

** There were no changes to these exhibits from Form 10-K filed on February 16, 2016 which are incorporated herein by reference.

‡ As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Annual Report on Form 10-K/A and are not deemed filed with the SEC and are not incorporated by reference in any filing of GoPro, Inc. under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-216109, 333-210408, 333-209866, 333-202191 and 333-197033) of GoPro, Inc. of our report dated February 16, 2017 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K/A.

/s/ PricewaterhouseCoopers LLP

San Jose, California
May 25, 2017

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED UNDER RULE 13(a)-14(a) AND 15(d)-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Nicholas Woodman, certify that:

1. I have reviewed this annual report on Form 10-K/A of GoPro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

Date: **May 25, 2017**	/s/ Nicholas Woodman
	Nicholas Woodman Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.01

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Nicholas Woodman, Chief Executive Officer of GoPro, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, the Annual Report on Form 10-K/A of GoPro, Inc. for the year ended December 31, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of GoPro, Inc. for the periods presented herein.

By: /s/ Nicholas Woodman

Nicholas Woodman
Chief Executive Officer
(Principal Executive Officer)

May 25, 2017

I, Brian McGee, Chief Financial Officer of GoPro, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, the Annual Report on Form 10-K/A of GoPro, Inc. for the year ended December 31, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of GoPro, Inc. for the periods presented herein.

By: /s/ Brian McGee

Brian McGee
Chief Financial Officer
(Principal Financial Officer)

May 25, 2017

A signed original of this written statement required by Section 906 has been provided to GoPro, Inc. and will be retained by GoPro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER REQUIRED UNDER RULE 13(a)-14(a) AND 15(d)-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Brian McGee, certify that:

1. I have reviewed this annual report on Form 10-K/A of GoPro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

Date: **May 25, 2017**

/s/ Brian McGee

Brian McGee
Chief Financial Officer
(Principal Financial Officer)