

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2024

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.)

3025 Clearview Way

94402

San Mateo, California

(Zip Code)

(Address of principal executive offices)

(650) 332-7600

(Registrant's telephone number, including area code)

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Class A common stock, \$0.0001 par value

GPRO

NASDAQ Global Select Market

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of August 5, 2024, 126,471,033 and 26,258,546 shares of Class A and Class B common stock were outstanding, respectively.

GoPro, Inc.

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Special Note About Forward-Looking Statements

This Quarterly Report on Form 10-Q of GoPro, Inc. (GoPro or we or the Company) includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects, product and marketing plans, or future results of operations or financial position, made in this Quarterly Report on Form 10-Q are forward-looking. To identify forward-looking statements, we use words such as "expect," "anticipate," "believe," "may," "will," "estimate," "intend," "target," "goal," "plan," "likely," "potentially," or variations of such words and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their date. If any of management's assumptions prove incorrect or should unanticipated circumstances arise, the Company's actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified and detailed in Risk Factors in Part II, Item 1A. of this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. Forward-looking statements include, but are not limited to, statements regarding our plans to improve product offerings; projections of results of operations, research and development plans, marketing plans, plans to expand our global retail and distribution footprint, and revenue growth drivers; plans to manage our operating expenses effectively; plans to drive profitability, including our restructuring plans and the improved efficiencies in our operations that such plans may create; our ability to achieve profitability if there are delays in our product launches; the impact of negative macroeconomic factors including fluctuating interest rates and inflation, market volatility, economic recession concerns, and potential occurrence of a temporary federal government shutdown; the ability for us to grow camera sales to drive meaningful volume and subscription growth; our ability to acquire and retain subscribers; the impact of competition on our market share, revenue, and profitability; the effects of global conflicts and geopolitical issues such as the conflicts in the Middle East, Ukraine or China-Taiwan relations on our business; plans to settle the note conversion in cash; expectations regarding the volatility of the Company's tax provision and resulting effective tax rate and projections of results of operations; the outcome of pending or future litigation and legal proceedings; the threat of a security breach or other disruption including cyberattacks; and any discussion of the trends and other factors that drive our business and future results, as discussed in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, and other sections of this Quarterly Report on Form 10-Q, including but not limited to Item 1A. Risk Factors. Readers are strongly encouraged to consider the foregoing when evaluating any forward-looking statements concerning the Company. The Company does not undertake any obligation to update any forward-looking statements in this Quarterly Report on Form 10-Q to reflect future events or developments.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GoPro, Inc.
Condensed Consolidated Balance Sheets
 (unaudited)

(in thousands, except par values)	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 133,036	\$ 222,708
Marketable securities	—	23,867
Accounts receivable, net	86,337	91,452
Inventory	97,331	106,266
Prepaid expenses and other current assets	34,723	38,298
Total current assets	351,427	482,591
Property and equipment, net	9,011	8,686
Operating lease right-of-use assets	17,064	18,729
Goodwill	152,351	146,459
Other long-term assets	26,901	311,486
Total assets	\$ 556,754	\$ 967,951
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 65,901	\$ 102,612
Accrued expenses and other current liabilities	108,215	110,049
Short-term operating lease liabilities	10,434	10,520
Deferred revenue	53,914	55,913
Total current liabilities	238,464	279,094
Long-term taxes payable	13,112	11,199
Long-term debt	92,898	92,615
Long-term operating lease liabilities	24,332	25,527
Other long-term liabilities	3,269	3,670
Total liabilities	372,075	412,105
Commitments, contingencies and guarantees (Note 10)		
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, 126,471 and 123,638 shares issued and outstanding, respectively; 150,000 Class B shares authorized, 26,259 and 26,259 shares issued and outstanding, respectively	1,014,115	998,373
Treasury stock, at cost, 26,608 and 26,608 shares, respectively	(193,231)	(193,231)
Accumulated deficit	(636,205)	(249,296)
Total stockholders' equity	184,679	555,846
Total liabilities and stockholders' equity	\$ 556,754	\$ 967,951

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

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

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 186,224	\$ 241,020	\$ 341,693	\$ 415,740
Cost of revenue	129,514	165,248	231,945	287,466
Gross profit	56,710	75,772	109,748	128,274
Operating expenses:				
Research and development	46,932	41,903	91,544	80,088
Sales and marketing	41,353	39,906	76,499	77,961
General and administrative	14,934	16,457	29,627	32,533
Total operating expenses	103,219	98,266	197,670	190,582
Operating loss	(46,509)	(22,494)	(87,922)	(62,308)
Other income (expense):				
Interest expense	(790)	(1,139)	(1,464)	(2,292)
Other income, net	811	2,423	2,019	5,268
Total other income, net	21	1,284	555	2,976
Loss before income taxes	(46,488)	(21,210)	(87,367)	(59,332)
Income tax expense (benefit)	1,333	(3,998)	299,542	(12,251)
Net loss	<u>\$ (47,821)</u>	<u>\$ (17,212)</u>	<u>\$ (386,909)</u>	<u>\$ (47,081)</u>
Basic and diluted net loss per share	<u>\$ (0.31)</u>	<u>\$ (0.11)</u>	<u>\$ (2.55)</u>	<u>\$ (0.30)</u>
Shares used to compute basic and diluted net loss per share	152,502	154,562	151,796	154,980

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

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

(in thousands)	Six months ended June 30,	
	2024	2023
Operating activities:		
Net loss	\$ (386,909)	\$ (47,081)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,884	3,557
Non-cash operating lease cost	(1,611)	2,128
Stock-based compensation	16,561	21,431
Deferred income taxes	296,710	(16,073)
Impairment of right-of-use assets	3,276	—
Other	1,104	(1,993)
Changes in operating assets and liabilities:		
Accounts receivable, net	4,943	(5,444)
Inventory	8,935	(8,278)
Prepaid expenses and other assets	(1,437)	(3,079)
Accounts payable and other liabilities	(39,502)	(17,054)
Deferred revenue	(2,752)	(3,068)
Net cash used in operating activities	(97,798)	(74,954)
Investing activities:		
Purchases of property and equipment, net	(1,680)	(961)
Purchases of marketable securities	—	(25,782)
Maturities of marketable securities	24,000	90,204
Acquisition, net of cash acquired	(12,308)	—
Net cash provided by investing activities	10,012	63,461
Financing activities:		
Proceeds from issuance of common stock	1,380	2,324
Taxes paid related to net share settlement of equity awards	(2,180)	(4,834)
Repurchase of outstanding common stock	—	(20,000)
Net cash used in financing activities	(800)	(22,510)
Effect of exchange rate changes on cash and cash equivalents	(1,086)	181
Net change in cash and cash equivalents	(89,672)	(33,822)
Cash and cash equivalents at beginning of period	222,708	223,735
Cash and cash equivalents at end of period	\$ 133,036	\$ 189,913

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

GoPro, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)

(in thousands)	Common stock and additional paid-in capital		Treasury stock	Accumulated deficit	Stockholders' equity
	Shares	Amount	Amount		
Balances at December 31, 2022	154,888	\$ 960,903	\$ (153,231)	\$ (196,113)	\$ 611,559
Common stock issued under employee benefit plans, net of shares withheld for tax	1,960	2,397	—	—	2,397
Taxes paid related to net share settlements	—	(4,251)	—	—	(4,251)
Stock-based compensation expense	—	10,314	—	—	10,314
Repurchase of outstanding common stock	(890)	—	(5,000)	—	(5,000)
Net loss	—	—	—	(29,869)	(29,869)
Balances at March 31, 2023	155,958	969,363	(158,231)	(225,982)	585,150
Common stock issued under employee benefit plans, net of shares withheld for tax	375	7	—	—	7
Taxes paid related to net share settlements	—	(583)	—	—	(583)
Stock-based compensation expense	—	11,117	—	—	11,117
Repurchase of outstanding common stock	(3,606)	—	(15,000)	—	(15,000)
Net loss	—	—	—	(17,212)	(17,212)
Balances at June 30, 2023	152,727	\$ 979,904	\$ (173,231)	\$ (243,194)	\$ 563,479
Balances at December 31, 2023	149,897	\$ 998,373	\$ (193,231)	\$ (249,296)	\$ 555,846
Common stock issued under employee benefit plans, net of shares withheld for tax	2,403	1,361	—	—	1,361
Taxes paid related to net share settlements	—	(1,977)	—	—	(1,977)
Stock-based compensation expense	—	8,770	—	—	8,770
Net loss	—	—	—	(339,088)	(339,088)
Balances at March 31, 2024	152,300	1,006,527	(193,231)	(588,384)	224,912
Common stock issued under employee benefit plans, net of shares withheld for tax	430	—	—	—	—
Taxes paid related to net share settlements	—	(203)	—	—	(203)
Stock-based compensation expense (Note 7)	—	7,791	—	—	7,791
Net loss	—	—	—	(47,821)	(47,821)
Balances at June 30, 2024	152,730	\$ 1,014,115	\$ (193,231)	\$ (636,205)	\$ 184,679

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

1. Summary of business and significant accounting policies

GoPro, Inc. and its subsidiaries (GoPro or the Company) make it easy for the world to capture and share itself in immersive and exciting ways, helping people get the most out of their photos and videos. The Company is committed to developing solutions that create an easy, seamless experience for consumers to capture, create, manage and share engaging personal content. To date, the Company's cameras, mountable and wearable accessories, subscription and service, and implied post contract support have generated substantially all of its revenue. The Company sells its products globally on its website, and through retailers and wholesale distributors. The Company's global corporate headquarters are located in San Mateo, California.

Basis of presentation. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (GAAP) for financial information set forth in the Accounting Standards Codification (ASC), as published by the Financial Accounting Standards Board (FASB), and with the applicable rules and regulations of the Securities and Exchange Commission (SEC). The Company's fiscal year ends on December 31, and its fiscal quarters end on March 31, June 30, and September 30.

The condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, that management believes are necessary for the fair statement of the Company's financial statements, but are not necessarily indicative of the results expected in future periods. The Condensed Consolidated Balance Sheet as of December 31, 2023 has been derived from the audited financial statements at that date, but does not include all the disclosures required by GAAP. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (2023 Annual Report). There have been no material changes in the Company's critical accounting policies and estimates from those disclosed in its 2023 Annual Report, except for estimates used in the Company's goodwill impairment analysis and assessment of the recoverability of the Company's deferred tax assets.

Principles of consolidation. These condensed 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 condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company's condensed consolidated financial statements and accompanying notes. Significant estimates and assumptions made by management include those related to revenue recognition and the allocation of the transaction price (including sales incentives, sales returns and implied post contract support), inventory valuation, product warranty liabilities, the valuation, impairment and useful lives of long-lived assets (property and equipment, operating lease right-of-use assets, intangible assets and goodwill), fair value of convertible senior notes, and income taxes. 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.

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, declines in market capitalization 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. If the Company determines that it is more likely than not that the fair value of its single reporting unit is less than the carrying value, the Company measures the amount of impairment as the amount the carrying value of its single reporting unit exceeds the fair value, up to the carrying value of goodwill, by using a discounted cash flow method and market approach method.

Although the Company's market capitalization further declined in the second quarter of 2024, the Company does not believe that it is more likely than not that the fair value of its single reporting unit is less than the carrying value. Using the market capitalization approach, which the Company expects would be similar to the discounted

cash flow method, the fair value of the single reporting unit is estimated based on the trading price of the Company's stock at the test date, which is further adjusted by an acquisition control premium representing the synergies a market participant would obtain when obtaining control of the business. As of June 30, 2024, the market capitalization exceeded the carrying value of the single reporting unit by 15 % which was not adjusted for an acquisition control premium. The acquisition control premium would further increase the percentage by which the estimated fair value of the Company's single reporting unit would exceed the carrying value.

The estimated fair value of the Company's single reporting unit is sensitive to the volatility in the Company's stock price. For example, a 5% decrease in the Company's June 30, 2024 stock price would result in its market capitalization exceeding the carrying value of its single reporting unit by 10 %, which is not adjusted for an acquisition control premium. If the Company's market capitalization continues to decline or future performance falls below the Company's current expectations, assumptions, or estimates, including assumptions related to current macroeconomic uncertainties, this may trigger a future material non-cash goodwill impairment charge, which could have a material adverse effect on the Company's business, financial condition, and results of operations in the reporting period in which a charge would be necessary. The Company will continue to monitor developments, including updates to the Company's forecasts and market capitalization. An update of the Company's assessment and related estimates may be required in the future.

Liquidity. As of June 30, 2024, the Company had \$ 133.0 million in cash, cash equivalents and marketable securities. Based on the Company's current cash balance, its cost reductions implemented to date, and working capital adjustments, the Company anticipates it will have sufficient funds to meet its strategic and working capital requirements, debt service requirements and lease payment obligations for at least twelve months from the issuance of these condensed consolidated financial statements. The Company also had \$ 44.8 million available to draw from its 2021 Credit Agreement (as defined below) as of June 30, 2024 and its 2025 Notes are due in November 2025, which the Company has the ability to convert the balance due into stock under certain circumstances. If the Company is unable to obtain adequate debt or equity financing when it is required or on terms acceptable to the Company, the Company's ability to grow its business, repay debt and respond to business challenges could be significantly limited. Although management believes its current cash resources are sufficient to sustain operations for one year from issuance of these condensed consolidated financial statements, the success of the Company's operations and the global economic outlook, among other factors, could impact its business and liquidity. The Company will continue to evaluate additional measures, including cost reduction initiatives, debt or equity refinancing, and other similar arrangements. The current cash flow projections used in the Company's evaluation do not include the impact of these additional measures.

Comprehensive income (loss). For all periods presented, comprehensive income (loss) approximated net income (loss). Therefore, the Condensed Consolidated Statements of Comprehensive Income (Loss) have been omitted .

Revenue recognition. The Company derives substantially all of its revenue from the sale of cameras, mounts, accessories, subscription and service, and implied post contract support to customers. The transaction price recognized as revenue represents the consideration the Company expects to be entitled to and is primarily comprised of product revenue, net of returns and variable consideration, which includes sales incentives provided to customers.

The Company's camera sales contain multiple performance obligations that can include the following four separate obligations: (i) a camera hardware component (which may be bundled with hardware accessories) and the embedded firmware essential to the functionality of the camera component delivered at the time of sale, (ii) a subscription and service, (iii) the implied right for the customer to receive post contract support after the initial sale (PCS), and (iv) the implicit right to the Company's downloadable free apps and software solutions. The Company's PCS includes the right to receive, on a when and if available basis, future unspecified firmware upgrades and features as well as bug fixes, and email, chat, and telephone support.

The Company recognizes revenue from its sales arrangements when control of the promised goods or services are transferred to its customers, in an amount that reflects the amount of consideration expected to be received in exchange for the transferred goods or services. For the sale of hardware products, including related firmware and free software solutions, revenue is recognized when transfer of control occurs at a point in time, which generally is at the time the hardware product is shipped and collection is considered probable. For customers who purchase

products directly from GoPro.com, the Company retains a portion of the risk of loss on these sales during transit, which are accounted for as fulfillment costs. For PCS, revenue is recognized ratably over 24 months, which represents the estimated period PCS is expected to be provided based on historical experience.

The Company's subscription and service revenue is recognized primarily from its Premium+, Premium, and Quik subscription offerings and is recognized ratably over the subscription term, with any payments received in advance of services rendered recorded as deferred revenue. The Company launched its Premium+ subscription in February 2024, which includes cloud storage up to 500 gigabytes (GB) of non-GoPro content, access to GoPro's HyperSmooth Pro video stabilization software, and the features included in the Premium subscription. The Company's Premium subscription offers a range of services, including unlimited cloud storage of GoPro content supporting source video and photo quality, damaged camera replacement, cloud storage up to 25 GB of non-GoPro content, Quik desktop editing tools, which was launched in February 2024, highlight videos automatically delivered via the Company's mobile app when GoPro camera footage is uploaded to a GoPro cloud account using Auto Upload, access to a high-quality live streaming service on GoPro.com as well as discounts on GoPro cameras, gear, mounts, and accessories. The Company also offers the Quik subscription that provides access to a suite of simple single-clip and multi-clip editing tools. Subscription and service revenue was \$ 26.3 million, or 14.1 % of total revenue for the three months ended June 30, 2024, and \$ 52.2 million, or 15.3 % of total revenue for the six months ended June 30, 2024. Subscription and service revenue as a percentage of 2023 annual revenue was not material.

For the Company's camera sale arrangements with multiple performance obligations, revenue is allocated to each performance obligation based on its relative standalone selling price. Standalone selling prices are based on observable prices at which the Company separately sells its products, and subscription and service. If a standalone selling price is not directly observable, then the Company estimates the standalone selling prices considering market conditions and entity-specific factors. For example, the standalone selling price for PCS is determined based on a cost-plus approach, which incorporates the level of support provided to customers, estimated costs to provide such support, and the amount of time and costs that are allocated to efforts to develop the undelivered elements.

The Company's standard terms and conditions of sale for non-web-based sales do not allow for product returns other than under warranty. However, the Company grants limited rights of return, primarily to certain large retailers. The Company reduces revenue and cost of sales for the estimated returns based on analyses of historical return trends by customer class and other factors. An estimated return liability along with a right to recover assets are recorded for future product returns. 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 provides sales commissions to internal and external sales representatives which are earned in the period in which revenue is recognized. As a result, the Company expenses sales commissions as incurred.

Deferred revenue as of June 30, 2024 and December 31, 2023, includes amounts related to the Company's subscriptions and PCS. The Company's short-term and long-term deferred revenue balances totaled \$ 56.3 million and \$ 59.1 million as of June 30, 2024 and December 31, 2023, respectively. Of the deferred revenue balance as of December 31, 2023 and 2022, the Company recognized \$ 16.7 million and \$ 16.9 million of revenue during the three months ended June 30, 2024 and 2023, respectively, and \$ 39.4 million and \$ 38.3 million of revenue during the six months ended June 30, 2024 and 2023, respectively. Of the deferred revenue balance as of March 31, 2024 and 2023, the Company recognized \$ 23.2 million and \$ 22.5 million of revenue during the three months ended June 30, 2024 and 2023, respectively.

Sales incentives. The Company offers sales incentives through various programs, including cooperative advertising, price protection, marketing development funds, and other incentives. Sales incentives are considered to be variable consideration, which the Company estimates and records as a reduction to revenue at the date of sale. The Company estimates sales incentives based on historical experience, product sell-through, and other factors.

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 allowance recorded against deferred tax assets. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income in each tax jurisdiction and, to the extent the Company believes recovery is not likely, establishes a valuation allowance. In the first quarter of 2024, the Company provided a valuation allowance of \$ 294.9 million on United States federal and state deferred tax assets.

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 Chief Executive Officer, who is the Company's chief operating decision maker.

Business Acquisitions. The Company accounts for acquired businesses using the acquisition method of accounting, which requires that once control of a business is obtained, 100% of the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Acquisition-related expenses including transaction and integration costs are expensed as incurred. The Company uses various models to determine the value of assets acquired such as the cost method. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may be considered to have indefinite useful lives.

Recent accounting standards.

Standard	Description	Effect on the condensed consolidated financial statements or other significant matters
Standards not yet adopted		
Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ASU No. 2023-07	This standard is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on an interim and annual basis. Additionally, this standard would require that a public entity that has a single reportable segment provide all the disclosures required by the standard and all existing segment disclosures in Topic 280. This standard is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The standard requires retrospective application.	The Company is currently evaluating the impact of adopting this standard on its 2024 Form 10-K financial statements and related disclosures.
Income Taxes (Topic 740): Improvements to Income Tax Disclosures ASU No. 2023-09	This standard requires reporting companies to break out income tax expense and a tax rate reconciliation in more detail. This standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The standard requires prospective transition with the option to apply retrospectively.	The Company is currently evaluating the impact of adopting this standard on its financial statements and related disclosures.

Although there are several other new accounting standards issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its condensed consolidated financial statements.

2. Business Acquisitions

On February 27, 2024, the Company completed an acquisition of Forcite Helmet Systems, a privately-held company that offers technology-enabled helmets, for total consideration of \$ 14.0 million. The allocation of the purchase price primarily included \$ 7.5 million in developed technology and \$ 5.9 million of residual goodwill. Net tangible assets acquired were not material.

Goodwill is primarily attributable to expected synergies in the technologies that can be leveraged by the Company in future product offerings. The operating results of Forcite Helmet Systems have been included in the Company's condensed consolidated financial statements from the date of acquisition. Actual and pro forma results of operations for this acquisition have not been presented because they did not have a material impact to the Company's condensed consolidated results of operations.

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:

(in thousands)	June 30, 2024			December 31, 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents ⁽¹⁾:						
Money market funds	\$ 80,376	\$ —	\$ 80,376	\$ 152,760	\$ —	\$ 152,760
Total cash equivalents	\$ 80,376	\$ —	\$ 80,376	\$ 152,760	\$ —	\$ 152,760
Marketable securities:						
U.S. treasury securities	\$ —	\$ —	\$ —	\$ —	\$ 7,962	\$ 7,962
Commercial paper	—	—	—	—	7,942	7,942
Corporate debt securities	—	—	—	—	3,978	3,978
Government securities	—	—	—	—	3,985	3,985
Total marketable securities	\$ —	\$ —	\$ —	\$ —	\$ 23,867	\$ 23,867

⁽¹⁾ Included in cash and cash equivalents in the accompanying Condensed Consolidated Balance Sheets. Cash balances were \$ 52.6 million and \$ 69.9 million as of June 30, 2024 and December 31, 2023, respectively.

Cash equivalents are classified as Level 1 because the Company uses quoted market prices to determine their fair value. Marketable securities are classified as Level 2 because the Company uses alternative pricing sources and models utilizing market observable inputs to determine their fair value. The Company held no marketable securities as of June 30, 2024, and the contractual maturities of available-for-sale marketable securities as of December 31, 2023 were all less than one year in duration. As of June 30, 2024 and December 31, 2023, the Company had no financial assets or liabilities measured at fair value on a recurring basis that were classified as Level 3, which are valued based on inputs supported by little or no market activity.

As of June 30, 2024 and December 31, 2023, the amortized cost of the Company's cash equivalents and marketable securities approximated their fair value and there were no material realized or unrealized gains or losses, either individually or in the aggregate.

In November 2020, the Company issued \$ 143.8 million principal amount of Convertible Senior Notes due 2025 (2025 Notes) (see Note 5 Financing arrangements). In November 2023, the Company repurchased \$ 50.0 million in aggregate principal amount of the 2025 Notes. The calculated fair value of the 2025 Notes was \$ 87.4 million and \$ 82.3 million as of June 30, 2024 and December 31, 2023, respectively. The estimated fair value of the 2025 Notes is based on quoted market prices of the Company's instruments in markets that are not active and are classified as Level 2 within the fair value hierarchy. The Company estimated the fair value of the 2025 Notes by evaluating quoted market prices and calculating the upfront cash payment a market participant would require to assume these obligations.

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

The Company also measures certain non-financial assets at fair value on a nonrecurring basis, primarily goodwill, intangible assets, and operating lease right-of-use assets, in connection with periodic evaluations for potential impairment.

4. Condensed consolidated financial statement details

The following section provides details of selected balance sheet items.

Inventory

(in thousands)	June 30, 2024	December 31, 2023
Components	\$ 24,139	\$ 20,311
Finished goods	73,192	85,955
Total inventory	\$ 97,331	\$ 106,266

Property and equipment, net

(in thousands)	June 30, 2024	December 31, 2023
Leasehold improvements	\$ 23,936	\$ 23,818
Production, engineering, and other equipment	37,010	38,574
Tooling	5,647	5,678
Computers and software	13,807	13,896
Furniture and office equipment	3,790	4,575
Tradeshow equipment and other	1,452	1,502
Construction in progress	1,006	83
Gross property and equipment	86,648	88,126
Less: Accumulated depreciation and amortization	(77,637)	(79,440)
Property and equipment, net	\$ 9,011	\$ 8,686

Other long-term assets

(in thousands)	June 30, 2024	December 31, 2023
Point of purchase (POP) displays	\$ 11,023	\$ 6,254
Deposits and other	8,289	8,233
Intangible assets, net	6,890	15
Long-term deferred tax assets	699	296,984
Other long-term assets	\$ 26,901	\$ 311,486

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Intangible assets

(in thousands)	Useful life (in months)	June 30, 2024		
		Gross carrying value	Accumulated amortization	Net carrying value
Purchased technology	20-72	\$ 58,566	\$ (51,691)	\$ 6,875
Domain name		15	—	15
Total intangible assets		\$ 58,581	\$ (51,691)	\$ 6,890

(in thousands)	Useful life (in months)	December 31, 2023		
		Gross carrying value	Accumulated amortization	Net carrying value
Purchased technology	20-72	\$ 51,066	\$ (51,066)	\$ —
Domain name		15	—	15
Total intangible assets		\$ 51,081	\$ (51,066)	\$ 15

The gross carrying value of purchased technology increased \$ 7.5 million from December 31, 2023 as a result of the acquisition of Forcite Helmet Systems in February 2024 (see Note 2 Business Acquisitions). Amortization expense was \$ 0.4 million and zero for the three months ended June 30, 2024 and 2023, respectively, and \$ 0.6 million and zero for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, expected amortization expense of intangible assets with definite lives for future periods was as follows:

(in thousands)	Total
Year ending December 31,	
2024 (remaining 6 months)	\$ 937
2025	1,875
2026	1,875
2027	1,875
2028	313
	\$ 6,875

Accrued expenses and other current liabilities

(in thousands)	June 30, 2024	December 31, 2023
Accrued sales incentives	\$ 51,738	\$ 42,752
Accrued liabilities	20,621	21,214
Employee related liabilities ⁽¹⁾	12,529	18,969
Warranty liabilities	6,206	8,270
Return liability	5,744	6,389
Inventory received	654	1,745
Customer deposits	1,763	1,933
Purchase order commitments	1,658	899
Other	7,302	7,878
Accrued expenses and other current liabilities	\$ 108,215	\$ 110,049

⁽¹⁾ See Note 12 Restructuring charges for amounts associated with restructuring liabilities.

Product warranty

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Beginning balance	\$ 7,039	\$ 7,245	\$ 8,759	\$ 8,319
Charged to cost of revenue	2,528	4,719	4,339	8,474
Settlement of warranty claims	(3,047)	(4,660)	(6,578)	(9,489)
Warranty liability	\$ 6,520	\$ 7,304	\$ 6,520	\$ 7,304

As of June 30, 2024 and December 31, 2023, \$ 6.2 million and \$ 8.3 million, respectively, of the warranty liability was recorded as a component of accrued expenses and other current liabilities, and \$ 0.3 million and \$ 0.5 million, respectively, was recorded as a component of other long-term liabilities.

5. Financing arrangements

2021 Credit Facility

In January 2021, the Company entered into a Credit Agreement which provides for a revolving credit facility (2021 Credit Facility) under which the Company may borrow up to an aggregate amount of \$ 50.0 million. In March 2023, the Company amended the 2021 Credit Agreement (collectively, the 2021 Credit Agreement). The 2021 Credit Agreement will terminate and any outstanding borrowings become due and payable on the earlier of (i) January 2027 and (ii) unless the Company has cash in a specified deposit account in an amount equal to or greater than the amount required to repay the Company's 1.25 % Convertible Senior Notes due November 2025, 91 days prior to the maturity date of such convertible notes.

The amount that may be borrowed under the 2021 Credit Agreement may be based on a customary borrowing base calculation if the Company's Asset Coverage Ratio is at any time less than 1.50 . The Asset Coverage Ratio is defined as the ratio of (i) the sum of (a) the Company's cash and cash equivalents in the United States plus specified percentages of other qualified debt investments (Qualified Cash) plus (b) specified percentages of the net book values of the Company's accounts receivable and certain inventory to (ii) \$ 50.0 million.

Borrowed funds accrue interest at the greater of (i) a per annum rate equal to the base rate plus a margin of from 0.50 % to 1.00 % depending on the Company's Asset Coverage Ratio or (ii) a per annum rate equal to the Secured Overnight Financing Rate plus a 10 basis point premium and a margin of from 1.50 % to 2.00 % depending on the Company's Asset Coverage Ratio. The Company is required to pay a commitment fee on the unused portion of the 2021 Credit Facility of 0.25% per annum. Amounts owed under the 2021 Credit Agreement are guaranteed by certain of the Company's United States subsidiaries and secured by a first priority security interest in substantially all of the assets of the Company and certain of its subsidiaries (other than intellectual property, which is subject to a negative pledge restricting grants of security interests to third parties).

The 2021 Credit Agreement contains customary representations, warranties, and affirmative and negative covenants. The negative covenants include restrictions on the incurrence of liens and indebtedness, certain investments, dividends, stock repurchases, and other matters, all subject to certain exceptions. In addition, the Company is required to maintain Liquidity (the sum of unused availability under the credit facility and the Company's Qualified Cash) of at least \$ 55.0 million (of which at least \$ 40.0 million shall be attributable to Qualified Cash), or, if the borrowing base is then in effect, minimum unused availability under the credit facility of at least \$ 10.0 million. The 2021 Credit Agreement also includes customary events of default that include, among other things, non-payment of principal, interest or fees, inaccuracy of representations and warranties, violation of certain covenants, cross default to certain other indebtedness, bankruptcy and insolvency events, material judgments and change of control. Upon an event of default, the lender may, subject to customary cure rights, require the immediate payment of all amounts outstanding.

As of June 30, 2024, the Company was in compliance with all financial covenants contained in the 2021 Credit Agreement and has made no borrowings from the 2021 Credit Facility to date. As of June 30, 2024, the Company

could borrow up to \$ 44.8 million under the 2021 Credit Agreement. However, there is an outstanding letter of credit under the 2021 Credit Agreement of \$ 5.2 million for certain duty-related requirements. This was not collateralized by any cash on hand.

2025 Convertible Notes

In November 2020, the Company issued \$ 125.0 million aggregate principal amount of 1.25 % Convertible Senior Notes due 2025 (the 2025 Notes) and granted an option to the initial purchasers to purchase up to an additional \$ 18.8 million aggregate principal amount of the 2025 Notes to cover over-allotments, of which \$ 18.8 million was subsequently exercised during November 2020, resulting in a total issuance of \$ 143.8 million aggregate principal amount of the 2025 Notes. The 2025 Notes are senior, unsecured obligations of the Company and mature on November 15, 2025, unless earlier repurchased or converted into shares of Class A common stock under certain circumstances. The 2025 Notes are convertible into cash, shares of the Company's Class A common stock, or a combination thereof, at the Company's election, at an initial conversion rate of 107.1984 shares of Class A common stock per \$ 1,000 principal amount of the 2025 Notes, which is equivalent to an initial conversion price of approximately \$ 9.3285 per share of common stock, subject to adjustment. The Company pays interest on the 2025 Notes semi-annually in arrears on May 15 and November 15 of each year.

The Company may redeem all or any portion of the 2025 Notes on or after November 20, 2023 for cash if the last reported sale price of the Company's common stock has been at least 130 % of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides the redemption notice, at a redemption price equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued interest and unpaid interest to, but excluding the redemption date. No sinking fund is provided for the 2025 Notes. The indenture includes customary terms and covenants, including certain events of default after which the 2025 Notes may be due and payable immediately.

Holders have the option to convert the 2025 Notes in multiples of \$ 1,000 principal amount at any time prior to August 15, 2025, but only in the following circumstances:

- during any calendar quarter beginning after the calendar quarter ending on March 31, 2021, if the last reported sale price of Class A common stock for at least 20 trading days (whether or not consecutive) during the last 30 consecutive trading days of the immediately preceding fiscal quarter is greater than or equal to 130 % of the conversion price of the 2025 Notes on each applicable trading day;
- during the five-business day period following any five consecutive trading day period in which the trading price for the 2025 Notes is less than 98 % of the product of the last reported sale price of Class A common stock and the conversion rate for the 2025 Notes on each such trading day;
- if the Company calls any or all of the 2025 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately before the redemption date; or
- upon the occurrence of specified corporate events.

At any time on or after August 15, 2025 until the second scheduled trading day immediately preceding the maturity date of the 2025 Notes on November 15, 2025, a holder may convert its 2025 Notes, in multiples of \$ 1,000 principal amount. Holders of the 2025 Notes who convert their 2025 Notes in connection with a make-whole fundamental change (as defined in the indenture) are, under certain circumstances, entitled to an increase in the conversion rate. In addition, in the event of a fundamental change prior to the maturity date, holders will, subject to certain conditions, have the right, at their option, to require the Company to repurchase for cash all or part of the 2025 Notes at a repurchase price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the repurchase date. During the three months ended June 30, 2024, the conditions allowing holders of the 2025 Notes to convert were not met.

In connection with the offering of the 2025 Notes, the Company paid \$ 10.2 million to enter into privately negotiated capped call transactions with certain financial institutions (Capped Calls). The Capped Calls have an initial strike price of \$ 9.3285 per share, which corresponds to the initial conversion price of the 2025 Notes. The Capped Calls cover, subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2025 Notes, the number of Class A common stock initially underlying the 2025 Notes. The Capped

Calls are generally expected to reduce potential dilution to the Company's Class A common stock upon any conversion of the 2025 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2025 Notes, as the case may be, with such reduction and/or offset subject to a cap, initially equal to \$ 12.0925 , and is subject to certain adjustments under the terms of the Capped Call transactions. The Capped Calls will expire in November 2025, if not exercised earlier.

The Capped Calls are subject to adjustment upon the occurrence of specified extraordinary events affecting the Company, including merger events, tender offers, and announcement events. In addition, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including nationalization, insolvency or delisting, changes in law, failures to deliver, insolvency filings and hedging disruptions. For accounting purposes, the Capped Calls are separate transactions, and not part of the terms of the 2025 Notes. As these transactions meet certain accounting criteria, the Capped Calls are recorded in stockholders' equity as a reduction to additional paid-in capital and will not be remeasured as long as they continue to meet certain accounting criteria.

In November 2023, the Company repurchased \$ 50.0 million in aggregate principal amount of the 2025 Notes in exchange for \$ 46.3 million cash through an individual, privately negotiated transaction. The repurchase was accounted for as a debt extinguishment. The carrying value of the portion of the 2025 Notes repurchased was \$ 49.4 million, and the Company recognized a gain on the debt extinguishment of \$ 3.1 million, which was recorded in the fourth quarter of 2023 within other income (expense), net, on the Company's Condensed Consolidated Statements of Operations.

As of June 30, 2024 and December 31, 2023, the outstanding principal on the 2025 Notes was \$ 93.8 million and \$ 93.8 million, respectively, the unamortized debt issuance cost was \$ 0.9 million and \$ 1.2 million, respectively, and the net carrying amount of the liability was \$ 92.9 million and \$ 92.6 million, respectively, which was recorded as long-term debt within the Condensed Consolidated Balance Sheets. For the three months ended June 30, 2024 and 2023, the Company recorded interest expense of \$ 0.3 million and \$ 0.5 million, respectively, for contractual coupon interest, and \$ 0.1 million and \$ 0.3 million, respectively, for amortization of debt issuance costs. For the six months ended June 30, 2024 and 2023 the Company recorded interest expense of \$ 0.6 million and \$ 0.9 million, respectively, for contractual coupon interest, and \$ 0.3 million and \$ 0.5 million respectively, for amortization of debt issuance costs. As of June 30, 2024, and December 31, 2023, the effective interest rate, which is calculated as the contractual interest rate adjusted for the debt issuance costs, was 1.0 % and 2.8 %, respectively.

6. Stockholders' equity

Stock Repurchase Program. On January 27, 2022, the Company's board of directors authorized the repurchase of up to \$ 100.0 million of its Class A common stock, and on February 9, 2023, the Company's board of directors authorized the repurchase of an additional \$ 40.0 million of its Class A common stock. Stock repurchases under the program may be made periodically using a variety of methods, including without limitation, open market purchases, block trades or otherwise in compliance with all federal and state securities laws and state corporate law and in accordance with the single broker, timing, price, and volume guidelines set forth in Rule 10b-18 and Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, as such guidelines may be modified by the SEC from time to time. This stock repurchase program has no time limit and may be modified, suspended, or discontinued at any time. The Company currently intends to hold its repurchased shares as treasury stock.

As of June 30, 2024, the remaining amount of share repurchases under the program was \$ 60.4 million. The following table summarizes share repurchases during the three and six months ended June 30, 2024 and 2023.

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(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Shares repurchased	—	3,606	—	4,496
Average price per share	\$ —	\$ 4.16	\$ —	\$ 4.45
Value of shares repurchased	\$ —	\$ 15,000	\$ —	\$ 20,000

7. Employee benefit plans

Equity incentive plans. The Company has outstanding equity grants from four of its five stock-based employee compensation plans: the 2024 Equity Incentive Plan (2024 Plan), the 2014 Equity Incentive Plan (2014 Plan), the 2010 Equity Incentive Plan (2010 Plan), and the 2024 Employee Stock Purchase Plan (2024 ESPP). The 2014 Plan serves as successor to the 2010 Plan and the 2024 Plan serves as a successor to the 2014 Plan. The effective date of both the 2024 Plan and the 2024 ESPP was February 15, 2024. The 2014 Plan and the 2014 Employee Stock Purchase Plan (2014 ESPP) each expired on February 15, 2024. The 2014 ESPP plan's final purchase was on February 15, 2024, and no remaining purchase rights are accrued under this plan. Awards granted under the 2010 and 2014 Plans will continue to be subject to the terms and provisions of the 2010 and 2014 Plans.

The 2024 Plan provides for the granting of incentive and non-qualified 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 2024 Plan generally expire within ten years from the date of grant and generally vest over one to four years. Restricted stock units (RSUs) granted under the 2024 Plan generally vest over two to four years based upon continued service and are settled at vesting in shares of the Company's Class A common stock. Performance stock units (PSUs) granted under the 2024 Plan generally vest over three years based upon continued service and the Company achieving certain financial and operating targets and are settled at vesting in shares of the Company's Class A common stock. The Company accounts for forfeitures of stock-based payment awards in the period they occur. The 2024 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 value of the stock as of the first date or the ending date of each six-month offering period. For additional information regarding the Company's equity incentive plans, refer to the 2023 Annual Report.

Stock options

A summary of the Company's stock option activity for the six months ended June 30, 2024 is as follows:

	Shares (in thousands)	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2023	2,684	\$ 8.43	5.08	\$ —
Granted	—	—		
Exercised	—	—		
Forfeited/Cancelled	(183)	17.05		
Outstanding at June 30, 2024	2,501	\$ 7.80	4.75	\$ —
Vested and expected to vest at June 30, 2024	2,501	\$ 7.80	4.75	\$ —
Exercisable at June 30, 2024	2,158	\$ 8.14	4.15	\$ —

The aggregate intrinsic value of the stock options outstanding as of June 30, 2024 represents the value of the Company's closing stock price on June 30, 2024 in excess of the exercise price multiplied by the number of options outstanding.

Restricted stock units

A summary of the Company's RSU activity for the six months ended June 30, 2024 is as follows:

	Shares (in thousands)	Weighted-average grant date fair value
Non-vested shares at December 31, 2023	11,494	\$ 5.94
Granted	5,964	1.99
Vested	(2,719)	6.41
Forfeited	(822)	5.25
Non-vested shares at June 30, 2024	<u>13,917</u>	<u>\$ 4.20</u>

Performance stock units

A summary of the Company's PSU activity for the six months ended June 30, 2024 is as follows:

	Shares (in thousands)	Weighted-average grant date fair value
Non-vested shares at December 31, 2023	829	\$ 6.40
Granted	1,531	1.70
Vested	(375)	6.52
Forfeited	(12)	5.79
Non-vested shares at June 30, 2024	<u>1,973</u>	<u>\$ 2.73</u>

Employee stock purchase plan. For the six months ended June 30, 2024 and 2023, the Company issued 0.7 million and 0.5 million shares under its employee stock purchase plans, respectively, at weighted-average prices of \$ 2.12 and \$ 5.09 , per share, respectively.

Stock-based compensation expense. The Company measures compensation expense for all stock-based payment awards based on the estimated fair values on the date of the grant. The fair value of stock options granted and ESPP issuances is estimated using the Black-Scholes option pricing model. The fair value of RSUs and PSUs are determined using the Company's closing stock price on the date of grant. There have been no significant changes in the Company's valuation assumptions from those disclosed in its 2023 Annual Report.

The following table summarizes stock-based compensation expense included in the Condensed Consolidated Statements of Operations:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 339	\$ 530	\$ 754	\$ 996
Research and development	4,016	4,922	8,281	9,668
Sales and marketing	1,545	2,359	3,289	4,537
General and administrative	1,891	3,306	4,237	6,230
Total stock-based compensation expense	<u>\$ 7,791</u>	<u>\$ 11,117</u>	<u>\$ 16,561</u>	<u>\$ 21,431</u>

There was no income tax benefit related to stock-based compensation expense for the three and six months ended June 30, 2024 due to a full valuation allowance on the Company's United States net deferred tax assets. The income tax benefit related to stock-based compensation expense was \$ 2.5 million and \$ 4.8 million for the three and six months ended June 30, 2023, respectively. See Note 9, Income taxes, for additional details.

As of June 30, 2024, total unearned stock-based compensation of \$ 48.4 million related to stock options, RSUs, PSUs, and ESPP shares is expected to be recognized over a weighted-average period of 2.42 years .

8. Net loss per share

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

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	\$ (47,821)	\$ (17,212)	\$ (386,909)	\$ (47,081)
Denominator:				
Weighted-average common shares—basic and diluted for Class A and Class B common stock	152,502	154,562	151,796	154,980
Basic and diluted net loss per share	\$ (0.31)	\$ (0.11)	\$ (2.55)	\$ (0.30)

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

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Stock-based awards	16,692	16,039	16,303	15,299
Shares related to convertible senior notes	10,050	15,410	10,050	15,410
Total anti-dilutive securities	26,742	31,449	26,353	30,709

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted-average number of shares of common stock outstanding. Diluted net income per share adjusts the basic net income per share and the weighted-average number of shares of common stock outstanding for the potentially dilutive impact of the Company's ESPP and stock awards, using the treasury stock method. The Company calculated the potential dilutive effect of its 2025 Notes under the if-converted method. Under the if-converted method, diluted net income per share was determined by assuming all of the 2025 Notes were converted into shares of the Company's Class A common stock at the beginning of the reporting period. In addition, in periods of net income, interest charges on the 2025 Notes, which includes both coupon interest and amortization of debt issuance costs, were added back to net income on an after-tax effected basis.

The 2025 Notes will mature on November 15, 2025, unless earlier repurchased or converted into shares of Class A common stock under certain circumstances as described further in Note 5 Financing arrangements. The 2025 Notes are convertible into cash, shares of the Company's Class A common stock, or a combination thereof, at the Company's election.

The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. 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. 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. Class A common stock is not convertible into Class B common stock.

The computation of the diluted net income per share of Class A common stock assumes the conversion of Class B common stock.

9. Income taxes

The following table provides the income tax expense (benefit) amount:

(dollars in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Income tax expense (benefit)	\$ 1,333	\$ (3,998)	\$ 299,542	\$ (12,251)

The Company recorded an income tax expense of \$ 1.3 million for the three months ended June 30, 2024, on pre-tax net loss of \$ 46.5 million. The Company's income tax expense for the three months ended June 30, 2024 primarily resulted from a tax expense of \$ 1.5 million on pre-tax book income in certain tax jurisdictions, and discrete items that included \$ 0.5 million of nondeductible equity tax expense for employee stock-based compensation and a net increase in the valuation allowance of \$ 0.2 million, partially offset by an income tax benefit of \$ 0.6 million related to restructuring charges, and an income tax benefit related to the foreign provision to income tax return adjustments of \$ 0.3 million.

The Company recorded an income tax expense of \$ 299.5 million for the six months ended June 30, 2024 on pre-tax net loss of \$ 87.4 million. The Company's income tax expense for the six months ended June 30, 2024 primarily resulted from a tax expense of \$ 2.9 million on pre-tax book income in certain jurisdictions, and discrete items that included \$ 295.1 million of net tax expense from the valuation allowance on United States federal and state net deferred tax assets, and nondeductible equity tax expense for employee stock-based compensation of \$ 3.0 million, partially offset by an income tax benefit of \$ 1.1 million related to restructuring charges, and an income tax benefit related to the foreign provision to income tax return adjustments of \$ 0.4 million.

Each quarter, the Company assesses the realizability of its existing deferred tax assets under ASC Topic 740. The Company assesses available positive and negative evidence to estimate whether sufficient future taxable income will be generated to realize its deferred tax assets. In the assessment for the period ended March 31, 2024, the Company concluded based on the introduction of negative evidence resulting from developments in the first quarter of 2024, such as increased and accelerated costs associated with the Company's future product strategy and roadmap, an increased competitive environment, integration and product development costs related to the recent acquisition of Forcite Helmet Systems, restructuring costs and other negative factors, that it was more likely than not that its United States federal and state deferred tax assets would not be realizable. Therefore, in the period ended March 31, 2024, after consideration of the Company's deferred tax liabilities and recent developments, the Company provided a valuation allowance of \$ 294.9 million on United States federal and state deferred tax assets. That determination was also based, in part, on the Company's revised expectation that its projections of pre-tax losses in 2024 and future years will cause the Company to be in a cumulative GAAP loss for ASC Topic 740 purposes in 2024 and forward. In the assessment for the period ended June 30, 2024, the Company concluded that it remains more likely than not that the Company will not be able to realize its deferred tax assets. The Company will continue to monitor its future financial results, expected projections and their potential impact on the Company's assessment regarding the recoverability of its deferred tax asset balances and in the event there is a need to release the valuation allowance, a tax benefit would be recorded. The Company's foreign deferred tax assets in each jurisdiction 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, a valuation allowance is not required on its foreign deferred tax assets.

For the three months ended June 30, 2023 the Company recorded an income tax benefit of \$ 4.0 million on a pre-tax net loss of \$ 21.2 million. The Company's income tax benefit for the three months ended June 30, 2023 was composed of \$ 4.6 million of tax benefit incurred on pre-tax loss, and discrete items that primarily included \$ 0.3 million of nondeductible equity tax expense for employee stock-based compensation, \$ 0.1 million of tax expense related to the foreign provision to income tax return adjustments, and \$ 0.1 million of tax expense related to restructuring charges. The Company recorded an income tax benefit of \$ 12.3 million for the six months ended

June 30, 2023 on a pre-tax net loss of \$ 59.3 million. The Company's income tax benefit for the six months ended June 30, 2023 was composed of \$ 13.4 million of tax benefit incurred on pre-tax loss, and discrete items that primarily included \$ 0.6 million of net nondeductible equity tax expense for employee stock-based compensation, \$ 0.2 million of tax expense related to the foreign provision to income tax return adjustments, and \$ 0.2 million of tax expense related to the restructuring charges.

As of June 30, 2024 and December 31, 2023, the Company's gross unrecognized tax benefits were \$ 28.1 million and \$ 25.8 million, respectively. If recognized, \$ 13.0 million of these unrecognized tax benefits (net of United States federal benefit) as of June 30, 2024 would reduce income tax expense. A material portion of the Company's 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.

The Company conducts business globally and as a result, files income tax returns in the United States and foreign jurisdictions. The Company's unrecognized tax benefits relate primarily to unresolved matters with taxing authorities. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, the Company believes that its reserves reflect the more likely outcome. The Company believes, primarily due to statute of limitations expiration, that within the next 12 months, it is possible that up to \$ 3.9 million of uncertain tax positions could be released. It is also reasonably possible that additional uncertain tax positions will be added. It is not reasonably possible at this time to quantify the net effect.

In 2021, the Organization for Economic Co-operation and Development (OECD) established an inclusive framework on base erosion and profit shifting and agreed on a two-pillar solution (Pillar Two) to global taxation, focusing on global profit allocation and a 15 % global minimum effective tax rate. On December 15, 2022, the EU member states agreed to implement the OECD's global minimum tax rate of 15 %. The OECD issued Pillar Two model rules and continues to release guidance on these rules. The inclusive framework calls for tax law changes by participating countries to take effect in 2024 and 2025. Various countries have enacted or have announced plans to enact new tax laws to implement the global minimum tax. The Company assessed the impact of Pillar Two and there is no material impact to the provision for income taxes for the three and six months ended June 30, 2024. The Company will continue to monitor future guidance issued and assess the potential impact to the Company's condensed consolidated financial statements.

10. Commitments, contingencies, and guarantees

Facility leases. The Company leases its facilities under long-term operating leases, which expire at various dates through 2033.

The components of net lease cost, which were primarily recorded in operating expenses, were as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Operating lease cost ⁽¹⁾	\$ 2,506	\$ 2,836	\$ 5,306	\$ 6,194
Sublease income	(649)	(723)	(1,372)	(1,446)
Right-of-use asset impairment cost	3,276	—	3,276	—
Net lease cost	\$ 5,133	\$ 2,113	\$ 7,210	\$ 4,748

⁽¹⁾ Operating lease cost includes variable lease costs, which are immaterial.

Supplemental cash flow information related to leases was as follows:

(in thousands)	Six months ended June 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 6,941	\$ 6,711
Right-of-use assets obtained in exchange for operating lease liabilities	4,801	1,321

Supplemental balance sheet information related to leases was as follows:

	June 30, 2024	December 31, 2023
Weighted-average remaining lease term (in years) - operating leases	3.44	3.05
Weighted-average discount rate - operating leases	6.3 %	6.2 %

As of June 30, 2024, maturities of operating lease liabilities were as follows:

(in thousands)	June 30, 2024
2024 (remaining 6 months)	\$ 5,548
2025	13,750
2026	13,270
2027	2,148
2028	811
Thereafter	3,782
Total lease payments	39,309
Less: Imputed interest	(4,543)
Present value of lease liabilities	\$ 34,766

Other commitments. In the ordinary course of business, the Company enters into multi-year agreements to purchase sponsorships with event organizers, resorts and athletes as part of its marketing efforts; software licenses related to its financial and IT systems; debt agreements; and various other contractual commitments. As of June 30, 2024, the Company's total undiscounted future expected obligations under multi-year agreements described above with terms longer than one year was \$ 231.0 million.

Legal proceedings and investigations. Since 2015, Contour IP Holdings LLC (CIPH) and related entities have filed lawsuits in various federal district courts alleging, among other things, patent infringement in relation to certain GoPro products. Following litigation in federal courts and the United States Patent and Trademark Office, CIPH's patents were ruled invalid in March 2022. Judgment was then entered in favor of the Company and against CIPH. CIPH later appealed, and the appeal is pending at the Federal Circuit. The Company believes that the appeal lacks merit and intends to vigorously defend against CIPH's appeal.

On March 29, 2024, the Company filed a complaint with the U.S. International Trade Commission (ITC) against Arashi Vision Inc., d/b/a Insta360, and Arashi Vision (U.S.) LLC, d/b/a Insta360, and a lawsuit in the U.S. District Court for the Central District of California against Arashi Vision Inc., d/b/a Insta360, and Arashi Vision (U.S.) LLC, d/b/a Insta360. The complaint and lawsuit each allege infringement of certain GoPro patents related to the Company's cameras and digital imaging technology. Insta360 has since filed several inter partes review (IPR) petitions seeking to challenge the validity of some of the GoPro patents asserted against Insta360.

The Company regularly evaluates the associated developments of the legal proceedings described above, as well as other legal proceedings that arise in the ordinary course of business. While litigation is inherently uncertain, based on the currently available information, the Company is unable to determine a loss or a range of loss, and

does not believe the ultimate cost to resolve these matters will have a material adverse effect on its business, financial condition, cash flows or results of operations.

Indemnifications. The Company has entered into indemnification agreements with its directors and executive officers which requires the Company to indemnify its directors and executive officers against liabilities that may arise by reason of their status or service. In addition, 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 June 30, 2024, 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.

11. Concentrations of risk and geographic information

Concentration of risk. Financial instruments which potentially subject the Company to concentration of credit risk includes cash and cash equivalents, marketable securities, accounts receivable, and derivative instruments, including the Capped Calls associated with the 2025 Notes. The Company places cash and cash equivalents with high-credit-quality financial institutions; however, the Company maintains cash balances in excess of the FDIC insurance limits. The Company 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 the Company's expectations. The Company believes its counterparty credit risk related to its derivative instruments is mitigated by transacting with major financial institutions with high credit ratings.

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

	June 30, 2024	December 31, 2023
Customer A	38 %	30 %
Customer B	14 %	11 %

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

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Accounts receivable sold	\$ 19,850	\$ 24,605	\$ 37,492	\$ 41,039
Factoring fees	290	403	526	667

Third-party customers who represented 10% or more of the Company's total revenue were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Customer A	13 %	14 %	11 %	12 %

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 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,

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Notes to Condensed Consolidated Financial Statements

distribution and other direct sales logistics. In instances where an outsourcing agreement does not exist or these third parties fail to perform their obligations, the Company may be unable to find alternative partners or satisfactorily deliver its products to its customers on time.

Geographic information

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

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Americas	\$ 88,719	\$ 121,644	\$ 165,316	\$ 211,163
Europe, Middle East and Africa (EMEA)	64,490	66,500	116,498	112,516
Asia and Pacific (APAC)	33,015	52,876	59,879	92,061
Total revenue	\$ 186,224	\$ 241,020	\$ 341,693	\$ 415,740

Revenue from the United States, which is included in the Americas geographic region, was \$ 68.3 million and \$ 106.5 million, for the three months ended June 30, 2024 and 2023, respectively, and \$ 124.6 million and \$ 182.1 million for the six months ended June 30, 2024 and 2023, 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 June 30, 2024 and December 31, 2023, long-lived assets, which represent net property and equipment, located outside the United States, primarily in Hong Kong and mainland China, were \$ 2.8 million and \$ 1.6 million, respectively.

12. Restructuring charges

Restructuring charges for each period were as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 152	\$ (184)	\$ 165	\$ (183)
Research and development	1,565	(1)	2,595	10
Sales and marketing	920	—	1,470	6
General and administrative	411	—	1,030	3
Total restructuring charges	\$ 3,048	\$ (185)	\$ 5,260	\$ (164)

First quarter 2024 restructuring

On March 14, 2024, the Company approved a restructuring plan to reduce operating costs and drive stronger operating leverage by reducing the Company's global workforce by approximately 4 % and certain office space. Under the first quarter 2024 restructuring plan, the Company recorded restructuring charges of \$ 2.3 million related to severance and \$ 3.3 million related to a right-of-use asset impairment upon ceasing the use of certain office space. The Company anticipates approximately \$ 2.2 million of office space charges through January 2027.

(in thousands)	Severance	ROU Asset Impairment	Total
Restructuring liability as of December 31, 2023	\$ —	\$ —	\$ —
Restructuring charges	2,257	3,276	5,533
Cash paid	(1,490)	—	(1,490)
Non-cash reductions	(222)	(3,276)	(3,498)
Restructuring liability as of June 30, 2024	\$ 545	\$ —	\$ 545

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2023 included in our 2023 Annual Report. This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading Special Note About Forward-Looking Statements in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading Risk Factors in this Quarterly Report on Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements. Our MD&A is provided in addition to the accompanying condensed consolidated financial statements and accompanying notes to assist readers in understanding our results of operations, financial condition and cash flows.

This MD&A is organized as follows:

- **Overview.** Discussion of our business, overall analysis of our financial performance and other highlights affecting the business in order to provide context for the remainder of the MD&A.
- **Results of Operations.** Analysis of our financial results comparing the second quarter and first six months of 2024 to 2023.
- **Liquidity and Capital Resources.** Analysis of changes in our balance sheets and cash flows, and discussion of our financial condition and potential sources of liquidity.
- **Critical Accounting Policies and Estimates.** Accounting estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results and forecasts.
- **Non-GAAP Financial Measures.** A reconciliation and discussion of our GAAP to non-GAAP financial measures.

Overview

GoPro helps the world capture and share itself in immersive and exciting ways. We are committed to developing solutions that create an easy, seamless experience for consumers to capture, create and share engaging personal content. When consumers use our products and services, they often generate and share content that organically increases awareness for GoPro, driving a virtuous cycle and a self-reinforcing demand for our products. We believe revenue growth may be driven by the introduction of new products, accessories, lifestyle gear, and software and subscription offerings. We believe new camera features drive a replacement cycle among existing users and attract new users, expanding our total addressable market. Our investments in image stabilization, mobile and desktop app editing and sharing solutions, modular accessories, auto-upload capabilities, local language user-interfaces and voice recognition in more than 12 languages are designed to drive the expansion of our global market.

In September 2023, we began shipping our HERO12 Black flagship camera that includes our GP2 processor, HyperSmooth 6.0 image stabilization, high dynamic range (HDR) photos and videos in 5.3K at 60 frames per second (FPS) and 4K at 60 FPS, and wireless audio support for Apple AirPods and other Bluetooth devices. HyperSmooth 6.0 image stabilization features improved AutoBoost, which analyzes up to 4x more data compared to HyperSmooth 5.0 while supporting 360-degree Horizon Lock. The HERO12 Black also includes 10-bit color video at up to 5.3K video at 60 FPS, 27-megapixel photo resolution, 8:7 aspect ratio video for a larger vertical field of view, and HyperView, which allows for a 16:9 field of view. The HERO12 Black also includes the Enduro Battery, which improves the camera performance in both cold and moderate temperatures, a front-facing and rear touch display, TimeWarp 3.0, a Timecode Sync feature, and a Night Effects Time Lapse feature. We also offer our Max Lens Mod 2.0 for HERO12 Black, which features an ultra wide-angle digital lens for 4K video at 60 FPS, Max HyperSmooth in all video modes, and Horizon Lock for all digital lenses. Additionally, we offer our HERO12 Black

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Creator Edition, which combines the HERO12 Black, Volta, Enduro Battery, Media Mod, and Light Mod to create professional-quality videos.

Our HERO12 Black, HERO12 Black Creator Edition, HERO11 Black, HERO11 Black Mini, HERO11 Black Creator Edition, HERO10 Black, HERO10 Black Creator Edition, and MAX cameras are compatible with our ecosystem of mountable and wearable accessories.

We offer our Premium subscription, which includes unlimited cloud storage of GoPro content supporting source video and photo quality, damaged camera replacement, cloud storage up to 25 gigabytes (GB) of non-GoPro content, the delivery of highlight videos automatically via our mobile app when GoPro camera footage is uploaded to the user's GoPro cloud account using Auto Upload. Our Premium subscription also offers access to our Quik desktop app for macOS, launched in February 2024. Our Quik desktop app brings the speed and convenience of the Quik mobile app to desktop users, but with an expanded list of features and capabilities that take advantage of a desktop computer's processing power and screen size. Our Premium subscription also provides access to a high-quality live streaming service on GoPro.com, as well as discounts on GoPro cameras, gear, mounts and accessories. In February 2024, we launched our Premium+ subscription which includes cloud storage up to 500 GB of non-GoPro content, HyperSmooth Pro and all of the same features included in the Premium subscription.

In addition to the Premium+ and Premium subscriptions, we offer our Quik subscription which makes it easy for users to get the most out of their favorite photos and videos, captured on any phone or camera, using our Quik mobile app's editing tools. These editing tools include features such as trim, color, crop, filtering, auto-sync of edits to music, and the ability to change video speed. We believe the Quik subscription is an important offering in expanding our total addressable market to those who may not own a GoPro camera.

We continue to monitor the current evolving macroeconomic landscape. Inflation, fluctuating interest rates, a strengthening United States dollar (U.S. dollar), and recession concerns places increasing pressure on many areas of our business, including product pricing, operating expenses, component pricing and consumer spending. In the past, the strength of the U.S. dollar relative to other foreign currencies largely impacted our revenue and gross margin. If the U.S. dollar strengthens relative to other foreign currencies in the future, our financial results will be negatively impacted. See Item 1A. Risk Factors for further discussion of the possible impact of evolving macroeconomic conditions on our business.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a summary of measures presented in our condensed consolidated financial statements and key metrics used to evaluate our business, measure our performance, develop financial forecasts, and make strategic decisions.

(dollars and units in thousands, except per share amounts)	% Change				
	Q2 2024		Q1 2024		Q2 2024 vs. Q1
	2024	2023	2024	2023	2024
Revenue	\$ 186,224	\$ 155,469	\$ 241,020		20 % (23) %
Camera units shipped ⁽¹⁾	576	393	704	47 % (18) %	
Gross margin ⁽²⁾	30.5 %	34.1 %	31.4 %	(360) bps (90) bps	
Operating expenses	\$ 103,219	\$ 94,451	\$ 98,266		9 % 5 %
Net loss	\$ (47,821)	\$ (339,088)	\$ (17,212)	(86) %	178 %
Diluted net loss per share	\$ (0.31)	\$ (2.24)	\$ (0.11)	(86) %	182 %
Cash provided by (used in) operations	\$ 605	\$ (98,403)	\$ (7,852)	(101) %	(108) %
Other financial information:					
Adjusted EBITDA ⁽³⁾	\$ (33,426)	\$ (29,301)	\$ (10,290)	14 %	225 %
Non-GAAP net loss ^{(4) (5)}	\$ (36,179)	\$ (319,357)	\$ (7,928)	(89) %	356 %
Non-GAAP diluted net loss per share ⁽⁵⁾	\$ (0.24)	\$ (2.11)	\$ (0.05)	(89) %	380 %

⁽¹⁾ Represents the number of camera units that are shipped during a reporting period, net of any returns.

⁽²⁾ One basis point (bps) is equal to 1/100th of 1%.

⁽³⁾ We define adjusted EBITDA as net income (loss) adjusted to exclude the impact of income tax expense (benefit), interest income, interest expense, depreciation and amortization, point of purchase (POP) display amortization, stock-based compensation, (gain) loss on extinguishment of debt, and restructuring and other costs, including right-of-use asset impairment charges (if applicable).

⁽⁴⁾ We define non-GAAP net income (loss) as net income (loss) adjusted to exclude stock-based compensation, acquisition-related costs, restructuring and other costs, including right-of-use asset impairment charges (if applicable), (gain) loss on extinguishment of debt, and income tax adjustments. Acquisition-related costs include the amortization of acquired intangible assets and impairment charges (if applicable), as well as third-party transaction costs for legal and other professional services.

⁽⁵⁾ In the first quarter of 2024, we revised the income tax adjustment to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments to better align with SEC guidance. For comparative purposes, we have revised our prior period income tax adjustments to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments. Additionally, in the second quarter of 2024, we revised the first quarter of 2024 income tax adjustment to exclude the establishment of a valuation allowance on United States federal and state deferred tax assets.

Reconciliations of non-GAAP adjusted measures to the most directly comparable GAAP measures and explanations for why we consider non-GAAP measures to be helpful for investors are presented under Non-GAAP Financial Measures.

Second quarter 2024 financial performance

Revenue for the second quarter of 2024 was \$186.2 million, which represented a 22.7% decrease from the same period in 2023. The year-over-year decrease was primarily driven by an 18.2% decrease in units shipped in the quarter of 576 thousand, compared to 704 thousand in the same period in 2023 and an increase in second quarter sales incentives, partially offset by an 8.2% increase in our subscription and service revenue. The second quarter of 2024 sell-in was impacted by the delayed launch of our new entry-level camera from the second quarter of 2024 to the third quarter of 2024 and a reduction of channel inventory. Additionally, the continued consumer-related macroeconomic issues resulting in a softer consumer market in the Americas and Asia-Pacific regions, particularly in China, and an increasingly global competitive landscape, notably in China, negatively impacted the second quarter of 2024 sell-in and sell-through. Our second quarter of 2024 camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 76% compared to 75% for the same period in 2023. Our second quarter of 2024 average selling price decreased 5.6% year-over-year to \$323, primarily due to a year-over-year increase in second quarter sales incentives of \$10.5 million, partially offset by an increase in our subscription and service revenue. Average selling price is defined as total reported revenue divided by camera units shipped. Retail revenue was \$137.1 million in the second quarter of 2024 and represented 73.6% of total revenue,

compared to 68.6% of total revenue for the same period in 2023. GoPro.com revenue, which includes subscription and service revenue, was \$49.1 million in the second quarter of 2024 and represented 26.4% of total revenue, compared to 31.4% of total revenue for the same period in 2023. Our overall subscription attach rate from both sales on GoPro.com and from post-camera purchases at retail was 45% in the second quarter of 2024. Our aggregate retention rate for annual subscribers was 68% in the second quarter of 2024, compared to 64% in the same period in 2023, a 7% improvement. Our gross margin percentage for the second quarter of 2024 was 30.5%, which was nearly flat year-over-year. Net loss for the second quarter of 2024 was \$47.8 million compared to net loss of \$17.2 million in the same period in 2023. Adjusted EBITDA for the second quarter of 2024 was negative \$33.4 million, compared to negative \$10.3 million for the same period in 2023. Cash was flat sequentially and we reduced inventory by 25.8% sequentially to make way for new product introductions expected in the third quarter of 2024.

Our overall subscription attach rate from camera purchases through both GoPro.com and at retail represents the number of new GoPro subscribers in the period over the corresponding number of estimated camera units sold through both GoPro.com and retail channels. Our aggregate retention rate for annual subscribers represents the percent of annual subscribers that renewed their subscription in the period, over the total corresponding renewal events.

Factors affecting performance

We believe that our future success will be dependent on many factors, including those further discussed below. While these areas represent opportunities for us, they also represent challenges and risks that we must successfully address in order to operate our business and improve our results of operations.

Driving profitability through improved efficiency, lower costs, and better execution. We incurred an operating loss in the first half of 2024, and for the full year 2023. We continue to make strategic decisions to drive volume, growth, and profitability in our business. Restructuring actions in the first quarter of 2024 and prior restructuring actions, along with continued cost management have resulted in a more efficient global organization that has allowed for improved communication and alignment among our functional teams. We remain focused on increasing our total addressable market with new and innovative products, increasing unit sales volume of our existing products, increasing our subscriber base, and growing and cultivating the partnerships with our distributors and retailers to further expand our retail channel. In executing our strategy to rebuild our retail presence, our expectation is that sales from our retail channel will continue to increase relative to sales on GoPro.com. We have grown our subscribers and subscription and service revenue over the past several years and continue to make strategic decisions to enhance our subscription offerings, grow subscribers, increase retention, and increase subscription and service revenue.

If we are unable to generate adequate unit sales and revenue growth, successfully increase our total addressable market, successfully increase retail sales, grow subscribers and subscription and service revenue, effectively manage our expenses, and navigate the volatile macroeconomic environment (including fluctuating interest rates and currency exchange rates, and recession concerns), we may incur significant losses in the future and may not be able to return to profitability.

Investing in research and development and enhancing our customer experience. Our performance is significantly dependent on the investments we make in research and development, including our ability to attract and retain highly skilled and experienced research and development personnel. We expect the timing of new product releases to continue to have a significant impact on our revenue and we must continually develop and introduce innovative new cameras, mobile and desktop applications, and other new offerings. We plan to further build upon our integrated mobile, desktop and cloud-based storytelling solutions, and subscription offerings. Our investments, including those for marketing and advertising, and those related to development efforts associated with our most recent acquisition, may not successfully drive increased revenue and our customers may not accept our new offerings. If we fail to innovate and enhance our brand, our products, our mobile and desktop app experience, or the value proposition of our subscription, our market position and revenue will be adversely affected. Further, we have and will continue to incur substantial research and development expenses and if our efforts are not successful, we may not recover the value of these investments and our business may be adversely affected.

Improving profitability. We believe that our continued focus on growing our total addressable market from our retail and GoPro.com channels, including subscription and service revenue, and broadening our range of products will support our ability to return to profitability on an annual basis due to timely and effective product launches, increases in unit volume, subscribers and related revenue, and continued operating expense control. We continue to believe that international markets represent a significant opportunity to achieve profitability. While the total market for digital cameras has seen an increase in competition, we believe that our consumers' differentiated use of GoPro cameras, our mobile and desktop app and cloud solutions, our continued innovation of product features desired by our users, and our brand, all help support our competitiveness within the market for digital camera. However, we expect that the markets in which we conduct our business will remain highly competitive as we face new product introductions from competitors. Sales in international locations subject us to foreign currency exchange rate fluctuations and regional macroeconomic conditions that may cause us to adjust pricing which may make our products more or less attractive to the consumer. Continued fluctuations in foreign currency exchange rates and regional macroeconomic conditions could have a continued impact on our future operating results.

Our profitability also depends on the continued success of our subscription and service offerings. If we are not successful in maintaining our product sales, and subscription and service offerings, increasing our paid subscriber base, retail mobile app attach, retail desktop app attach, and improving subscriber retention, we may not be able to return to profitability and we may not recognize benefits from our investment in new areas.

Marketing the improved GoPro experience. We intend to focus our marketing resources on highlighting our camera features, subscription and service benefits, and further improve brand recognition. Historically, our growth has largely been fueled by the adoption of our products by people looking to self-capture images of themselves participating in exciting physical activities. Our goal of returning to profitability depends on continuing to reach, expand and re-engage with this core user base in alignment with our strategic priorities. Sales and marketing investments will often occur in advance of any sales benefits from these activities, and it may be difficult for us to determine if we are efficiently allocating our resources in this area.

Seasonality. Historically, we have experienced the highest levels of total revenue in the fourth quarter of the year, coinciding with the holiday shopping season, particularly in the United States and Europe. While we have implemented operational changes aimed at reducing the impact of fourth quarter seasonality on full year performance, timely and effective product introductions, whether just prior to the holiday season or otherwise, and forecasting, are critical to our operations and financial performance.

Macroeconomic risks. Macroeconomic conditions affecting the level of consumer spending include market volatility and fluctuations in foreign exchange rates, inflation, and interest rates. Some product costs have become subject to inflationary pressure, and we may not be able to fully offset such higher costs through price increases. Our inability or failure to adjust pricing could harm our business, financial condition, and operating results.

Results of Operations

The following table sets forth the components of our Condensed Consolidated Statements of Operations for each of the periods presented, and each component as a percentage of revenue:

(dollars in thousands)	Three months ended June 30,				Six months ended June 30,			
	2024		2023		2024		2023	
Revenue	\$ 186,224	100 %	\$ 241,020	100 %	\$ 341,693	100 %	\$ 415,740	100 %
Cost of revenue	129,514	70	165,248	69	231,945	68	287,466	69
Gross profit	56,710	30	75,772	31	109,748	32	128,274	31
Operating expenses:								
Research and development	46,932	25	41,903	17	91,544	27	80,088	19
Sales and marketing	41,353	22	39,906	17	76,499	22	77,961	19
General and administrative	14,934	8	16,457	7	29,627	9	32,533	8
Total operating expenses	103,219	55	98,266	41	197,670	58	190,582	46
Operating loss	(46,509)	(25)	(22,494)	(10)	(87,922)	(26)	(62,308)	(15)
Other income (expense):								
Interest expense	(790)	—	(1,139)	—	(1,464)	—	(2,292)	(1)
Other income, net	811	—	2,423	1	2,019	1	5,268	2
Total other income, net	21	—	1,284	1	555	1	2,976	1
Loss before income taxes	(46,488)	(25)	(21,210)	(9)	(87,367)	(25)	(59,332)	(14)
Income tax expense (benefit)	1,333	1	(3,998)	(2)	299,542	88	(12,251)	(3)
Net loss	\$ (47,821)	(26)%	\$ (17,212)	(7)%	\$ (386,909)	(113)%	\$ (47,081)	(11)%

Revenue

(camera units and dollars in thousands, except average selling price)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Camera units shipped	576	704	(18) %	969	1,166	(17) %
Average selling price	\$ 323	\$ 342	(6)	\$ 352	\$ 356	(1)
Retail	\$ 137,104	\$ 165,375	(17)	\$ 243,418	\$ 245,184	(1)
Percentage of revenue	73.6 %	68.6 %		71.2 %	59.0 %	
GoPro.com	\$ 49,120	\$ 75,645	(35)	\$ 98,275	\$ 170,556	(42)
Percentage of revenue	26.4 %	31.4 %		28.8 %	41.0 %	
Total revenue	\$ 186,224	\$ 241,020	(23) %	\$ 341,693	\$ 415,740	(18) %
Americas	\$ 88,719	\$ 121,644	(27) %	\$ 165,316	\$ 211,163	(22) %
Percentage of revenue	47.6 %	50.5 %		48.4 %	50.8 %	
Europe, Middle East and Africa (EMEA)	\$ 64,490	\$ 66,500	(3)	\$ 116,498	\$ 112,516	4
Percentage of revenue	34.6 %	27.6 %		34.1 %	27.1 %	
Asia and Pacific (APAC)	\$ 33,015	\$ 52,876	(38)	\$ 59,879	\$ 92,061	(35)
Percentage of revenue	17.8 %	21.9 %		17.5 %	22.1 %	
Total revenue	\$ 186,224	\$ 241,020	(23) %	\$ 341,693	\$ 415,740	(18) %

Revenue for the second quarter of 2024 was \$186.2 million, which represented a 22.7% decrease from the same period in 2023. The year-over-year decrease was primarily driven by an 18.2% decrease in units shipped in the quarter of 576 thousand, compared to 704 thousand in the same period in 2023 and an increase in second quarter sales incentives, partially offset by an 8.2% increase in our subscription and service revenue. The second quarter of 2024 sell-in was impacted by the delayed launch of our new entry-level camera from the second quarter of 2024 to the third quarter of 2024 and a reduction of channel inventory. Additionally, the continued consumer-related macroeconomic issues resulting in a softer consumer market in the Americas and Asia-Pacific regions, particularly in China, and an increasingly global competitive landscape, notably in China, negatively impacted the second quarter of 2024 sell-in and sell-through. Our second quarter of 2024 camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 76% compared to 75% for the same period in 2023. Our second quarter of 2024 average selling price decreased 5.6% year-over-year to \$323, primarily due to a year-over-year increase in second quarter sales incentives of \$10.5 million, partially offset by an increase in our subscription and service revenue. Retail revenue was \$137.1 million in the second quarter of 2024 and represented 73.6% of total revenue, compared to 68.6% of total revenue for the same period in 2023. GoPro.com revenue, which includes subscription and service revenue, was \$49.1 million in the second quarter of 2024 and represented 26.4% of total revenue, compared to 31.4% of total revenue for the same period in 2023.

Revenue for the first six months of 2024 was \$341.7 million, or a 17.8% decrease from the same period in 2023. This was primarily driven by the impact of our May 2023 strategic pricing decision to reduce the MSRPs across our camera line up and a corresponding shift in camera revenue mix as we offered entry level cameras at a sub-\$300 price point for the first time since 2019, and a 16.9% decrease in units shipped for the first six months of 2024 of 969 thousand, compared to 1.2 million in the same period in 2023, partially offset by a \$27.7 million decrease in price protection charges. In the first six months of 2024, our average selling price decreased 1.1% year-over-year to \$352 and our camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 74% compared to 81% for the same period in 2023. In the first six months of 2024, our subscription and service revenue increased 9.9% to \$52.2 million, which is included in the GoPro.com channel. GoPro.com revenue represented 28.8% and 41.0% of total revenue for the first six months of 2024 and 2023, respectively, while retail revenue represented 71.2% and 59.0% of total revenue for the first six months of 2024 and 2023, respectively. The growth of the retail channel was partially due to adding more than 5,100 new retail doors since the second quarter of 2023.

Cost of revenue and gross margin

(dollars in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Cost of revenue	\$ 129,023	\$ 164,902	(22) %	\$ 231,026	\$ 286,653	(19) %
Stock-based compensation	339	530	(36)	754	996	(24)
Restructuring costs	152	(184)	(183)	165	(183)	(190)
Total cost of revenue	<u>\$ 129,514</u>	<u>\$ 165,248</u>	(22) %	<u>\$ 231,945</u>	<u>\$ 287,466</u>	(19) %
Gross margin	30.5 %	31.4 %	(90) bps	32.1 %	30.9 %	120 bps

Gross margin of 30.5% for the second quarter of 2024 decreased from 31.4% in the same period of 2023, or 90 bps, primarily due to lower average selling prices and higher promotional activity (620 bps), and less accessory revenue (70 bps), partially offset by an increase in subscription and service revenue (240 bps), lower operational costs (210 bps), and lower camera costs (150 bps).

Gross margin of 32.1% in the first half of 2024 increased from 30.9% in the same period of 2023, or 120 bps, primarily due to lower camera costs (200 bps), an increase in subscription and service revenue (190 bps), and lower operational costs (150 bps), partially offset by a decrease in camera pricing, net of price protection and other sales incentives (260 bps), and less accessory revenue (160 bps).

Research and development

(dollars in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Research and development	\$ 40,882	\$ 36,982	11 %	\$ 80,043	\$ 70,410	14 %
Stock-based compensation	4,016	4,922	(18)	8,281	9,668	(14)
Acquisition-related costs	469	—	100	625	—	100
Restructuring costs	1,565	(1)	(156,600)	2,595	10	25,850
Total research and development	\$ 46,932	\$ 41,903	12 %	\$ 91,544	\$ 80,088	14 %
<i>Percentage of revenue</i>	<i>25.2 %</i>	<i>17.4 %</i>		<i>26.8 %</i>	<i>19.3 %</i>	

The year-over-year increase of \$5.0 million, or 12.0%, in total research and development expense for the second quarter of 2024 compared to the same period of 2023 was primarily driven by a \$2.5 million increase in consulting and professional services, a \$1.6 million increase in restructuring costs, a \$1.2 million increase in cash-based personnel-related costs, and a \$0.5 million increase in acquisition-related costs, partially offset by a \$0.9 million decrease in stock-based compensation expense.

The year-over-year increase of \$11.5 million, or 14.3%, in total research and development expense in the first half of 2024 compared to the same period of 2023 was primarily driven by a \$4.8 million increase in consulting and professional services, a \$4.3 million increase in cash-based personnel-related costs, a \$2.6 million increase in restructuring costs, and a \$0.6 million increase in acquisition-related costs, partially offset by a \$1.4 million decrease in stock-based compensation expense.

Sales and marketing

(dollars in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Sales and marketing	\$ 38,888	\$ 37,547	4 %	\$ 71,740	\$ 73,418	(2)%
Stock-based compensation	1,545	2,359	(35)	3,289	4,537	(28)
Restructuring costs	920	—	100	1,470	6	24,400
Total sales and marketing	\$ 41,353	\$ 39,906	4 %	\$ 76,499	\$ 77,961	(2)%
<i>Percentage of revenue</i>	<i>22.2 %</i>	<i>16.6 %</i>		<i>22.4 %</i>	<i>18.8 %</i>	

The year-over-year increase of \$1.4 million, or 3.6%, in total sales and marketing expense for the second quarter of 2024 compared to the same period of 2023 was primarily driven by a \$2.1 million increase in advertising and marketing expenses primarily attributable to sponsorships and point of purchase display depreciation expense, a \$0.9 million increase in restructuring costs, and a \$0.2 million increase in travel related expenses, partially offset by a \$1.1 million decrease in credit card fees, and a \$0.8 million decrease in stock-based compensation expense.

The year-over-year decrease of \$1.5 million, or 1.9%, in total sales and marketing expense in the first half of 2024 compared to the same period of 2023 was primarily driven by a \$2.8 million decrease in credit card fees, partially offset by a \$1.5 million increase in restructuring costs.

GoPro, Inc.
Management's Discussion and Analysis of Financial Condition and Results of Operations

General and administrative

(dollars in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
General and administrative	\$ 12,532	\$ 13,151	(5) %	\$ 23,579	\$ 26,300	(10) %
Stock-based compensation	1,891	3,306	(43)	4,237	6,230	(32)
Acquisition-related costs	100	—	100	781	—	100
Restructuring costs	411	—	100	1,030	3	34,233
Total general and administrative	\$ 14,934	\$ 16,457	(9) %	\$ 29,627	\$ 32,533	(9) %
<i>Percentage of revenue</i>	<i>8.0 %</i>	<i>6.8 %</i>		<i>8.7 %</i>	<i>7.8 %</i>	

The year-over-year decrease of \$1.5 million, or 9.3%, in total general and administrative expense for the second quarter of 2024 compared to the same period of 2023 was primarily driven by a \$1.4 million decrease in stock-based compensation expense and a \$0.5 million decrease in cash-based personnel-related costs, partially offset by a \$0.4 million increase in restructuring costs.

The year-over-year decrease of \$2.9 million, or 8.9%, in total sales and marketing expense in the first half of 2024 compared to the same period of 2023 was primarily driven by a \$2.0 million decrease in stock-based compensation expense, a \$1.5 million decrease in consulting and professional services, a \$0.6 million decrease in allocated facilities, depreciation, and supporting overhead expenses, and a \$0.5 million decrease in bad debt expense, partially offset by a \$1.0 million increase in restructuring costs and a \$0.8 million increase in acquisition-related costs.

Restructuring costs

First quarter 2024 restructuring. On March 14, 2024, we approved a restructuring plan to reduce operating costs and drive stronger operating leverage by reducing our global workforce by approximately 4% and certain office space. Under the first quarter 2024 restructuring plan, we recorded restructuring charges of \$2.3 million related to severance and \$3.3 million related to a right-of-use asset impairment upon ceasing the use of certain office space. We expect approximately \$2.2 million of office space charges through January 2027.

See Note 12 Restructuring charges, to the Notes to Condensed Consolidated Financial Statements.

Other income (expense)

(dollars in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Interest expense	\$ (790)	\$ (1,139)	(31) %	\$ (1,464)	\$ (2,292)	(36) %
Other income, net	811	2,423	(67)	2,019	5,268	(62)
Total other income, net	\$ 21	\$ 1,284	(98) %	\$ 555	\$ 2,976	(81) %

Total other income, net was income of \$21 thousand for the second quarter of 2024 compared to income of \$1.3 million for the same period of 2023. The year-over-year change of \$1.3 million was primarily due to an overall lower cash and investment balances resulting in a \$1.8 million decrease in interest income, partially offset by a \$0.3 million decrease in cash interest expense as we extinguished part of our 2025 Notes in the fourth quarter of 2023, and a \$0.1 million decrease in net foreign exchange rate-based losses.

Total other income, net was income of \$0.6 million in the first half of 2024 compared to income of \$3.0 million for the same period of 2023. The year-over-year change of \$2.4 million was primarily due to an overall lower cash and investment balances resulting in a \$2.6 million decrease in interest income, and a \$0.6 million increase in net foreign exchange rate-based losses, partially offset by a \$0.8 million decrease in cash interest expense as we extinguished part of our 2025 Notes in the fourth quarter of 2023.

Income taxes

(dollars in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Income tax expense (benefit)	\$ 1,333	\$ (3,998)	(133)%	\$ 299,542	\$ (12,251)	(2,545)%

We recorded an income tax expense of \$1.3 million for the three months ended June 30, 2024, on pre-tax net loss of \$46.5 million. Our income tax expense for the three months ended June 30, 2024 primarily resulted from a tax expense of \$1.5 million on pre-tax book income in certain tax jurisdictions, and discrete items that included \$0.5 million of nondeductible equity tax expense for employee stock-based compensation, and a net increase in the valuation allowance of \$0.2 million, partially offset by an income tax benefit of \$0.6 million related to restructuring charges, and an income tax benefit related to the foreign provision to income tax return adjustments of \$0.3 million.

We recorded an income tax expense of \$299.5 million for the six months ended June 30, 2024 on pre-tax net loss of \$87.4 million. Our income tax expense for the six months ended June 30, 2024 primarily resulted from a tax expense on pre-tax book income in certain jurisdictions of \$2.9 million, and discrete items that included \$295.1 million of net tax expense from the valuation allowance on United States federal and state net deferred tax assets, and nondeductible equity tax expense for stock-based compensation of \$3.0 million, partially offset by an income tax benefit of \$1.1 million related to restructuring charges, and an income tax benefit related to the foreign provision to income tax return adjustments of \$0.4 million.

Each quarter, we assess the realizability of our existing deferred tax assets under ASC Topic 740. We assess available positive and negative evidence to estimate whether sufficient future taxable income will be generated to realize our deferred tax assets. In the assessment for the period ended March 31, 2024, we concluded based on the introduction of negative evidence resulting from developments in the first quarter of 2024, such as increased and accelerated costs associated with our future product strategy and roadmap, an increased competitive environment, integration and product development costs related to the recent acquisition of Forcite Helmet Systems, restructuring costs and other negative factors, that it was more likely than not that our deferred tax assets related to United States federal and state deferred tax assets would not be realizable. Therefore, in the period ended March 31, 2024, after consideration of our deferred tax liabilities and recent developments, we provided a valuation allowance of \$294.9 million on United States federal and state deferred tax assets. That determination was also based, in part, on our revised expectation that our projections of pre-tax losses in 2024 and future years will cause us to be in a cumulative GAAP loss for ASC Topic 740 purposes in 2024 and forward. In the assessment for the period ended June 30, 2024, we concluded that it remains more likely than not that we will not be able to realize our deferred tax assets. We will continue to monitor our future financial results, expected projections and the potential impact on our assessment regarding the recoverability of our deferred tax asset balances and in the event there is a need to release the valuation allowance, a tax benefit would be recorded. Our foreign deferred tax assets in each jurisdiction 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 our foreign deferred tax assets will be realized and thus, a valuation allowance is not required on our foreign deferred tax assets.

In 2021, the Organization for Economic Co-operation and Development (OECD) established an inclusive framework on base erosion and profit shifting and agreed on a two-pillar solution (Pillar Two) to global taxation, focusing on global profit allocation and a 15% global minimum effective tax rate. On December 15, 2022, the EU member states agreed to implement the OECD's global minimum tax rate of 15%. The OECD issued Pillar Two model rules and continues to release guidance on these rules. The inclusive framework calls for tax law changes by participating countries to take effect in 2024 and 2025. Various countries have enacted or have announced plans to enact new tax laws to implement the global minimum tax. We assessed the impact of Pillar Two and there is no material impact to our provision for income taxes for the three and six months ended June 30, 2024. We will continue to monitor future guidance issued and assess the potential impact to our condensed consolidated financial statements.

See Note 9 Income taxes, to the Notes to Condensed Consolidated Financial Statements for additional information.

Liquidity and Capital Resources

The following table presents selected financial information as of June 30, 2024 and December 31, 2023:

(dollars in thousands)	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 133,036	\$ 222,708
Marketable securities	—	23,867
Total cash, cash equivalents and marketable securities	\$ 133,036	\$ 246,575
<i>Percentage of total assets</i>	<i>24 %</i>	<i>25 %</i>

Our primary source of cash is receipts from sales of our products, and subscription and service. Other sources of cash are from proceeds from the issuance of convertible notes, employee participation in the employee stock purchase plan, the exercise of employee stock options, and facility subleases. Our primary uses of cash are for inventory procurement, payroll-related expenses, general operating expenses, including advertising, marketing, office rent, purchases of property and equipment, other costs of revenue, share repurchases, repurchases of convertible notes, acquisitions, interest, and taxes.

Our liquidity position has been historically impacted by seasonality, which is primarily driven by higher revenues during the second half of the year as compared to the first half. For example, net cash provided by operating activities during the second half of 2023 was \$42.1 million, compared to cash used by operating activities of \$75.0 million during the first half of 2023.

As of June 30, 2024, our cash, cash equivalents, and marketable securities totaled \$133.0 million. Our cash, net of the outstanding principal balance of the 2025 Notes, as of June 30, 2024, was \$39.3 million. The overall cash used in operating activities of \$97.8 million for the first six months of 2024 was primarily attributable to a net loss of \$386.9 million and net cash outflows from changes in our working capital of \$29.8 million, partially offset by a deferred tax asset expense of \$296.7 million, and net cash inflows from other non-cash expenses of \$22.2 million. Working capital changes for the six months ended June 30, 2024 of \$29.8 million were the result of a decrease in accounts payable and other liabilities of \$39.5 million, a decrease in deferred revenue of \$2.8 million and an increase in prepaid expenses and other assets of \$1.4 million, partially offset by a decrease in inventory of \$8.9 million, and a decrease in accounts receivable of \$4.9 million. As of June 30, 2024, \$14.8 million of cash was held by our foreign subsidiaries.

Convertible Notes

In November 2020, we issued \$143.8 million aggregate principal amount of 2025 Notes in a private placement to purchasers for resale to qualified institutional buyers. In November 2023, we repurchased \$50.0 million in aggregate principal amount of the 2025 Notes, reducing the amount owed on the 2025 Notes to \$93.8 million. The 2025 Notes mature on November 15, 2025, unless earlier repurchased or converted into shares of Class A common stock subject to certain conditions. The 2025 Notes are convertible into cash, shares of the Class A common stock, or a combination thereof, at our election, at an initial conversion rate of 107.1984 shares of common stock per \$1,000 principal amount of the 2025 Notes, which is equivalent to an initial conversion price of approximately \$9.3285 per share of common stock, subject to adjustment. We pay interest on the 2025 Notes semi-annually, which is due on May 15 and November 15 of each year.

In connection with the offering of the 2025 Notes, we entered into privately negotiated capped call transactions with certain financial institutions (Capped Calls). We used \$10.2 million of the net proceeds from the sale of the 2025 Notes to purchase the Capped Calls and \$56.2 million of the net proceeds to repurchase \$50.0 million of the \$175.0 million aggregate principal amount of the 2022 Notes, which we issued in April 2017. The remaining net proceeds were used for general corporate purposes.

As market and financial conditions warrant, we may, from time to time, repurchase our outstanding debt securities in the open market, in privately negotiated transactions, by tender offer, by exchange transaction or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity and other factors and may be commenced or suspended at any time. The amounts involved and total consideration paid may be material.

Other Contractual Commitments

In the ordinary course of business, we enter into multi-year agreements to purchase sponsorships with event organizers, resorts, and athletes as part of our marketing efforts, software licenses related to our financial and IT systems, operating lease arrangements to support our operations in the U.S. and international locations, and various other contractual commitments. The following table summarizes our other contractual obligations as of June 30, 2024, and the expected timing of those payments:

(in thousands)	Total	Next 12 Months	Beyond 12 Months
Operating lease obligations ⁽¹⁾	\$ 39,309	\$ 12,307	\$ 27,002
Other contractual commitments	230,997	52,612	178,385
Total contractual cash obligations	\$ 270,306	\$ 64,919	\$ 205,387

⁽¹⁾ Operating lease obligations exclude cash inflows from existing contractual facility subleases through the end of 2026.

See Note 10 Commitments, contingencies, and guarantees, for a discussion regarding facility leases and other contractual commitments in the Notes to Condensed Consolidated Financial Statements.

Liquidity

Based on our most current projections, we believe that our cash, cash equivalents, and amounts available under our credit facility, will be sufficient to address our working capital needs, capital expenditures, outstanding commitments, and other liquidity requirements for at least one year from the issuance of these financial statements.

- We expect that operating expenses and inventory purchases will constitute a material use of our cash balances. We intend to continue to manage our operating activities in line with our existing cash and available financial resources.
- In January 2021, we entered into the 2021 Credit Agreement, which provides for a revolving credit facility under which we may borrow up to an aggregate amount of \$50.0 million. As amended in March 2023, our credit facility will terminate and any outstanding borrowings become due and payable on the earlier of (i) January 2027 and (ii) unless we have cash in a specified deposit account in an amount equal to or greater than the amount required to repay our 1.25% convertible senior notes due November 2025, 91 days prior to the maturity date of such convertible notes. As of June 30, 2024, we could borrow up to \$44.8 million under the 2021 Credit Agreement. No borrowings have been made from the credit facility to date (See Note 5 Financing arrangements, in the Notes to Condensed Consolidated Financial Statements for additional information).
- The \$93.8 million aggregate principal amount of the 2025 Notes matures on November 15, 2025, unless earlier repurchased or converted into shares of Class A common stock subject to certain conditions. We intend to deliver cash up to the principal amount of the 2025 Notes, based on our current and projected liquidity levels.

As of June 30, 2024, we had \$133.0 million in cash and cash equivalents. Based on our current cash balance, our proactive cost reductions implemented to date, and working capital adjustments, we anticipate we will have sufficient funds to meet our strategic and working capital requirements, debt service requirements and lease payment obligations for at least twelve months from the issuance of these condensed consolidated financial statements. We also have \$44.8 million available to draw from our 2021 Credit Agreement as of June 30, 2024 and as our 2025 Notes are due in November 2025, we have the ability to convert the balance due into stock. If we are unable to obtain adequate debt or equity financing when we require it or on terms acceptable to us, our ability to grow our business, repay debt and respond to business challenges could be significantly limited. Although management believes its current cash resources are sufficient to sustain operations for one year from issuance of these condensed consolidated financial statements, the success of our operations and the global economic outlook, among other factors, could impact our business and liquidity. We will continue to evaluate additional measures, including cost reduction initiatives, debt refinancing, and other similar arrangements. The current cash flow projections used in our evaluation do not include the impact of these additional measures.

Summary of Cash Flow

The following table summarizes our cash flows for the periods indicated:

(in thousands)	Six months ended June 30,		% Change
	2024	2023	
Net cash provided by (used in):			
Operating activities	\$ (97,798)	\$ (74,954)	30 %
Investing activities	\$ 10,012	\$ 63,461	(84) %
Financing activities	\$ (800)	\$ (22,510)	(96) %

Cash flows from operating activities

Cash used in operating activities of \$97.8 million for the six months ended June 30, 2024 was primarily attributable to a net loss of \$386.9 million and net cash outflows from changes in our working capital of \$29.8 million, partially offset by a deferred tax asset expense of \$296.7 million, and net cash inflows from other non-cash expenses of \$22.2 million. Working capital changes for the six months ended June 30, 2024 of \$29.8 million were the result of a decrease in accounts payable and other liabilities of \$39.5 million, a decrease in deferred revenue of \$2.8 million, and an increase in prepaid expenses and other assets of \$1.4 million, partially offset by a decrease in inventory of \$8.9 million, and a decrease in accounts receivable of \$4.9 million.

Cash flows from investing activities

Cash provided by investing activities of \$10.0 million for the six months ended June 30, 2024 was primarily attributable to maturities of marketable securities of \$24.0 million, partially offset by \$12.3 million of net cash used to acquire Forcite Helmet Systems, and net purchases of property and equipment of \$1.7 million.

Cash flows from financing activities

Cash used in financing activities of \$0.8 million for the six months ended June 30, 2024 was primarily attributable to \$2.2 million in tax payments for net restricted stock unit (RSU) settlements, partially offset by \$1.4 million of cash inflows from stock purchases made through our employee stock purchase plan.

Indemnifications

The information set forth under Note 10 Commitments, contingencies, and guarantees in the Notes to Condensed Consolidated Financial Statements under the caption Indemnifications is incorporated herein by reference.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from those disclosed in our 2023 Annual Report, except for estimates used in our goodwill impairment analysis and assessment of the recoverability of our deferred tax assets.

Impairment of goodwill

We perform an annual assessment of our 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, declines in market capitalization or a decline in the overall industry demand, that would indicate it is more likely than not that the fair value of our single reporting unit is less than the carrying value. If we determine that it is more likely than not that the fair value of our single reporting unit is less than the carrying value, we measure the amount of impairment as the amount the carrying value of our single reporting unit exceeds the fair value, up to the carrying value of goodwill, by using a discounted cash flow method and market approach method.

Although our market capitalization further declined in the second quarter of 2024, we do not believe that it is more likely than not that the fair value of our single reporting unit is less than the carrying value. Using the market capitalization approach, which we would expect to be similar to the discounted cash flow method, the fair value of our single reporting unit is estimated based on the trading price of our stock at the test date, which is further adjusted by an acquisition control premium representing the synergies a market participant would obtain when

obtaining control of the business. As of June 30, 2024, the market capitalization exceeded the carrying value of our single reporting unit by 15%, which was not adjusted for an acquisition control premium which would further increase the percentage the fair value exceeded the carrying value.

The estimated fair value of our single reporting unit is sensitive to the volatility in our stock price. For example, a 5% decrease in our June 30, 2024 stock price would result in our market capitalization exceeding the carrying value of our single reporting unit by 10%, which is not adjusted for an acquisition control premium. If our market capitalization continues to decline or future performance falls below our current expectations, assumptions, or estimates, including assumptions related to current macroeconomic uncertainties, this may trigger a future material non-cash goodwill impairment charge, which could have a material adverse effect on our business, financial condition, and results of operations in the reporting period in which a charge would be necessary. We will continue to monitor developments, including updates to our forecasts and market capitalization. An update of our assessment and related estimates may be required in the future.

Income taxes

We are subject to income taxes in the United States and multiple foreign jurisdictions. Our effective tax rates differ from the United States federal statutory rate, primarily due to changes in our valuation allowance, the effect of non-United States operations, deductible and non-deductible stock-based compensation expense, state taxes, federal and state research and development tax credits and other adjustments. The calculation of our provision for income taxes involves the use of estimates, assumptions and judgments while taking into account current tax laws, our interpretation of current tax laws and possible outcomes of future tax audits. We review our tax positions quarterly and adjust the balances as new information becomes available.

Each quarter, we assess the realizability of our existing deferred tax assets under ASC Topic 740. We assess available positive and negative evidence to estimate whether sufficient future taxable income will be generated to realize our deferred tax assets. For the year ended December 31, 2023, we continued to believe that it was more likely than not that our United States federal and state and foreign deferred tax assets would be realized and thus, a valuation allowance was not required on our deferred tax assets. Key considerations included a three-year cumulative income position with two years of income and a positive trend in our retail strategy in 2023, and we expected this retail strategy would favorably impact profitability in 2024 with a full year positive impact expected in 2025. During the first quarter of 2024, recent developments negatively impacted our assessment, and these included increased and accelerated costs associated with our future product strategy and roadmap, an increased competitive environment, integration and product development costs related to the recent acquisition of Forcite Helmet Systems, restructuring costs and other negative factors. Thus, as of March 31, 2024, we concluded that it was more likely than not that the United States federal and state deferred tax assets were not realizable and established a valuation allowance.

Our foreign deferred tax assets in each jurisdiction 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 our foreign deferred tax assets will be realized and thus, a valuation allowance is not required on our foreign deferred tax assets.

Non-GAAP Financial Measures

We report net income (loss) and diluted net income (loss) per share in accordance with United States generally accepted accounting principles (GAAP) and on a non-GAAP basis. We additionally report non-GAAP adjusted EBITDA. We use non-GAAP financial measures to help us understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operational plans. Our management uses and believes that investors benefit from referring to these non-GAAP financial measures in assessing our operating results. These non-GAAP financial measures should not be considered in isolation from, or as an alternative to, the measures prepared in accordance with GAAP, and are not based on any comprehensive set of accounting rules or principles. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by facilitating:

- the comparability of our on-going operating results over the periods presented;
- the ability to identify trends in our underlying business; and

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- the comparison of our operating results against analyst financial models and operating results of other public companies that supplement their GAAP results with non-GAAP financial measures.

These non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. Some of these limitations are:

- adjusted EBITDA does not reflect income tax expense (benefit), which may change cash available to us;
- adjusted EBITDA does not reflect interest income (expense), which may reduce cash available to us;
- adjusted EBITDA excludes depreciation and amortization and, although these are non-cash charges, the property and equipment being depreciated and amortized often will have to be replaced in the future, and adjusted EBITDA does not reflect any cash capital expenditure requirements for such replacements;
- adjusted EBITDA excludes the amortization of point of purchase (POP) display assets because it is a non-cash charge, and is treated similarly to depreciation of property and equipment and amortization of acquired intangible assets;
- adjusted EBITDA and non-GAAP net income (loss) exclude restructuring and other related costs which primarily include severance-related costs, stock-based compensation expenses, manufacturing consolidation charges, facilities consolidation charges recorded in connection with restructuring actions, including right-of-use asset impairment charges (if applicable), and the related ongoing operating lease cost of those facilities recorded under ASC 842, *Leases*. These expenses do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of current operating performance or comparisons to the operating performance in other periods;
- adjusted EBITDA and non-GAAP net income (loss) exclude stock-based compensation expense related to equity awards granted primarily to our workforce. We exclude stock-based compensation expense because we believe that the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance. In particular, we note that companies calculate stock-based compensation expense for the variety of award types that they employ using different valuation methodologies and subjective assumptions. These non-cash charges are not factored into our internal evaluation of non-GAAP net income (loss) as we believe their inclusion would hinder our ability to assess core operational performance;
- adjusted EBITDA and non-GAAP net income (loss) excludes any gain or loss on the extinguishment of debt because it is not reflective of ongoing operating results in the period, and the frequency and amount of such gains and losses vary;
- non-GAAP net income (loss) excludes acquisition-related costs including the amortization of acquired intangible assets (primarily consisting of acquired technology), the impairment of acquired intangible assets (if applicable), as well as third-party transaction costs incurred for legal and other professional services. These costs are not factored into our evaluation of potential acquisitions, or of our performance after completion of the acquisitions because these costs are not related to our core operating performance or reflective of ongoing operating results in the period, and the frequency and amount of such costs vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses being acquired. Although we exclude the amortization of acquired intangible assets from our non-GAAP net income (loss), management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and can contribute to revenue generation;
- non-GAAP net income (loss) includes income tax adjustments. In the first quarter of 2024, we revised our income tax adjustments to reflect the current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments to better align with SEC guidance. For comparative purposes, we have revised the prior year income tax adjustments to reflect current and deferred income tax expense (benefit) and the effect of non-GAAP adjustments. Additionally, in the second quarter of 2024, we revised the first quarter of 2024 income tax adjustment to exclude the establishment of a valuation allowance on the United States federal and state deferred tax assets;

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- GAAP and non-GAAP net income (loss) per share includes the dilutive, tax effected cash interest expense associated with our 2025 Notes in periods of net income, as if converted at the beginning of the period; and
- other companies may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

The following table presents a reconciliation of net loss to adjusted EBITDA:

(in thousands)	Three months ended		
	June 30, 2024	March 31, 2024	June 30, 2023
Net loss	\$ (47,821)	\$ (339,088)	\$ (17,212)
Income tax expense (benefit)	1,333	298,209	(3,998)
Interest income, net	(226)	(1,289)	(1,635)
Depreciation and amortization	1,559	1,325	1,748
POP display amortization	1,202	862	405
Stock-based compensation	7,791	8,770	11,117
Restructuring and other costs	2,736	1,910	(715)
Adjusted EBITDA	\$ (33,426)	\$ (29,301)	\$ (10,290)

The following table presents a reconciliation of net loss to non-GAAP net loss:

(in thousands, except per share data)	Three months ended		
	June 30, 2024	March 31, 2024	June 30, 2023
Net loss	\$ (47,821)	\$ (339,088)	\$ (17,212)
Stock-based compensation	7,791	8,770	11,117
Acquisition-related costs	569	837	—
Restructuring and other costs	2,736	1,910	(715)
Income tax adjustments ⁽¹⁾	546	8,214	(1,118)
Non-GAAP net loss	\$ (36,179)	\$ (319,357)	\$ (7,928)
GAAP basic and diluted net loss per share	\$ (0.31)	\$ (2.24)	\$ (0.11)
Non-GAAP basic and diluted net loss per share	\$ (0.24)	\$ (2.11)	\$ (0.05)
GAAP and non-GAAP shares for basic and diluted net loss per share	152,502	151,091	154,562

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include foreign currency and interest rate risks as follows:

Foreign currency risk. Revenue generated from GoPro.com is denominated in U.S. dollars and various foreign currencies. Revenue generated from our international distributor and retail sales channels is generally priced in U.S. dollars, however we typically adjust our selling prices to reflect local exchange rate fluctuations. The strength of the U.S. dollar relative to other foreign currencies has negatively impacted revenue, gross margin and net income (loss) per share due to our sales outside of the United States by approximately \$50 million in the last 12 months ending June 30, 2024 relative to 2021 foreign currency rates. To date, the majority of our inventory purchases have been denominated in our functional currency of the U.S. dollar. Our operations outside of the United States hold foreign denominated cash balances and incur a majority of their operating expenses in foreign currencies. We therefore have foreign currency risk related to these currencies, which are primarily the Australian dollar, Canadian dollar, Chinese yuan, Euro, Great British pound and Japanese yen. Changes in exchange rates, and in particular, a weakening of foreign currencies relative to the U.S. dollar will negatively affect our revenue and operating income as expressed in U.S. dollars.

To date, we have not entered into any foreign currency exchange contracts or derivatives, and we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy.

Interest rate risk. Our exposure to market risk for changes in interest rates primarily relates to our cash and cash equivalents and marketable securities. Our cash equivalents and marketable securities are comprised of money market funds, U.S. treasury securities, commercial paper, government securities and corporate debt securities. The primary objectives of our investment activities are to preserve principal and provide liquidity without significantly increasing risk. Our cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Due to the nature of our investment portfolio, we do not believe that an immediate 10% shift in interest rates would have a material effect on the fair value of our investment portfolio.

The fair value of our 2025 Convertible Senior Notes (2025 Notes) is subject to interest rate risk, market risk and other factors due to the conversion feature. The capped call that was entered into concurrently with the issuance of our 2025 Notes were completed to reduce the potential dilution from the conversion of the 2025 Notes. The fair value of the 2025 Notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the 2025 Notes will generally increase as our Class A common stock price increases and will generally decrease as our Class A common stock price declines. The interest and market value changes affect the fair value of the 2025 Notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (Exchange Act)), as of June 30, 2024. Based on such evaluation, the Company's principal executive officer and principal financial officer have concluded that, as of June 30, 2024, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 1. Legal Proceedings

Refer to Legal proceedings and investigations included in Part I, Item 1. Note 10 Commitments, contingencies, and guarantees, to the Notes to Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q for the three months ended June 30, 2024.

Item 1A. Risk Factors

The risks described in Risk Factors in our 2023 Annual Report, and as supplemented below, could materially and adversely affect our business, financial condition and results of operations. The risk factors below do not identify all risks that we face; our operations or financial condition could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. In that event, the trading price of our shares may decline, and you may lose part or all of your investment.

Risk Factor Summary

- *We may not be able to achieve revenue growth or profitability in the future, and if revenue growth or profitability is achieved, we may not be able to sustain it.*
- *Our goal to grow revenue and be profitable relies upon our ability to grow unit sales, and we may not be successful in doing so.*
- *We may not be able to acquire and retain subscribers at all or at historical rates, which could adversely impact our results of operations and our ability to be profitable.*
- *To remain competitive and stimulate consumer demand, we must effectively manage product introductions, product transitions, product pricing and marketing.*
- *Our future growth depends on further penetrating and expanding our total addressable market, and we may not be successful in doing so.*
- *An economic downturn or economic uncertainty in the United States and international markets, as well as inflation, market volatility, fluctuations in interest rates or currency exchange rates, may adversely affect consumer spending, demand for our products and our ability to grow, which could impact our operating results or financial position.*
- *If our sales fall below our forecasts, especially during the holiday season, our overall financial condition and results of operations could be adversely affected.*
- *We rely on third-party suppliers, some of which are sole-source suppliers, to provide services and components for our products which may lead to supply shortages, long lead times for components, and supply changes, any of which could disrupt our supply chain or our operations and may increase our costs.*
- *If we do not successfully coordinate or if we encounter issues with our manufacturers, suppliers, or supply chain, business, brand, and results of operations could be harmed and we could lose sales.*
- *We depend on sales of our cameras, mounts, and accessories for substantially all of our revenue, and any decrease in the sales or change in sales mix of these products could harm our business.*

- *We face substantial risks related to inventory, purchase commitments, and long-lived assets, and we could incur material charges related to these items that adversely affect our operating results.*
- *Security and data breaches and cyber-attacks could disrupt our web platform, products, services, internal operations, information technology systems, or those of our strategic partners, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation, and cause our stock price to decline significantly.*
- *Our international operations account for a significant portion of our revenue and operating expenses and are subject to challenges and risks. Adverse developments in global economic or geopolitical conditions, or the occurrence of other world events, could materially adversely affect our revenue and results of operations.*
- *We depend on key personnel and qualified personnel to operate our business. If we are unable to attract, engage and retain qualified personnel, our ability to develop, transform and successfully operate our business could be harmed.*
- *Our gross margin can vary significantly depending on multiple factors, which can result in unanticipated fluctuations in our operating results.*
- *We operate in a highly competitive market and the size and resources of some of our competitors may allow them to compete more effectively than we can. New entrants also enter the digital imaging market category from time-to-time. These market factors could result in a loss of our market share and a decrease in our revenue and profitability.*
- *Adverse changes to trade agreements, trade policies, tariffs and import/export regulations may have a negative effect on our business and results of operations.*
- *If we fail to manage our operating expenses effectively, our financial performance may suffer.*
- *A small number of retailers and distributors account for a substantial portion of our revenue, and if our relationships with any of these retailers or distributors were to be terminated or the level of business with them significantly reduced, our business could be harmed.*
- *Our success depends on our ability to maintain the value and reputation of our brand.*
- *Consumers may be injured while engaging in activities with our products, and we may be exposed to claims, or regulations could be imposed, which could adversely affect our brand, operating results, and financial condition.*
- *We may be subject to warranty claims that could result in significant direct or indirect costs, or we could experience greater returns from retailers and customers than expected, which could harm our business and operating results.*
- *We may grow our business in part through acquisitions, joint ventures, investments, and partnerships, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.*
- *We use artificial intelligence in our business, and its improper use or unintended consequences could adversely affect our reputation and our results of operations.*
- *Catastrophic events or political instability could disrupt and cause harm to our business.*
- *Our aspirations and disclosures related to Corporate Social Responsibility (CSR) matters, as well as increased scrutiny and expectations from investors and others regarding Environmental, Social, and Governance (ESG), could result in additional costs and/or risks, which may adversely affect our business, financial condition and results of operations, reputation, and stock price performance.*

Risks related to our business and industry

We may not be able to achieve revenue growth or profitability in the future, and if revenue growth or profitability is achieved, we may not be able to sustain it.

We have achieved GAAP income in prior years, however in the future, we may not be able to achieve our forecast, sustain revenue growth or profitability, and our operating results may fluctuate unpredictably. For example, our annual revenue decreased from \$1.09 billion in 2022 to \$1.01 billion in 2023, and our revenue decreased from \$415.7 million for the six months ended June 30, 2023 to \$341.7 million in the same period for 2024. In addition, we incurred a net loss of \$53.2 million for the full year of 2023 and earned net income of \$28.8 million for the full year of 2022. In future periods, sales or revenue could continue to decline, remain flat, or grow more slowly than we expect, or we could be negatively impacted by foreign currency exchange rate fluctuations, which could have a material negative effect on our future operating results.

Lower levels of revenue, lower product margins or higher levels of operating expenses in future periods may result in losses or limited profitability. We may experience lower levels of revenue, lower product margins or higher levels of operating expenses for a variety of reasons, including, among other factors: ineffective investments in product innovation and development, including investments related to our recent acquisition of Forcite Helmet Systems; any delays or issues with our new product launches; increased advertising and marketing costs and/or ineffectiveness thereof; increasing freight rates; shipping delays; increased supply chain costs; impact of currency exchange rates; increased costs; lower average sales pricing for our cameras; or a recession or other sustained adverse market events that materially impacts consumer purchases of discretionary items, such as our products. For example, in 2023, our margins were negatively impacted by price protection charges, an increase in the volume of sales of our entry-level price point cameras, and a decrease in sales from GoPro.com.

Additionally, we previously implemented company-wide restructurings of our business, including a restructuring in March 2024, resulting in a reduction in our global workforce and the elimination of certain open positions, consolidation of certain leased office facilities, as well as the elimination of several high-cost initiatives, in order to focus our resources on cameras, accessories, and subscription and service. We may continue to experience fluctuating revenue, expenses, and profitability for a number of reasons, including other risks described in this Quarterly Report on Form 10-Q and in our 2023 Annual Report, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors.

Our goal to grow revenue and be profitable relies upon our ability to grow unit sales, and we may not be successful in doing so.

Our ability to grow revenue and be profitable relies on increasing unit sales. We depend upon maintaining and developing effective sales channels between our retailers, distributors, and direct-to-consumer via GoPro.com.

Our future growth relies, in part, on increasing sales through our current retail partners and distributors, as well as expanding our retail footprint, and building and maintaining strong relationships with retail partners and distributors to promote our brand and to market and sell our products. Slower than forecasted growth or any reduction in sales by our retail and distribution channels could adversely affect our revenue, operating results, and financial condition. We depend on retailers to provide adequate and attractive space for our products and point-of-purchase (POP) displays in their stores and acquiesce to our policies. Some retailers have carried and displayed less inventory, as a result of macroeconomic factors, theft, or lack of available inventory at certain price points or in certain product categories, which has impacted sales. We further depend on our retailers to employ, educate, and motivate their sales personnel to effectively sell our products. If our retailers do not adequately display our products, choose to reduce the space for our products and POP displays in their stores or locate them in less than premium positioning, or choose not to carry some or all of our products or promote competitors' products over ours or do not effectively explain to customers the advantages of our products, our sales could decrease and our business could be harmed. Increasing retail and distributor sales requires significant investment and resources. For example, we expect to continue investing in new POP displays and updating existing POP displays for both existing stores and new retailers which we believe will attract, inform consumers, and assist sales personnel to effectively sell our products; however, there can be no assurance that this investment will lead to increased revenue and profit.

Our future growth also relies, in part, on our continued ability to attract consumers to our GoPro.com sales channel, which has and will require significant expenditures in marketing, software development and infrastructure. There can be no assurance that this investment will be successful.

We may not be able to acquire and retain subscribers at all or at historical rates, which could adversely impact our results of operations and our ability to be profitable.

We have experienced high growth in our subscription service over the past several years, but we may not be able to sustain such growth in the future. Our revenue growth and profitability are dependent on our ability to continuously attract and retain subscribers, and we cannot be certain that efforts to do so will be successful. Any changes to our subscription offerings, or increases to the offering costs, could have an adverse effect on the success and profitability of our subscription service, attracting new subscribers and retaining existing subscribers. There are many factors that could lead to slowing subscriber growth or a decline in subscribers, including a decline in camera sales, attach rates or retention rates, our failure to introduce new features, benefits, products, or services that customers desire, changes to existing products, services, and pricing that are not favorably received by our customers, or changes in the perceived value of our offerings. For example, part of our subscription growth strategy is dependent on expanding our distribution and retail channels and increasing unit sales which we believe will lead to an increase in subscribers. If the attach rate is less than what we forecasted, particularly the retail attach rate, this could have a negative impact on our overall subscriber growth plans. A decline in subscribers could have an adverse effect on our business, financial condition, and operating results.

To remain competitive and stimulate consumer demand, we must effectively manage product introductions, product transitions, product pricing and marketing.

We believe that we must continually develop and introduce new products, enhance our existing products, anticipate consumer preferences, and effectively stimulate consumer demand for new and upgraded products and services to maintain or increase our revenue. Our products and services are subject to changing consumer preferences that cannot be predicted with certainty and development lead times may make it more difficult for us to respond rapidly to new or changing consumer preferences. The markets for our products and services are characterized by intense competition, evolving distribution models, disruptive technology developments, short product life cycles, customer price sensitivity and frequent product introductions. Additionally, increasing concern over climate change could also result in shifting customer preferences with respect to our products, including reduced demand for our products and services based on their environmental impact, such as recyclability of components or packaging and energy usage required to develop and manufacture our products.

The success of new product introductions, such as the HERO12 Black and HERO12 Black Creator Edition, depends on a number of factors including, but not limited to, timely and successful research and development of next generation systems, pricing, market and consumer acceptance, the ability to successfully identify and originate product trends, effective forecasting and management of product demand, purchase commitments and inventory levels, availability of products in appropriate quantities to meet anticipated demand, ability to obtain timely and adequate delivery of components for our new products from third-party suppliers, management of any changes in major component suppliers, management of manufacturing and supply costs, management of risks and delays associated with new product design and production ramp-up issues, logistics, and the risk that new products may have quality issues or other defects or bugs in the early stages of introduction including testing of new parts and features.

Our research and development efforts are complex and require us to incur substantial expenses to support the development of our next generation cameras, tech-enabled helmets, software applications, and other products and services. Our research and development expenses were \$165.7 million, \$139.9 million, and \$141.5 million for 2023, 2022, and 2021 respectively and we expect that our research and development expenses will continue to be substantial in 2024 as we develop innovative technologies. Unanticipated problems in developing products could divert substantial resources, which may impair our ability to develop new products and enhancements of existing products and could further increase our costs. We may not be able to achieve an acceptable return, if any, on our research and development efforts, and our business may be adversely affected. As we continually seek to enhance our products, we will incur additional costs to incorporate new or revised features. We might not be able to, or determine that it is not in our interests to, raise prices to compensate for any additional costs.

Additionally, as a result of the macroeconomic environment, we may not be able to accurately forecast consumer demand and inventory requirements and appropriately manage inventory to meet demand. For example, inflationary pressures may have an impact on consumers' share of wallet or our ability to raise prices. We have, and may in the future, reduce prices to stimulate demand. We offer retroactive price protection to certain of our retailers and distributors. For example, as a result of our May 2023 price drop, we recorded a total price protection charge of \$26.7 million in the six months ended June 30, 2023, based on estimated channel inventory levels. If price protection adjustments are higher than expected, our future results of operations could be materially and adversely affected. In addition, if we fail to meet any minimum commitments under agreements with our contract manufacturers, we may be required to pay the difference or to pay in advance for additional components, and our results of operations could be negatively impacted. With respect to management and supply costs, we may be impacted by heightened demand for specialty memory, components and batteries that are not supported by our manufacturing partners. Such supply shortages may affect our ability to manage appropriate supply levels of our products and pricing pressures may negatively affect our gross margins.

In addition, the introduction or announcement of new products or product enhancements may shorten the life cycle of our existing products or reduce demand for our current products, thereby offsetting any benefits of successful product introductions and potentially lead to challenges in managing inventory of existing products.

Additionally, our brand and product marketing efforts are critical to stimulating consumer demand. We market our products globally through a range of advertising and promotional programs and campaigns, including social media. If we do not successfully market our products or invest in the right campaigns or promotions for the right products at the right time, the lack of success or increased costs of promotional programs could have an adverse effect on our business, financial condition, and results of operations.

Our future growth depends on further penetrating and expanding our total addressable market, and we may not be successful in doing so.

Historically, the majority of our growth has been fueled by the adoption of our HERO and MAX camera products, extensive mount and accessory ecosystem, and subscription products by people looking to self-capture images of themselves participating in exciting physical activities and helping those people create and share compelling and meaningful content with friends, family and followers. We believe that our future growth depends on continuing to add versatility to our products and reach and expand our core community of customers of our products and services, followers, and fans, and then utilizing that energized community as brand ambassadors to an extended community. Despite this, we may not be successful in further penetrating or expanding our existing market.

We may not be able to expand our subscription and service offerings and cannot be certain that these efforts will be successful, and as a result, we may not be able to increase our total addressable market, revenue, or operating profit. We may not be able to expand our market, revenue and gross margin through this strategy on a timely basis, or at all, or recognize the benefits of our investments in this strategy, and we may not be successful in providing tools that our users adopt or believe are easy to use, which will negatively affect our future growth.

Our growth also depends on expanding into new markets with new capture perspectives, including with tech-enabled helmets currently in development. We cannot be assured that we will be successful in expanding into markets with new capture perspectives. New markets that we attempt to enter may be highly competitive, and we may have limited experience in those emerging markets. If we are not successful in expanding into additional markets, and enabling new capture perspectives, we might not be able to grow our revenue and we may not recognize benefits from our investment in new areas.

An economic downturn or economic uncertainty in the United States and international markets, as well as inflation, market volatility, fluctuations in interest rates or currency exchange rates, may adversely affect consumer spending, demand for our products and our ability to grow, which could impact our operating results or financial position.

Factors affecting the level of consumer spending include general market and macroeconomic conditions, domestic and international political conditions, regional conflicts, tax rates, inflation, tariffs, fluctuations in foreign exchange rates and interest rates, potential recessions, and other factors such as consumer confidence, the availability and cost of consumer credit, levels of unemployment and a reduction in consumer spending or discretionary income that may affect us more significantly than companies in other industries and companies with

more diversified products. For example, if any of the current regional conflicts around the world were to escalate or expand, it could lead to disruption of our supply chain and have a negative impact on consumer discretionary spending.

The majority of our sales occur in United States dollars (U.S. dollar). An increase or decrease in the value of the U.S. dollar against the Euro and other foreign currencies could impact sales of our products, which could have a material impact on our operating results. For example, a strengthening U.S. dollar relative to other currencies could increase the real cost to consumers of our products in those markets outside the United States, which could lower sales and/or cause us to reduce our selling price to retailers and distributors in those markets. If global economic conditions are volatile or deteriorate, consumers may delay or reduce purchases of our products resulting in lower consumer demand for our products such that we may not reach our sales targets. Some product costs have become subject to inflationary pressure, and we may not be able to fully offset such higher costs through price increases; our inability or failure to offset any such higher costs as necessary could harm our business, financial condition, and operating results.

Moreover, adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to market-wide liquidity problems. Any future adverse developments in the global banking system could directly or indirectly negatively impact our results of operations. Deterioration in economic conditions in the United States or international markets in which we do business could also cause slower or impaired collections on accounts receivable, which may adversely impact our liquidity and financial condition.

If our sales fall below our forecasts, especially during the holiday season, our overall financial condition and results of operations could be adversely affected.

Seasonal consumer shopping patterns significantly affect our business. We have traditionally experienced greater revenue in the fourth quarter of each year due to demand related to the holiday season, and in some years, including 2023, greater demand associated with the launch of new products heading into the holiday season. Fourth quarter revenue comprised 29%, 29%, and 34% of our 2023, 2022, and 2021 revenue, respectively. Given the strong seasonal nature of our sales, appropriate forecasting is critical to our operations. We anticipate that this seasonal impact is likely to continue and any shortfalls in expected fourth quarter revenue due to macroeconomic conditions, the inflationary impact on consumers' share of wallet, product release patterns, declines in the effectiveness of our promotional activities or product mix, charges incurred against new products to support promotional activities for such new products, pricing pressures, supply chain disruptions, shipping delays, or for any other reason, could cause our annual results of operations to suffer significantly. For example, during the fourth quarter of 2023, our sell-through fell short of our projections partially due to consumers' expectation of holiday season promotions even after the Thanksgiving Black Friday events. In addition, in the U.S. market, consumer spending shifted away from consumer electronics products in the month of December further impacting our results of operation.

In addition, we typically experience lower revenue in the first half of the year as a percentage of total revenue for the year, as compared to second half revenue. First half revenue comprised 41%, 43%, and 39% of our annual 2023, 2022, and 2021 revenue, respectively.

We rely on third-party suppliers, some of which are sole-source suppliers, to provide services and components for our products which may lead to supply shortages, long lead times for components, and supply changes, any of which could disrupt our supply chain or our operations and may increase our costs.

Our ability to meet customer demand depends, in part, on our ability to obtain timely and adequate delivery of components for our products. We do not have internal manufacturing capabilities and rely on several contract manufacturers, located in China and Thailand, to manufacture our products. All of the components that go into the manufacturing of our hardware products and accessories are sourced from third-party suppliers. We do not control our contract manufacturers or suppliers, including their capacity, bandwidth, or costs of their labor, environmental or other practices.

Some of the key components used to manufacture our products come from a limited or single source of supply, or by a supplier that could potentially become a competitor. Our contract manufacturers generally purchase these

components on our behalf from approved suppliers. We are subject to the risk of shortages and long lead times in the supply of these components and the risk that our suppliers discontinue or modify components used in our products. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules, and such lead times could increase as a result of shipping disruptions, global conflicts, including any escalations or expansions of those conflicts, or other factors. We have in the past experienced and may in the future experience component shortages, and the availability of these components may be unpredictable, including as a result of global conflict and pandemics.

If we lose access to components from a particular supplier or experience a significant disruption in the supply of products and components from a current supplier, we may be unable to locate alternative suppliers of comparable quality at an acceptable price, or at all, and our business could be materially and adversely affected. In addition, if we experience a significant increase in demand for our products, our suppliers might not have the capacity or elect not to meet our needs as they allocate components to other customers. Developing suitable alternate sources of supply for these components may be time-consuming, difficult and costly, and we may not be able to source these components on terms that are acceptable to us, or at all, which may adversely affect our ability to meet our development requirements or to fill our orders in a timely or cost-effective manner.

We also rely on third-party distribution facilities and logistics operators for substantially all of our product distribution to distributors, retailers, and to consumers. In some instances, we bear the risk of loss, theft, or damage of our products in transit, and our insurance may be insufficient to cover all risk of loss, theft, or damage of our products. Our distribution facilities include computer controlled and automated equipment, which means their operations may be vulnerable to computer viruses or other security risks, the proper operation of software and hardware, electronic or power interruptions or other system failures.

Our reliance on single source, or a small number of suppliers, involves a number of additional risks, including risks related to supplier capacity constraints, component availability, price increases, timely delivery, component quality, failure of a key supplier to remain in business and adjust to market conditions, delays in, or the inability to execute on, a supplier roadmap for components and technologies, and natural disasters, fire, acts of terrorism, global conflicts, pandemics or other catastrophic events.

In particular, for our camera designs we incorporate system on chips, sensors, lens, batteries and memory solutions that critically impact the performance of our products. These components have unique design and performance profiles, and as a result, it is not commercially practical to support multiple sources for these components for our products. For example, we incorporate the GP2 system on chip in our HERO12 Black camera, and other cameras. We rely on a single source for GP2 and are subject to price increases for those components. Costs for the components that comprise GP2 could continue to increase even as prices for commodity components decline.

Additionally, we rely on third parties to provide software and enterprise services. For example, we host our software applications and firmware upgrades for our cameras using Amazon Web Services (AWS). A prolonged AWS service disruption affecting our subscription products would negatively impact our ability to serve our consumers and could damage our reputation with current and potential consumers, expose us to liability, cause us to lose consumers, or otherwise harm our business. In the event that our AWS service agreements are terminated, or there is a lapse of service, elimination of AWS services or features that we use, interruption of internet service provider connectivity, or damage to such facilities, we could experience interruptions in access to our subscription offerings as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our solutions for deployment on a different cloud infrastructure service provider, which could materially adversely affect our business, results of operations and financial condition.

If we do not successfully coordinate or if we encounter issues with our manufacturers, suppliers, or supply chain, business, brand, and results of operations could be harmed and we could lose sales.

Our business requires us to coordinate the manufacture and distribution of our products. Our manufacturers and supply chain partners may experience disruptions in their operations due to equipment breakdowns, component or material shortages, labor strikes or shortages, shipping delays, transportation or logistics challenges, natural disasters, cyber-attacks or other cybersecurity incidents, cost increases, pandemics, or other similar problems. If we do not successfully coordinate with our service providers, we may have insufficient supply of products to meet

customer demand or face increased or additional costs, and as a result, we could lose sales, and our financial performance may be adversely affected.

The effect of seasonal demand fluctuations on supply chains, transportation costs, fuel costs, labor unrest, natural disasters, global conflicts, regional or global pandemics, and other adverse effects on our ability, timing and cost of delivering products can increase our inventory, decrease our margins, adversely affect our relations with distributors and other customers and otherwise adversely affect our results of operations and financial condition.

Environmental regulations or changes in the supply, demand or available sources of natural resources may affect the availability and cost of goods and services necessary to run our business. We require our contract manufacturers and suppliers to comply with our formal supplier code of conduct and relevant standards and periodically conduct audits of our contract manufacturers' and suppliers' compliance with our code of conduct, applicable laws and good industry practices. However, these audits may not be frequent or thorough enough to detect non-compliance. Deliberate violations of labor, environmental or other laws by our contract manufacturers or suppliers, or a failure of these parties to follow ethical business practices, could lead to negative publicity and harm our reputation or brand.

As a company engaged in manufacturing and distribution, we are subject to the risks inherent in such activities, including disruptions or delays in supply chain. For example, during the COVID-19 pandemic and as a result of governmental responses to the COVID-19 pandemic among other macroeconomic factors, certain of our suppliers and manufacturers experienced disruptions, resulting in supply shortages and costs increases, staffing shortages, manufacturing facility closures, and similar disruptions could occur in the future. Any increases in the costs of goods and services for our business may also adversely affect our profit margins particularly if we are unable to achieve higher price increases or otherwise increase cost or operational efficiencies to offset the higher costs.

We depend on sales of our cameras, mounts, and accessories for substantially all of our revenue, and any decrease in the sales or change in sales mix of these products could harm our business.

We expect to derive the majority of our revenue from sales of cameras, mounts, and accessories for the foreseeable future and an increasing amount of revenue attributable from our subscription and service. A decline in the price or unit demand for these products, whether due to a shift in our sales channel strategy, or macroeconomic conditions, including variable tariff rates, competition or otherwise, or our inability to increase sales of higher price point products, would harm our business and operating results more seriously than it would if we derived significant revenue from a variety of product lines and services. In particular, a decline in the price or unit demand of our HERO camera line or MAX camera, or our inability to increase sales of these products, could materially harm our business and operating results. Further, any delays or issues with our new product launches could have a material adverse effect on our business, financial condition, and results of operations. For example, in May 2024, we announced plans to delay the launch of our entry level product from Q2 to Q3 2024, and our next generation 360 camera to late 2024 due to the development cycles taking longer than expected. We anticipate this will result in a material shift of revenue from 2024 to 2025.

We face substantial risks related to inventory, purchase commitments, and long-lived assets, and we could incur material charges related to these items that adversely affect our operating results.

To ensure adequate inventory supply and meet the demands of our retailers and distributors, we must forecast inventory needs and place orders with our contract manufacturers and component suppliers based on our estimates of future demand for particular products as well as accurately track the level of product inventory in the channel to ensure we are not in an over or under supply situation. To the extent we discontinue the manufacturing and sales of any products or services, we must manage the inventory liquidation, supplier commitments and customer expectations.

No assurance can be given that we will not incur additional charges in future periods related to our inventory management or that we will accurately forecast sales in a future period. Our ability to accurately forecast demand for our products is affected by many factors, including product introductions by us and our competitors, channel inventory levels, unanticipated changes in general market demand, macroeconomic conditions, including inflation or recession, and consumer confidence. If we do not accurately forecast customer demand for our products, we may in future periods be unable to meet consumer, retailer, or distributor demand for our products, or may be

required to incur higher costs to secure the necessary production capacity and components, and our business and operating results could be adversely affected.

Security and data breaches and cyber-attacks could disrupt our web platform, products, services, internal operations, information technology systems, or those of our strategic partners, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation, and cause our stock price to decline significantly.

We are dependent on information systems to develop our products and services, process transactions, manage our supply chain and inventory, ship goods on a timely basis, maintain cost-efficient operations, complete timely and accurate financial reporting, operate GoPro.com, and respond to customer inquiries. Cyber-attacks may threaten our information systems and are increasing in their frequency, sophistication, and maleficence, and have become increasingly difficult to detect. As artificial intelligence capabilities improve and are increasingly adopted, we may see cyber-attacks utilizing or exploiting artificial intelligence. Despite the implementation of security measures designed to protect against such threats, our information technology systems, and those of our strategic partners and third parties on whom we rely, are vulnerable to cyber-attacks, security breaches, computer viruses damage, unauthorized access, natural disasters, terrorism, theft or exposure of confidential data, war and other acts of foreign governments, and failures of telecommunication, electrical and other critical systems.

Our products, services and operating systems may contain unknown security vulnerabilities. For example, the firmware and software that are installed on our products may be susceptible to hacking or misuse, or we may experience disruptions to our GoPro.com platform. In addition, we offer a comprehensive online cloud management service through our subscription offerings. If malicious actors compromise our products and services, including without limitation hacking or breach of such products and services, our business and our reputation will be harmed.

In the ordinary course of our business, we electronically collect, use and store sensitive data, including our intellectual property, our proprietary business information and that of our customers and suppliers, and personally identifiable information of our customers and employees. We collect, use and store user data uploaded by users through the GoPro cloud, mobile and desktop apps and through certain marketing activities. For all of the foregoing, we collect, use and store that information in our or our third-party providers' systems. These systems may be targets of attacks, malware, viruses or phishing attempts by cyber criminals or other wrongdoers seeking to steal our users' content or data, or our customers' information for financial gain or to harm our business operations or reputation.

Any security breach, unauthorized access or usage, or similar breach or disruption of our systems, or the systems of third parties on which we rely including web hosting services, billing and payment processing, or software could result in a disruption to our business or the loss of confidential information, costly investigations, remediation efforts and costly notification to affected consumers. If such content were accessed by unauthorized third parties or deleted inadvertently by us or third parties, our brand and reputation could be adversely affected. Cyber-attacks could also adversely affect our operating results, consume internal resources and result in litigation or potential liability for us and otherwise harm our business and our reputation.

While we maintain industry standard cybersecurity insurance, our insurance may be insufficient for a particular incident or may not cover all liabilities incurred by any such attacks. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, litigation to pursue claims under our insurance policies or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, or denials of coverage, could have a material adverse effect on our business, reputation, operating results and financial condition. Moreover, many of our employees, service providers and third parties work more frequently on a remote or hybrid arrangement basis, which may also result in heightened risks related to consumer privacy, network security and fraud. System disruptions, failures, and slowdowns, whether caused by cyber-attacks, update failures or other causes, could affect our financial systems and operations. This could cause delays in our supply chain or cause information, including data related to customer orders, to be lost or

delayed which could result in delays in the delivery of merchandise to our stores and to customers, or lost sales, especially if the disruption or slowdown occurred during our quarters of peak demand.

Further, on July 26, 2023, the SEC adopted new cybersecurity disclosure rules for public companies that require disclosure regarding cybersecurity risk management (including our board of director's role in overseeing cybersecurity risks, management's role and expertise in assessing and managing cybersecurity risks, and processes for assessing, identifying and managing cybersecurity risks) in annual reports on Form 10-K. The new cybersecurity disclosure rules also require the disclosure of material cybersecurity incidents by Form 8-K within four business days of determining that an incident is material. We have been subject to such annual report disclosure requirements as with the filing of the 2023 Annual Report and we have been subject to such Form 8-K disclosure requirements since December 18, 2023. Complying with these new cybersecurity disclosure obligations, or any additional new disclosure requirements that may apply to us in the future, could cause us to incur substantial costs and could increase negative publicity surrounding any incident that we are required to disclose.

Our international operations account for a significant portion of our revenue and operating expenses and are subject to challenges and risks. Adverse developments in global economic or geopolitical conditions, or the occurrence of other world events, could materially adversely affect our revenue and results of operations.

Revenue from outside the United States comprised 61%, 59%, and 55% of our revenue in 2023, 2022, and 2021, respectively, and we expect international revenue to continue to be significant in the future. Further, we currently have foreign operations in Australia, China, France, Germany, Hong Kong, Japan, Netherlands, Philippines, Romania, the United Kingdom (U.K.) and a number of other countries in Europe and Asia. Operating in foreign countries requires significant resources and considerable management attention, and we may enter new geographic markets where we have limited or no experience in marketing, selling, and deploying our products. International expansion has required and will continue to require us to invest significant funds and other resources and we cannot be assured our efforts will be successful. International sales and operations may be subject to risks such as:

- difficulties in staffing and managing foreign operations;
- burdens of complying with a wide variety of laws and regulations or risk of non-compliance, including environmental, packaging and labeling laws or regulations, which can change based on new political conditions;
- delays or disruptions in our supply chain;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash;
- changes to the taxation of undistributed foreign earnings;
- the effect of foreign currency exchange rates and interest rates, including any fluctuations caused by, inflation, recessionary concerns, or the strengthening of the U.S. dollar relative to the foreign currencies in which we conduct business;
- political conditions, economic instability, geopolitical turmoil, civil disturbances, or social unrest in a specific country or region in which we operate, which could have an adverse impact on our operations in that location, for example, the effects of China-Taiwan relations or conflict in the Middle East;
- organized crime activity;
- terrorist activities, acts of war, natural disasters, and pandemics;
- wars and global conflicts, including the ongoing conflicts around the world;
- quarantines or other disruptions to our operations resulting from pandemics or other widespread public health problems;
- trade restrictions;
- the effects of climate change;

- differing employment practices and laws and labor disruptions;
- the imposition of government controls;
- lesser degrees of intellectual property protection;
- tariffs and customs duties and the classifications of our goods by applicable governmental bodies;
- political instability, including the occurrence of a temporary federal government shutdown;
- a legal system subject to undue influence or corruption; and
- a business culture in which illegal sales practices may be prevalent.

The occurrence of any of these risks could negatively affect our international business and consequently our business, operating results, and financial condition.

We depend on key personnel and qualified personnel to operate our business. If we are unable to attract, engage and retain qualified personnel, our ability to develop, transform and successfully operate our business could be harmed.

We believe that our future success is highly dependent on the contributions of our CEO and our executive officers, as well as our ability to attract and retain highly skilled and experienced research and development and other personnel in the United States and abroad. All of our employees, including our executive officers, are free to terminate their employment relationship with us at any time, and their knowledge of our business and industry may be difficult to replace.

We previously implemented restructuring actions to reduce our operating expenses. For example, on March 26, 2024, we announced a reduction of our global workforce by approximately 4%. Our past restructuring actions and any future restructuring actions could have an adverse effect on our business as a result of decreases in employee morale and the failure to meet operational targets due to the loss of employees. If key employees leave, we may not be able to fully integrate new personnel or replicate the prior working relationships, and our operations could suffer as a result.

Qualified individuals are in high demand, and we may incur significant costs to attract and retain them, including circumstances beyond our control such as increased wages due to inflation, increasing competition among employers in the prevailing labor market, and labor market constraints. We have limited control over these factors. Competition for qualified personnel globally is challenging. In particular, we compete with many other companies for skilled positions, and we may not be successful in attracting and retaining the professionals we need. While we utilize competitive salary, bonus, and long-term incentive packages to recruit new employees, many of the companies with which we compete for experienced personnel may have greater resources to do so.

We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications.

Further, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Fluctuations in the price of our Class A common stock may make it more difficult or costly to use equity compensation to motivate, incentivize and retain our employees. For example, since 2023, our closing stock price ranged from a high of \$6.46 in the first quarter of 2023 to a low of \$1.31 in the second quarter of 2024. If we are unable to attract and retain highly skilled personnel, we may not be able to achieve our strategic objectives, and our business, financial condition and operating results could be adversely affected.

Our gross margin can vary significantly depending on multiple factors, which can result in unanticipated fluctuations in our operating results.

Our gross margin can vary due to consumer demand, competition, product pricing, product lifecycle, product mix, new product introductions, GoPro.com sales mix, subscription activation, renewals, and cancellations, commodity costs, supply chain, logistics costs and shipping costs, currency exchange rates, trade policy and tariffs, and the complexity and functionality of new product innovations and other factors. For example, our gross margin was 32.2%, 37.2%, and 41.1% for 2023, 2022, and 2021, respectively. In particular, if we are not able to introduce new

products in a timely manner at the product cost we expect, if consumer demand for our products is less than we anticipate, if cancellation rates for our subscription offerings are higher than expected or if there are product pricing, marketing and other initiatives by our competitors to which we need to react or that are initiated by us to drive sales that lower our margins, then our overall gross margin will be less than we project.

As we innovate with new products, we may have lower gross margins that do not deliver a sufficient return on investment. In addition, depending on competition or consumer preferences, we may face higher up-front investments in development to compete or market our products, and increased inventory write-offs. If we are unable to offset these potentially lower margins by enhancing the margins in our product categories, our profitability may be adversely affected.

The impact of these factors on gross margin can create unanticipated fluctuations in our operating results, which may cause volatility in the price of our shares and as a result, harm our liquidity, limit our ability to grow our business, pursue acquisitions, and restrict our ability to compete in our markets.

We operate in a highly competitive market and the size and resources of some of our competitors may allow them to compete more effectively than we can. New entrants also enter the digital imaging market category from time-to-time. These market factors could result in a loss of our market share and a decrease in our revenue and profitability.

The digital imaging market is highly competitive. Further, competition has intensified in digital imaging as new market entrants and existing competitors have introduced new products and more competitive offerings into our markets. Increased competition, tariffs, and changing consumer preferences may result in pricing pressures, reduced profit margins and may impede our ability to continue to increase the sales of our products or cause us to lose market share, any of which could substantially harm our business and results of operations.

We compete against established, well-known camera manufacturers such as Canon Inc. and Nikon Corporation, as well as large, diversified electronics companies such as Samsung Electronics Co. and Sony Corporation, and specialty companies such as Garmin Ltd., the Ricoh Company, Ltd., Arashi Vision Inc. (Insta360), and SZ DJI Technology Co., Ltd. Many of our competitors have substantial market share, diversified product lines, well-established supply and distribution systems, strong worldwide brand recognition and greater financial, marketing, research and development and other resources than we do. Additionally, many of our existing and potential competitors enjoy substantial competitive advantages, such as longer operating histories, the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products, broader distribution and established relationships with channel partners or vertically integrated business units, access to larger established customer bases, greater resources to make acquisitions, larger intellectual property portfolios, and the ability to bundle competitive offerings with other products and services. Further, new companies may emerge and offer competitive products directly in our category. Certain companies have developed cameras designed and packaged to appear similar to our products, which may confuse consumers or distract consumers from purchasing GoPro products.

Moreover, smartphones and tablets with photo and video functionality have significantly displaced the market for traditional cameras, and the makers of those devices also have mobile and other content editing applications and storage for content captured with those devices. Our desktop and mobile apps, and subscription offerings may not be as compelling as those offered by other companies, such as Apple, Adobe, or Google, although the mobile application supports content from other platforms including content from iOS and Android. Manufacturers of smartphones and tablets, such as Apple, Google, and Samsung, may continue to design their products for use in a range of conditions similar to our products, including in challenging physical environments and with waterproof capabilities, or develop products with features similar to ours. We rely in part on application marketplaces, such as the Apple App Store and Google Play, to distribute our mobile and desktop apps. Apple and Google may raise commissions, change or modify rules or functionality for apps on the marketplaces, or make access to our apps more difficult, which could adversely impact our business and results of operations.

Adverse changes to trade agreements, trade policies, tariffs and import/export regulations may have a negative effect on our business and results of operations.

The United States and other countries in which our products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust

prevailing quota, duty, tariff levels, or export or other licensing requirements. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products, including components and materials, available to us or may require us to modify our supply chain organization or other current business practices, any of which could harm our business, financial condition and results of operations. We are dependent on international trade agreements and regulations. If the United States were to withdraw from or materially modify certain international trade agreements, our business and operating results could be materially and adversely affected.

We do not have internal manufacturing capabilities and rely on several contract manufacturers, including component vendors, located in China, Thailand and in other countries to manufacture our products. Our contract manufacturer locations expose us to risks associated with doing business globally, including risks related to changes in tariffs or other export and import restrictions, and increased security costs. Additionally, the current United States administration continues to signal that it may continue to alter global trade agreements and terms. For example, the United States imposed additional tariffs on imports from China and continues to potentially impose other restrictions on exports from China to the United States. Any announcement by the United States Trade Representative (USTR) to impose tariffs on GoPro products could have a material adverse effect on our United States bound production, business, and results of our United States operations. If these duties are imposed on our products, we may be required to raise our prices, which may result in the loss of customers and harm our business and results of operations, or we may choose to pay for these tariffs without raising prices which may negatively impact our results of operations and profitability. Sales of our products in China are material to our business and represent a significant portion of our revenue. This revenue stream from China is at risk in the event China imposes retaliatory tariffs impacting in-bound sales of our products or imposes any other export restrictions on our products.

We continue to monitor manufacturing capabilities outside of China and currently manufacture certain cameras in Thailand to mitigate risks of additional tariffs, duties or other restrictions on our products destined for the United States and may choose to transition more manufacturing outside of China.

If we fail to manage our operating expenses effectively, our financial performance may suffer.

Our success will depend in part upon our ability to effectively manage our operating expenses, including but not limited to, our cash management. We incurred an operating loss in 2023, and we generated operating income for the full year of 2022 and 2021. As of June 30, 2024, we had an accumulated deficit of \$636.2 million. We have implemented global reductions-in-force and other restructuring actions to reduce our operating expenses. However, we may not realize the cost savings expected from our cost reduction actions.

We will need to continue to maintain and improve our operational, financial and management controls, reporting processes and procedures, and financial and business information systems. We are also investing in areas we believe will grow revenue and our operating expenses might increase as a result of these investments. If we are unable to operate efficiently and manage our costs, we may continue to incur significant losses in the future and may not be able to maintain or achieve profitability.

A small number of retailers and distributors account for a substantial portion of our revenue, and if our relationships with any of these retailers or distributors were to be terminated or the level of business with them significantly reduced, our business could be harmed.

Our ten largest third-party customers, measured by the revenue we derive from them, accounted for 44%, 41% and 46% of our revenue in 2023, 2022, and 2021 respectively. One retailer accounted for 10%, 8% and 11% of our revenue for 2023, 2022, and 2021 respectively. The loss of a small number of our large customers, or the reduction in business with one or more of our large customers, could have a significant adverse effect on our operating results. In addition, we may choose to temporarily or permanently stop shipping product to customers who do not follow the policies and guidelines in our sales agreements, which could have a material negative effect on our revenues and operating results. Our sales agreements with these large customers do not require them to

purchase any meaningful amount of our products annually and we grant limited rights to return product to some of these large customers.

Our success depends on our ability to maintain the value and reputation of our brand.

Our success depends on the value and reputation of our brand, including our primary trademarks "GOPRO," "HERO," and the GoPro logos. The GoPro brand is integral to the growth of our business and expansion into new markets. Maintaining, promoting and positioning our brand will largely depend on the success of our marketing and merchandising efforts, including through establishing relationships with high profile sporting and entertainment events, venues, sports leagues and sports associations, athletes and celebrity personalities, our ability to provide consistent, high quality products and services, and our consumers' satisfaction with the technical support and software updates we provide, each of which requires significant expenditures. Failure to grow and maintain our brand, launch new products on schedule and free of defects or negative publicity related to our products, our consumers' user-generated content, the athletes we sponsor, the celebrities we are associated with, or the labor policies of any of our suppliers or manufacturers could adversely affect our brand, business and operating results. Maintaining and enhancing our brand also requires substantial financial investments, although there is no guarantee that these investments will increase sales of our products or positively affect our operating results.

Consumers may be injured while engaging in activities with our products, and we may be exposed to claims, or regulations could be imposed, which could adversely affect our brand, operating results, and financial condition.

Consumers use our cameras, mounts, and accessories to self-capture their participation in a wide variety of physical activities, including extreme sports, which in many cases carry the risk of significant injury or death. We may be subject to claims that users have been injured or harmed while using our products, including false claims or erroneous reports relating to safety, security, property damage or privacy issues. Although we maintain insurance to help protect us from the risk of such claims, such insurance may not be sufficient or may not apply to all situations. Similarly, governing sports bodies or proprietors of establishments at which consumers engage in challenging physical activities could seek to ban the use of our products in their events or facilities. For example, in some jurisdictions the mounting of our products on helmets is banned during competitive motorcycle events. In addition, if lawmakers or governmental agencies were to determine that the use of our products increased the risk of injury or harm to all or a subset of our users or should otherwise be restricted to protect consumers, they may pass laws or adopt regulations that limit the use of our products or increase our liability associated with the use of our products. Any of these events could adversely affect our brand, operating results, and financial condition.

We may be subject to warranty claims that could result in significant direct or indirect costs, or we could experience greater returns from retailers and customers than expected, which could harm our business and operating results.

We generally provide a 12-month warranty on all of our cameras, except in the European Union (the EU), where we provide a two-year warranty. For certain mounts and accessories, where permitted, we provide a lifetime or limited lifetime warranty. The occurrence of any material defects in our products could make us liable for damages and warranty claims in excess of our current reserves. In addition, we could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Any negative publicity related to the perceived quality and safety of our products could affect our brand image, decrease retailer, distributor and consumer confidence and demand, and adversely affect our operating results and financial condition. Additionally, if defects are not discovered until after consumers purchase our products, they could lose confidence in the technical attributes of our products and our business could be harmed. Also, while our warranty is limited to repairs or returns and replacement, warranty claims may result in litigation, the occurrence of which could adversely affect our business and operating results. Based on our historical experience with our camera products, we have an established methodology for estimating warranty liabilities with respect to cameras and accessories; however, this methodology may not accurately predict future rates of warranty claims.

We may grow our business in part through acquisitions, joint ventures, investments, and partnerships, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.

We have completed several acquisitions, and recently acquired an Australian-based company that offers tech-enables helmets. We may evaluate additional acquisitions, partnerships, or joint ventures with, or strategic investments in, other companies, products or technologies that we believe are complementary to our business. Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to close these transactions may be subject to third-party or government approvals, which are beyond our control. Consequently, we can make no assurance that these transactions, once undertaken and announced, will close.

If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by users or investors. In addition, if we encounter difficulties assimilating or integrating the businesses, technologies, products, personnel, or operations of acquired companies, particularly if the key personnel of the acquired business choose not to work for us, or we have difficulty retaining the customers of any acquired business, the revenue and operating results of the combined company could be adversely affected. Acquisitions may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to additional liabilities, increase our expenses and adversely affect our business, financial condition, operating results, and cash flows. In addition, our original estimates and assumptions used in assessing any transaction may be inaccurate, including estimates of accounting charges. We have recorded significant goodwill and intangible assets in connection with our acquisitions, and in the future, if our acquisitions do not yield expected revenue, or if other factors negatively impact the fair value of our recorded goodwill or intangible assets, we may be required to take material non-cash impairment charges that could adversely affect our results of operations.

We may have to pay cash, incur debt, or issue equity securities to enter into any such acquisition, joint venture, strategic alliances or partnership, which could affect our financial condition or the value of our capital stock. Furthermore, acquisitions may require large one-time charges and can result in increased debt or contingent liabilities, adverse tax consequences, additional stock-based compensation expense and the recording and subsequent amortization or impairments of amounts related to certain purchased intangible assets, any of which could negatively affect our future results of operations. We cannot assure investors that the anticipated benefits of any acquisition or investment will be realized.

We review goodwill for impairment at least annually or more frequently if indicators of impairment arise, and should market conditions or macroeconomic conditions continue to deteriorate, including a rise in inflationary pressures and interest rates, a sustained decline in our share price, or a decline in our results of operations, the result of such review may indicate a decline in the fair value of goodwill resulting in an impairment charge. In the event we are required to record a non-cash impairment charge to our goodwill, other intangibles, and/or long-lived assets, such non-cash charge could have a material adverse effect on our business, financial condition, and results of operations in the reporting period in which we record the charge.

We use artificial intelligence in our business, and its improper use or unintended consequences could adversely affect our reputation and our results of operations.

We have in the past and will in the future integrate new and evolving technologies, such as artificial intelligence (AI), into our products, services and platforms. We also utilize general-purpose artificial intelligence tools in our business and these use cases may become important in our operations over time. As with many new and emerging technologies, AI presents numerous risks and challenges that could adversely affect our business. AI development, adoption, and use is in its early stages, and ineffective or inadequate AI or generative AI development or deployment practices by us or third parties could result in unintended consequences.

Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Moreover, AI may give rise to litigation risk, including potential intellectual property, privacy, or cybersecurity liability. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability.

Given the complex nature of AI, our use and future plans on implementing AI into our business may be subject to an evolving regulatory landscape. For example, on October 30, 2023, the Biden administration issued an executive order to, among other things, establish extensive new standards for AI safety and security. We continue

to monitor AI regulatory developments which may reduce the efficiencies we believe to be gained from AI or require further investment.

Catastrophic events or political instability could disrupt and cause harm to our business.

Our headquarters are located in the San Francisco Bay Area of California, an area susceptible to earthquakes. A major earthquake or other natural disaster, fire, threat of fire, act of terrorism, public health issues or other catastrophic event in California or elsewhere that results in the destruction or disruption of any of our critical business operations or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be harmed. Our key manufacturing, supply and distribution partners have global operations in, among other countries, China, Thailand, Hong Kong, Japan, Mexico, Netherlands, Singapore, Taiwan, and the United States. Political instability, global conflicts, public health issues, crises, pandemics, or other catastrophic events in any of those countries, including as a result of climate change, could adversely affect our business in the future, our financial condition and operating results.

Our aspirations and disclosures related to Corporate Social Responsibility (CSR) matters, as well as increased scrutiny and expectations from investors and others regarding Environmental, Social, and Governance (ESG), could result in additional costs and/or risks, which may adversely affect our business, financial condition and results of operations, reputation, and stock price performance.

There is an increasing focus from certain investors, regulators, employees, customers, and other stakeholders concerning ESG matters. Some investors may use these non-financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our ESG-related policies and actions are inadequate. The growing investor demand for measurement of non-financial performance is addressed by third-party providers of sustainability assessment and ESG ratings on companies. The criteria by which our ESG practices are assessed may change due to the constant evolution of the sustainability landscape, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors and other stakeholders may conclude that our ESG-related policies and/or actions with respect to corporate social responsibility are inadequate. There have also been increasing allegations of greenwashing against companies making significant ESG claims due to a variety of perceived deficiencies in performance. As stakeholder perceptions of sustainability continue to evolve, we may face reputational damage and potential stakeholder engagement and/or litigation in the event that we do not meet the ESG standards set by various constituencies. In addition, there exists certain "anti-ESG" sentiment among some individuals and government institutions, and we may also face scrutiny, reputational risk, lawsuits, or market access restrictions from these parties regarding our ESG initiatives.

In June 2024, we published our 2024 Corporate Sustainability Report, highlighting our ongoing efforts to reduce our Scope 1 and Scope 2 carbon emissions in our U.S. locations and our commitment to legal and ethical business practices. These statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our ability to achieve any CSR objective is subject to numerous risks, many of which are outside of our control. Examples of such risks include the availability and cost of renewable energy sources, evolving consumer protection and other regulatory laws applicable to CSR matters, and the availability of funds to invest in ESG initiatives in times where we are seeking to reduce costs. As a result, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope, target and timelines of previously announced ESG initiatives or goals. If we fail to satisfy the expectations of investors, regulators, customers, employees, and other stakeholders, if our initiatives are not executed as planned, or if we fail to implement sufficient oversight or accurately capture and disclose ESG matters, our reputation and business, operating results and financial condition could be adversely impacted.

Standards for tracking and reporting CSR matters continue to evolve. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting CSR data may be updated and previously reported data may be adjusted to reflect improvement in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting CSR matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting metrics, including CSR-related disclosures pursuant to voluntary disclosure standards and those that are or may be required by the SEC and

other regulators, and such standards, or interpretation and guidance thereof, may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future.

For example, on March 6, 2024, the SEC adopted final rules requiring the disclosure of certain climate-related information in registration statements and annual reports, including Scope 1 and 2 emissions and information about climate-related risks that have materially impacted, or are reasonably likely to have a material impact on, a company's business strategy, results of operations, or financial condition. In addition, under the final rules, certain disclosures related to severe weather events and other natural conditions will be required in audited financial statements. The disclosure requirements are expected to begin phasing in for our reports and registration statements including financial information in the fiscal year ending December 31, 2026. On April 4, 2024, the SEC issued an order staying the final rules until the completion of judicial review. We are currently evaluating the impact of this final rule on our disclosures.

Risks related to our Intellectual Property and technology licenses

Our intellectual property and proprietary rights may not adequately protect our products and services, and our business may suffer if third parties infringe our rights.

We own patents, trademarks, copyrights, trade secrets, and other intellectual property (collectively, intellectual property) related to aspects of our products, software, services, and designs. Our commercial success may depend in part on our ability to obtain, maintain and protect these rights in the United States and abroad.

We regularly file patent applications to protect innovations arising from our research, development, and design as we deem appropriate. We may fail to apply for patents on important products, services, technologies, or designs in a timely fashion, or at all. We may not have sufficient intellectual property rights in all countries where unauthorized third-party copying or use of our proprietary technology occurs, and the scope of our intellectual property might be more limited in certain countries. Our existing and future patents may not be sufficient to protect our products, services, technologies, or designs and/or may not prevent others from developing competing products, services, technologies or designs. We cannot predict the validity and enforceability of our patents and other intellectual property with certainty.

We have registered, applied to register, and/or used certain of our trademarks in several jurisdictions worldwide. In some of those jurisdictions, third-party registrations, filings, or common law use exist for the same, similar or otherwise related products or services, which could block the registration of or ability to use our marks. Even if we are able to register our marks, competitors may adopt or file similar marks to ours, seek to cancel our trademark registrations, register domain names that mimic or incorporate our marks, or otherwise infringe upon or harm our trademark rights. Although we police our trademark rights carefully, there can be no assurance that we are aware of all third-party uses or that we will prevail in enforcing our rights in all such instances. Any of these negative outcomes could affect the strength, value and effectiveness of our brand, as well as our ability to market our products.

We have also registered domain names for websites that we use in our business, such as GoPro.com, as well as social media handles. If we are unable to protect our domain names or social media handles, our brand, business, and operating results could be adversely affected. Domain names or social media handles similar to ours have already been registered in the United States and elsewhere, and we may not be able to prevent third parties from acquiring and using domain names or social media handles that infringe, are similar to, or otherwise decrease the value of, our trademarks. In addition, we might not be able to, or may choose not to, acquire, or maintain trademark registrations, domain names, social media handles or other related rights in certain jurisdictions.

Unauthorized third parties may try to copy or reverse engineer our products, infringe upon or misappropriate our intellectual property, or otherwise gain access to our technology. We may discover unauthorized products in the marketplace that are knock-offs, infringements, or counterfeit reproductions of our products. If we are unable to stop producers or sellers of infringing or counterfeit products, sales of these products could adversely impact our brand and business.

Litigation may be necessary to enforce our intellectual property rights. We have initiated legal proceedings to protect our intellectual property rights, and we may file additional actions in the future. For example, on March 29,

2024, we filed a complaint with the U.S. International Trade Commission against Arashi Vision Inc., d/b/a Insta360 and Arashi Vision (U.S.) LLC, d/b/a Insta360 and a lawsuit in the U.S. District Court for the Central District of California against Arashi Vision Inc., d/b/a Insta360, and Arashi Vision (U.S.) LLC, d/b/a Insta360, alleging patent infringement of certain GoPro patents related to our cameras and digital imaging technology. Insta360 has filed several IPR petitions seeking to challenge the validity of some of the GoPro patents asserted against Insta360. Initiating infringement proceedings against third parties, as well as defending against IPRs, can be expensive, may take significant time, and may divert management's attention from other business concerns. The cost of protecting our intellectual property has been and may in the future be substantial, and there is no assurance we will be successful. Our business could be adversely affected because of any such legal actions, or a finding that any patents-in-suit are invalid or unenforceable. These legal actions may in the future lead to additional counterclaims against us, which are expensive to defend against and for which there can be no assurance of a favorable outcome. Further, parties we bring legal action against could retaliate through non-litigious means, which could harm our business or operations.

We have been, and in the future may be, subject to intellectual property and proprietary rights claims from third parties and may be sued by third parties for alleged infringement.

Third parties, including competitors and non-practicing entities, have made allegations of and brought intellectual property infringement, misappropriation, and other intellectual property rights claims against us, including the matter described in Note 10 Commitments, contingencies, and guarantees in the Notes to Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q. While we will defend ourselves vigorously against any such existing and future legal proceedings, the effort and expense to support such disputes and litigation is considerable and we may not prevail or obtain favorable outcomes against all such allegations, including in the matter described in Note 10 Commitments, contingencies, and guarantees in the Notes to Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

We may seek licenses from third parties where appropriate, but they could refuse to grant us a license or demand commercially unreasonable terms. Further, an adverse ruling in an infringement proceeding could force us to suspend or permanently cease the production or sale of products/services, face a temporary or permanent injunction, redesign or rebrand our products/services, pay significant settlement costs, pay third-party license fees or damage awards or give up some of our intellectual property. The occurrence of any of these events may materially and adversely affect our business, financial condition, operating results, or cash flows.

If we are unable to maintain, license, or acquire rights to include intellectual property owned by others in the products, services or content distributed by us, our marketing, sales or future business strategy could be affected, or we could be subject to lawsuits relating to our use of this content.

The distribution of GoPro content helps to market our brand, products, and subscription and service. If we cannot continue to acquire rights to distribute user-generated content or to use and distribute music, athlete and celebrity names and likenesses or other content for our original productions or third-party entertainment distribution channels or for our mobile app, our marketing efforts could be diminished, our sales could be harmed and our future content strategy could be adversely affected. In addition, third-party content providers or owners may allege that we have violated their intellectual property rights. If we are unable to obtain sufficient rights, successfully defend our use of or otherwise alter our business practices on a timely basis in response to claims of infringement, misappropriation, misuse or other violation of third-party intellectual property rights, our business may be adversely affected. As a user and distributor of content, we face potential liability for rights of publicity and privacy, as well as copyright, or trademark infringement or other claims based on the nature and content of materials that we distribute. If we are found to violate such third-party rights, then our business may suffer.

We use open-source software in our platform that may subject our technology to general release or require us to re-engineer our solutions, which may harm our business.

We use open-source software in connection with our products and services. From time to time, companies that incorporate open-source software into their products or services have faced claims challenging the ownership of open-source software and/or compliance with open-source license terms. Therefore, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or noncompliance with open-source licensing terms. Some open-source software licenses require users who distribute or make available open-source

software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open-source code on unfavorable terms or at no cost. While we monitor our use of open-source software and try to ensure that none is used in a manner that would require us to disclose the source code or that would otherwise breach the terms of an open-source agreement, such use could nevertheless occur despite policies and controls that we have in place, and we may be required to publicly release our proprietary source code, pay damages for breach of contract, re-engineer our applications, discontinue sales in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, financial condition or operating results.

In addition to risks related to license requirements, use of open-source software can involve greater risks than those associated with use of third-party commercial software, as open-source licensors generally do not provide warranties, assurances of title, performance, non-infringement, or controls on the origin of the software. There is typically no support available for open-source software, and we cannot assure you that the authors of such open-source software will not abandon further development and maintenance. Open-source software may contain security vulnerabilities, and we may be subject to additional security risk by using open-source software. Many of the risks associated with the use of open-source software cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open-source software, but we cannot be sure that all open-source software is identified or submitted for approval prior to use in our solution.

Risks related to regulatory compliance

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could adversely affect our business and operating results.

Personal privacy, data protection and information security are significant issues in the United States and the other jurisdictions where we offer our products and services. The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, including the United States Federal Trade Commission (FTC) and various state, local and foreign regulators, and agencies. Our agreements with certain customers and business partners may also subject us to certain requirements related to our processing of personal information, including obligations to use industry-standard or reasonable security measures to safeguard personal information.

The United States and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of personal information of individuals, including end-customers and employees. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws to the online collection, use, processing, storage, deletion, and dissemination of personal information. Further, all states have enacted laws requiring companies to notify individuals, regulatory authorities and others of security breaches involving personal information.

We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the EU and other jurisdictions, and we cannot always predict the impact of such future laws, regulations, and standards may have on our business. We expect that existing laws, regulations, and standards may even be interpreted differently or inconsistently relative to each other in the future. California initiated the first wave of state consumer privacy laws by enacting the California Consumer Privacy Act (the CCPA), as amended by the California Privacy Rights Act (the CPRA). Following California's lead, several other states have enacted privacy laws. Failure to comply with these new state regulations may result in significant civil penalties, injunctive relief, or statutory or actual damages. Complying with this new privacy legislation may result in additional costs and expenses.

Additionally, many foreign countries and governmental bodies, including Australia, the EU, the U.K., India, Japan, and numerous other jurisdictions in which we operate or conduct our business, have laws and regulations concerning the collection, use, processing, storage, and deletion of personal information obtained from their

residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States.

For example, in the EU and the U.K., the respective EU or U.K. General Data Protection Regulation (GDPR) imposes more stringent data protection requirements, provides an enforcement authority, and imposes large penalties for noncompliance. If we fail to comply with the respective GDPR or if regulators assert that we have failed to comply with the GDPR, we may be subject to fines of up to 4% of our worldwide annual revenue under EU GDPR requirements and up to 4% of our worldwide annual turnover under the UK's implementation of GDPR.

Among other requirements, both the EU and U.K. GDPR regulates transfers of personal data outside of the EU to countries that have not been found to provide adequate protection to personal data, including the United States, requiring that certain steps are taken to legitimize those transfers. We have undertaken certain efforts to conform transfers of personal data from the EU to the United States and other jurisdictions based on our understanding of current regulatory obligations and the guidance of regulators and data protection authorities. Despite this, we may be unsuccessful in establishing or maintaining conforming means of transferring such data from the European Economic Area or the U.K. particularly as a result of continued legal and legislative activity that has challenged or called into question the legal basis for existing means of data transfers to countries that have not been found to provide adequate protection for personal data. We continue to monitor these regulatory and legal developments.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. It is possible that if our practices are not consistent, or are viewed as not consistent, with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, fines, awards, penalties, injunctions, judgments, or criminal or civil sanctions, all of which may have a material adverse effect on our business, operating results, reputation, and financial condition.

Future laws, regulations, standards and other obligations, as well as changes in the interpretation of existing laws, regulations, standards and other obligations could impair our ability to collect, use or disclose information relating to individuals, which could decrease demand for our products, require us to restrict our business operations, increase our costs, and impair our ability to maintain and grow our customer base and increase our revenue. For example, in June 2024 in *Loper Bright Enterprises v. Raimondo* (Loper) the Supreme Court held that courts need not defer to a governmental agency's interpretation of an ambiguous statute that it administers but can consider an administrative agency's interpretation when it falls within such agency's purview, or adhere to a less deferential standard. As a result of Loper, we cannot be sure whether there will be increased challenges to existing agency regulations or how lower courts will apply Loper in the context of other regulatory schemes without more specific guidance from the Supreme Court.

The Supreme Court's decision in Loper could significantly impact ESG regulation with respect to agency guidance previously issued on greenhouse gas emissions, sustainable investing and advertising, workplace and board diversity, and anti-corruption measures. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies (including ESG-related policies), industry standards, contractual obligations or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business and operating results.

We could be adversely affected by violations of the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act or similar anti-bribery laws in other jurisdictions in which we operate.

The global nature of our business and the significance of our international revenue create various domestic and local regulatory challenges and subject us to risks associated with our international operations. The United States Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act 2010 (the U.K. Bribery Act), and similar anti-bribery and anti-corruption laws in other jurisdictions generally prohibit United States based companies and their intermediaries from making improper payments to non-United States officials for the purpose of obtaining or retaining business, directing business to another, or securing a competitive advantage. In addition, United States public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. Under the FCPA, United States companies may be held liable

for the corrupt actions taken by their directors, officers, employees, agents, or other strategic or local partners or representatives. As such, if we or our intermediaries fail to comply with the requirements of the FCPA or similar legislation, governmental authorities in the United States and elsewhere could seek to impose substantial civil and/or criminal fines and penalties, which could have a material adverse effect on our business, reputation, operating results, and financial condition.

We operate in areas of the world that experience corruption by government officials to some degree and, in certain circumstances, compliance with anti-bribery and anti-corruption laws may conflict with local customs and practices. Our global operations require us to import and export to and from several countries, which geographically expands our compliance obligations. In addition, changes in such laws could result in increased regulatory requirements and compliance costs which could adversely affect our business, financial condition, and results of operations. We cannot be assured that our directors, officers, employees, agents or other strategic or local partners or representatives will not engage in prohibited conduct and render us responsible under the FCPA or the U.K. Bribery Act. While we have compliance programs in place, they may not be effective to prevent violations from occurring and our directors, officers, employees, or agents may engage in prohibited conduct, nonetheless. If we are found to be in violation of the FCPA, the U.K. Bribery Act or other anti-bribery or anti-corruption laws (either due to the acts or inadvertence of our employees or due to the acts or inadvertence of others), we could suffer criminal or civil penalties or other sanctions, which could have a material adverse effect on our business, reputation, operating results and financial condition.

If we fail to comply with regulations relating to environmental and social matters, including the SEC's conflict minerals disclosure rules, our business, financial condition, operating results, and reputation could be adversely affected.

We are subject to various federal, state, local, and international environmental laws and regulations including laws regulating the manufacture, import, use, discharge, and disposal of hazardous materials, labeling and notice requirements relating to potential consumer exposure to certain chemicals, and laws relating to the collection of and recycling of electrical and electronic equipment and their packaging.

We are also subject to the SEC's conflict minerals rule which requires disclosure by public companies of the origin, source, and chain of custody of specified minerals, known as "conflict minerals", that are necessary to the functionality or production of products manufactured or contracted to be manufactured. We have and will continue to incur costs associated with complying with the rule, such as costs related to sourcing of certain minerals (or derivatives thereof), the determination of the origin, source and chain of custody of the minerals used in our products, the adoption of conflict minerals-related governance policies, processes and controls, and possible changes to products or sources of supply as a result of such activities. Within our supply chain, we may not be able to sufficiently verify the origins of the relevant minerals used in our products through the data collection and due diligence procedures that we implement, which may harm our reputation.

Although we have policies and procedures in place requiring our contract manufacturers and major component suppliers to comply with applicable federal, state, local and international requirements, we cannot confirm that our manufacturers and suppliers consistently comply with these requirements. In addition, if there are changes to these or other laws (or their interpretation) or if new similar laws are passed in other jurisdictions, we may be required to re-engineer our products to use components compatible with these regulations. Any re-engineering and component substitution could result in additional costs to us or disrupt our operations or logistics.

Changes in interpretation of any federal, state, local or international regulation may cause us to incur costs or have additional regulatory requirements to meet in the future in order to comply with such regulations, or with any similar laws adopted in other jurisdictions. Our failure to comply with past, present, and future similar laws could result in reduced sales of our products, substantial product inventory write-offs, reputational damage, penalties and other sanctions, which could harm our business and financial condition.

We also expect that our products will be affected by new environmental laws and regulations, including but not limited to laws and regulations focused on climate change, on an ongoing basis. Concerns about climate change have driven significant legislative and regulatory changes on a global basis, and there are expected to be additional changes to the regulations in these areas. These changes could directly increase the cost of energy, which may have an impact on the way we manufacture products or utilize energy to produce our products. We

may also become subject to regulations resulting in increased disclosure obligations with respect to climate change, including with respect to our greenhouse gas emissions. In addition, any new regulations or laws in the environmental area might increase the cost of raw materials we use in our products and the cost of compliance, or cause disruptions in the manufacture of our products and result in increased procurement, production, and distribution costs. Our reputation and brand could be harmed if we fail, or are perceived as having failed, to respond responsibly and effectively to changes in legal and regulatory measures adopted to address climate change. We face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations, and product repairability, reuse, recallability and take-back legislation. Other regulations in the environmental area may require us to continue to monitor and ensure proper disposal or recycling of our products. Since we operate on a global basis, this is a complex process that requires continual monitoring.

To date, our expenditures for environmental compliance have not had a material effect on our results of operations or cash flows and, although we cannot predict the future effect of such laws or regulations, they will likely result in additional costs and may increase penalties associated with violations or require us to change the content of our products or how they are manufactured, which could have a material adverse effect on our business and financial condition.

In addition, new disclosure standards and rules related to other ESG matters, including with respect to human rights, impact on affected communities, pollution, water stewardship, biodiversity and the circular economy, have been adopted and may continue to be introduced in various states and other jurisdictions. For example, the European Union Corporate Sustainability Reporting Directive became effective in 2023 and applies to both EU and non-EU entities. In October 2023, California adopted new carbon and climate-related reporting requirements for large public and private companies doing business in the state. In March 2024, the SEC adopted final rules requiring the disclosure of certain climate-related information in registration statements and annual reports which were stayed on April 4, 2024 by the SEC until the completion of judicial review.

As the nature, scope, and complexity of ESG reporting, diligence and disclosure requirements expand, significant effort and expenses could be required to comply with the evolving requirements. As our disclosure obligations increase, third parties may make claims or bring litigation relating to those disclosures which may be costly.

We are subject to governmental export and import controls and economic sanctions laws that could subject us to liability and impair our ability to compete in international markets.

The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of some technologies and products. The U.S. Department of the Treasury's Office of Foreign Assets Control, the Department of Commerce's Bureau of Industry and Security, and U.S. Customs and Border Protection administer regulations that restrict U.S. persons in conducting certain export and import activities, as well as conducting business with or in certain countries, governments, entities, and individuals. Our activities and products are consequently subject to United States import, economic sanctions and export control laws, and exports and imports of our products must be made in compliance with such laws, which are complex and continuously changing. Furthermore, United States export control laws and economic sanctions prohibit the provision of products and services to countries, governments, and persons, and for specified end uses, that are targeted by United States economic sanctions and export control laws. Even though we have established procedures designed to enable our compliance with United States sanctions and export control laws, and it is our policy not to do business with any countries or customers located in countries targeted by comprehensive U.S. economic sanctions, our products, including our firmware updates, could inadvertently be provided to targets of U.S. economic sanctions and export control laws, or could be provided by our customers to those targets. Any such provision, as well as any other activity or transaction contrary to U.S. economic sanctions and export control laws, could have negative consequences, including government investigations, denial of export privileges, penalties and reputational harm. Our failure to obtain required import or export approval for our products or activities could harm our international and domestic sales and adversely affect our business, revenue and results of operations.

We could also become subject to future enforcement action with respect to compliance with governmental export and import controls and economic sanctions laws that result in penalties, costs, and restrictions on export privileges that could have a material effect on our business and operating results.

Risks related to our need for additional capital

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons. We may not be able to timely secure additional financing on favorable terms, or at all, due to among other things, general macroeconomic conditions, including changes in interest rates, market volatility, and inflation.

Additionally, our current credit facilities contain restrictive covenants relating to our capital raising activities and other financial and operational matters, and any debt financing obtained by us in the future could involve further restrictive covenants, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Further, even if we are able to obtain additional financing, we may be required to use such proceeds to repay a portion of our debt.

If we raise additional funds through the issuance of equity or convertible debt or other equity-linked securities, our existing stockholders could suffer significant dilution. If we are unable to obtain adequate financing under our credit facility, or alternative sources, when we require it, our ability to grow or support our business and to respond to business challenges could be significantly limited. In the event additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all.

Risks related to ownership of our Class A common stock

Our stock price has been and will likely continue to be volatile.

Since 2023, our closing stock price ranged from a high of \$6.46 in the first quarter of 2023 to a low of \$1.31 in the second quarter of 2024. Our stock price may fluctuate in response to a number of events and factors, such as quarterly operating results, changes in our financial projections provided to the public or our failure to meet those projections, the public's reaction to our press releases, other public announcements and filings with the SEC, significant transactions, or new features, products or services offered by us or our competitors, changes in our business lines and product lineup, changes in financial estimates and recommendations by securities analysts, media coverage of our business and financial performance, the operating and stock price performance of, or other developments involving, other companies that investors may deem comparable to us, trends in our industry, any significant change in our management, and general economic conditions. These factors, as well as the volatility of our Class A common stock, could also affect the price of our convertible senior notes.

In addition, the stock market in general, and the market prices for companies in our industry, have experienced volatility that often has been unrelated to operating performance. These broad market and industry fluctuations may adversely affect the price of our stock, regardless of our operating performance. Price volatility over a given period may cause the average price at which we repurchase our own stock to exceed the stock's price at a given point in time. Volatility in our stock price also affects the value of our equity compensation, which affects our ability to recruit and retain employees. In addition, some companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We have been subject to past shareholder class action lawsuits as well as derivative lawsuits and may continue to be a target for such litigation in the future. Securities litigation against us could result in substantial costs and liability and divert our management's attention from other business concerns, which could harm our business. See Note 10 Commitments, contingencies, and guarantees, in the Notes to Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q for a discussion on legal proceedings.

If we fail to meet expectations related to future growth, profitability, or other market expectations, our stock price may decline significantly, which could have a material adverse effect on investor confidence and employee retention. A sustained decline in our stock price and market capitalization could lead to impairment charges.

The dual class structure of our common stock has the effect of concentrating voting control with our CEO and we cannot predict the effect our dual class structure may have on our stock price or our business.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Stockholders who hold shares of Class B common stock hold approximately 67.6% of the voting power of our outstanding capital stock as of June 30, 2024 with Mr. Woodman, our Chairman and CEO, holding approximately 64.6% of the outstanding voting power. Mr. Woodman is able to control all matters submitted to our stockholders, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely this concentrated control could result in the consummation of such a transaction that our other stockholders do not support. This concentrated control could also discourage a potential investor from acquiring our Class A common stock due to the limited voting power of such stock relative to the Class B common stock and might harm the trading price of our Class A common stock.

In addition, we cannot predict whether our dual class structure, combined with the concentrated control by Mr. Woodman, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers, including FTSE Russell and S&P Dow Jones, previously announced restrictions on including companies with multiple-class share structures in certain of their indexes that were then reversed. Because of our dual class structure, we may be excluded from these indexes in the future if new restrictions are announced, and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

Delaware law and provisions in our restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change in control would be beneficial to our existing stockholders.

In addition, our restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors, limit attempts by our stockholders to replace or remove our current management, limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees, limit the market price of our Class A common stock or otherwise adversely affect the rights of the holders of our Class A and Class B common stock. Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law (DGCL), our restated certificate of incorporation, or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Risks related to our indebtedness and capped call transactions

We have indebtedness in the form of convertible senior notes.

In November 2020, we completed an offering of \$143.8 million aggregate principal amount of 1.25% convertible senior notes due 2025 (2025 Notes). In November 2023, we repurchased \$50.0 million in aggregate principal amount of the 2025 Notes for \$46.3 million in cash. As a result, we now have \$93.8 million in aggregate principal amount of indebtedness, the principal amount of which we may be required to pay at maturity in 2025.

Holders of the remaining 2025 Notes will have the right to require us to repurchase their 2025 Notes upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of the 2025 Notes to be purchased, plus accrued and unpaid interest, if any. In addition, the indentures for the 2025 Notes provide

that we are required to repay amounts due under such indenture in the event that there is an event of default for the 2025 Notes that results in the principal, premium, if any, and interest, if any, becoming due prior to the maturity of the 2025 Notes. There can be no assurance that we will be able to repay our indebtedness when due, or that we will be able to refinance our indebtedness, all or in part, on acceptable terms. In addition, our indebtedness could, among other things:

- heighten our vulnerability to adverse general economic conditions and heightened competitive pressures;
- require us to dedicate a larger portion of our cash flow from operations to interest payments, limiting the availability of cash for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes, or other purposes.

In addition, our ability to purchase the remaining 2025 Notes or repay prior to maturity any accelerated amounts under the 2025 Notes upon an event of default or pay cash upon conversion of the 2025 Notes may be limited by law, by regulatory authority or by agreements governing our indebtedness outstanding at the time, including our credit facility. Our credit facility restricts our ability to repurchase the 2025 Notes for cash or repay prior to maturity any accelerated amounts under the 2025 Notes upon an event of default or pay cash upon conversion of the 2025 Notes, to the extent that on the date of such repurchase, repayment or conversion, as the case may be, we do not meet certain financial criteria set forth in the credit facility.

Any of our future indebtedness may contain similar restrictions. Our failure to repurchase the 2025 Notes at a time when the repurchase is required by the indentures (whether upon a fundamental change or otherwise under the indentures) or pay cash payable on future conversions of the 2025 Notes as required by the indentures would constitute a default under the indentures. A default under the indentures or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness, including our credit facility. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness, repurchase the 2025 Notes or make cash payments upon conversions thereof.

Our credit facility imposes restrictions on us that may adversely affect our ability to operate our business.

Our credit facility contains restrictive covenants relating to our capital raising activities and other financial and operational matters which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions, or otherwise impact our liquidity. In addition, our credit facility contains, and the agreements governing the 2025 Notes will contain, a cross-default provision whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. The occurrence of a default under any of these borrowing arrangements would permit the holders of the 2025 Notes or the lenders under our credit facility to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable. If the 2025 Note holders or the trustee under the indentures governing the 2025 Notes or the lenders under our credit facility accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings.

Conversion of the 2025 Notes will, to the extent we deliver shares upon conversion of such 2025 Notes, dilute the ownership interest of existing stockholders, including holders who had previously converted their 2025 Notes, or may otherwise depress our stock price or may adversely affect our financial condition.

The conversion of some or all of the remaining 2025 Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of the 2025 Notes. Any sales in the public market of the Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our Class A common stock. In addition, the existence of the 2025 Notes may encourage short selling by market participants because the conversion of the 2025 Notes could be used to satisfy short positions, or anticipated conversion of the 2025 Notes into shares of our Class A common stock could depress our stock price.

In the event the conditional conversion feature of the 2025 Notes is triggered, holders of the 2025 Notes will be entitled to convert the 2025 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2025 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than cash in lieu of any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of the 2025 Notes do not elect to convert their 2025 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the 2025 Notes, may have a material effect on our reported financial results.

Under current GAAP, effective January 1, 2022, the treasury stock method for convertible instruments has been eliminated and instead, the application of the "if-converted" method is required for the determination of diluted net income (loss) per share on a GAAP and non-GAAP basis. Under the if-converted method, diluted net income (loss) per share for GAAP and non-GAAP would generally be calculated assuming that all of the 2025 Notes were converted solely into shares of Class A common stock at the beginning of the reporting period, unless the result would be anti-dilutive, which would negatively affect diluted net income (loss) per share. The impact from the "if converted" method added approximately 10 million shares to the diluted share count after the partial repurchase of the 2025 Notes in November 2023. Under the if-converted method, some of the incremental dilution is offset as we are able to add back the after tax effected interest expense from the 2025 Notes to the extent the result would not be anti-dilutive.

In addition, if the conditional conversion feature of the 2025 Notes is triggered, even if holders do not elect to convert their 2025 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2025 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The Capped Call transactions may affect the value of the 2025 Notes and our Class A Common Stock and we are subject to counterparty risk with respect to Capped Call transactions.

In connection with the pricing of the 2025 Notes, we entered into privately negotiated capped call transactions (Capped Calls) with one or more financial institutions. The Capped Calls are expected generally to reduce the potential economic dilution to holders of our Class A common stock upon any conversion of the 2025 Notes, with such reduction and/or offset subject to a cap.

The capped call counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions prior to the maturity of the 2025 Notes (and are likely to do so during any observation period related to a conversion of the 2025 Notes or following an repurchase of the 2025 Notes by the Company on any fundamental change repurchase date or otherwise). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock or the 2025 Notes.

The potential effect, if any, of these transactions and activities on the trading price of our Class A common stock or the 2025 Notes will depend in part on market conditions. Any of these activities could adversely affect the trading price of our Class A common stock or the 2025 Notes.

Additionally, we will be subject to the risk that the capped call counterparties might default under the Capped Calls. Our exposure to the credit risk of the capped call counterparties is not secured by any collateral. Global economic conditions have in the recent past resulted in, and may again result in, the actual or perceived failure or financial difficulties of many financial institutions. If the capped call counterparties become subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under our transactions with the capped call counterparties. Our exposure will depend on many factors, but, generally, an increase in our exposure will be correlated to an increase in the market price of our Class A common stock. In addition, upon a default by the capped call counterparties, we may suffer more dilution than we currently anticipate with respect to our Class A common stock. We can provide no assurances as to the financial stability or viability of the capped call counterparties to the Capped Calls.

General Risk Factors

Our effective tax rate and the intended tax benefits of our corporate structure and intercompany arrangements depend on the application of the tax laws of various jurisdictions and on how we operate our business, and such tax rates and tax benefits may change in the future.

We are subject to income taxes in the United States and various jurisdictions outside the United States. Our effective tax rate could be adversely affected by changes in, or our interpretation of, tax law changes and related new or revised guidance and regulations, changes in our geographical earnings mix, unfavorable government reviews of our tax returns, material differences between our forecasted and actual annual effective tax rates, or by evolving enforcement practices.

In 2017, the Tax Cuts and Jobs Act (the Tax Act) was enacted, which contained significant and impactful changes to the U.S. tax law, including, effective as of January 1, 2022, requiring the capitalization and amortization of research and development expenses. There are various proposals in Congress to amend certain provisions of the Tax Act. The state of these proposals and other future legislation remains uncertain and, if enacted, may materially affect our financial position.

On August 16, 2022, the United States enacted the Inflation Reduction Act (IRA), which introduced, among other items, an excise tax that imposes a 1% surcharge on stock repurchases, net of stock issuances, that occur after December 31, 2022. We repurchase our Class A common stock on the open market pursuant to a repurchase program initially authorized by the Company's board of directors on January 27, 2022 for the repurchase of up to \$100 million of our Class A common stock and supplemented by a subsequent authorization by the board of directors on February 9, 2023 for the repurchase of an additional \$40 million of our Class A common stock. As such, we could be subject to this new excise tax, depending on various factors, including the amount and frequency of any future stock repurchases and any permitted reductions or exceptions to the amount subject to the tax. We are continuing to evaluate the impact the IRA may have on our financial position and results of operations in connection with our repurchase program.

The United States, the European Commission, countries in the EU, Australia, and other countries where we do business have been considering changes in relevant tax, accounting and other laws, regulations and interpretations, including changes to tax laws applicable to corporate multinationals. Changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project that was undertaken by the Organization for Economic Co-operation and Development (OECD). The OECD, which represents a coalition of member countries, recommended changes to numerous long-standing tax principles related to transfer pricing and continues to develop new proposals including allocating greater taxing rights to countries where customers are located and establishing a minimum tax on global income. A global consensus has been reached among approximately 138 countries, including the European Union and the OECD regarding a planned two-pillar approach to address tax challenges in the digital commerce era. The first pillar focuses on profit allocation and nexus, while the second pillar aims to establish a minimum global effective tax rate of 15%. The United States has not implemented Pillar Two legislation, but certain countries in which we operate have enacted legislation to adopt the Pillar Two framework and several other countries are also considering changes to their tax laws to implement this framework. These changes, as adopted by countries, may increase tax uncertainty and may adversely affect our provision for income taxes and cash flows.

We are subject to the examination of our income tax returns by the United States Internal Revenue Service and other domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and other taxes and have reserved for adjustments that may result from the current examinations. The final determination of tax audits and any related legal proceedings could materially differ from amounts reflected in our income tax provisions and accruals. In such case, our income tax provision and cash flows in the period or periods in which that determination is made could be negatively affected.

Our reported financial results may be negatively impacted by the changes in the accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the SEC and various bodies formed to promulgate and interpret appropriate

accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. Other companies in our industry may apply these accounting principles differently than we do, which may affect the comparability of our condensed consolidated financial statements.

If our estimates or judgments relating to our critical accounting policies and estimates prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the 2023 Annual Report in the section titled Management's Discussion and Analysis of Financial Condition and Results of Operations. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price. Significant estimates and assumptions made by management include those related to revenue recognition (including sales incentives, sales returns, and implied post contract support), inventory valuation, product warranty liabilities, the valuation, impairment and useful lives of long-lived assets (property and equipment, operating lease right-of-use assets, intangible assets and goodwill), the fair value of our convertible senior notes, and income taxes.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

As of June 30, 2024, we have a remaining share repurchase authorization of \$60.4 million under the current stock repurchase program authorized by our Board of Directors in January 2022 and February 2023. No shares of our Class A and Class B common stock were repurchased during the three months ended June 30, 2024.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Trading Plans of Directors and Executive Officers

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's second quarter ended June 30, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. ExhibitsExhibit Listing

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<u>31.01</u>	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
<u>31.02</u>	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
<u>32.01</u>‡	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase					X
104	Inline XBRL For the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set					X

‡ As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Quarterly Report on Form 10-Q 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.

SIGNATURES

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

GoPro, Inc.

(Registrant)

Dated: August 6, 2024

By: /s/ Nicholas Woodman

Nicholas Woodman
Chief Executive Officer
(Principal Executive Officer)

Dated: August 6, 2024

By: /s/ Brian McGee

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

Dated: August 6, 2024

By: /s/ Charles Lafrades

Charles Lafrades
Chief Accounting Officer
(Principal Accounting Officer)

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 Quarterly Report on Form 10-Q 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;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 6, 2024**

/s/ Nicholas Woodman

Nicholas Woodman
Chief Executive Officer
(Principal Executive Officer)

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 Quarterly Report on Form 10-Q 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;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 6, 2024**

/s/ Brian McGee

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

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 Quarterly Report on Form 10-Q of GoPro, Inc. for the quarter ended June 30, 2024 (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)

August 6, 2024

I, Brian McGee, Chief Financial Officer and Chief Operating 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 Quarterly Report on Form 10-Q of GoPro, Inc. for the quarter ended June 30, 2024 (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 and Chief Operating Officer
(Principal Financial Officer)

August 6, 2024

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.