

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

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

For the fiscal year ended December 31, 2023

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



(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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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

Smaller reporting company

Non-accelerated filer

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$ 522,125,000 based upon the closing price reported for such date on The Nasdaq Global Select Market.

As of January 31, 2024, 123,638,372 and 26,258,546 shares of Class A and Class B common stock were outstanding, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2024 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the registrant's fiscal year ended December 31, 2023, are incorporated by reference in Part II and Part III of this Annual Report on Form 10-K. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, the Proxy Statement is not deemed to be filed as part of this Annual Report on Form 10-K.

GoPro, Inc.
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PART I.

Special note regarding forward-looking statements

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 under Item 1A. Risk Factors. Forward-looking statements include, but are not limited to, statements regarding our plans to expand and improve product offerings in Item 1. Business and other sections of this Annual Report on Form 10-K, 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; 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; and any discussion of the trends and other factors that drive our business and future results, as discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and other sections of this Annual Report on Form 10-K 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 Annual Report on Form 10-K to reflect future events or developments.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties, including those described in Item 1A. Risk Factors on this Annual Report on Form 10-K. These risks include, but are not limited to the following:

- *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.*
- *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 and demand for our products, which could impact our operating results or financial position.*
- *To remain competitive and stimulate consumer demand, we must effectively manage product introductions, product transitions, product pricing and marketing.*
- *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 and other services, 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.*
- *Our future growth depends, in part, on further penetrating our total addressable market, and we may not be successful in doing so.*
- *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.*

- **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.**

Item 1. Business

Overview

GoPro helps the world capture and share itself in immersive and exciting ways. Our cameras, mountable and wearable accessories, subscription and service, and implied post contract support have generated substantially all of our revenue. We sell our products globally through retailers, distributors, and on GoPro.com.

Our product offerings include the following:

- **HERO12 Black** is our flagship waterproof camera launched in September 2023, featuring 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 also 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. Additionally, we began shipping our HERO12 Black Creator Edition, which is an all-in-one content capturing bundle that makes vlogging, filmmaking and live streaming easier than ever. HERO12 Black Creator Edition combines the HERO12 Black, Volta, Enduro Battery, Media Mod, and Light Mod to create professional-quality videos.
- **HERO11 Black** launched in 2022, featuring our GP2 processor, a larger sensor and HyperSmooth 5.0 image stabilization. The larger sensor provides 10-bit color video at up to 5.3K video at 60 FPS, 27-megapixel (MP) 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. HyperSmooth 5.0 image stabilization includes 360-degree Horizon Lock, which keeps video footage steady. The HERO11 Black also includes the Enduro Battery, which improves the camera performance in both cold and moderate temperatures, TimeWarp 3.0, Night Effects Time Lapse, and a front-facing and rear touch display. The HERO11 Black is cloud connected and can automatically upload recently captured footage and generate a highlight video to the user's GoPro subscription cloud account. We also offer our HERO11 Black Creator Edition which combines the HERO11 Black, Volta, Enduro Battery, Media Mod, and Light Mod to create professional-quality videos.
- **HERO11 Black Mini** launched in 2022, and has all the power of the HERO11 Black, but is smaller, lighter and simpler with a one-button design. The HERO11 Black Mini includes our GP2 processor, the larger sensor used in our HERO11 Black flagship camera, HyperSmooth 5.0 image stabilization and the Enduro Battery.
- **MAX** is our 360-degree waterproof camera featuring MAX HyperSmooth image stabilization, 360-degree MAX TimeWarp Video, MAX SuperView, PowerPano, built-in mounting, high-quality audio, live streaming, voice control and a front facing touch display. MAX HyperSmooth provides the highest performance video stabilization yet, while MAX SuperView provides the widest field of view ever from a GoPro camera. PowerPano allows users to capture a 6.2mp, 270-degree panoramic photo with the push of a button and creates an artifact-free shot of action or movement. Our MAX camera features six built-in microphones that allows users to capture immersive 360-degree audio, directional audio for vlogging and the best stereo sound ever from a GoPro.

- *Premium subscription* is a subscription service that includes full access to the video and photo editing features in the new Quik desktop app and Quik mobile app, unlimited cloud storage of GoPro content supporting source video and photo quality, camera replacement and damage protection, cloud storage up to 25 gigabytes (GB) of non-GoPro content, access to a high-quality live streaming service on GoPro.com as well as discounts on GoPro cameras, gear, mounts and accessories. Our HERO5 Black and newer cameras automatically upload photos and videos to a subscriber's GoPro account at the highest possible quality, while HERO7 Black and newer cameras can access our live-streaming service.
- *Premium+ subscription* launched in February 2024, and is a subscription service that includes all the same features included in our Premium subscription, cloud storage up to 500 GB of non-GoPro content, and HyperSmooth Pro in the Quik desktop app. HyperSmooth Pro offers HyperSmooth Pro stabilization with real time playback, lens correction, batch export, the reframe tool, frame grab and trim tool.
- *Quik subscription* is an important step in expanding our total addressable market to those who value organizing the visual moments of their lives with footage from any phone or camera. Quik subscribers can conveniently share their favorite photos or videos to the Quik mobile app where those special "keeper" photos or videos will be added to a private "Mural" feed within the app. The Quik subscription provides access to a suite of powerful yet simple single-clip and multi-clip editing tools which allows users to edit photos or videos and create cinematic stories to showcase their life moments.
- *Quik desktop app* launched in February 2024, for both Premium+ and Premium subscribers for macOS. 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. Quik desktop and Quik mobile apps sync with one another to allow users to transition their projects from one app to the other.
- *Quik mobile app* is a mobile app that provides the primary experience for users of both the Premium and Quik subscriptions and is an integration point for GoPro camera owners into the GoPro software ecosystem. The primary goal of the Quik mobile app is to enable users to get the most out of their favorite photos and videos from any phone or camera. This includes a simplified but powerful experience for offloading, backup, editing, story creation and sharing of user's media.

We also offer a full ecosystem of mountable and wearable accessories. See Products for additional information.

We believe our investments in hardware, cloud, mobile and desktop software solutions have yielded a solid foundational experience for consumers that we will continue to build upon in 2024.

Our strategy

Helping our consumers capture and share their experiences in immersive and exciting ways is at the core of our mission and business. We are committed to developing solutions that create an easy, seamless experience for consumers to capture, create, and share engaging personal content with a focus on enabling capture beyond the phone, targeting markets where GoPro can add value, performance, and differentiation. When consumers use our products and services, they often generate and share content that increases awareness for GoPro, driving a virtuous cycle and a self-reinforcing demand for our products. We believe revenue growth will be driven by the introduction of new types and categories of cameras, accessories, lifestyle gear, and subscription and service offerings. We also believe new or enhanced camera features drive a replacement cycle among existing users and attract new users. Consumers can choose between numerous channels to purchase our hardware products, which are sold through a global network of retailers and GoPro.com. In addition, consumers may purchase our subscriptions through GoPro.com or via the Quik mobile and desktop apps.

Products

Cameras. We offer a family of flagship cameras, including our cloud connected HERO12 Black, HERO11 Black, HERO11 Black Mini, HERO10 Black, HERO10 Black Bones, HERO9 Black, and MAX cameras. Our HERO12 Black, HERO11 Black, HERO11 Black Mini, HERO10 Black, HERO9 Black, and MAX cameras are durable, waterproof (without a housing), come with select mounting accessories, and have built-in Wi-Fi and Bluetooth technology, that provide connectivity with a mobile device to enable remote control, content viewing, editing, and sharing functionality. Our HERO12 Black, HERO11 Black, HERO11 Black Mini, and HERO10 Black cameras offer 5.3K video at 60 frames per second, our HERO9 Black camera offers 5K video at 30 frames per second, and MAX captures video in 360-degrees at 6K resolution and stitches to 5.6K. All of our current cameras feature multi-language voice and contextual control, image stabilization, a simplified user experience, and the ability to auto-upload photos and videos via Wi-Fi for easy access and editing with our Quik mobile app. HERO11 Black, HERO10 Black, HERO9 Black, and MAX also feature GPS and additional sensors that capture location, elevation, speed and G-force loads.

Mounts and accessories. We offer a wide range of mounts and accessories, either bundled with a camera or sold separately, that enhance the functionality and versatility of our products, and enable consumers to capture their experiences during a variety of activities or moments from different viewpoints. We also produce and sell camera attachments called Mods, which allow users to transform their HERO12, HERO11, HERO10, or HERO9 cameras into a production powerhouse. The Media Mod provides an integrated directional microphone, the Light Mod illuminates a scene and the Display Mod allows users to frame themselves during self-capture. In addition, we offer Max Lens Mod that brings Max HyperSmooth video stabilization and Max SuperView's ultra-wide-angle photo and video to the HERO12, HERO11, HERO10 and HERO9 Black cameras. Other equipment-based mounts include helmet, handlebar, roll bar and tripod mounts. Our 3-way mount is a 3-in-1 mount that can be used as a camera grip, extension arm or tripod, and our floating mounts such as the Handler, and Bite Mount + Floaty, allow our cameras to float in water. We also enable consumers to wear mounts on their bodies with the use of our magnetic swivel clip, wrist housing, chest harness and head strap. Additionally, we offer spare batteries, dive filters and charging accessories, and cables to connect our GoPro cameras to computers, laptops, and television monitors. Our accessories expand the features, versatility, and convenience of our cameras.

Subscriptions. Our Premium+ and Premium subscription offerings provide a range of benefits to our consumers, including a camera protection plan and a platform that enables subscribers to easily access, edit, and share content. The Premium+ and Premium subscriptions also include unlimited cloud storage of GoPro content supporting original GoPro source video and photo quality, access to a high-quality live streaming service on GoPro.com, as well as discounts on GoPro cameras, lifestyle gear, mounts, and accessories. Our HERO5 Black and newer cameras automatically upload photos and videos to a subscriber's GoPro account at the highest possible quality, while HERO7 Black and newer cameras can access our live-streaming service. We had 2.5 million subscribers as of December 31, 2023, representing 12% growth year-over-year. We also offer the Quik subscription which is important in expanding our TAM to all those who want to create, edit, and organize the visual moments of their lives. The Quik subscription provides edits that can be applied to single clips, or several clips of an event and can be put together into automated, music-synced videos. Quik subscribers can also conveniently share their favorite photos or videos via the Quik mobile app where those special "keeper" photos or videos will be added to a private "Mural" feed.

Applications. We offer mobile, desktop, and web applications that provide a complete media workflow for archiving, editing, multi-clip story creation, and sharing content on the fly. Our Quik mobile app makes it easy for users to get the most out of their favorite photos and videos no matter which phone or camera is used to capture the footage. Our Quik desktop app offers the speed and convenience of the Quik mobile app to desktop users, but with an expanded list of features and capabilities. Quik desktop and Quik mobile apps sync with one another to allow users to transition projects from one app to the other. Furthermore, by integrating the Quik app editing engine into the GoPro cloud ecosystem, we are now able to offer automatic, behind-the-scenes creation of videos and edits to users without any work on their part.

Lifestyle Gear. We offer a lifestyle gear lineup that melds our signature design and versatility across a line of bags, backpacks, and cases. We also offer an exclusive line of t-shirts, hats, and other soft goods that capture the spirit of the brand.

Seasonality

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

Segment information and geographic data

We operate as one reportable segment. Financial information about geographic areas is presented in Note 10 Concentrations of risk and geographic information, to the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K.

Research and development

We are passionate about developing new and innovative products that inspire our consumers and enhance our brand. We are constantly innovating to deliver better performance, expanded functionality, and increased convenience to enhance the appeal of our products. We strive to remain a market leader by consistently introducing innovative products, software, and services that offer optimal performance.

We have a user experience-driven approach to product development and our CEO leads product design. By engaging with customers, consumers, and opinion leaders in our core markets around the world, our development team strives to introduce meaningful and empowering new features that expand the versatility and performance of our products. We also benefit from input received from our in-house production team, our sponsored athletes, and our brand advocates that regularly travel the world capturing content using our products. We believe leveraging this input will help refine our existing products and influence future products that give us a competitive advantage.

Our engineering team supports the development of cameras, related mounts and accessories, firmware, and software. Our hardware engineering team is responsible for developing solutions to support the concepts developed by our product team. These solutions include GoPro's custom designed system on chip, which allows our cameras to perform advanced image computation, unparalleled image quality and next-level image stabilization, new image silicon processors, image sensors and lenses, as well as the core algorithms that enable the systems to operate and provide optimal performance and features. Our hardware engineering team also integrates these innovations and firmware into our product designs, and develops our cameras, mounts, and accessories.

Our software engineering team develops applications that enhance the functionality of our products and facilitate the management, editing, sharing, and viewing of content. These applications are being developed for mobile, desktop, and web-based platforms. Our core technologies include rendering engines to enable smooth video playback and editing, algorithms for moment identification, automatic story creation as well as cloud-based media storage, analysis, and playback. Our software engineering team also manages our cloud and web platforms that power our application experiences and direct-to-consumer channel via GoPro.com.

Manufacturing, logistics, and fulfillment

Our products are designed and developed in the United States, France, China, and Romania, and a majority of our manufacturing is outsourced to contract manufacturers located in China and Thailand. We believe that using outsourced manufacturing enables greater scale and flexibility than establishing our own manufacturing facilities. Several key strategic parts are purchased from suppliers by us and then consigned to our manufacturers, while the vast majority of parts are procured directly by our contract manufacturers. Our strategic commodities team manages the pricing and supply of the key components of our cameras, including digital signal processors, sensors and lenses, and we leverage their expertise to achieve competitive pricing on the largest value-add components and leverage our contract manufacturers' volume purchases for best pricing on common parts.

We have third-party facilities in China and Thailand for final pack-out of our finished products. These finished products are shipped to outsourced fulfillment centers in the United States, as well as Hong Kong, Japan, Netherlands, and Singapore that deliver our products to our customers.

Sales channels and customers

We offer our products in over 80 countries through our retail sales channel to retailers and distributors, and through our direct-to-consumer sales channel via GoPro.com. In 2023 and 2022, GoPro.com revenue represented 30% and 38% of our net revenue, respectively, and retail accounted for 70% and 62% of our net revenue, respectively.

Direct sales

We sell directly to most of our retailers in the United States, some of our retailers in Europe and to consumers worldwide through GoPro.com.

Independent specialty retailers. We use a network of location-based independent manufacturer representatives to sell our products to independent specialty retailers in the United States, focused on sports and consumer activity capture markets. Our representatives provide highly personalized service to these retailers, including in-store merchandising, taking orders, and providing clinics to educate retail sales personnel about GoPro products and services. We also have an internal, regionally focused sales team that provides a secondary level of service to both the independent specialty retailers and manufacturer representatives. Independent specialty retailers generally carry our higher end products, targeting their core customers who we believe tend to be early adopters of new technologies. Independent specialty retailers outside of the United States represent a similarly important sales channel for us, and we reach these customers indirectly through our network of international distributors.

Big box retailers. We sell to large retailers with a global or national presence, including Amazon.com, Inc., Best Buy, Inc., Target Corporation, and Walmart, Inc. We support these retailers with a dedicated and experienced sales management team that we believe enables us to reduce channel conflict.

Mid-market retailers. We also sell to retailers with a large regional or national presence, often focused on specific verticals such as consumer electronics, sporting goods, military, hunting and fishing, and motorsports. In the United States, we sell directly to these mid-market retailers through our experienced sales teams assigned to particular accounts and regions.

GoPro.com. We sell our full line of products to consumers worldwide through our online store at GoPro.com, which we market through online and offline advertising. GoPro.com revenue represented 30%, 38%, and 34% of net revenue for 2023, 2022, and 2021, respectively.

Distribution

We sell to approximately 60 distributors who resell our products to retailers in international and domestic markets. We have dedicated sales personnel focused on providing a high level of service to these distributors, including assisting with product mix planning, channel marketing and in-store merchandising, development of marketing materials, order assistance and educating the distributors' sales personnel about GoPro products.

In-store merchandising

Our in-store merchandising strategy focuses on our iconic GoPro-branded, video-enabled point of purchase (POP) merchandising displays located in nearly all retail outlets where our products are sold. These displays showcase GoPro videos and present our product ecosystem in a customer-friendly manner. Our larger retailers help us represent a broader range of GoPro products due to their in-store deployment of our larger and custom POP displays. As of December 31, 2023 and 2022, we had approximately 28,000 and 26,000 POP displays, respectively, in retail outlets worldwide.

Marketing and advertising

Our marketing and advertising programs are focused on engaging consumers by exposing them to compelling GoPro content and educating them about new hardware features, as well as the power of our solutions for software editing (mobile, web and desktop applications) and content management. We believe this approach enhances our brand while demonstrating the performance, durability, and versatility of our products. Our marketing and advertising efforts span a wide range of consumer interests and leverage both traditional consumer marketing and lifestyle marketing strategies.

Consumer marketing. Social media plays an important role in our consumer marketing strategy as an awareness driver and opportunity to engage directly with our community. At the end of 2023, we reached a total of 52.5 million followers across all platforms and our owned content received more than 1.4 billion views. Our consumers capture and share GoPro content on social media platforms including Facebook, Instagram, TikTok, and YouTube. To date, earned content tagged #GoPro on TikTok has reached over 26 billion views. We also integrate user-generated content and GoPro originally produced content into advertising campaigns across various platforms including television, print, online, billboards, and other out-of-home advertising, and at consumer and trade facing events. This content also supports our in-store channel marketing efforts, appearing on our POP displays and other in-store marketing materials. We continue to believe GoPro content remains a significant asset that builds awareness for our brand and products.

Lifestyle marketing. Our lifestyle marketing programs focus on expanding GoPro brand awareness by engaging consumers through relationships with key influencers, event promotions, and other outreach efforts. We cultivate strong relationships with influential athletes, celebrities, entertainers, and brands, all of whom use our products to create and share engaging content with their own fans and consumers.

Competition

The market for cameras is highly competitive and characterized by frequent product introductions and rapid technological advances. We believe the principal competitive factors impacting the market for our products include quality, reliability and user experience, price and performance, design innovation, brand recognition, marketing and distribution capability, service and support, and brand reputation.

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. We believe we compete favorably with these companies' products. Our durable and versatile product design facilitates increased functionality and wearability, and we offer a variety of mounts and other accessories that enable a wide range of consumer use cases that are difficult for other competing products to address. Further, we offer many professional-grade features within our camera and 360-degree camera product offerings at attractive consumer price points, including our HyperSmooth 6.0 which is our most advanced stabilization ever and includes in-camera horizon leveling that keeps shots smooth and level, and for our 360 experience, MAX SuperView and PowerPano. MAX SuperView provides the widest field of view ever from a GoPro camera while PowerPano allows users to capture a 6.2mp, 270-degree panoramic photo with the push of a button and creates an artifact-free shot of action or movement. We also provide users with a suite of mobile and desktop applications that enhance the overall GoPro experience. Moreover, we believe we have achieved significant brand recognition in our target vertical markets. We believe our years of experience working with active and influential consumers contributes to our ability to develop attractive products and establishes the authenticity of our brand, thereby differentiating us from current and potential competitors.

Smartphones and tablets with photo and video functionality have significantly displaced the market for traditional camera sales, and the makers of those devices also have mobile and other content editing applications and storage for content captured with those devices. Our Quik mobile and desktop apps, and subscription and service offerings may not be as compelling a solution as those offered by other companies, such as Apple, Inc. and Google, although the Quik mobile and desktop app supports content from other platforms including content from iOS and Android. It is possible that, in the future, the manufacturers of such devices, such as Apple, Google, and Samsung, may continue to design their products for use in a range of conditions, including challenging physical environments and waterproof capabilities, or develop products with features similar to ours. In addition, new companies may emerge and offer competitive products directly in our category.

Intellectual property

Intellectual property is an important aspect of our business. Our practice is to seek protection for our intellectual property in the United States and certain jurisdictions globally, as appropriate. To establish and protect our proprietary rights and confidential information, we rely upon a combination of trademark, copyright, patent, trade secrets, and other forms of intellectual property rights, as well as contractual restrictions such as confidentiality agreements, licenses, and intellectual property assignment agreements with employees, contract manufacturers,

distributors, and others.

GoPro is a leading innovator that holds a comprehensive portfolio of intellectual property rights. Our trademarks, including "GOPRO," "HERO," and the GoPro logos, among others, are a critical component of the value of our business. We believe the strength of our trademarks, service marks, and trade dress have generated considerable brand loyalty, distinction, and renown among our customers and prospective customers.

GoPro's patent portfolio has been recognized as a leader in the high-tech and electronics industry. Our patents, including utility and design patents, cover innovations that help our customers capture, create, and share their content using our cameras, mounts, accessories, and software. Our patents cover technology and product areas that include cameras, mounts, accessories, digital imaging, image processing, image stabilization, operational firmware and software, post-processing software, mobile, desktop and cloud software, as well as the ornamental aspects of our hardware and software products. As of December 31, 2023, we had approximately 1,427 issued patents and 401 patent applications pending in the United States, and 770 corresponding issued patents and 87 patent applications pending in foreign jurisdictions. Our patents expire at various times, and no single patent or other intellectual property right is solely responsible for protecting GoPro's products, software, and services. GoPro continues to invest in protecting its expanding innovation through ongoing development of its patent portfolio. We continually assess our innovations, including their patentability, and regularly file patent applications to protect our innovations and technologies that come from our research, development, and design.

We take active measures to protect our intellectual property against unauthorized third-party use, including misuse of our patents, copyrights, trademarks, and other proprietary rights. We monitor online marketplaces for infringing, knock-off, or counterfeit products and take action to remove those products. We have and expect to continue to take legal action to enforce our intellectual property and proprietary rights when appropriate.

Despite these protections and efforts, we may be unable to prevent third parties from using our intellectual property without our authorization, challenging the validity of our intellectual property, breaching any nondisclosure or confidentiality agreements with us, or independently developing products that are similar to ours without infringing our intellectual property, particularly in those countries where the laws do not protect our proprietary and intellectual property rights as fully as in the United States.

Human capital

We are continually investing in the engagement and retention of our global workforce by creating an inclusive workplace, providing market-competitive benefits to support our employees' health and well-being, and fostering a learning environment in support of their growth and development. As of December 31, 2023, we employed 930 people.

Diversity and Inclusion

GoPro celebrates diversity and recognizes the value it brings to our work culture and our business. GoPro strives to be a more inclusive, representative, and equitable organization, and to leverage our brand and marketing to champion these values. Through our comprehensive diversity, equity, inclusion, and belonging (DEIB) program, we take a multi-faceted approach to creating a sense of belonging for GoPro employees. We focus on current events, trending topics, and cultural context to provide opportunities for learning and community building. Our goal is to help increase safe spaces and visibility for people with identities that have been historically marginalized and underrepresented. We take a hybrid approach to employee training, utilizing a self-directed individual learning platform with research-backed content in addition to coaching and other manager-led activities. In addition to our mandatory sexual harassment prevention training, we also include modules related to supporting neurodiverse team members, building psychological safety, and helping employees recognize and address unconscious bias. We host virtual discussions on a variety of diversity, equity, and inclusion topics to foster understanding and empathy, champion diverse leadership, and celebrate the contributions that diverse groups bring to us and our community.

When our people thrive, our business thrives. GoPro invests in safe spaces through our Employee Resource Groups (ERGs). ERGs enhance the employee experience and help drive the DEIB strategy by building community and connection, expanding education and awareness, creating opportunities for professional development and providing valuable feedback to our People Team.

Our CEO, Nicholas Woodman, also signed on to the Outdoor CEO Diversity Pledge, committing us to, over the coming years, increase the representation of underrepresented groups in our hiring, marketing, and athlete rosters, as well as sharing our learnings with other outdoor brands as a catalyst for industry change.

Employee Development and Training

We prioritize employee development and training, which we believe has a direct impact on employee growth, engagement and retention. To support managers and individual contributors within the company, we provide training and development opportunities through our online portal, Opportunity Lab. Opportunity Lab enables employees to access virtual instructor-led classrooms or self-directed web-based courses focused on topics such as the importance of using emotional intelligence in difficult times, leading change, understanding employee engagement, feedback and career development planning. We also offer employee development through our Mentorship Program. This program supports the employees' professional development while expanding their network with our senior leaders.

Our leadership development and coaching programs focus on individual leadership growth, building trust and relationships with peers and sharing best practices. We continue to optimize our organizational efficiency and collaboration by providing ongoing training on effective meeting management and building trust. We believe that employee development is a shared responsibility of employee and manager, through both formal and informal methods (e.g., stretch assignments and peer-to-peer learning). Through our Grow Pro Plan program, managers and employees reflect on their individual skills and areas for development, guided by our company competency framework, and by what specific areas the employee would like to develop each year. We have a robust talent calibration and succession planning process to ensure we fill the talent pipeline and identify any skills gaps with development plans.

Corporate and available information

We were originally incorporated as Woodman Labs, Inc. in California and began doing business as GoPro in February 2004. We reincorporated in Delaware in December 2011 and in February 2014, we changed our name to GoPro, Inc. Our principal executive offices are located at 3025 Clearview Way, San Mateo, California 94402, and our telephone number is (650) 332-7600. We completed our initial public offering in July 2014 and our Class A common stock is listed on The Nasdaq Global Select Market under the symbol "GPRO." Our Class B common stock is not listed nor traded on any stock exchange.

We have registered and applied to register a number of trademarks with the United States Patent and Trademark Office and the trademark offices of other countries including "GOPRO," "HERO" and the GoPro logos. This Annual Report on Form 10-K also includes references to trademarks and service marks of other entities, and those trademarks and service marks are the property of their respective owners.

Our website address is www.gopro.com. Through a link on the Investor Relations section of our website, we make available the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC): our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. All such filings are available free of charge. The information posted on our website is not incorporated into this report. The SEC maintains a website that contains reports, proxy and information statements and other information regarding our filings at www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the risks described below and all other information contained in this Annual Report on Form 10-K before making an investment decision. These risks 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 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.

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.

Our cumulative GAAP income from the past three years may not be sustainable in future periods. 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 slightly from \$1.09 billion in 2022 to \$1.01 billion in 2023. 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. For example, foreign currency exchange rate fluctuations negatively impacted revenue and operating income by \$50.4 million in 2022.

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; advertising and marketing; increasing freight rates; shipping delays; increased supply chain costs; impact of currency exchange rates; failure to maintain higher 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 to sales from GoPro.com.

Additionally, we previously implemented company-wide restructurings of our business 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 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 POP displays in their stores and acquiesce to our policies. Due to macroeconomic factors and risk of theft, some retailers carry and display less inventory, 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 will 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 continuous 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.

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 and demand for our products, which could impact our operating results or financial position.

Factors affecting the level of consumer spending include general market and macroeconomic conditions, geopolitical 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. Additionally, in the past, certain foreign currencies such as the Euro, Japanese yen and British pound have experienced declines in value relative to the U.S. dollar, which negatively affected our results of operations during the second, third, and fourth quarter of 2022 when compared to the prior year periods, and could negatively impact our results of operations in future periods if the U.S. dollar strengthens relative to foreign currencies.

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. For example, in March 2023, Silicon Valley Bank (SVB) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. While we did not hold any cash directly at SVB, we regularly maintain cash balances at third-party financial institutions more than the FDIC insurance limit and there is no guarantee that the federal government would guarantee all depositors if such financial institutions were to fail, as they did with SVB depositors, in the event of further bank closures and continued instability in the global banking system. Any future adverse developments in the global banking system could directly or indirectly negatively impact our results of operations.

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, editing 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. 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.

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 and other services, 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 cameras 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. 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 GP1 system on chip in our MAX camera as well as our HERO9 Black camera and the GP2 system on chip in our HERO12 Black, HERO11 Black, HERO11 Black Mini, HERO10 Black, and HERO10 Black Bones cameras and rely on a single source for GP1 and GP2, and we are subject to price increases for those components. Costs for the components that comprise GP1 and 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 course of 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.

Our future growth depends, in part, on further penetrating 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 products by people looking to self-capture images of themselves participating in exciting physical activities and our subscription products help those people create compelling edits to share with friends, family and followers. We believe that our future growth depends on continuing to 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.

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 the market with new capture perspectives with our 360-degree camera, MAX, our FPV (first person view) lightweight camera HERO10 Black Bones, and our all-in-one vlogging and filmmaking offerings, HERO12 Black Creator Edition and HERO11 Black Creator Edition, which are initiatives in highly competitive markets, and by adding versatility to our products with expansion mods for HERO12 Black, HERO11 Black, HERO10 Black, and HERO9 Black. We cannot be assured that we will be successful in expanding the market with new capture perspectives or by adding new versatility to our products. If we are not successful in penetrating additional markets, we might not be able to grow our revenue and we may not recognize benefits from our investment in new areas.

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.

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 are subject to such annual report disclosure requirements starting with this 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, 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. 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 also 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, during the year of 2023, our closing stock price ranged from a high of \$6.46 in the first quarter to a low of \$2.43 in the fourth quarter. 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.

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 December 31, 2023, we had an accumulated deficit of \$249.3 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, and their associated 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, 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, proprietors of establishments at which consumers engage in challenging physical activities could seek to ban the use of our products in their facilities to limit their own liability. 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 announced our intent to acquire an Australian based company that is expected to close in Q1 of 2024, subject to customary closing conditions. 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.

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 July 2022, we published our Sustainability Snapshot Report to highlight our ongoing efforts to reduce our carbon footprint in our US locations, our commitment to continuing to create a more inclusive, representative, and equitable organization, and our commitment to legal and ethical business practices. In July 2023, we published our 2023 Sustainability Snapshot, sharing our progress on these initiatives. 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, the availability of materials and suppliers that can meet our sustainability and other CSR goals, 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 new voluntary disclosure standards and those that 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.

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. Initiating infringement proceedings against third parties can be expensive, may take significant time, and may divert management's attention from other business concerns. We may not prevail in litigation to enforce our intellectual property rights against unauthorized use.

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 9 Commitments, contingencies, and guarantees in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K. 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 9 Commitments, contingencies, and guarantees in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K.

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), with amended requirements taking effect in 2023 to be followed by additional regulations promulgated by the newly created California Privacy Protection Agency, which is charged with developing new privacy regulations under the CCPA as well as enforcing the CCPA/CPRA. Following California's lead, several other states enacted privacy laws which took effect in 2023, and additional state privacy laws will take effect in 2024. 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.

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 and 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. This 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. Further, the SEC is expected to finalize a climate change disclosure proposal in 2024. 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 shares of our Class A common stock were sold in our initial public offering in July 2014 at a price of \$24.00 per share, our closing stock price has ranged from \$2.01 to \$93.85 per share through December 31, 2023. 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 9 Commitments, contingencies, and guarantees, in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K 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 68.0% of the voting power of our outstanding capital stock as of December 31, 2023 with Mr. Woodman, our Chairman and CEO, holding approximately 64.9% 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. 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, which accelerates the utilization of our net operating losses. 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 other OECD members including the EU, plan to do so with Pillar Two taking effect in 2024, which would likely affect U.S. and non-U.S. multinational enterprises with annual revenue in excess of certain thresholds (generally, 750 million euros per year over a testing period). 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.

We maintain significant deferred tax assets related to net operating losses, temporary differences, and tax credits. Our ability to use these tax attributes are dependent upon having sufficient future taxable income in the relevant jurisdiction and, in the case of tax credits, how such credits are treated under current and potential future tax law. Changes to the Tax Act, other regulatory changes, and changes in our forecasts of future income could result in an adjustment to the deferred tax asset and a related charge to earnings that could materially affect our financial results.

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 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 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 this 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 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The security of personal data is of the utmost importance to GoPro and our customers, vendors, suppliers, and employees. As such, we have implemented industry-standard administrative, technical, and physical security measures to protect against the unauthorized access, destruction, or alteration of our confidential and proprietary information and customer and employee information.

Governance

Our Chief Information Security Officer (CISO) oversees our information security program and is responsible for leading and implementing, with a cross functional team, our cybersecurity strategy, policy, architecture, and risk management processes. Our CISO has over 30 years of experience in cybersecurity, serving as a Security Officer while in the United States Navy and CISO at Amgen and Warner Bros and in various other Cybersecurity roles at KPMG and Forrester.

The Audit Committee of our board of directors (Audit Committee) has oversight responsibility for our cybersecurity program and reviews with management the Company's policies and procedures for identifying, assessing, managing, and monitoring information security and cybersecurity risks.

The CISO provides regular updates to the Audit Committee on cybersecurity and other risks relevant to our information technology environment, including developments in the cybersecurity space and evolving standards, the results of periodic exercises and response readiness assessments and we adjust our cybersecurity policies, standards, processes, and practices as necessary based on the information provided by these assessments, audits, and reviews. Our cybersecurity program is regularly evaluated by internal and external experts with the results of those reviews reported to senior management and the Audit Committee.

Risk Management and Strategy

Our periodic assessment and testing of policies, standards, processes and practices that are designed to address cybersecurity threats and incidents include a wide range of activities, including audits, assessments, tabletop exercises, threat modeling, vulnerability testing and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. We regularly engage third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, audits, and independent reviews of our information security control environment and operating effectiveness.

We also actively engage with key vendors, industry participants, and intelligence and law enforcement communities as part of our continuing efforts to evaluate and enhance the effectiveness of our information security policies and procedures. We regularly train all employees on cybersecurity risks, such as phishing attacks, and employees are required to acknowledge our cybersecurity policy annually through our Code of Conduct.

Risks from Cybersecurity Threats

No previous cybersecurity incidents have materially affected us, including our business strategy, results of operations or financial condition. Future cybersecurity threats or incidents may materially affect our business strategy, results of operations or financial condition.

Item 2. Properties

As of December 31, 2023, we leased office facilities around the world totaling approximately 280,000 square feet, including approximately 196,000 square feet for our corporate headquarters in San Mateo, California. All of our properties are currently leased. We believe our existing facilities are adequate to meet our current requirements. If we were to require additional space, we believe we will be able to obtain such space on acceptable, commercially reasonable terms. See Note 9 Commitments, contingencies, and guarantees, to the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for more information about our lease commitments.

Item 3. Legal Proceedings

Refer to Legal proceedings and investigations included in Part II, Item 8, Note 9 Commitments, contingencies, and guarantees, to the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

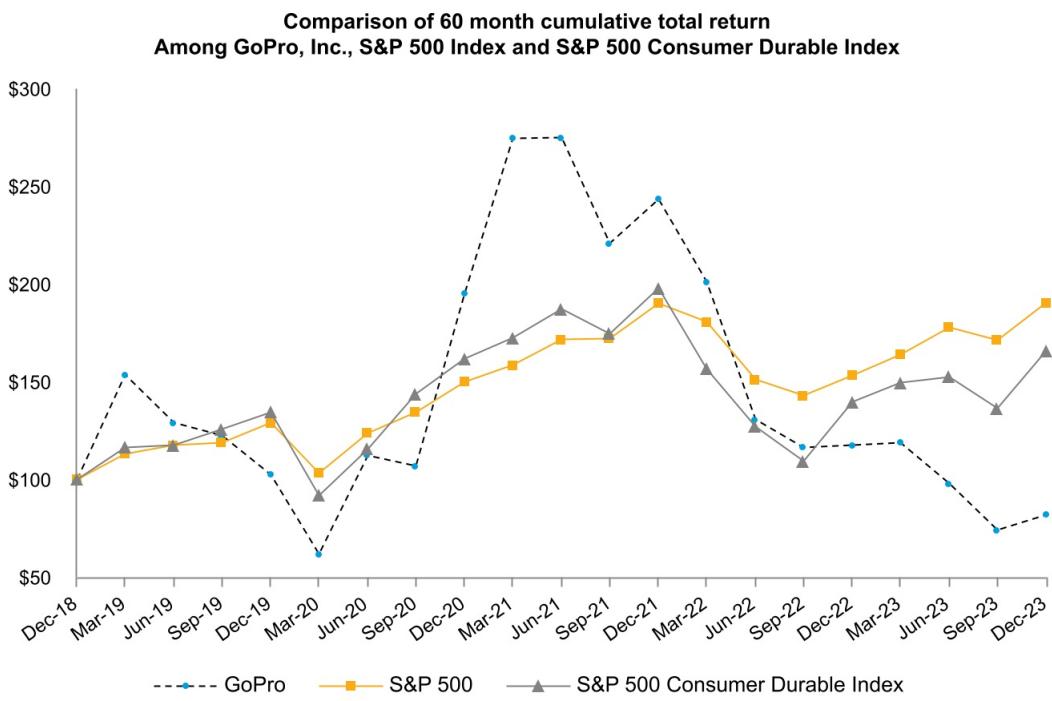
Item 5. Market for the Company's Common Shares, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information. Our Class A common stock is listed on The Nasdaq Global Select Market under the symbol "GPRO." Our Class B common stock is not listed or traded on any stock exchange.

Holders. As of January 31, 2024, there were 310 holders of record of our Class A common stock and 24 holders of record of our Class B common stock.

Dividends. We have not declared or paid any cash dividends on our capital stock and do not currently intend to pay any cash dividends on our Class A or Class B common stock in the foreseeable future.

Performance graph. The graph below compares the cumulative total return on our Class A common stock with that of the S&P 500 Index and the S&P 500 Consumer Durables Index. The graph assumes \$100 was invested (with reinvestment of all dividends, as applicable) at the close of market on December 31, 2018 in the Class A common stock of GoPro, Inc., the S&P 500 Index and the S&P 500 Consumer Durables Index, and its relative performance is tracked through December 31, 2023. Note that historic stock price performance is not intended to be indicative of future stock price performance.



Sales of unregistered securities. During the period covered by this Annual Report on Form 10-K, we have not sold any equity securities that were not registered under the Securities Act of 1933, as amended.

Issuer purchases of equity securities.

Share repurchase activity for our Class A and Class B common stock during the three months ended December 31, 2023 was as follows (in thousands, except per share amounts):

Period	Total Number of Shares Repurchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans (1)
October 1- 31, 2023	—	\$ —	—	\$ 70,382
November 1 - 30, 2023	2,830	\$ 3.53	2,830	\$ 60,382
December 1 - 31, 2023	—	\$ —	—	\$ 60,382
Total	2,830		2,830	

(1) Represents shares repurchased pursuant to the stock repurchase program. On January 27, 2022, our board of directors authorized the repurchase of up to \$100 million of our Class A common stock, and on February 9, 2023, our board of directors authorized the repurchase of an additional \$40 million of our Class A common stock. This stock repurchase program has no time limit and may be modified, suspended, or discontinued at any time.

(2) Represents the average price paid per share, inclusive of commissions.

Item 6. Reserved

Item 7. 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 consolidated financial statements, related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements as a result of a variety of factors, including but not limited to, those discussed in Risk Factors and elsewhere in this Annual Report on Form 10-K.

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.
- **Components of Our Results of Operations.** Description of the items contained in each revenue, cost of revenue and operating expense caption in the consolidated statements of operations.
- **Results of Operations.** Analysis of our financial results comparing 2023 to 2022 is presented below. An analysis of our financial results comparing 2022 to 2021 can be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 10, 2023, which is available free of charge on the SEC's website at www.sec.gov and our Investor Relations website at <https://investor.gopro.com>.
- **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 cameras, 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 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 began shipping 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 began

shipping our HERO12 Black 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, HERO9 Black, 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. Additionally, 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, 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.

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

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

(units and dollars in thousands, except per share amounts)	Q4 2023	Q4 2022	% Change	FY 2023	FY 2022	% Change
Revenue	\$ 295,420	\$ 321,021	(8) %	\$ 1,005,459	\$ 1,093,541	(8) %
Camera units shipped ⁽¹⁾	895	850	5 %	2,984	2,810	6 %
Gross margin ⁽²⁾	34.2 %	32.5 %	170 bps	32.2 %	37.2 %	(500)bps
Operating expenses	\$ 110,463	\$ 102,596	8 %	\$ 399,036	\$ 367,873	8 %
Net income (loss)	\$ (2,418)	\$ 3,073	(179) %	\$ (53,183)	\$ 28,847	(284) %
Diluted net income (loss) per share	\$ (0.02)	\$ 0.02	(200) %	\$ (0.35)	\$ 0.18	(294) %
Cash provided by (used in) operations	\$ 43,729	\$ 25,562	71 %	\$ (32,863)	\$ 5,747	(672) %
Other financial information:						
Adjusted EBITDA ⁽³⁾	\$ 3,267	\$ 22,014	(85) %	\$ (27,317)	\$ 94,754	(129) %
Non-GAAP net income (loss) ⁽⁴⁾	\$ 2,424	\$ 21,090	(89) %	\$ (31,135)	\$ 80,923	(138) %
Non-GAAP diluted net income (loss) per share	\$ 0.02	\$ 0.12	(83) %	\$ (0.20)	\$ 0.47	(143) %

⁽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 provision for income taxes, 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.

⁽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), non-cash interest expense, gain on sale and license of intellectual property, (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.

Reconciliations of non-GAAP adjusted measures to the most directly comparable GAAP measures are presented under Non-GAAP Financial Measures.

Full Year and Fourth Quarter 2023 financial performance

Revenue in the full year of 2023 was \$1.0 billion, or an 8.1% decrease from the prior year period, primarily driven by the impact of our decision to reduce the manufacturer's suggested retail price (MSRP) across our camera lineup in May 2023, and a shift in camera revenue mix to lower price tiers as we began offering entry-level cameras at a sub-\$300 price point for the first time since 2019. This decrease in revenue was partially offset by growth in our subscription and service revenue of 18.4%, and camera units grew 6.2% year-over-year to 3.0 million. The current entry-level cameras are our lowest margin products and are expected to remain low margin until we are able to replace them with a more cost-effective solution, which is planned for the second quarter of 2024. The reduction in MSRPs across our camera lineup in May and September 2023 resulted in a price protection charge of \$36.5 million for the year ended December 31, 2023, which was based on estimated channel inventory levels as of the price drop date. As a result of these changes during 2023, our average selling price decreased 13.4% year-over-year to \$337 and our camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 77% compared to 90% in 2022. Average selling price is defined as total reported revenue divided by camera units shipped. Retail revenue represented 70.0% and 62.4% of total revenue for the full year of 2023 and 2022, respectively. The shift towards our retail channel reflects results of our refreshed go-to-market strategy to rebuild our retail presence and to drive retail consumers to our subscription offerings via our mobile app and GoPro.com. GoPro.com revenue represented 30.0% and 37.6% of total revenue for the full year of 2023 and 2022, respectively. Subscription and service revenue, which is included in the GoPro.com channel, increased 18.4% year-over-year to \$97.5 million. We had 2.5 million GoPro subscribers as of December 31, 2023, an 11.5% increase year-over-year. Our overall subscription attach rate from both sales on GoPro.com and from post-camera purchases at retail was 42% for the full year of 2023. Our annual subscriber retention rate for first year and second year renewals was in a range of 60% to 65%, and 70% to 75%, respectively. In addition, our annual subscriber retention rate for the third-year renewal improved to more than 80%. Our gross margin percentage for the full year of 2023 was 32.2%, down from 37.2% in the full year of 2022. Net loss for the full year of 2023 was \$53.2 million compared to net income of \$28.8 million in the same period in 2022. Adjusted EBITDA for the full year of 2023 was negative \$27.3 million, compared to positive \$94.8 million for the same period in 2022.

Revenue for the fourth quarter of 2023 was \$295.4 million, which represented an 8.0% decrease from the same period in 2022. The decrease was primarily driven by the impact of our decision to reduce the MSRP across our camera lineup in May 2023, partially offset by growth in our subscription and service revenue of 13.0%. As a result, our fourth quarter of 2023 average selling price decreased 12.6% year-over-year to \$330, and our fourth quarter 2023 camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 74% compared to 90% for the same period in 2022. These factors were partially offset by a 5.3% year-over-year increase in units shipped in the fourth quarter to 895 thousand. Retail revenue was \$228.0 million in the fourth quarter of 2023 and represented 77.2% and 60.1% of total revenue for the fourth quarter of 2023 and 2022, respectively. GoPro.com revenue was \$67.4 million in the fourth quarter of 2023 and represented 22.8% of total revenue, compared to 39.9% of total revenue for the same period in 2022. Subscription and service revenue, which is included in the GoPro.com channel, was \$25.1 million in the fourth quarter of 2023, or a 13.0% increase year-over-year. Our overall subscription attach rate from both sales on GoPro.com and from post-camera purchases at retail was 29% in the fourth quarter of 2023 was primarily driven by post-camera purchases at retail as we discontinued subscription-related camera discounts at the time of purchase on GoPro.com in May 2023. Our gross margin percentage for the fourth quarter of 2023 was 34.2%, up from 32.5% in the fourth quarter of 2022 as a result of reduced restructuring costs, reduced operating and component costs, and an increase in subscription and service revenue. Net loss for the fourth quarter of 2023 was \$2.4 million compared to net income of \$3.1 million in the same period in 2022. Adjusted EBITDA for the fourth quarter of 2023 was \$3.3 million, compared to \$22.0 million for the same period in 2022.

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 annual GoPro subscriber retention rate represents the number of annual subscribers that renewed their subscription in the period over the number of annual GoPro subscribers with renewal dates in the same period.

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 2023, although we have previously generated operating income for the full years of 2022 and 2021, and continue to make strategic decisions to drive volume, growth, and profitability in our business. Despite the operating loss in 2023, our 2022 and prior years restructuring actions, along with continued effective cost management, have enabled us to scale our on-going operating expenses based on our growth strategies, resulting in an efficient global organization that has allowed for improved communication and alignment among our functional teams. We remain focused on increasing unit sales volume and subscribers, and will continue our focus to grow and cultivate the partnerships with our distributors and retailers to rebuild 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, and increase subscription and service revenue.

If we are unable to generate adequate unit sales and revenue growth as a result of the strategic price move, successfully increase retail sales, grow subscribers and subscription and service revenue, continue to 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, 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.

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, will support our ability to return to profitability on an annual basis due to expected 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 continued to decline as smartphone and tablet camera quality has improved, we continue to 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 business from many of the negative trends facing the digital camera market. 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 through GoPro.com, retail mobile app attach, and 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.

Components of our Results of Operations

Revenue. Our revenue is primarily comprised of product sales, and subscription and service offerings, net of returns and sales incentives. Product revenue is derived from the sale of our cameras and accessories directly to retailers, through our network of domestic and international distributors, and on GoPro.com. Subscription and service revenue is primarily derived from the sale of our Premium and Quik subscriptions on GoPro.com, and the Quik mobile app. See Critical Accounting Policies and Estimates and Note 1 Summary of business and significant accounting policies, to the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for information regarding revenue recognition.

Cost of revenue. Our cost of revenue primarily consists of product and subscription costs, including costs of contract manufacturing for production, third-party logistics and procurement costs, warranty repair costs, tooling and equipment depreciation, third-party hosting fees, excess and obsolete inventory write-downs, license fees, tariffs and certain allocated costs related to our manufacturing team, facilities, including right-of-use asset impairment charges, cloud storage costs and personnel-related expenses.

Operating expenses. We classify our operating expenses into three categories: research and development, sales and marketing, and general and administrative.

Research and development. Our research and development expense consists primarily of personnel-related costs, including salaries, stock-based compensation, and employee benefits. Research and development expense also includes consulting and outside professional services costs, materials, and allocated facilities, restructuring, depreciation and other supporting overhead expenses associated with the development of our product and service offerings.

Sales and marketing. Our sales and marketing expense consists primarily of advertising and marketing promotions of our products and services, and personnel-related costs, including salaries, stock-based compensation, and employee benefits. Sales and marketing expense also includes point of purchase (POP) display expenses and related amortization, sales commissions, GoPro.com and subscription provider fees, trade show and event costs, sponsorship costs, consulting and contractor expenses, and allocated facilities, restructuring, depreciation, and other supporting overhead expenses.

General and administrative. Our general and administrative expense consists primarily of personnel-related costs, including salaries, stock-based compensation and employee benefits for our finance, legal, human resources, information technology and administrative personnel. General and administrative expense also includes professional service costs related to accounting, tax, and legal services, and allocated facilities, restructuring, depreciation, and other supporting overhead expenses.

Results of Operations

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

(dollars in thousands)	Year ended December 31,					
	2023		2022		2021	
Revenue	\$ 1,005,459	100 %	\$ 1,093,541	100 %	\$ 1,161,084	100 %
Cost of revenue	681,886	68	686,713	63	683,979	59
Gross profit	323,573	32	406,828	37	477,105	41
Operating expenses:						
Research and development	165,688	17	139,885	13	141,494	12
Sales and marketing	169,578	17	166,967	15	156,694	13
General and administrative	63,770	6	61,021	5	65,701	6
Total operating expenses	399,036	40	367,873	33	363,889	31
Operating income (loss)	(75,463)	(8)	38,955	4	113,216	10
Other income (expense):						
Interest expense	(4,699)	—	(6,242)	(1)	(22,940)	(2)
Other income (expense), net	12,429	1	1,740	—	(176)	—
Total other income (expense), net	7,730	1	(4,502)	(1)	(23,116)	(2)
Income (loss) before income taxes	(67,733)	(7)	34,453	3	90,100	8
Income tax expense (benefit)	(14,550)	(1)	5,606	1	(281,071)	(24)
Net income (loss)	\$ (53,183)	(6)%	\$ 28,847	2 %	\$ 371,171	32 %

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

Revenue

(camera units and dollars in thousands, except average selling price)	Year ended December 31,			2023 vs 2022	2022 vs 2021
	2023	2022	2021	% Change	% Change
Camera units shipped	2,984	2,810	3,145	6 %	(11) %
Average selling price	\$ 337	\$ 389	\$ 369	(13)	5
Retail	\$ 704,217	\$ 682,799	\$ 769,019	3	(11)
Percentage of revenue	70.0 %	62.4 %	66.2 %		
GoPro.com	\$ 301,242	\$ 410,742	\$ 392,065	(27)	5
Percentage of revenue	30.0 %	37.6 %	33.8 %		
Total revenue	\$ 1,005,459	\$ 1,093,541	\$ 1,161,084	(8) %	(6) %
Americas	\$ 469,675	\$ 521,270	\$ 607,534	(10) %	(14) %
Percentage of revenue	46.7 %	47.7 %	52.3 %		
Europe, Middle East and Africa (EMEA)	\$ 290,814	\$ 300,870	\$ 305,654	(3)	(2)
Percentage of revenue	28.9 %	27.5 %	26.3 %		
Asia and Pacific (APAC)	\$ 244,970	\$ 271,401	\$ 247,896	(10)	9
Percentage of revenue	24.4 %	24.8 %	21.4 %		
Total revenue	\$ 1,005,459	\$ 1,093,541	\$ 1,161,084	(8) %	(6) %

2023 Compared to 2022. Revenue for the full year of 2023 was \$1.0 billion, or an 8.1% decrease from the prior year period, primarily driven by the impact of our decision to reduce the MSRP across our camera lineup in May 2023, and a shift in camera revenue mix to lower price tiers as we began offering entry-level cameras at a sub-\$300 price point for the first time since 2019. This decrease in revenue was partially offset by growth in our subscription and service revenue of 18.4%, and camera units grew 6.2% year-over-year to 3.0 million. The current entry-level cameras are our lowest margin products and are expected to remain low margin until we are able to replace them with a more cost-effective solution, which is planned for the second quarter of 2024. The reduction in MSRPs across our camera lineup in May and September 2023 resulted in a price protection charge of \$36.5 million for the year ended December 31, 2023, which was based on estimated channel inventory levels as of the price drop date. As a result of these changes during 2023, our average selling price decreased 13.4% year-over-year to \$337 and our camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 77% compared to 90% in 2022. Retail revenue represented 70.0% and 62.4% of total revenue for the full year of 2023 and 2022, respectively. The shift towards our retail channel reflects results of our refreshed go-to-market strategy to rebuild our retail presence and to drive retail consumers to our subscription offerings via our mobile app and GoPro.com. GoPro.com revenue represented 30.0% and 37.6% of total revenue for the full year of 2023 and 2022, respectively. Subscription and service revenue, which is included in the GoPro.com channel, increased 18.4% year-over-year to \$97.5 million. We had 2.5 million GoPro subscribers as of December 31, 2023, an 11.5% increase year-over-year.

GoPro, Inc.
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Cost of revenue and gross margin

(dollars in thousands)	Year ended December 31,			2023 vs 2022	2022 vs 2021
	2023	2022	2021	% Change	% Change
Cost of revenue	\$ 680,021	\$ 676,771	\$ 680,963	— %	(1)%
Stock-based compensation	1,955	1,805	1,794	8	1
Acquisition-related costs	—	47	1,152	(100)	(96)
Restructuring costs	(90)	8,090	70	(101)	11,457
Total cost of revenue	\$ 681,886	\$ 686,713	\$ 683,979	(1) %	— %
<i>Gross margin</i>	<i>32.2 %</i>	<i>37.2 %</i>	<i>41.1 %</i>	<i>(500) bps</i>	<i>(390) bps</i>

2023 Compared to 2022. Gross margin of 32.2% for the full year of 2023 decreased from 37.2% in the prior year period, or 500 bps, primarily due to the impact of our pricing decision to reduce the MSRP across our camera lineup (800 bps), which includes total price protection charges of \$36.7 million, an increase in the sale of entry-level price point cameras which carry lower margins compared to our higher priced cameras, and an increase to our retail sales channel mix which generate lower margins compared to our GoPro.com channel. Gross margin was also negatively impacted by the effect of foreign currencies (60 bps), partially offset by lower operating and component costs of 200 bps, increased margin contribution from subscriptions of 90 bps, and by decreased restructuring costs of 70 bps.

Research and development

(dollars in thousands)	Year ended December 31,			2023 vs 2022	2022 vs 2021
	2023	2022	2021	% Change	% Change
Research and development	\$ 145,939	\$ 122,420	\$ 123,631	19 %	(1) %
Stock-based compensation	19,062	17,221	17,263	11	—
Restructuring costs	687	244	600	182	(59)
Total research and development	\$ 165,688	\$ 139,885	\$ 141,494	18 %	(1) %
<i>Percentage of revenue</i>	<i>17.0 %</i>	<i>12.8 %</i>	<i>12.2 %</i>		

2023 Compared to 2022. The year-over-year increase of \$25.8 million, or 18%, in total research and development expense for the full year of 2023 compared to the prior year period was primarily driven by a \$14.0 million increase in cash based personnel-related costs, an \$8.0 million increase in development work primarily on our next generation system-on-chip, a \$1.8 million increase in stock-based compensation expense, a \$1.3 million increase in travel related expenses, and a \$0.7 million increase in allocated facilities, depreciation, and supporting overhead expenses.

Sales and marketing

(dollars in thousands)	Year ended December 31,			2023 vs 2022	2022 vs 2021
	2023	2022	2021	% Change	% Change
Sales and marketing	\$ 160,712	\$ 158,657	\$ 148,288	1 %	7 %
Stock-based compensation	8,736	8,173	8,045	7	2
Restructuring costs	130	137	361	(5)	(62)
Total sales and marketing	\$ 169,578	\$ 166,967	\$ 156,694	2 %	7 %
<i>Percentage of revenue</i>	<i>16.9 %</i>	<i>15.3 %</i>	<i>13.5 %</i>		

2023 Compared to 2022. The year-over-year increase of \$2.6 million, or 2%, in total sales and marketing expense for the full year of 2023 compared to the prior year period was primarily driven by a \$2.0 million increase in cash based personnel-related costs, a \$1.7 million increase in advertising and marketing expenses primarily attributable to online campaigns, activation events and sponsorships, a \$1.0 million increase in travel related expenses, and a \$0.6 million increase in stock-based compensation expense, partially offset by a \$2.7 million decrease in allocated facilities, depreciation, and supporting overhead expenses.

General and administrative

(dollars in thousands)	Year ended December 31,			2023 vs 2022		2022 vs 2021	
	2023	2022	2021	% Change	% Change	% Change	% Change
General and administrative	\$ 51,211	\$ 49,152	\$ 53,958	4 %	(9) %		
Stock-based compensation	11,726	11,792	11,548	(1)	2		
Acquisition-related costs	822	—	—	100	—		
Restructuring costs	11	77	195	(86)	(61)		
Total general and administrative	\$ 63,770	\$ 61,021	\$ 65,701	5 %	(7) %		
<i>Percentage of revenue</i>	<i>6.3 %</i>	<i>5.4 %</i>	<i>5.7 %</i>				

2023 Compared to 2022. The year-over-year increase of \$2.7 million, or 5%, in total general and administrative expense for the full year of 2023 compared to the prior year period was primarily driven by a \$2.0 million increase in consulting and professional services, a \$0.8 million increase in cash based personnel-related costs, a \$0.8 million increase in acquisition-related costs, and a \$0.3 million increase in bad debt expense, partially offset by a \$1.3 million decrease in allocated facilities, depreciation, and supporting overhead expenses.

Restructuring costs

Fourth quarter 2022 restructuring. In December 2022, we approved a restructuring plan to reduce camera production-related costs by globally realigning our manufacturing footprint to concentrate our production activities in two primary locations: China and Thailand. Under the fourth quarter 2022 restructuring, we recorded restructuring charges of \$8.1 million, including \$7.0 million for camera production line closure costs and \$1.1 million for related transitional costs to migrate production to our remaining manufacturing locations.

See Note 11 Restructuring charges, to the Notes to Consolidated Financial Statements.

Other income (expense)

(dollars in thousands)	Year ended December 31,			2023 vs 2022		2022 vs 2021	
	2023	2022	2021	% Change	% Change	% Change	% Change
Interest expense	\$ (4,699)	\$ (6,242)	\$ (22,940)	(25) %	(73) %		
Other income (expense), net	12,429	1,740	(176)	614	(1,089)		
Total other income (expense), net	\$ 7,730	\$ (4,502)	\$ (23,116)	(272) %	(81) %		

2023 Compared to 2022. Total other income (expense), net was income of \$7.7 million for the full year of 2023 compared to an expense of \$4.5 million for the same prior year period. The year-over-year change of \$12.2 million was primarily due to higher available yields on our cash and marketable securities resulting in an increase in interest income of \$6.8 million, a \$3.1 million gain on the partial extinguishment of our 2025 Notes in November 2023, a \$1.5 million decrease in cash interest expense as our 2022 Notes matured and were paid in the second quarter of 2022, and a \$0.7 million increase in net foreign exchange rate-based gains.

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

Income taxes

(dollars in thousands)	Year ended December 31,			2023 vs 2022		2022 vs 2021	
	2023	2022	2021	% Change	% Change		
Income tax expense (benefit)	\$ (14,550)	\$ 5,606	\$ (281,071)	(360) %			(102) %

2023 Compared to 2022. We recorded an income tax benefit of \$14.6 million for the year ended December 31, 2023, on pre-tax net loss of \$67.7 million. Our income tax benefit for the year ended December 31, 2023 primarily resulted from a tax benefit on pre-tax book loss, and the federal and California research and development credits, partially offset by the nondeductible equity tax expense from stock-based compensation, and the impact of foreign operation, net of the release of a portion of our uncertain tax positions as a result of a lapse in the statute of limitations in certain jurisdictions.

Our 2022 income tax expense of \$5.6 million primarily resulted from a tax expense on pre-tax book income, partially offset by income tax benefits from stock-based compensation, federal and California research and development credits, and an income tax benefit related to the foreign provision to income tax return adjustments.

See Note 8 Income taxes, to the Notes to Consolidated Financial Statements for additional information.

Quarterly results of operations

The following table sets forth our unaudited quarterly consolidated results of operations for each of the eight quarterly periods in the two-year period ended December 31, 2023.

(dollars in thousands, except per share amounts)	Three months ended							
	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022
Revenue	\$ 295,420	\$ 294,299	\$ 241,020	\$ 174,720	\$ 321,021	\$ 305,130	\$ 250,685	\$ 216,705
Gross profit	101,095	94,204	75,772	52,502	104,303	116,045	96,004	90,476
Operating expenses	110,463	97,991	98,266	92,316	102,596	91,614	91,349	82,314
Net income (loss)	\$ (2,418)	\$ (3,684)	\$ (17,212)	\$ (29,869)	\$ 3,073	\$ 17,570	\$ 2,519	\$ 5,685
Net income (loss) per share:								
Basic	\$ (0.02)	\$ (0.02)	\$ (0.11)	\$ (0.19)	\$ 0.02	\$ 0.11	\$ 0.02	\$ 0.04
Diluted	\$ (0.02)	\$ (0.02)	\$ (0.11)	\$ (0.19)	\$ 0.02	\$ 0.10	\$ 0.02	\$ 0.04

Liquidity and Capital Resources

The following table presents selected financial information as of December 31, 2023 and 2022:

(dollars in thousands)	December 31, 2023		December 31, 2022	
	\$	\$	\$	\$
Cash and cash equivalents	\$ 222,708		\$ 223,735	
Marketable securities		23,867		143,602
Total cash, cash equivalents and marketable securities	\$ 246,575		\$ 367,337	
Percentage of total assets		25 %		34 %

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, 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 December 31, 2023, our cash, cash equivalents, and marketable securities totaled \$246.6 million. Our cash, net of the outstanding principal balance of the 2025 Notes, as of December 31, 2023, was \$152.8 million. The overall cash used in operating activities of \$32.9 million for the full year of 2023 was primarily attributable to a net loss of \$53.2 million and net cash outflows from changes in our working capital of \$6.8 million, and a deferred income tax benefit of \$17.9 million, partially offset by net cash inflows from other non-cash expenses of \$45.0 million. Working capital changes for the full year of 2023 of \$6.8 million were the result of an increase in accounts receivable of \$14.5 million, an increase in prepaid expenses and other assets of \$7.6 million, a decrease in accounts payable and other liabilities of \$4.2 million, and a decrease in deferred revenue of \$1.3 million, partially offset by a decrease in inventory of \$20.9 million. As of December 31, 2023, \$12.8 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. On April 15, 2022, we repaid the remaining \$125.0 million of principal and \$2.2 million of accrued interest in cash to the debt holders to fully settle the 2022 Notes on the maturity date.

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.

The following table summarizes our contractual obligations related to the 2025 Convertible Notes as of December 31, 2023, and the expected timing of those payments:

(in thousands)	Total	Next 12 Months		Beyond 12 Months	
Short-term and Long-term debt ⁽¹⁾	\$ 96,081	\$ 1,159	\$ 1,159	\$ 94,922	\$ 94,922
Total contractual cash obligations	<u>\$ 96,081</u>	<u>\$ 1,159</u>	<u>\$ 1,159</u>	<u>\$ 94,922</u>	<u>\$ 94,922</u>

⁽¹⁾ Our convertible senior notes are due in November 2025. The balances include accrued and unpaid interest as of December 31, 2023. Refer to Note 4 Financing arrangements in the Notes to Consolidated Financial Statements for additional discussion regarding the 2025 Notes.

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 December 31, 2023, and the expected timing of those payments:

(in thousands)	Total	Next 12 Months	Beyond 12 Months
Operating lease obligations ⁽¹⁾	\$ 39,853	\$ 12,488	\$ 27,365
Other contractual commitments	50,996	36,045	14,951
Total contractual cash obligations	\$ 90,849	\$ 48,533	\$ 42,316

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

See Note 9 Commitments, contingencies, and guarantees, for a discussion regarding facility leases and other contractual commitments in the Notes to Consolidated Financial Statements.

Liquidity

Based on our most current projections, we believe that our cash, cash equivalents, marketable securities 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. No borrowings have been made from the credit facility to date (See Note 4 Financing arrangements, in the Notes to 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.

In the future, we may require additional financing to respond to business opportunities, challenges or unforeseen circumstances. 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 or support our business, repay debt and respond to business challenges could be significantly limited. Although we believe we have adequate sources of liquidity over the long term, the success of our operations and the global economic outlook, among other factors, could impact our business and liquidity.

Summary of Cash Flow

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

(in thousands)	Year ended December 31,			2023 vs 2022	2022 vs 2021
	2023	2022	2021	% Change	% Change
Net cash provided by (used in):					
Operating activities	\$ (32,863)	\$ 5,747	\$ 229,153	(672)%	(97)%
Investing activities	\$ 121,902	\$ (8,388)	\$ (143,719)	(1,553)%	(94)%
Financing activities	\$ (90,382)	\$ (173,269)	\$ (9,889)	(48)%	1,652 %

Cash flows from operating activities

Cash used in operating activities of \$32.9 million for the year ended December 31, 2023 was primarily attributable to a net loss of \$53.2 million, net cash outflows from changes in our working capital of \$6.8 million, and a deferred income tax benefit of \$17.9 million, partially offset by net cash inflows from other non-cash expenses of \$45.0 million. Working capital changes for the year ended December 31, 2023 of \$6.8 million were the result of an increase in accounts receivable of \$14.5 million, an increase in prepaid expenses and other assets of \$7.6 million, a decrease in accounts payable and other liabilities of \$4.2 million, and a decrease in deferred revenue of \$1.3 million, partially offset by a decrease in inventory of \$20.9 million.

Cash flows from investing activities

Cash provided by investing activities of \$121.9 million for the year ended December 31, 2023 was primarily attributable to maturities of marketable securities of \$149.2 million, partially offset by purchases of marketable securities of \$25.8 million and net purchases of property and equipment of \$1.5 million.

Cash flows from financing activities

Cash used in financing activities of \$90.4 million for the year ended December 31, 2023 was primarily attributable to the repurchase of \$50.0 million in aggregate principal amount of the 2025 Notes in exchange for \$46.3 million cash, repurchases of our outstanding common stock of \$40.0 million and \$8.0 million in tax payments for net restricted stock unit (RSU) settlements, partially offset by \$3.9 million of cash inflows from stock purchases made through our employee stock purchase plan.

Indemnifications

The information set forth under Note 9 Commitments, contingencies, and guarantees in the Notes to Consolidated Financial Statements under the caption Indemnifications is incorporated herein by reference.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates, assumptions, and judgments that can significantly impact the amounts we report as assets, liabilities, revenue, costs, and expenses and the related disclosures. Note 1 Summary of business and significant accounting policies, to the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. Our actual results could differ significantly from these estimates. We believe that the accounting policies discussed below are critical to understanding our historical and future performance as these policies involve a greater degree of judgment and complexity. Our senior management has reviewed these critical accounting policies and related disclosures with the Audit Committee of our board of directors.

Revenue recognition

We derive substantially all of our revenue from the sale of cameras, mounts, accessories, subscription and service, and implied post contract support to customers. We recognize revenue when control of the promised goods or services are transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The transaction price we expect to be entitled to is primarily comprised of product revenue, net of returns and variable consideration, which includes sales incentives provided to customers.

For the sales of our hardware products, including related firmware and free software solutions, revenue is recognized at the time the product is shipped and when collection is considered probable. Subscription and service revenue is recognized primarily from our Premium and Quik subscription offerings sold on GoPro.com and the Quik mobile app, and is recognized ratably over the subscription term, with any payments received in advance of services being rendered recorded in deferred revenue. For customers who purchase products directly from GoPro.com, we retain a portion of the risk of loss on these sales during transit, which are accounted for as fulfillment costs.

Our 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 our downloadable free apps and software solutions. 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. Judgment is required to properly identify the units of accounting for our camera sales arrangements.

For our 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 we separately sell our products, and subscription and service. If a standalone selling price is not directly observable, then we estimate 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 our support, and the amount of time and cost that is allocated to our efforts to develop the undelivered elements. While changes in the allocation of the transaction price among the performance obligations will not affect the amount of total revenue ultimately recognized for a particular camera sale arrangement, any significant change in these allocations could impact the timing of revenue recognition, which could have a material effect on our financial condition and results of operations.

Our standard terms and conditions for non-web-based sales do not allow for product returns other than under warranty. However, we grant limited rights to return product for certain large retailers. Estimates of expected future product returns are recognized at the time of sale 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 us to estimate expected future product returns. Actual returns in any future period could differ from our estimates, which could impact the revenue that we report.

We provide our customers with 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 we estimate and record as a reduction to revenue at the date of sale. Sales incentives are influenced by historical experience, product sell-through and other factors. Actual sales incentives and their impact on reported revenue could differ from our estimates.

Inventory valuation

Inventory consists of finished goods and component parts, and is stated at the lower of cost or net realizable value on a first-in, first-out basis. Our inventory balances were \$106.3 million and \$127.1 million as of December 31, 2023 and 2022, respectively. Our assessment of market value requires the use of estimates

regarding the net realizable value of our inventory balances, including an assessment of excess or obsolete inventory. We determine excess or obsolete inventory based on multiple factors, including market conditions, an estimate of the future demand for our products within a specified time horizon (generally 12 months), product life cycle status, product development plans and current sales levels.

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. Our effective tax rate was 21.5%, 16.3%, and negative 312.0% in 2023, 2022, and 2021, respectively. 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 recoverability 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 use our existing deferred tax assets. In the assessment for the year ended December 31, 2021, we concluded it was more likely than not that our deferred tax assets related to future United States federal and state income taxes will be realizable, therefore, in 2021, the United States federal and state valuation allowances were released. For the period ending December 31, 2023, we continue to believe that it is more likely than not that our United States federal and state and foreign deferred tax assets will be realized and thus, a valuation allowance is not required on our deferred tax assets. We will continue assessing the realizability of the deferred tax assets in each applicable jurisdictions going forward.

Uncertain tax positions. We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We file annual income tax returns in multiple taxing jurisdictions around the world and a number of years may elapse before an uncertain tax position is audited by the relevant tax authorities and finally resolved. We have established reserves to address potential exposures related to tax positions that could be challenged by tax authorities. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position and we can provide no assurance that the final tax outcome of these matters will not be materially different, we believe that we have adequately reserved for our uncertain tax positions.

Our future effective tax rates could be adversely affected if actual earnings are different than our estimates, by changes in the valuation of our deferred tax assets or liabilities, outcomes resulting from income tax examinations, or by changes or interpretations in tax laws, regulations, or accounting principles.

Impairment of goodwill and long-lived assets

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 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 would be less than its carrying value. If we determine that it is more likely than not that the fair value of our single reporting unit is less than its carrying value, we measure the amount of impairment as the amount the carrying value of our single reporting entity exceeds the fair value. If the Company's market capitalization continues to decline or future performance varies from current expectations, assumptions, or estimates, including assumptions related to current macroeconomic uncertainties, this may trigger a future impairment charge, which could have a material adverse effect on our business, financial condition, and results of operations.

Long-lived assets, such as property and equipment, intangible assets subject to amortization, and right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount to the estimated future undiscounted cash flows expected to be generated by the asset group. If it is determined that an asset group is not recoverable, an impairment charge is recognized for the amount by which the carrying amount of the asset group exceeds its fair value.

Recent Accounting Pronouncements

Refer to Recent Accounting Pronouncements in Note 1 Summary of business and significant accounting policies, to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

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. Revenue is presented on a constant currency basis to show performance unaffected by fluctuations in currency exchange rates. We calculate constant currency amounts by translating current period amounts at the prior period's average exchange rate and compare that to current period performance. We use non-GAAP financial measures to help us understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operational plans. Our management uses and believes that investors benefit from referring to these non-GAAP financial measures in assessing our operating results. These non-GAAP financial measures should not be considered in isolation from, or as an alternative to, the measures prepared in accordance with GAAP, and are not based on any comprehensive set of accounting rules or principles. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by facilitating:

- the comparability of our on-going operating results over the periods presented;
- the ability to identify trends in our underlying business; and
- the comparison of our operating results against analyst financial models and operating results of other public companies that supplement their GAAP results with non-GAAP financial measures.

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

- adjusted EBITDA does not reflect tax payments that reduce cash available to us;
- adjusted EBITDA excludes depreciation and amortization and, although these are non-cash charges, the property and equipment being depreciated and amortized often will have to be replaced in the future, and adjusted EBITDA does not reflect any cash capital expenditure requirements for such replacements;
- adjusted EBITDA excludes the amortization of point of purchase (POP) display assets because it is a non-cash charge, and is treated similarly to depreciation of property and equipment and amortization of acquired intangible assets;
- adjusted EBITDA and non-GAAP net income (loss) exclude restructuring and other related costs which primarily include severance-related costs, stock-based compensation expenses, manufacturing consolidation charges, facilities consolidation charges recorded in connection with restructuring actions, including right-of-use asset impairment charges (if applicable), and the related ongoing operating lease cost of those facilities recorded under ASC 842, *Leases*. These expenses do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of current operating performance or comparisons to the operating performance in other periods;
- adjusted EBITDA and non-GAAP net income (loss) exclude stock-based compensation expense related to equity awards granted primarily to our workforce. We exclude stock-based compensation expense because we believe that the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance. In particular, we note that companies calculate stock-based compensation expense for the variety of award types that they employ using different valuation methodologies and subjective assumptions. These non-cash charges are not factored into our internal evaluation of net income (loss) as we believe their inclusion would hinder our ability to assess core operational performance;

- 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 contribute to revenue generation;
- non-GAAP net income (loss) excludes non-cash interest expense. Prior to the adoption of ASU 2020-06 in fiscal year 2022, we were required to recognize non-cash interest expense related to the amortization of a debt discount associated with our 2022 Notes and 2025 Notes in accordance with the prior authoritative accounting guidance for convertible debt that may be settled in cash. From fiscal year 2022 and onwards, this debt discount accounting requirement was removed, and as a result, non-cash interest expense will no longer be a reconciling item between GAAP and non-GAAP net income (loss);
- non-GAAP net income (loss) includes income tax adjustments. We utilize a cash-based non-GAAP tax expense approach (based upon expected annual cash payments for income taxes) for evaluating operating performance as well as for planning and forecasting purposes. This non-GAAP tax approach eliminates the effects of period specific items, which can vary in size and frequency and does not necessarily reflect our long-term operations. Historically, we computed a non-GAAP tax rate based on non-GAAP pre-tax income on a quarterly basis, which considered the income tax effects of the adjustments above;
- GAAP and non-GAAP net income (loss) per share includes the dilutive, tax effected cash interest expense associated with our 2022 Notes and 2025 Notes in periods of net income, as if converted at the beginning of the period in connection with the adoption of ASU 2020-06 on January 1, 2022; and
- other companies may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

The following tables present a reconciliation of net income (loss) to adjusted EBITDA:

(in thousands)	Three months ended December 31,	
	December 31, 2023	December 31, 2022
Net income (loss)	\$ (2,418)	\$ 3,073
Income tax benefit	(2,988)	(413)
Interest (income) expense, net	(707)	(486)
Depreciation and amortization	1,159	1,980
POP display amortization	734	490
Stock-based compensation	10,031	9,565
Gain on extinguishment of debt	(3,092)	—
Restructuring and other costs	548	7,805
Adjusted EBITDA	\$ 3,267	\$ 22,014

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

(in thousands)	Year ended December 31,				
	2023	2022	2021	2020	2019
Net income (loss)	\$ (53,183)	\$ 28,847	\$ 371,171	\$ (66,783)	\$ (14,642)
Income tax expense (benefit)	(14,550)	5,606	(281,071)	4,826	(4,428)
Interest (income) expense, net	(5,233)	3,131	22,678	19,993	17,872
Depreciation and amortization	6,160	8,570	10,962	19,065	26,268
POP display amortization	2,015	2,055	2,759	4,176	7,504
Stock-based compensation	41,479	38,991	38,650	29,963	37,188
(Gain) loss on extinguishment of debt	(3,092)	—	—	5,389	—
Restructuring and other costs	(913)	7,554	2,649	26,571	2,196
Adjusted EBITDA	\$ (27,317)	\$ 94,754	\$ 167,798	\$ 43,200	\$ 71,958

The following tables present a reconciliation of net income (loss) to non-GAAP net income (loss):

(in thousands, except per share data)	Three months ended December 31,	
	2023	2022
Net income (loss)	\$ (2,418)	\$ 3,073
Stock-based compensation	10,031	9,565
Acquisition-related costs	822	—
Restructuring and other costs	548	7,805
Gain on extinguishment of debt	(3,092)	—
Income tax adjustments	(3,467)	647
Non-GAAP net income (loss)	\$ 2,424	\$ 21,090
GAAP net income (loss) - basic	\$ (2,418)	\$ 3,073
Add: Interest on convertible notes, tax effected	—	334
GAAP net income (loss) - diluted	\$ (2,418)	\$ 3,407
Non-GAAP net income (loss) - basic	\$ 2,424	\$ 21,090
Add: Interest on convertible notes, tax effected	499	334
Non-GAAP net income (loss) - diluted	\$ 2,923	\$ 21,424
GAAP diluted net income (loss) per share	\$ (0.02)	\$ 0.02
Non-GAAP diluted net income (loss) per share	\$ 0.02	\$ 0.12
GAAP shares for basic net income (loss) per share	151,078	155,340
Add: Effect of dilutive securities	—	16,784
GAAP shares for diluted net income (loss) per share	151,078	172,124
Add: Effect of non-GAAP only dilutive securities	13,541	—
Non-GAAP shares for diluted net income (loss) per share	164,619	172,124

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

(in thousands)	Year ended December 31,				
	2023	2022	2021	2020	2019
Net income (loss)	\$ (53,183)	\$ 28,847	\$ 371,171	\$ (66,783)	\$ (14,642)
Stock-based compensation	41,479	38,991	38,650	29,963	37,188
Acquisition-related costs	822	47	1,152	4,598	7,818
Restructuring and other costs	(913)	7,554	2,649	26,571	2,196
Non-cash interest expense	—	—	14,208	10,366	8,987
(Gain) loss on extinguishment of debt	(3,092)	—	—	5,389	—
Income tax adjustments	(16,248)	5,484	(281,762)	2,675	(6,292)
Non-GAAP net income (loss)	\$ (31,135)	\$ 80,923	\$ 146,068	\$ 12,779	\$ 35,255
GAAP net income (loss) - basic	\$ (53,183)	\$ 28,847	\$ 371,171	\$ (66,783)	\$ (14,642)
Add: Interest on convertible notes, tax effected*	—	3,055	—	—	—
GAAP net income (loss) - diluted	\$ (53,183)	\$ 31,902	\$ 371,171	\$ (66,783)	\$ (14,642)
Non-GAAP net income (loss) - basic	\$ (31,135)	\$ 80,923	\$ 146,068	\$ 12,779	\$ 35,255
Add: Interest on convertible notes, tax effected*	—	3,055	—	—	—
Non-GAAP net income (loss) - diluted	\$ (31,135)	\$ 83,978	\$ 146,068	\$ 12,779	\$ 35,255
GAAP diluted net income (loss) per share	\$ (0.35)	\$ 0.18	\$ 2.27	\$ (0.45)	\$ (0.10)
Non-GAAP diluted net income (loss) per share	\$ (0.20)	\$ 0.47	\$ 0.90	\$ 0.08	\$ 0.24
GAAP shares for basic net income (loss) per share	153,348	156,181	154,274	149,037	144,891
Add: Effect of dilutive securities	—	22,098	8,904	—	—
GAAP shares for diluted net income (loss) per share	153,348	178,279	163,178	149,037	144,891
Add: Effect of non-GAAP only dilutive securities	—	—	—	3,096	1,580
Non-GAAP shares for diluted net income (loss) per share	153,348	178,279	163,178	152,133	146,471

* Reflects the use of the if-converted method for our convertible notes, effective January 1, 2022 due to the adoption of ASU 2020-06.

Item 7A. 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. 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 Euro, British pound, Australian dollar, Japanese yen, Chinese yuan. 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 8. Financial Statements and Supplementary Data

GoPro, Inc.
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The supplementary financial information required by this Item 8, is included in Part II, Item 7 under the caption Results of Operations, which is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of GoPro, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

As described in Note 1 to the consolidated financial statements, substantially all revenue is derived from the sales 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 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. The Company's revenue was \$1,005 million for the year ended December 31, 2023.

The principal consideration for our determination that performing procedures relating to revenue recognition is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others (i) evaluating certain revenue transactions by testing the issuance and settlement of invoices and credit memos, tracing transactions not settled to a detailed listing of accounts receivable, and testing the completeness and accuracy of data provided by management; (ii) evaluating, on a sample basis, revenue transactions by obtaining and inspecting source documents, including sales orders, invoices, shipping and delivery documents, and cash receipts, where applicable; (iii) evaluating, on a sample basis, for certain revenue transactions, the timing of revenue recognition by obtaining and inspecting shipping and delivery documents; (iv) recalculating, on a sample basis, amortization of subscription revenue; (v) evaluating the reasonableness of variable consideration, on a sample basis, by testing credit memos during the year and testing the completeness and accuracy of the data used to determine the year end accrual; and (vi) testing, on a sample basis, outstanding customer invoice balances as of December 31, 2023 by obtaining and inspecting source documents, including sales orders, invoices, shipping and delivery documents, and subsequent cash receipts, where applicable.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 9, 2024

We have served as the Company's auditor since 2011.

GoPro, Inc.
Consolidated Balance Sheets

(in thousands, except par values)	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 222,708	\$ 223,735
Marketable securities	23,867	143,602
Accounts receivable, net	91,452	77,008
Inventory	106,266	127,131
Prepaid expenses and other current assets	38,298	34,551
Total current assets	482,591	606,027
Property and equipment, net	8,686	13,327
Operating lease right-of-use assets	18,729	21,819
Goodwill	146,459	146,459
Other long-term assets	311,486	289,293
Total assets	\$ 967,951	\$ 1,076,925
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 102,612	\$ 91,648
Accrued expenses and other current liabilities	110,049	118,877
Short-term operating lease liabilities	10,520	9,553
Deferred revenue	55,913	55,850
Total current liabilities	279,094	275,928
Long-term taxes payable	11,199	9,536
Long-term debt	92,615	141,017
Long-term operating lease liabilities	25,527	33,446
Other long-term liabilities	3,670	5,439
Total liabilities	412,105	465,366
Commitments, contingencies and guarantees (Note 9)		
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, 123,638 and 128,629 shares issued and outstanding, respectively; 150,000 Class B shares authorized, 26,259 and 26,259 shares issued and outstanding, respectively	998,373	960,903
Treasury stock, at cost, 26,608 and 16,677 shares, respectively	(193,231)	(153,231)
Accumulated deficit	(249,296)	(196,113)
Total stockholders' equity	555,846	611,559
Total liabilities and stockholders' equity	\$ 967,951	\$ 1,076,925

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

GoPro, Inc.
Consolidated Statements of Operations

(in thousands, except per share data)	Year ended December 31,		
	2023	2022	2021
Revenue	\$ 1,005,459	\$ 1,093,541	\$ 1,161,084
Cost of revenue	681,886	686,713	683,979
Gross profit	323,573	406,828	477,105
Operating expenses:			
Research and development	165,688	139,885	141,494
Sales and marketing	169,578	166,967	156,694
General and administrative	63,770	61,021	65,701
Total operating expenses	399,036	367,873	363,889
Operating income (loss)	(75,463)	38,955	113,216
Other income (expense):			
Interest expense	(4,699)	(6,242)	(22,940)
Other income (expense), net	12,429	1,740	(176)
Total other income (expense), net	7,730	(4,502)	(23,116)
Income (loss) before income taxes	(67,733)	34,453	90,100
Income tax expense (benefit)	(14,550)	5,606	(281,071)
Net income (loss)	\$ (53,183)	\$ 28,847	\$ 371,171
Net income (loss) per share:			
Basic	\$ (0.35)	\$ 0.18	\$ 2.41
Diluted	\$ (0.35)	\$ 0.18	\$ 2.27
Shares used to compute net income (loss) per share:			
Basic	153,348	156,181	154,274
Diluted	153,348	178,279	163,178

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

GoPro, Inc.
Consolidated Statements of Stockholders' Equity

(in thousands)	Common stock and additional paid-in capital		Treasury stock		Accumulated deficit	Stockholders' equity
	Shares	Amount	Amount			
Balances at December 31, 2020	151,119	\$ 980,147	\$ (113,613)	\$ (650,516)	\$ 216,018	
Common stock issued under employee benefit plans, net of shares withheld for tax	5,355	7,453	—	—	—	7,453
Taxes paid related to net share settlements	—	(17,379)	—	—	—	(17,379)
Stock-based compensation expense	—	38,651	—	—	—	38,651
Net income	—	—	—	371,171	—	371,171
Balances at December 31, 2021	156,474	\$ 1,008,872	\$ (113,613)	\$ (279,345)	\$ 615,914	
Common stock issued under employee benefit plans, net of shares withheld for tax	4,381	4,681	—	—	—	4,681
Taxes paid related to net share settlements	—	(13,410)	—	—	—	(13,410)
Stock-based compensation expense	—	38,991	—	—	—	38,991
Repurchase of outstanding common stock	(5,967)	(1)	(39,618)	—	—	(39,619)
Cumulative effect of adoption of new accounting standard	—	(78,230)	—	54,385	—	(23,845)
Net income	—	—	—	28,847	—	28,847
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	4,940	3,999	—	—	—	3,999
Taxes paid related to net share settlements	—	(8,008)	—	—	—	(8,008)
Stock-based compensation expense (Note 6)	—	41,479	—	—	—	41,479
Repurchase of outstanding common stock	(9,931)	—	(40,000)	—	—	(40,000)
Net loss	—	—	—	(53,183)	—	(53,183)
Balances at December 31, 2023	149,897	\$ 998,373	\$ (193,231)	\$ (249,296)	\$ 555,846	

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

GoPro, Inc.
Consolidated Statements of Cash Flows

(in thousands)	Year ended December 31,		
	2023	2022	2021
Operating activities:			
Net income (loss)	\$ (53,183)	\$ 28,847	\$ 371,171
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	6,160	8,570	10,962
Non-cash operating lease cost	3,090	5,501	4,240
Stock-based compensation	41,479	38,991	38,650
Deferred income taxes	(17,891)	2,710	(273,541)
Non-cash restructuring charges	—	228	(99)
Non-cash interest expense	—	—	14,208
Gain on extinguishment of debt	(3,092)	—	—
Other	(2,600)	1,022	2,243
Changes in operating assets and liabilities:			
Accounts receivable, net	(14,478)	37,829	(8,142)
Inventory	20,865	(40,722)	11,505
Prepaid expenses and other assets	(7,649)	7,922	(17,513)
Accounts payable and other liabilities	(4,226)	(97,112)	56,262
Deferred revenue	(1,338)	11,961	19,207
Net cash provided by (used in) operating activities	(32,863)	5,747	229,153
Investing activities:			
Purchases of property and equipment, net	(1,520)	(3,447)	(5,545)
Purchases of marketable securities	(25,782)	(165,590)	(146,515)
Maturities of marketable securities	149,204	160,649	8,341
Net cash provided by (used in) investing activities	121,902	(8,388)	(143,719)
Financing activities:			
Proceeds from issuance of common stock	3,876	4,760	7,490
Taxes paid related to net share settlement of equity awards	(8,008)	(13,410)	(17,379)
Repurchase of outstanding common stock	(40,000)	(39,619)	—
Payment to partially repurchase 2025 convertible senior notes	(46,250)	—	—
Repayment of debt	—	(125,000)	—
Net cash used in financing activities	(90,382)	(173,269)	(9,889)
Effect of exchange rate changes on cash and cash equivalents	316	(1,442)	(2,112)
Net change in cash and cash equivalents	(1,027)	(177,352)	73,433
Cash and cash equivalents at beginning of period	223,735	401,087	327,654
Cash and cash equivalents at end of period	\$ 222,708	\$ 223,735	\$ 401,087
Supplementary cash flow disclosure:			
Cash paid for interest	\$ 1,976	\$ 4,258	\$ 6,127
Cash paid (refunded) for income taxes, net	\$ (537)	\$ 2,100	\$ 810

Non-cash investing and financing activities:

Purchases of property and equipment included in accounts payable and accrued liabilities	\$	214	\$	215	\$	587
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The accompanying notes are an integral part of these 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 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 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 for any other future period.

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

Use of estimates. The preparation of 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 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.

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

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

Accounts receivable. Accounts receivable are stated at invoice value less estimated allowances for doubtful accounts. Allowances are recorded based on the Company's assessment of various factors, such as: historical experience, credit quality of its customers, age of the accounts receivable balances, geographic related risks, economic conditions and other factors that may affect a customer's ability to pay. The allowance for doubtful accounts as of December 31, 2023 and 2022, was \$ 0.5 million and \$ 0.4 million, respectively.

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

Point of purchase (POP) displays. The Company provides retailers with POP displays, generally free of charge, in order to facilitate the marketing of the Company's products within retail stores. The POP displays contain a display that broadcasts video images taken by GoPro cameras along with product placement available for cameras and accessories. POP display costs are capitalized as long-term assets and charged to sales and marketing expense over the expected period of benefit, which generally ranges from 24 to 36 months. Cash outflows and amortization related to POP displays are classified as operating activities in the Consolidated Statement of Cash Flows.

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

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Leases. The Company leases its office space and facilities under cancelable and non-cancelable operating leases. Operating leases are presented as operating lease right-of-use (ROU) assets, short-term operating lease liabilities and long-term operating lease liabilities on the Company's Consolidated Balance Sheets. ROU assets represent the Company's right to control the use of an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments. The Company determines its incremental borrowing rate based on the approximate rate at which the Company would borrow, on a secured basis, to calculate the present value of future lease payments. Lease expenses are recognized on a straight-line basis over the lease term. Certain leases include an option to renew with terms that can extend the lease term from one to five years. The exercise of a lease renewal option is at the Company's sole discretion and is included in the lease term when the Company is reasonably certain it will exercise the option.

Goodwill and acquired intangible assets. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in a business combination. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. For intangible assets acquired in a business combination, the determination of the estimated fair values of the assets received involves significant

judgments and estimates. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future, technology obsolescence, and the appropriated weighted-average cost of capital. Valuation approaches consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Impairment of goodwill and long-lived assets. The Company performs an annual assessment of its goodwill during the fourth quarter of each calendar year or more frequently if indicators of potential impairment exist, such as an adverse change in business climate or a decline in the overall industry demand, that would indicate it is more likely than not that the fair value of its single reporting unit is less than its carrying value. Based on the Company's assessment as of December 31, 2023, and despite the reduction in the Company's market capitalization during the second half of 2023, the Company did not record any impairment of goodwill for any periods presented. If the Company's market capitalization continues to decline or future performance varies from current expectations, assumptions, or estimates, including assumptions related to current macroeconomic uncertainties, this may trigger a future impairment charge, which could have a material adverse effect on the Company's business, financial condition, and results of operations. The Company will continue to monitor developments, including updates to the Company's financial forecasts and the Company's market capitalization. Other indefinite-lived intangible assets are assessed for impairment at least annually. If their carrying value exceeds the estimated fair value, the difference is recorded as an impairment.

Long-lived assets, such as property and equipment, intangible assets subject to amortization, and right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount to the estimated future undiscounted cash flows expected to be generated by the asset group. If it is determined that an asset group is not recoverable, an impairment charge is recognized for the amount by which the carrying amount of the asset group exceeds its fair value. The Company did not record any impairment charges in 2023, 2022, or 2021.

Warranty. The Company records a liability for estimated product warranty costs at the time product revenue is recognized. The Company's standard warranty obligation to its end-users generally provides a 12 -month warranty coverage on all of its products except in the European Union where the Company provides a 24 -month warranty. The Company also offers extended warranty programs for a fee. The Company's estimate of costs to service its warranty obligations is based on its historical experience of repair and replacement of the associated products and expectations of future conditions. The warranty obligation is affected by product failure rates and the related use of materials, labor costs and freight incurred in correcting any product failure.

Convertible Senior Notes. In April 2017, the Company issued \$ 175.0 million aggregate principal amount of 3.50 % Convertible Senior Notes due April 15, 2022 (2022 Notes). In November 2020, the Company issued \$ 143.8 million aggregate principal amount of 1.25 % Convertible Senior Notes due November 15, 2025 (2025 Notes). Concurrently with the issuance of the 2025 Notes, the Company used a portion of the net proceeds to repurchase part of the 2022 Notes. The Company repaid the remaining principal amount of \$ 125.0 million of the 2022 Notes and \$ 2.2 million in interest on the 2022 Notes at maturity on April 15, 2022. In November 2023, the Company repurchased \$ 50.0 million in aggregate principal amount of the 2025 Notes. This partial extinguishment of the 2025 Notes resulted in a gain of \$ 3.1 million recognized in the fourth quarter of 2023. See Note 4 Financing arrangements for additional details.

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. This accounting standard update, which was adopted effective January 1, 2022, had a significant impact on the ongoing accounting of the 2022 and 2025 Convertible Senior Notes. Due to the adoption of this accounting standard update under the modified retrospective method, prior periods were not restated. Refer to Note 4 Financing arrangements section below for additional details on the adoption of this accounting standard update.

The Company accounts for its 2022 Notes and 2025 Notes in accordance with ASC 470-20, *Debt with Conversion and Other Options*. The Company's 2022 Notes and 2025 Notes have a net settlement feature and may be settled wholly or partially in cash upon conversion. Therefore, the Company calculates the potential dilutive effect of its

2022 Notes and 2025 Notes under the if-converted method. The Company classifies its 2022 Notes and 2025 Notes as debt. Debt issuance costs are also classified as debt and amortized as interest expense.

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 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 a Premium+ subscription in February 2024, which includes cloud storage up to 500 gigabytes (GB) of non-GoPro content, HyperSmooth Pro, 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.

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 December 31, 2023 and 2022, includes amounts related to the Company's subscriptions and PCS. The Company's short-term and long-term deferred revenue balances totaled \$ 59.1 million and \$ 60.4 million as of December 31, 2023 and 2022, respectively. During the year ended December 31, 2023 and 2022, the Company recognized \$ 57.2 million and \$ 43.1 million of revenue that was included in the deferred revenue balance as of December 31, 2022 and 2021, 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.

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

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

Advertising costs. Advertising costs consist of costs associated with print, television, and e-commerce media advertisements and are expensed as incurred. The Company incurs promotional expenses resulting from payments under event, resort, and athlete sponsorship contracts. These sponsorship arrangements are considered to be executory contracts and, as such, the costs are expensed as performance under the contract is received. The costs associated with the preparation of sponsorship activities, including the supply of GoPro products, media team support, and activation fees are expensed as incurred. Prepayments made under sponsorship agreements are included in prepaid expenses or other long-term assets depending on the period to which the prepayment applies. Advertising costs were \$ 44.1 million, \$ 40.8 million, and \$ 35.8 million in 2023, 2022, and 2021, respectively.

Stock-based compensation. Stock-based awards granted to qualified employees, non-employee directors and consultants are measured at fair value and recognized as an expense. The Company primarily issues restricted stock units and accounts for forfeitures as they occur. For service-based awards, stock-based compensation is recognized on a straight-line basis over the requisite service period. For performance and market-based awards which also require a service period, the Company uses graded vesting over the longer of the derived service period or when the performance or market condition is satisfied.

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

Income taxes. The Company utilizes the asset and liability method for computing its income tax provision, under which, deferred tax assets and liabilities are recognized for the expected future consequences of temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates. Management makes estimates, assumptions, and judgments to determine the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation 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.

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.

Recent accounting standards

Standard	Description	Company's date of adoption	Effect on the 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.	January 1, 2024	The Company is currently evaluating the impact of adopting this standard on its 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.	January 1, 2025	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 consolidated financial statements.

2. 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)	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents ⁽¹⁾ :						
Money market funds	\$ 152,760	\$ —	\$ 152,760	\$ 138,394	\$ —	\$ 138,394
Total cash equivalents	<u>\$ 152,760</u>	<u>\$ —</u>	<u>\$ 152,760</u>	<u>\$ 138,394</u>	<u>\$ —</u>	<u>\$ 138,394</u>
Marketable securities:						
U.S. treasury securities	\$ —	\$ 7,962	\$ 7,962	\$ —	\$ 14,716	\$ 14,716
Commercial paper	—	7,942	7,942	—	87,436	87,436
Corporate debt securities	—	3,978	3,978	—	29,637	29,637
Government securities	—	3,985	3,985	—	11,813	11,813
Total marketable securities	<u>\$ —</u>	<u>\$ 23,867</u>	<u>\$ 23,867</u>	<u>\$ —</u>	<u>\$ 143,602</u>	<u>\$ 143,602</u>

⁽¹⁾ Included in cash and cash equivalents in the accompanying Consolidated Balance Sheets. Cash balances were \$ 69.9 million and \$ 85.3 million as of December 31, 2023 and 2022, 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 contractual maturities of available-for-sale marketable securities as of December 31, 2023 were all less than one year in duration. At December 31, 2023 and 2022, 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.

At December 31, 2023 and 2022, 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 4 Financing arrangements). In November 2023, the Company repurchased \$ 50.0 million in aggregate principal amount of the 2025 Notes. 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. The calculated fair value of the 2025 Notes was \$ 82.3 million and \$ 130.1 million as of December 31, 2023 and 2022, respectively. The calculated fair value is highly correlated to the Company's stock price and as a result, significant changes to the Company's stock price will have a significant impact on the calculated fair value of the 2025 Notes.

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.

3. Consolidated financial statement details

The following section provides details of selected balance sheet items.

Inventory

(in thousands)	December 31, 2023	December 31, 2022
Components	\$ 20,311	\$ 38,400
Finished goods	85,955	88,731
Total inventory	\$ 106,266	\$ 127,131

Property and equipment, net

(in thousands)	Useful life (in years)	December 31, 2023	December 31, 2022
Leasehold improvements	1–9	\$ 23,818	\$ 32,472
Production, engineering, and other equipment	4	38,574	46,475
Tooling	1–2	5,678	9,033
Computers and software	2	13,896	17,258
Furniture and office equipment	3	4,575	4,879
Tradeshow equipment and other	2–5	1,502	1,664
Construction in progress		83	59
Gross property and equipment		88,126	111,840
Less: Accumulated depreciation and amortization		(79,440)	(98,513)
Property and equipment, net		\$ 8,686	\$ 13,327

Depreciation expense was \$ 6.2 million, \$ 8.5 million, and \$ 9.8 million in 2023, 2022, and 2021, respectively. In 2022, the Company recorded accelerated depreciation charges in connection with its plans to vacate certain manufacturing facilities as disclosed in Note 11 Restructuring charges.

Other long-term assets

(in thousands)	December 31, 2023	December 31, 2022
Long-term deferred tax assets	\$ 296,984	\$ 279,045
Deposits and other	8,233	8,435
Point of purchase (POP) displays	6,254	1,798
Intangible assets, net	15	15
Other long-term assets	\$ 311,486	\$ 289,293

Intangible assets are comprised of purchased technology, which had a useful life between 20-72 months, and an indefinite life asset. Amortization expense was zero, \$ 0.1 million, and \$ 1.2 million in 2023, 2022, and 2021, respectively. As of December 31, 2023, and 2022, all of the Company's purchased technology intangible assets were fully amortized.

Amortization expense for POP displays was \$ 2.0 million, \$ 2.1 million, and \$ 2.8 million in 2023, 2022, and 2021, respectively.

Accrued expenses and other current liabilities

(in thousands)	December 31, 2023	December 31, 2022
Accrued sales incentives	\$ 42,752	\$ 41,662
Accrued liabilities ⁽¹⁾	21,214	35,853
Employee related liabilities	18,969	11,261
Warranty liabilities	8,270	7,825
Return liability	6,389	6,002
Customer deposits	1,933	3,428
Inventory received	1,745	233
Purchase order commitments	899	782
Other	7,878	11,831
Accrued expenses and other current liabilities	\$ 110,049	\$ 118,877

⁽¹⁾ See Note 11 Restructuring charges for amounts associated with restructuring liabilities.

Product warranty

(in thousands)	Year ended December 31,		
	2023	2022	2021
Beginning balance	\$ 8,319	\$ 8,842	\$ 8,523
Charged to cost of revenue	19,724	18,573	16,641
Settlement of warranty claims	(19,284)	(19,096)	(16,322)
Warranty liability	\$ 8,759	\$ 8,319	\$ 8,842

At December 31, 2023 and 2022, \$ 8.3 million and \$ 7.8 million, respectively, of the warranty liability was recorded as a component of accrued expenses and other current liabilities, and \$ 0.5 million and \$ 0.5 million, respectively, was recorded as a component of other long-term liabilities.

4. 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.

At December 31, 2023, 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. 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.

Convertible Notes

2025 Convertible Notes

In November 2020, the Company issued \$ 125.0 million aggregate principal amount of 1.25 % Convertible Senior Notes due 2025 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 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 year ended December 31, 2023, 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.

2022 Convertible Notes

In April 2017, the Company issued \$ 175.0 million aggregate principal amount of 3.50 % Convertible Senior Notes due 2022 (2022 Notes), which were repaid in full by their April 15, 2022 maturity date. The 2022 Notes were senior, unsecured obligations of the Company that could be converted into cash, shares of the Company's Class A common stock, or a combination thereof, at the Company's election, based on conversion rates as defined in the indenture. Concurrently with the November 2020 issuance of the 2025 Notes, the Company used \$ 56.2 million of the net cash proceeds from the 2025 Notes to repurchase \$ 50.0 million in aggregate principal amount of the 2022 Notes through a single, privately negotiated transaction. On April 15, 2022, the Company repaid the remaining \$ 125.0 million of principal and \$ 2.2 million of accrued interest in cash to the debt holders to fully settle the 2022 Notes on the maturity date.

Accounting for the 2022 and 2025 Convertible Notes

Pre adoption of ASU 2020-06

The 2022 and 2025 Convertible Notes were separated into liability and equity components for accounting purposes. The carrying amounts of the liability component were initially calculated by measuring the fair value of similar liabilities that do not have associated convertible features. The carrying amounts of the equity component representing the conversion option were determined by deducting the fair value of the liability component from the par value of the respective Convertible Senior Notes. This difference represents the debt discount that was amortized to interest expense over the respective terms of the 2022 Notes and 2025 Notes using the effective interest rate method. Upon issuance, the carrying amounts of the liability component from the issuance of the 2022 Notes and the 2025 Notes of \$ 128.3 million and \$ 106.9 million, respectively were recorded in long-term debt on the Consolidated Balance Sheets. The carrying amounts of the equity component representing the conversion option was determined to be \$ 46.7 million and \$ 36.9 million for the 2022 Notes and 2025 Notes, respectively, upon issuance. The equity component was recorded in additional paid-in-capital and was not remeasured so long as it continued to meet the conditions for equity classification.

The liability component was accreted over the debt term up to the face value of the 2022 Notes of \$ 175.0 million and 2025 Notes of \$ 143.8 million, which resulted in non-cash interest expense being recognized in the Consolidated Statements of Operations. The accretion of the 2022 Notes and 2025 Notes to par to long-term debt was amortized into interest expense over the term of the 2022 Note and 2025 Notes using an effective interest rate of approximately 10.5 % and 7.5 %, respectively.

In accounting for the debt issuance costs of \$ 5.7 million and \$ 4.7 million related to the 2022 Notes and 2025 Notes, respectively, the Company allocated each of the total amounts incurred to the liability and equity components of the 2022 Notes and 2025 Notes based on their relative values. Issuance costs attributable to the liability component of the 2022 Notes were \$ 4.2 million upon issuance and were amortized, along with the debt discount, to interest expense over the contractual term of the 2022 Notes at an effective interest rate of 10.5 %. Issuance costs attributable to the liability component of the 2025 Notes were \$ 3.5 million upon issuance and were amortized, along with the debt discount, to interest expense over the contractual term of the 2025 Notes at an

effective interest rate of 7.5 %. Issuance costs attributable to the equity component were \$ 1.5 million and \$ 1.2 million for the 2022 Notes and 2025 Notes, respectively, and were netted against the equity component representing the conversion option in additional paid-in-capital.

Post adoption of ASU 2020-06

On January 1, 2022, the Company adopted ASU 2020-06 based on the modified retrospective transition method. Under such transition, prior period information has not been retrospectively adjusted. Upon adoption of ASU 2020-06, the Company is no longer recording the conversion feature of its 2022 Notes and 2025 Notes in equity. Instead, the Company combined the previously separated equity component with the liability component, which together are now classified as debt, thereby eliminating the subsequent amortization of the debt discount as interest expense. Similarly, the portion of debt issuance costs previously allocated to equity was reclassified to debt and amortized as interest expense. Accordingly, the Company recorded a decrease to additional paid-in-capital of \$ 78.2 million, a decrease to accumulated deficit of \$ 47.1 million, and an increase to the debt balance of the 2022 Notes and 2025 Notes of \$ 2.3 million and \$ 28.8 million, respectively. In addition, the Company recorded the reversal of U.S. deferred tax liabilities (net) of \$ 7.3 million associated with the 2022 Notes and 2025 Notes upon the adoption of ASU 2020-06, with a corresponding decrease to accumulated deficit for the same amount.

2022 Convertible Notes

For the year ended December 31, 2023, 2022, and 2021, the Company recorded interest expense of zero , \$ 1.3 million, and \$ 4.4 million for contractual coupon interest, and zero , \$ 0.2 million, and \$ 0.6 million for amortization of debt issuance costs. As of December 31, 2022, the effective interest rate, which is calculated as the contractual interest rate adjusted for the debt issuance costs, was 1.2 %. For the year ended December 31, 2023, 2022, and 2021, the Company recorded zero , zero , and \$ 7.8 million respectively, for amortization of debt discount.

2025 Convertible Notes

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 Consolidated Statements of Operations.

As of December 31, 2023 and 2022, the outstanding principal on the 2025 Notes was \$ 93.8 million and \$ 143.8 million, respectively, the unamortized debt issuance cost was \$ 1.2 million and \$ 2.8 million, respectively, and the net carrying amount of the liability was \$ 92.6 million and \$ 141.0 million, respectively, which was recorded as long-term debt within the Consolidated Balance Sheets. For the year ended December 31, 2023, 2022, and 2021, the Company recorded interest expense of \$ 1.7 million, \$ 1.8 million, and \$ 1.8 million respectively, for contractual coupon interest, and \$ 0.9 million, \$ 1.0 million, and \$ 0.7 million, respectively, for amortization of debt issuance costs. As of December 31, 2023, and 2022, the effective interest rate, which is calculated as the contractual interest rate adjusted for the debt issuance costs, was 2.8 % and 1.9 %, respectively. For the year ended December 31, 2023, 2022, and 2021, the Company recorded zero , zero , and \$ 6.4 million respectively, for amortization of the debt discount.

5. Stockholders' equity

Common stock. The Company has two classes of authorized common stock: Class A common stock with 500 million shares authorized and Class B common stock with 150 million shares authorized. As of December 31, 2023, 123.6 million shares of Class A stock were issued and outstanding and 26.3 million shares of Class B stock were issued and outstanding. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting power and conversion rights. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible at any time at the option of the stockholder into one share of Class A common stock and has no expiration date. The Class B common stock is also convertible into Class A common stock on the same basis upon any transfer, whether or not for value, except for "permitted transfers" as defined in the Company's restated certificate of incorporation. Each share of Class B common stock will convert automatically into one share of Class A common stock upon the date when the outstanding shares of Class B common stock represent less than 10% of the aggregate number of shares of common stock then outstanding. As of December 31, 2023, the Class B stock continued to represent greater than 10% of the overall outstanding shares.

The Company had the following shares of common stock reserved for issuance upon the exercise of equity instruments as of December 31, 2023:

(in thousands)	December 31, 2023
Stock options outstanding	2,684
Restricted stock units outstanding	11,494
Performance stock units outstanding	1,441
Common stock available for future grants	37,414
Total common stock shares reserved for issuance	53,033

Stock Repurchase Program. On January 27, 2022, the Company's board of directors authorized the repurchase of up to \$ 100 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 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 December 31, 2023, the remaining amount of share repurchases under the program was \$ 60.4 million. The following table summarizes share repurchases during the year ended December 31, 2023 and 2022.

(in thousands, except per share data)	Year ended December 31,	
	2023	2022
Shares repurchased	9,931	5,967
Average price per share	\$ 4.03	\$ 6.64
Value of shares repurchased	\$ 40,000	\$ 39,618

6. Employee benefit plans

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

The 2014 Plan serves as a successor to the 2010 Plan and 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 2014 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 2014 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 2014 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 2014 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. The 2014 Plan and the ESPP also provide for automatic annual increases in the number of shares reserved for future issuance.

In June 2023, the Company's stockholders approved the 2024 Equity Incentive Plan (2024 Plan) and the 2024 Employee Stock Purchase Plan (2024 ESPP) which will be the successors to the Company's 2014 Plan and 2014 ESPP, respectively. The effective date of both the 2024 Plan and the 2024 ESPP is February 15, 2024. The 2014 Plan and the 2014 ESPP will each expire on February 15, 2024. Awards granted under the 2014 Plan will continue to be subject to the terms and provisions of the 2014 Plan.

Employee retirement plan. The Company has a defined contribution retirement plan covering the United States and other international full-time employees that provides for voluntary employee contributions from 1 % to 100 % of annual compensation, subject to a maximum limit allowed by Internal Revenue Service guidelines. In certain locations, the Company makes contributions to employee defined contribution plans, these contributions were \$ 0.9 million, \$ 0.8 million, and \$ 0.8 million in 2023, 2022, and 2021, respectively.

Stock options

A summary of the Company's stock option activity 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, 2022	3,089	\$ 9.37	5.30	\$ 467
Granted	198	3.58		
Exercised	—	—		
Forfeited/Cancelled	(603)	11.64		
Outstanding at December 31, 2023	2,684	\$ 8.43	5.08	\$ —
Vested and expected to vest at December 31, 2023	2,684	\$ 8.43	5.08	\$ —
Exercisable at December 31, 2023	2,250	\$ 8.92	4.40	\$ —

The weighted-average grant date fair value of all options granted was \$ 2.14 , \$ 5.05 , and \$ 4.62 per share in 2023, 2022, and 2021, respectively. The total fair value of all options vested was \$ 1.4 million, \$ 1.5 million, and \$ 1.5 million in 2023, 2022, and 2021, respectively. The aggregate intrinsic value of the stock options outstanding as of December 31, 2023 represents the value of the Company's closing stock price on December 31, 2023 in excess of the exercise price multiplied by the number of options outstanding.

Restricted stock units

A summary of the Company's RSU activity is as follows:

	Shares (in thousands)	Weighted-average grant date fair value
Non-vested shares at December 31, 2022	8,727	\$ 7.19
Granted	8,595	5.13
Vested	(5,224)	6.61
Forfeited	(604)	6.68
Non-vested shares at December 31, 2023	11,494	\$ 5.94

The weighted-average grant date fair value of all RSUs granted was \$ 5.13 , \$ 7.68 , and \$ 8.83 per share in 2023, 2022, and 2021, respectively. The total fair value of all RSUs vested was \$ 34.5 million, \$ 30.8 million, and \$ 28.5 million in 2023, 2022, and 2021, respectively.

Performance stock units

A summary of the Company's PSU activity is as follows:

	Shares (in thousands)	Weighted-average grant date fair value
Non-vested shares at December 31, 2022	686	\$ 7.93
Granted	1,254	5.79
Vested	(485)	7.71
Forfeited	(631)	5.86
Non-vested shares at December 31, 2023	824	\$ 6.38

The weighted-average grant date fair value of all PSUs granted was \$ 5.79 , \$ 8.70 , and \$ 7.93 per share in 2023, 2022, and 2021, respectively. The total fair value of all PSUs vested was \$ 3.7 million, \$ 4.8 million, and \$ 3.0 million in 2023, 2022, and 2021, respectively.

Employee stock purchase plan. For 2023, 2022, and 2021 the Company issued 0.9 million, 0.7 million, and 0.8 million shares under its ESPP, respectively, at weighted-average prices of \$ 4.10 , \$ 6.72 , and \$ 5.28 per share, respectively.

Fair value disclosures. 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 RSUs and PSUs are determined using the Company's closing stock price on the date of grant. The Company recognizes compensation expense for PSUs when it is probable that the vesting conditions will be met. The fair value of stock options granted and purchases under the Company's ESPP are estimated using the Black-Scholes option pricing model. Expected term of stock options granted was estimated based on the simplified method. Expected stock price volatility was estimated by taking the Company's average historical volatility. Risk-free interest rate was based on the yields of U.S. Treasury securities with maturities similar to the expected term. Dividend yield was zero as the Company does not have any history of, nor plans to make, dividend payments.

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

	Year ended December 31,		
	2023	2022	2021
Volatility	59 %- 60 %	60 %- 62 %	64 %
Expected term (years)	6.10	6.10	6.10
Risk-free interest rate	3.5 %- 4.5 %	2.0 %- 3.9 %	0.7 %- 1.1 %
Dividend yield	— %	— %	— %

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

	Year ended December 31,		
	2023	2022	2021
Volatility	39 %- 42 %	39 %- 55 %	64 %- 80 %
Expected term (years)	0.5	0.5	0.5
Risk-free interest rate	5.0 %- 5.6 %	0.7 %- 3.1 %	0.1 %
Dividend yield	— %	— %	— %

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

(in thousands)	Year ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 1,955	\$ 1,805	\$ 1,794
Research and development	19,062	17,221	17,263
Sales and marketing	8,736	8,173	8,045
General and administrative	11,726	11,792	11,548
Total stock-based compensation expense	\$ 41,479	\$ 38,991	\$ 38,650

The income tax benefit related to stock-based compensation expense was \$ 9.3 million, \$ 8.6 million and \$ 9.0 million for the year ended December 31, 2023, 2022, and 2021 respectively. See Note 8, Income taxes, for additional details.

As of December 31, 2023, total unearned stock-based compensation of \$ 57.0 million related to stock options, RSUs, PSUs, and ESPP shares is expected to be recognized over a weighted-average period of 2.24 years.

7. Net income (loss) per share

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

(in thousands, except per share data)	Year ended December 31,		
	2023	2022	2021
Numerator:			
Net income (loss) - Basic	\$ (53,183)	\$ 28,847	\$ 371,171
Interest on convertible notes, income tax effected	—	3,055	—
Net income (loss) - Diluted	<u>\$ (53,183)</u>	<u>\$ 31,902</u>	<u>\$ 371,171</u>
Denominator:			
Weighted-average common shares - basic for Class A and Class B common stock	153,348	156,181	154,274
Effect of dilutive securities	—	22,098	8,904
Weighted-average common shares - diluted for Class A and Class B common stock	<u>153,348</u>	<u>178,279</u>	<u>163,178</u>
Net income (loss) per share			
Basic	\$ (0.35)	\$ 0.18	\$ 2.41
Diluted	<u>\$ (0.35)</u>	<u>\$ 0.18</u>	<u>\$ 2.27</u>

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)	Year ended December 31,		
	2023	2022	2021
Stock-based awards	15,839	7,495	1,792
Shares related to convertible senior notes	14,808	—	—
Total anti-dilutive securities	<u>30,647</u>	<u>7,495</u>	<u>1,792</u>

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 2022 Notes and 2025 Notes under the if-converted method. Under the if-converted method, diluted net income per share was determined by assuming all of the 2022 Notes and 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 2022 Notes and 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.

Prior to the adoption of ASU 2020-06, the Company calculated the potential dilutive effect of its 2022 Notes and 2025 Notes under the treasury stock method. As a result, only the amount by which the conversion value exceeded the aggregate principal amount of the 2022 Notes and 2025 Notes (the conversion spread) was considered in the diluted net income (loss) per share computation. The conversion spread was dilutive in periods of net income when the average market price of the Company's Class A common stock for a given reporting period exceeded the initial conversion prices of \$ 10.64 and \$ 9.3285 per share for the 2022 Notes and 2025 Notes, respectively. For the year ended December 31, 2021, only the conversion spread relating to the 2025 Notes had a dilutive effect on net income per share. The initial conversion price of the 2022 Notes was greater

than the average market price of the Company's Class A Common Stock for the year ended December 31, 2021, and as such, had no impact on anti-dilutive or dilutive share calculations. Upon conversion of the 2025 Notes, there will be no economic dilution until the average market price of the Company's Class A common stock exceeds the cap price of \$ 12.0925 per share, as exercise of the Capped Calls offset any dilution from the 2025 Notes from the initial conversion price up to the cap price. The Capped Calls are excluded from diluted net income per share as they would be anti-dilutive.

The Company's 2022 Notes matured on April 15, 2022, and the Company's 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 4 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 (loss) per share of Class A common stock assumes the conversion of Class B common stock.

8. Income taxes

Income (loss) before income taxes consisted of the following:

(in thousands)	Year ended December 31,		
	2023	2022	2021
United States	\$ (79,514)	\$ 26,215	\$ 83,419
Foreign	11,781	8,238	6,681
Income (loss) before income taxes	<u>\$ (67,733)</u>	<u>\$ 34,453</u>	<u>\$ 90,100</u>

Income tax expense (benefit) consisted of the following:

(in thousands)	Year ended December 31,		
	2023	2022	2021
Current			
Federal	\$ 3	\$ 2	\$ (128)
State	162	818	267
Foreign	3,176	2,076	(7,669)
Total current	<u>3,341</u>	<u>2,896</u>	<u>(7,530)</u>
Deferred			
Federal	(14,018)	5,039	(205,856)
State	(3,828)	(2,312)	(67,933)
Foreign	(45)	(17)	248
Total deferred	<u>(17,891)</u>	<u>2,710</u>	<u>(273,541)</u>
Income tax expense (benefit)	<u>\$ (14,550)</u>	<u>\$ 5,606</u>	<u>\$ (281,071)</u>

GoPro, Inc.
Notes to Consolidated Financial Statements

(dollars in thousands)	Year ended December 31,					
	2023		2022		2021	
	\$	%	\$	%	\$	%
Reconciliation to statutory rate						
Tax at federal statutory rate	\$ (14,224)	21.0 %	\$ 7,234	21.0 %	\$ 18,921	21.0 %
Impact of foreign operations	2,969	(4.4)	1,572	4.6	(8,222)	(9.2)
Stock-based compensation	3,434	(5.1)	(1,192)	(3.5)	(5,345)	(5.9)
Nondeductible items	557	(0.8)	1,805	5.2	1,684	1.9
Change in valuation allowance	—	—	—	—	(284,551)	(315.8)
State income taxes, net of federal benefit	(1,560)	2.3	1,189	3.5	1,828	2.0
Tax credits	(5,474)	8.1	(5,222)	(15.1)	(6,091)	(6.8)
Other	(252)	0.4	220	0.6	705	0.8
Income tax expense (benefit) at effective tax rate	<u>\$ (14,550)</u>	<u>21.5 %</u>	<u>\$ 5,606</u>	<u>16.3 %</u>	<u>\$ (281,071)</u>	<u>(312.0 %)</u>

The effective tax rate of 21.5 % for 2023, primarily resulted from a tax benefit on pre-tax book loss, and federal and California research and development credits, partially offset by the nondeductible equity tax expense from stock-based compensation and the impact of foreign operations, net of the release of a portion of uncertain tax positions as a result of a lapse in the statute of limitations in certain jurisdictions. The effective tax rate of 16.3 % for 2022, primarily resulted from tax expense on pre-tax book income, partially offset by the income tax benefits from stock-based compensation, federal and California research and development credits, and an income tax benefit related to foreign provision to income tax return adjustments.

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

(in thousands)	Year ended December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	\$ 109,059	\$ 118,399
Tax credit carryforwards	96,610	91,147
Stock-based compensation	5,966	6,034
Allowance for returns	1,823	1,818
Intangible assets	2,727	3,753
Depreciation and amortization	988	1,661
Operating lease liabilities	8,326	10,177
Capitalized research and development costs	55,266	29,122
Accruals and reserves	20,540	22,001
Total deferred tax assets	<u>\$ 301,305</u>	<u>\$ 284,112</u>
Deferred tax liabilities:		
Operating lease right-of-use assets	(4,321)	(5,072)
Total deferred tax liabilities	<u>(4,321)</u>	<u>(5,072)</u>
Net deferred tax assets	<u>\$ 296,984</u>	<u>\$ 279,040</u>

Each quarter, the Company assesses the recoverability of its existing deferred tax assets under ASC Topic 740. The Company assesses available positive and negative evidence and uses judgment regarding past and future events, including operating results to estimate whether sufficient future taxable income will be generated to use its

existing deferred tax assets. For the period ended December 31, 2023, based on evidence currently available, the Company continues to believe that it is more likely than not that its United States federal, state, and foreign deferred tax assets will be realized and thus, a valuation allowance is not required on its deferred tax assets. The Company continuously monitors future projections of its operating results to determine the potential impact regarding its assessment of the recoverability of deferred tax assets in each of its applicable jurisdictions. In the event there is a need to record a valuation allowance or release a valuation allowance, as applicable, a tax expense or benefit would be recorded, which may be material to the Company's consolidated financial statements.

As of December 31, 2023, the Company's federal, California, and other state net operating loss carryforwards for income tax purposes were \$ 394.1 million, \$ 243.1 million, and \$ 169.8 million, net of reserves, respectively. Also, the Company's federal and California state tax credit carryforwards were \$ 54.4 million and \$ 53.4 million, net of reserves, respectively. If not utilized, federal net operating losses that arose before 2018 and California loss carryforwards will begin to expire from 2035 to 2043, while federal credit and other state loss carryforwards will begin to expire primarily from 2024 to 2043. Federal net operating losses that arose after 2017 and all California tax credits will be carried forward indefinitely.

Uncertain income tax positions. The Company had gross unrecognized tax benefits of \$ 25.8 million, \$ 23.4 million, and \$ 21.3 million, as of December 31, 2023, 2022, and 2021, respectively. For fiscal year 2023, 2022, and 2021, total unrecognized income tax benefits were \$ 10.9 million, \$ 9.8 million, and \$ 7.3 million, respectively, and if recognized, 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.

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, due to statute of limitations expiration, that within the next 12 months, it is possible that up to \$ 2.9 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.

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

(in thousands)	Year ended December 31,		
	2023	2022	2021
Balance at January 1	\$ 23,414	\$ 21,330	\$ 27,471
Increase related to current year tax positions	4,948	2,543	3,081
Increase related to prior year tax positions	—	—	3,900
Decrease related to prior year tax positions	(2,526)	(459)	(13,122)
Balance at December 31	\$ 25,836	\$ 23,414	\$ 21,330

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

The Company files income tax returns in the United States and in foreign jurisdictions. As of December 31, 2023, the Company continues to assert indefinite reinvestment to the extent of any foreign withholding taxes on the undistributed earnings related to these foreign branches. Any foreign withholding tax on these earnings is deemed not to be material.

9. Commitments, contingencies, and guarantees

Facility leases. The Company leases its facilities under long-term operating leases, which expire at various dates through 2029.

GoPro, Inc.
Notes to Consolidated Financial Statements

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

(in thousands)	Year ended December 31,		
	2023	2022	2021
Operating lease cost ⁽¹⁾	\$ 11,045	\$ 11,060	\$ 11,566
Sublease income	(2,281)	(2,907)	(964)
Net lease cost	\$ 8,764	\$ 8,153	\$ 10,602

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

Supplemental cash flow information related to leases was as follows:

(in thousands)	Year ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 12,217	\$ 14,595	\$ 14,902
Right-of-use assets obtained in exchange for operating lease liabilities	3,943	1,221	2,475
Operating lease modification to decrease right-of-use assets	—	(232)	—

Supplemental balance sheet information related to leases was as follows:

	December 31, 2023	December 31, 2022
Weighted-average remaining lease term (in years) - operating leases	3.05	3.81
Weighted-average discount rate - operating leases	6.2 %	6.1 %

As of December 31, 2023, maturities of operating lease liabilities were as follows:

(in thousands)	December 31, 2023	
2024	\$ 12,488	
2025	13,141	
2026	12,361	
2027	1,359	
2028	401	
Thereafter	103	
Total lease payments	39,853	
Less: Imputed interest	(3,806)	
Present value of lease liabilities	\$ 36,047	

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 December 31, 2023, future commitments were as follows:

(in thousands)	Total	2024	2025	2026	2027	2028	Thereafter
Other contractual commitments	\$ 50,996	\$ 36,045	\$ 10,278	\$ 4,673	\$ —	\$ —	\$ —
Long-term debt ⁽¹⁾	96,081	1,159	94,922	—	—	—	—
Total contractual cash obligations	\$ 147,077	\$ 37,204	\$ 105,200	\$ 4,673	\$ —	\$ —	\$ —

⁽¹⁾ The Company's convertible senior note is due in November 2025. The balances include accrued and unpaid interest as of December 31, 2023. Refer to Note 4 Financing arrangements.

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.

The Company regularly evaluates the associated developments of the legal proceeding 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 December 31, 2023, 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.

10. 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:

	December 31, 2023	December 31, 2022
Customer A	30 %	30 %
Customer B	11 %	11 %

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

(in thousands)	Year ended December 31,		
	2023	2022	2021
Accounts receivable sold	\$ 103,990	\$ 124,350	\$ 108,625
Factoring fees	1,555	1,163	488

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

	Year ended December 31,		
	2023	2022	2021
Customer A	*	*	11 %

* Less than 10% of total revenue for the periods indicated.

Supplier concentration. The Company relies on third parties for the supply and manufacture of its products, some of which are sole-source suppliers. The Company believes that outsourcing manufacturing enables greater scale and flexibility. As demand and product lines change, the Company periodically evaluates the need and advisability of adding manufacturers to support its operations. In instances where a supply and manufacture agreement does not exist or suppliers fail to perform their obligations, the Company may be unable to find alternative suppliers or satisfactorily deliver its products to its customers on time, if at all. The Company also relies on third parties with whom it outsources supply chain activities related to inventory warehousing, order fulfillment, distribution and other direct sales logistics. 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)	Year ended December 31,			2023 vs 2022	2022 vs 2021
	2023	2022	2021		
Americas	\$ 469,675	\$ 521,270	\$ 607,534	(10) %	(14) %
Europe, Middle East and Africa (EMEA)	290,814	300,870	305,654	(3)	(2)
Asia and Pacific (APAC)	244,970	271,401	247,896	(10)	9
Total revenue	\$ 1,005,459	\$ 1,093,541	\$ 1,161,084	(8) %	(6) %

Revenue from the United States, which is included in the Americas geographic region, was \$ 388.0 million, \$ 446.0 million, and \$ 526.5 million for 2023, 2022, and 2021, respectively. No other individual country exceeded 10% of total revenue for any period presented. The Company does not disclose revenue by product category as it does not track sales incentives and other revenue adjustments by product category to report such data.

As of December 31, 2023 and 2022, long-lived assets, which represent net property and equipment, located outside the United States, primarily in Hong Kong and mainland China, were \$ 1.6 million and \$ 4.0 million, respectively.

11. Restructuring charges

Restructuring charges for each period were as follows:

(in thousands)	Year ended December 31,		
	2023	2022	2021
Cost of revenue	\$ (90)	\$ 8,090	\$ 70
Research and development	687	244	600
Sales and marketing	130	137	361
General and administrative	11	77	195
Total restructuring charges	\$ 738	\$ 8,548	\$ 1,226

Fourth quarter 2022 restructuring

In December 2022, the Company approved a restructuring plan to reduce camera production-related costs by globally realigning its manufacturing footprint to concentrate production activities in two primary locations: China

and Thailand. Under the fourth quarter 2022 restructuring, the Company recorded restructuring charges of \$ 8.1 million including \$ 7.0 million for camera production line closure costs and \$ 1.1 million for related transitional costs to migrate production to the Company's remaining manufacturing locations.

The following table provides a summary of the Company's restructuring activities and the movement in the related liabilities recorded in accrued expenses and other current liabilities on the Consolidated Balance Sheets under the fourth quarter 2022 restructuring.

(in thousands)	Contract and Other Costs	Total
Restructuring liability as of December 31, 2022	\$ 7,833	\$ 7,833
Restructuring charges (releases)	(184)	(184)
Cash paid	(7,649)	(7,649)
Restructuring liability as of December 31, 2023	\$ —	\$ —

12. Subsequent events

In January 2024, the Company entered into an agreement to acquire a privately-held company that offers technology-enabled helmets. The transaction is expected to close in the first quarter of 2024, subject to the satisfaction of customary closing conditions.

Schedule II

GoPro, Inc.

VALUATION AND QUALIFYING ACCOUNTS

For the year ended December 31, 2023, 2022 and 2021

(in thousands)	Balance at Beginning of Year	Charges to Revenue	Charges (Benefits) to Expense	Charges to Other Accounts - Equity	Deductions/Write- offs	Balance at End of Year
Allowance for doubtful accounts receivable:						
Year ended December 31, 2023	\$ 390	\$ —	\$ 67	\$ —	\$ (7)	\$ 450
Year ended December 31, 2022	700	—	(294)	—	(16)	390
Year ended December 31, 2021	492	—	393	—	(185)	700
Valuation allowance for deferred tax assets:						
Year ended December 31, 2023	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Year ended December 31, 2022	—	—	—	—	—	—
Year ended December 31, 2021	287,276	—	(284,551)	—	(2,725)	—

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, our management has concluded that our internal control over financial reporting was effective as of December 31, 2023. The effectiveness of the Company’s internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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 December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, recognizes that our disclosure controls and procedures or our internal control over financial reporting cannot prevent or detect all possible instances of errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Item 9B. 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 fourth quarter ended December 31, 2023, as such terms are defined under Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2024 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2023.

Item 11. Executive Compensation

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2024 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities authorized for issuance under equity compensation plans. The information required by this item will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement to be filed with the SEC for our 2024 Annual Meeting of Stockholders within 120 days after the end of our fiscal year ended December 31, 2023.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2024 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2023.

Item 14. Principal Accounting Fees and Services

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2024 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2023.

PART IV

Item 15. Exhibits, Financial Statement Schedules

1. Financial Statements

The financial statements filed as part of this report are listed in the Index to Consolidated Financial Statements under Part II, Item 8 of this Form 10-K.

2. Financial Statement Schedules

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

3. Exhibit Listing

Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.01	Restated Certificate of Incorporation of the Registrant, with Certificate of Change of Registered Agent and/or Registered Office	10-K	001-36514	3.01	February 15, 2019	
3.02	Amended and Restated Bylaws of the Registrant.	S-1	333-200038	3.02	November 10, 2014	
4.01	Form of Registrant's Class A common stock certificate.	S-1	333-196083	4.01	May 19, 2014	
4.08	Description of Registrant's Securities Registered Under Section 12 of the Exchange Act	10-K	001-36514	4.08	February 14, 2020	
10.01*	Form of Indemnity Agreement by and between the Registrant and each of its directors and executive officers.	S-1	333-196083	10.01	May 19, 2014	
10.02*	Form of Change in Control Severance Agreement.	S-1	333-196083	10.09	May 19, 2014	
10.03*	2010 Equity Incentive Plan, as amended, and form of stock option agreement and restricted stock unit agreement.	S-1	333-196083	10.02	May 19, 2014	
10.04*	2014 Equity Incentive Plan, as amended, and forms thereunder.	10-Q	001-36514	10.03	July 29, 2016	
10.05*	2014 Employee Stock Purchase Plan and forms thereunder.	S-1/A	333-196083	10.04	June 11, 2014	
10.06*	Executive Severance Policy.	10-K	001-36514	10.06	February 15, 2019	
10.07*	Employment Letter to Nicholas Woodman from the Registrant, dated June 2, 2014.	S-1/A	333-196083	10.16	June 11, 2014	
10.08*	Waiver Agreement dated January 1, 2018, by and between Nicholas Woodman and the Registrant.	10-K	001-36514	10.17	February 16, 2018	
10.09*	Offer Letter to Eve Saltman from the Registrant, dated March 7, 2018.	10-Q	001-36514	10.02	May 4, 2018	
10.10*	Offer Letter to Brian McGee from the Registrant, dated September 3, 2015.	10-K	001-36514	10.12	February 16, 2017	
10.11*	Offer Letter to Dean Jahnke from the Registrant, dated March 5, 2014.	10-K	001-36514	10.12	February 10, 2023	
10.12	Office Lease Agreement, dated as of November 1, 2011, by and between Locon San Mateo, LLC and the Registrant, as amended, and other leases for the Registrant's headquarters.	S-1	333-196083	10.12	May 19, 2014	
10.13	Eighth amendment to Office Lease Agreement, by and between RAR2 - Clearview Business Park Owner QRS, LLC and the Registrant, dated February 24, 2016.	10-K	001-36514	10.15	February 16, 2017	
10.14	Ninth amendment to Office Lease Agreement, by and between RAR2 - Clearview Business Park Owner QRS, LLC and the Registrant, dated August 3, 2016.	10-K	001-36514	10.16	February 16, 2017	

<u>10.15</u>	First Amendment, dated August 12, 2016, to Office Lease Agreement dated November 1, 2011, between the Company and RAR2-Clearview Business Park Owner, LLC.	10-Q	001-36514	10.02	August 4, 2017
<u>10.16</u>	Tenth amendment to Office Lease Agreement by and between HG Clearview Owner LLC and the Registrant, dated April 30, 2019	10-Q	001-36514	10.01	May 10, 2019
<u>10.17</u>	Credit Agreement by and among Registrant, the Lenders party thereto and Wells Fargo Bank, National Association, N.A. dated January 22, 2021.	10-K	001-36514	10.22	February 12, 2021
<u>10.18</u>	Indenture, dated as of April 12, 2017, between the Company and Wells Fargo Bank, National Association (including the form of 3.50% Convertible Senior Notes due 2022)	8-K	001-36514	4.1	April 12, 2017
<u>10.19</u>	Indenture, dated as of November 24, 2020, between the Company and Wells Fargo Bank, National Association (including the form of 1.25% convertible senior notes due 2025)	8-K	001-36514	4.1	November 24, 2020
<u>10.20</u>	Sub-Lease Agreement, dated as of October 14, 2021, by and between Skydio and the Registrant, for the Registrant's headquarters' buildings E and F.	10-K	001-36514	10.25	February 11, 2022
<u>10.21</u>	Office lease agreement between Carlsbad1-Commerce, LLC and the Registrant dated April 17, 2023.	10-Q	001-36514	10.03	August 3, 2023
<u>10.22*</u>	GoPro, Inc. 2024 Equity Incentive Plan and related form agreements.	8-K	001-36514	10.01	June 9, 2023
<u>10.23*</u>	GoPro, Inc. 2024 Employee Stock Purchase Plan and related form agreements.	8-K	001-36514	10.02	June 9, 2023
<u>10.24</u>	Amendment No. 1 dated March 10, 2023, to Credit Agreement by and among Wells Fargo Bank, N.A., Registrant, and the Lenders party thereto dated January 22, 2021.	10-Q	001-36514	10.01	August 3, 2023
<u>21.01</u>	List of Subsidiaries.				X
<u>23.01</u>	Consent of Independent Registered Public Accounting Firm.				X
<u>24.01</u>	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).				X
<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
<u>97</u>	Compensation Recovery Policy.				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 Annual Report on Form 10-K, included in the Exhibit 101 Inline XBRL Document Set				X

* Indicates a management contract or compensatory plan.

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

Item 16. Form 10-K Summary

None.

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: February 9, 2024

By: /s/ Nicholas Woodman

Nicholas Woodman
Chief Executive Officer
(Principal Executive Officer)

Dated: February 9, 2024

By: /s/ Brian McGee

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

Dated: February 9, 2024

By: /s/ Charles Lafrades

Charles Lafrades
Chief Accounting Officer
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Nicholas Woodman and Brian McGee, and each of them, as his true and lawful attorneys-in-fact, proxies and agents, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, proxies and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	<u>Name</u>	<u>Title</u>	<u>Date</u>
By:	/s/ Nicholas Woodman Nicholas Woodman	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>	February 9, 2024
By:	/s/ Brian McGee Brian McGee	Chief Financial Officer and Chief Operating Officer <i>(Principal Financial and Accounting Officer)</i>	February 9, 2024
By:	/s/ Tyrone Ahmad-Taylor Tyrone Ahmad-Taylor	Director	February 9, 2024
By:	/s/ Kenneth Goldman Kenneth Goldman	Director	February 9, 2024
By:	/s/ Peter Gotcher Peter Gotcher	Director	February 9, 2024
By:	/s/ Shaz Kahng Shaz Kahng	Director	February 9, 2024
By:	/s/ Alexander Lurie Alexander Lurie	Director	February 9, 2024
By:	/s/ Susan Lyne Susan Lyne	Director	February 9, 2024
By:	/s/ Frederic Welts Frederic Welts	Director	February 9, 2024
By:	/s/ Lauren Zalaznick Lauren Zalaznick	Director	February 9, 2024

List of Subsidiaries

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
GoPro Australia Pty Ltd	Australia
GoPro do Brasil Participações Ltda.	Brazil
GoPro Philippines Ltd.	Cayman Islands
GoPro Technology (Shenzhen) Limited	China
GoPro Trading (Shanghai) Limited	China
GoPro Technology France SAS	France
GoPro GmbH	Germany
GoPro Hong Kong Limited	Hong Kong
GoPro G.K.	Japan
GoPro B.V.	The Netherlands
GoPro Bucharest S.R.L.	Romania
GoPro Media (UK) Ltd.	United Kingdom
GoPro Care, Inc.	United States
GoPro Care Services, Inc.	United States
GoPro Holdco, Inc.	United States
GoPro Mobility (U.S.), LLC	United States
Super Mega, LLC	United States
GoPro Support Services, Inc.	United States

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-269692, 333-262664, 333-253060, 333-236464, 333-229725, 333-223081, 333-216109, 333-210408, 333-209866, 333-202191 and 333-197033) of GoPro, Inc. of our report dated February 9, 2024 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California

February 9, 2024

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

I, Nicholas Woodman, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: **February 9, 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 Annual Report on Form 10-K 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: **February 9, 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 Annual Report on Form 10-K of GoPro, Inc. for the year ended December 31, 2023 (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)

February 9, 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 Annual Report on Form 10-K of GoPro, Inc. for the year ended December 31, 2023 (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)

February 9, 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.

GOPRO, INC.

COMPENSATION RECOVERY POLICY

Adopted and approved on November 09, 2023
and effective upon the Listing Rule Effective Date

1. Purpose

GoPro, Inc. (collectively with its subsidiaries, the "**Company**") has adopted this Compensation Recovery Policy (this "**Policy**"). This Policy is designed to comply with Section 10D of the Exchange Act and explains when the Company will be required to seek recovery of Incentive Compensation awarded or paid to a Covered Person. Please refer to Exhibit A attached hereto (the "Definitions Exhibit") for the definitions of capitalized terms used throughout this Policy.

2. Recoupment

In the event of a Restatement, the Company will seek to recover, reasonably promptly, all Recoverable Incentive Compensation from any Covered Person during the Applicable Period (including those Covered Persons who are not Executive Officers at the time of the Restatement), unless the Compensation and Leadership Committee ("CLC") determines it is Impracticable to do so after exercising a normal due process review of all the relevant facts and circumstances. Such recovery shall be made without regard to any individual's knowledge or responsibility related to the Restatement or the Recoverable Incentive Compensation. The CLC may, in its discretion, also undertake such recovery in the event any Covered Person has engaged in Misconduct.

The Company will seek to recover all Recoverable Incentive Compensation that was awarded or paid in accordance with the definition of "Recoverable Incentive Compensation" set forth in the Definitions Exhibit. If such Recoverable Incentive Compensation was not awarded or paid on a formulaic basis, the Company will seek to recover the amount that the CLC determines in good faith should be recouped.

The CLC will not consider the Covered Person's responsibility or fault or lack thereof in enforcing this Policy with respect to all Recoverable Incentive Compensation from any Covered Person. The CLC has sole discretion to administer this Policy and, subject to applicable law, may seek to recoup such Recoverable Incentive Compensation by requiring any Covered Person to repay such amount to the Company; an adjustment to future cash or equity-based compensation payments or awards; by set-off of a Covered Person's other compensation; or by such other means or combination of means as the CLC, in its sole discretion, determines to be appropriate; provided that any decisions with respect to the Chief Executive Officer's compensation shall be subject to ratification by the Board.

3. Legal and Compliance Violations

Compliance with the law and the Company's Code of Business Conduct and Ethics and other corporate policies is a pre-condition to earning Incentive Compensation. If the Company in its sole discretion concludes that a Covered Person (1) has engaged in Misconduct; or (2) was aware of or willfully blind to Misconduct that occurred in an area over which the Covered Person had supervisory authority, the Company may, at the direction of the CLC, seek recovery of all or a portion of the Recoverable Incentive Compensation awarded or paid to the Covered Person for the Applicable Period in which the violation occurred. In addition, the Company may, at the direction of the CLC, conclude that any unpaid or unvested Incentive Compensation has not been earned and must be forfeited.

In the event of Misconduct, the Company may seek recovery of Recoverable Incentive Compensation even if the Misconduct did not result in an award or payment greater than would have been awarded or paid absent the Misconduct.

In the event of Misconduct, in determining whether to seek recovery and the amount, if any, by which the payment or award should be reduced, the CLC may consider - among other things - the seriousness of the Misconduct, whether the Covered Person was unjustly enriched, whether seeking the recovery would

prejudice the Company's interests in any way, including in a proceeding or investigation, and any other factors it deems relevant to the determination.

4. Other Actions

In addition, the CLC may, in its sole discretion and in the reasonable exercise of its business judgment, determine whether and to what extent additional action is appropriate to address the circumstances surrounding a Restatement or Misconduct to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate.

5. No Indemnification or Reimbursement

Notwithstanding the terms of any other policy, program, agreement or arrangement, in no event will the Company or any of its affiliates indemnify or reimburse a Covered Person for any loss under this Policy and in no event shall the Company or any of its affiliates pay premiums on any insurance policy that would cover a Covered Person's potential obligations with respect to Recoverable Incentive Compensation under this Policy.

6. Administration of Policy

The CLC shall have full authority to administer this Policy. Actions of the CLC pursuant to this Policy shall be taken by the vote of a majority of its members. The CLC shall, subject to the provisions of this Policy and Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and the Company's applicable exchange listing standards, make such determinations and interpretations and take such actions in connection with this Policy as it deems necessary, appropriate or advisable. All determinations and interpretations made by the CLC shall be final, binding and conclusive.

7. Acknowledgement by Covered Persons

The Company will provide notice and seek written acknowledgement of this Policy, in substantially the form included as Exhibit B attached hereto, from each Covered Person, provided that the failure to provide such notice or obtain such acknowledgement will have no impact on the applicability or enforceability of this Policy. All Incentive Compensation subject to this Policy will not be earned, even if already paid, until the Policy ceases to apply to such Incentive Compensation and any other vesting conditions applicable to such Incentive Compensation are satisfied.

8. Other Laws, Claims and Rights

The remedies under this Policy are in addition to, and not in lieu of, any legal and equitable claims the Company or any of its affiliates may have or any actions that may be imposed by law enforcement agencies, regulators, administrative bodies or other authorities. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies or regulations available or applicable to the Company (including SOX 304). If recovery is required under both SOX 304 and this Policy, any amounts recovered pursuant to SOX 304 may be credited toward the amount recovered under this Policy, or vice versa. Further, the exercise by the CLC of any rights pursuant to this Policy shall be without prejudice to any other rights that the Company or the CLC may have with respect to any Covered Person subject to this Policy. To the extent applicable, this Policy will be administered in a manner that complies with applicable law and listing exchange requirements and shall be interpreted and construed accordingly.

9. Amendment; Termination

The Board or the CLC may amend or terminate this Policy at any time.

10. Interpretation; Enforcement

In the event of a Restatement, this Policy will be interpreted and enforced, and appropriate disclosures and other filings with respect to this Policy will be made, in accordance with Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and the Company's applicable exchange listing standards.

11. Effectiveness

Except as otherwise determined in writing by the CLC, this Policy shall apply (a) in the case of any Restatement, to any Incentive Compensation that is Received by a Covered Person, and (b) in the case of any Misconduct, to any Incentive Compensation that is awarded, paid, settled or vested to a Covered Person, following the effectiveness of this Policy. This Policy will survive and continue notwithstanding any termination of a Covered Person's employment with the Company and its affiliates.

12. Successors

This Policy shall be binding and enforceable against all Covered Persons and their successors, beneficiaries, heirs, executors, administrators, or other legal representatives.

13. Governing Law

To the extent not preempted by U.S. federal law, this Policy will be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws.

Exhibit A

GOPRO, INC.

COMPENSATION RECOVERY POLICY

DEFINITIONS EXHIBIT

"Applicable Period" means (a) in the case of any Restatement, the three completed fiscal years of the Company immediately preceding the earlier of (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes (or reasonably should have concluded) that a Restatement is required or (ii) the date a regulator, court or other legally authorized entity directs the Company to undertake a Restatement, and (b) in the case of any Misconduct, as the Compensation and Leadership Committee or Board determines to be appropriate in light of the scope and nature of the Misconduct. The "Applicable Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence.

"Board" means the Board of Directors of the Company.

"Compensation and Leadership Committee" means the Company's committee of independent directors responsible for executive compensation decisions, or in the absence of such a committee, a majority of the independent directors serving on the Board.

"Covered Person" means (a) in the case of any Restatement, any person who is, or was *at any time*, during the Applicable Period, an Executive Officer of the Company or an employee of the Company whose compensation is under the purview of the CLC; or (b) in the case of any Misconduct, any person who is, or was at the time, an Executive Officer or an employee of the Company whose compensation is under the purview of the CLC. For the avoidance of doubt, Covered Person may include a former Executive Officer that left the Company, retired, or transitioned to a non-Executive Officer role (including after serving as an Executive Officer in an interim capacity) during the Applicable Period.

"Executive Officer" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including an officer of the Company's parent(s) or subsidiaries) who performs similar policy-making functions for the Company.

"Financial Reporting Measure" means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements (including "non-GAAP" financial measures, such as those appearing in the Company's earnings releases or Management Discussion and Analysis), and any measure that is derived wholly or in part from such measure. Examples of Financial Reporting Measures include measures based on: revenues, net income, operating income, financial ratios, EBITDA, liquidity measures, return measures (such as return on assets), profitability of one or more segments, subscription metrics, revenue per user, and cost per employee. Stock price and total shareholder return are also Financial Reporting Measures.

"Impracticable." The Compensation and Leadership Committee may determine in good faith that recovery of Recoverable Incentive Compensation is "Impracticable" (a) in the case of any Restatement, if: (i) pursuing such recovery would violate applicable law and the Company provides an opinion of counsel to that effect to the Company's listing exchange; (ii) the direct expense paid to a third party to assist in enforcing this Policy would exceed the Recoverable Incentive Compensation and the Company has (A) made a reasonable attempt to recover such amounts and (B) provided documentation of such attempts to recover to the Company's applicable listing exchange; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of the Internal Revenue Code of 1986, as amended, and (b) in the case of

any Misconduct, as the Compensation and Leadership Committee determines, in its sole discretion, to be appropriate that recovery of Recoverable Incentive Compensation is impracticable in light of the scope and nature of the Misconduct.

Incentive Compensation means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive Compensation does not include: any base salaries (except with respect to any salary increases earned wholly or in part based on the attainment of a Financial Reporting Measure performance goal); bonuses paid solely at the discretion of the CLC or Board that are not paid from a “bonus pool” that is determined by satisfying a Financial Reporting Measure performance goal; bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period; non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and equity awards that vest solely based on the passage of time and/or attaining one or more non-Financial Reporting Measures. Notwithstanding the foregoing, in the case of any Misconduct, Incentive Compensation shall include all forms of cash and equity incentive compensation, including, without limitation, such incentive compensation that vests solely based on the passage of time and/or attaining one or more non-Financial Reporting Measures.

Listing Rule Effective Date means the 60th day after the SEC determines NASDAQ's listing standards are deemed effective on which the Company's securities are listed.

Misconduct shall mean a Covered Person's (i) commission of any felony or any crime involving fraud, dishonesty or moral turpitude under applicable law; (ii) attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) intentional, material violation of any contract or agreement between the Covered Person and the Company or of any statutory duty owed to the Company; (iv) any action or willful inaction that may result in material financial, reputational or other harm to the Company and its affiliates and subsidiaries.

Received. Incentive Compensation is deemed “Received” in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

Recoverable Incentive Compensation means (a) in the case of any Restatement, the amount of any Incentive Compensation (calculated on a pre-tax basis) Received by a Covered Person during the Applicable Period that is in excess of the amount that otherwise would have been Received if the calculation were based on the Restatement, and (b) in the case of any Misconduct, the amount of any Incentive Compensation (calculated on a pre-tax basis) awarded, paid, settled or vested to a Covered Person during the Applicable Period that the Compensation and Leadership Committee determines, in its sole discretion, to be appropriate in light of the scope and nature of the Misconduct. For the avoidance of doubt, in the case of any Restatement, Recoverable Incentive Compensation does not include any Incentive Compensation Received by a person (i) before such person began service in a position or capacity meeting the definition of a “Covered Person,” (ii) if such person did not meet the definition of a “Covered Person” at any time during the Applicable Period, or (iii) during any period the Company did not have a class of its securities listed on a national securities exchange or a national securities association. For the avoidance of doubt, in the case of any Restatement, Recoverable Incentive Compensation may include Incentive Compensation Received by a person while serving as an employee if such person previously served as an Executive Officer and then transitioned to a non-Executive Officer role. For the avoidance of doubt, in the case of any Restatement, if the subject Incentive Compensation is based on (or derived from) stock price or total shareholder return where the amount of Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in the applicable Restatement, the amount will be determined by the CLC based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received (in which case, the Company will maintain documentation of such determination of that reasonable estimate and provide such documentation to the Company's applicable listing exchange).

Restatement means an accounting restatement of any of the Company's financial statements filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, due to the Company's material noncompliance with any financial

reporting requirement under U.S. securities laws, regardless of whether Company or Covered Person misconduct was the cause for such restatement. "Restatement" includes any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as "Big R" restatements), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as "little r" restatements).

Exhibit B

GOPRO, INC.

COMPENSATION RECOVERY POLICY

ACKNOWLEDGMENT AGREEMENT

By signing below, the undersigned acknowledges and agrees to be subject to the terms of the GoPro, Inc. Compensation Recovery Policy.

Date:

Signature:

Printed Name: