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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 2, 2023



**GOPRO, INC.**

(Exact name of registrant as specified in its charter)

001-36514

(Commission File No.)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

77-0629474  
(I.R.S. Employer  
Identification No.)

3025 Clearview Way, San Mateo, CA 94402

(Address of Principal Executive Offices) (Zip Code)

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

N/A

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

**Title of each class**  
Class A common stock

**Trading Symbol(s)**  
GPRO

**Name of each exchange on which registered**  
NASDAQ Global Select Market

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

Emerging growth company

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

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## Item 2.02 Results of Operations and Financial Condition

On February 2, 2023, GoPro, Inc. (the “Company”) issued a press release to report its financial results for its fourth quarter ended December 31, 2022.

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

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of that section. The information in Item 2.02 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended (“Securities Act”), except as may be expressly set forth by specific reference in such filing or document.

## Item 7.01. Regulation FD Disclosure.

On February 2, 2023, the Company held a live audio webcast to discuss its financial results for its fourth quarter ended December 31, 2022.

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

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

## Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<b>Exhibit Number</b>	<b>Description of Document</b>
<a href="#">99.1</a>	Press Release of GoPro, Inc. dated February 2, 2023 to report its financial results for its fourth quarter ended December 31, 2022.
<a href="#">99.2</a>	Management’s commentary from Nicholas Woodman, Chief Executive Officer, and Brian McGee, Chief Financial Officer and Chief Operating Officer, dated February 2, 2023 (furnished pursuant to Item 7.01).
<a href="#">104</a>	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

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## SIGNATURE

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

**GoPro, Inc.**  
(Registrant)

Dated: February 2, 2023

By: /s/ Brian McGee

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



## GoPro Announces Fourth Quarter and 2022 Results

*2022 Revenue of \$1.09 Billion*

*2022 GAAP EPS of \$0.18 and non-GAAP EPS of \$0.47*

*2022 Direct-to-Consumer Revenue of \$411 million, up 5% Year-over-Year*

*2022 Subscription and Service Revenue of \$82 million, up 52% Year-over-Year*

*GoPro Subscribers Grew 43% Year-over-Year to 2.25 Million*

**SAN MATEO, Calif., February 2, 2023** - GoPro, Inc. (NASDAQ: GPRO) today announced financial results for its fourth quarter and year ended December 31, 2022, and posted management commentary in the investor relations section of its website at <https://investor.gopro.com>.

"In 2022, GoPro achieved GAAP profitability in a very challenging macroeconomic environment. We generated EBITDA of \$95 million, or 9% of revenue. Additionally, we grew subscribers to 2.25 million, bringing our subscription and service revenue to an annual run rate of \$100 million with 70-80% gross margin," said Nicholas Woodman, GoPro's founder and CEO.

"GoPro ended the year with solid balance sheet metrics and \$367 million in cash after repaying debt of \$125 million and repurchasing \$40 million in stock," said Brian McGee, GoPro's CFO and COO.

### Q4 2022 Financial Results

- Revenue was \$321 million, down 18% year-over-year and in-line with our guidance.
- GoPro.com revenue, including subscription and service revenue, was flat year-over-year at \$128 million, or 40% of total revenue.
- Subscription and service revenue increased 30% year-over-year to \$22 million.
- GAAP net income was \$3 million, or \$0.02 per share, down from net income of \$53 million or \$0.32 per share in the prior year period. Non-GAAP net income was \$21 million, or \$0.12 per share, down from \$66 million, or \$0.41 per share, in the prior year period.
- GAAP and non-GAAP gross margin was 32.5% and 35.1%, respectively, and as estimated on a constant currency basis was 36.5% and 39.0%, respectively. This compares to GAAP and non-GAAP gross margin of 41.2% and 41.3%, respectively, in the prior year period.
- Adjusted EBITDA was \$22 million, or 7% of revenue, and as estimated on a constant currency basis was \$42 million or 12% of revenue. This compares to \$72 million, or 18% of revenue in the prior year period.
- Cameras with retail prices at or above \$400 represented 90% of Q4 2022 camera revenue.
- Q4 2022 Street ASP was \$378, flat year-over-year, and \$401 as estimated on a constant currency basis, up 6% year-over-year.
- Days' sales outstanding was 22 days, down from 26 days in the prior year period.

### 2022 Financial Results

- Revenue was \$1.09 billion, down 6% year-over-year. And, as estimated on a constant currency basis, revenue would have been down 2%.
  - GoPro.com revenue increased 5% year-over-year to \$411 million, comprising 38% of total revenue.
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- Subscription and service revenue increased 52% year-over-year to \$82 million.
- GoPro subscriber count ended 2022 at approximately 2.25 million, up 43% year-over-year.
- GAAP and non-GAAP gross margin was 37.2% and 38.1% respectively, and as estimated on a constant currency basis was 40.0% and 40.8%, respectively. This compares to GAAP and non-GAAP gross margin of 41.1% and 41.4%, respectively, in the prior year period.
- 2022 GAAP net income was \$29 million, or \$0.18 per share, down year-over-year from net income of \$371 million or \$2.27 per share, which included a tax benefit of \$1.74 per share. Non-GAAP net income was \$81 million, or \$0.47 per share, down from \$146 million, or \$0.90 per share, in the prior year period.
- 2022 adjusted EBITDA was \$95 million, or 9% of revenue, and as estimated on a constant currency basis was 13% of revenue. This compares to \$168 million, or 14% of revenue in the prior year period.
- Cameras with retail prices at or above \$400 represented over 90% of 2022 camera revenue.
- 2022 Street ASP was \$389, up 5% year-over-year, and \$407 as estimated on a constant currency basis, up 10% year-over-year.

## Recent Business Highlights

- In 2022, GoPro bought back \$40 million in stock, which covered our stock-based compensation expense for the year, and we plan to continue to execute on our stock repurchase plan in 2023. GoPro also retired \$125 million in debt in 2022.
- In Q4 2022, we celebrated GoPro's 20-year anniversary with a [retrospective video](#) covering two-decades of pioneering innovation, customer-driven inspiration, and many moments that made the world stop and say "WOW."
- In November 2022, GoPro was recognized for the second consecutive year by Outside Magazine as one of the 50 Best Places to Work – the only company with more than 200 employees to make the list.
- In November 2022, GoPro published its inaugural [Sustainability Report](#), which outlines our efforts to be a better global corporate citizen, sharing our progress toward inclusivity, environmental impact reductions and governance best practices.

## Results Summary:

(\$ in thousands, except per share amounts)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
<b>Revenue</b>	\$ 321,021	\$ 391,149	(17.9)%	\$ 1,093,541	\$ 1,161,084	(5.8)%
<b>Gross margin</b>						
GAAP	32.5 %	41.2 %	(870) bps	37.2 %	41.1 %	(390) bps
Non-GAAP	35.1 %	41.3 %	(620) bps	38.1 %	41.4 %	(330) bps
<b>Operating income</b>						
GAAP	\$ 1,707	\$ 58,625	(97.1)%	\$ 38,955	\$ 113,216	(65.6)%
Non-GAAP	\$ 19,077	\$ 69,232	(72.4)%	\$ 85,547	\$ 155,667	(45.0)%
<b>Net income</b>						
GAAP	\$ 3,073	\$ 52,626	(94.2)%	\$ 28,847	\$ 371,171	(92.2)%
Non-GAAP	\$ 21,090	\$ 66,147	(68.1)%	\$ 80,923	\$ 146,068	(44.6)%
<b>Diluted net income per share</b>						
GAAP	\$ 0.02	\$ 0.32	(93.8)%	\$ 0.18	\$ 2.27	(92.1)%
Non-GAAP	\$ 0.12	\$ 0.41	(70.7)%	\$ 0.47	\$ 0.90	(47.8)%
<b>Adjusted EBITDA</b>	\$ 22,014	\$ 71,571	(69.2)%	\$ 94,754	\$ 167,798	(43.5)%

## Conference Call

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

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

To listen to the live conference call, please call +1 833-927-1758 (US) or +1 929-526-1599 (International) and enter access code 900334, approximately 15 minutes prior to the start of the call. A live webcast of the conference call will be accessible on the "Events & Presentations" section of the Company's website at <https://investor.gopro.com>. A recording of the webcast will be available on GoPro's website, <https://investor.gopro.com>, from approximately two hours after the call through April 27, 2023.

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

Founded in 2002, GoPro helps the world to capture and share itself in immersive and exciting ways.

For more information, visit [GoPro.com](https://gopro.com). Open roles can be found on our [careers page](#). Members of the press can access official logos and imagery on our [press portal](#). GoPro customers can submit their photos and videos to [GoPro Awards](#) for an opportunity to be featured on GoPro's social channels and receive gear and cash awards. Connect with GoPro on [Facebook](#), [Instagram](#), [LinkedIn](#), [TikTok](#), [Twitter](#), [YouTube](#), and GoPro's blog [The Current](#).

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

## GoPro's Use of Social Media

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

## Note Regarding Use of Non-GAAP Financial Measures

GoPro reports gross profit, gross margin percentage, operating expenses, operating income (loss), other income (expense), tax expense, net income (loss) and diluted net income (loss) per share in accordance with U.S. generally accepted accounting principles (GAAP) and on a non-GAAP basis. Additionally, GoPro reports non-GAAP adjusted EBITDA. Non-GAAP items exclude, where applicable, the effects of stock-based compensation, acquisition-related costs, restructuring and other related costs, non-cash interest expense, and the tax impact of these items. When planning, forecasting, and analyzing gross margin, operating expenses, operating income (loss), other income (expense), tax expense, net income (loss) and net income (loss) per share for future periods, GoPro does so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for reconciling items which are inherently difficult to predict with reasonable accuracy. GoPro also reports revenue, gross profit, gross margin percentage, adjusted EBITDA in dollars and as a percentage of revenue, and street average selling price on a constant currency basis to show performance unaffected by fluctuations in currency exchange rates. GoPro calculates constant currency amounts by translating current period amounts at the prior period's average exchange rate and compare that to current period performance.

## Note on Forward-looking Statements

This press release may contain projections or other forward-looking statements within the meaning Section 27A of the Private Securities Litigation Reform Act. Words such as "anticipate," "believe," "estimate," "expect," "intend," "should," "will" and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements in this press release may include but are not limited to statements regarding our expectations for profitability and subscription growth; and overall consumer demand for our products. These statements involve risks and uncertainties, and actual events or results may differ materially. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements include the inability to achieve our revenue growth or profitability in the future, and if revenue growth or profitability is achieved, we may not be able to sustain it; the fact that an economic downturn or economic uncertainty in our key U.S. and international markets, inflation, and fluctuations in interest rates or currency exchange rates may adversely affect consumer discretionary spending and demand for our products; the fact that our goal to grow revenue and be profitable relies upon our ability to grow sales from our direct-to-consumer

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business and our retail partners and distributors; our ability to acquire and retain subscribers; our reliance on third-party suppliers, some of which are sole-source suppliers, to provide services and components for our products which may be impacted due to supply shortages, long lead times or other service disruptions and may increase costs due to the impact of the COVID-19 pandemic and the war in Ukraine, inflation or the negative impact on exchange rates; our ability to maintain the value and reputation of our brand and protect our intellectual property and proprietary rights; the risk that our sales fall below our forecasts, especially during the holiday season; the risk we fail to manage our operating expenses effectively, and may result in our financial performance suffering the fact that our continued profitability depends in part on further penetrating our total addressable market, and we may not be successful in doing so; the fact that we rely on sales of our cameras, mounts and accessories for substantially all of our revenue, and any decrease in the sales or change in sales mix of these products could harm our business; the risk that we may not successfully manage product introductions, product transitions, product pricing and marketing; the fact that a small number of retailers and distributors account for a substantial portion of our revenue and our level of business with them could be significantly reduced; the impact of fluctuations in foreign currency exchange rates on our results of operations; our ability to attract, engage and retain qualified personnel; any changes to trade agreements, trade policies, tariffs, and import/export regulations; the effects of the highly competitive market in which we operate, including new market entrants; the fact that we may experience fluctuating revenue, expenses and profitability in the future; risks related to inventory, purchase commitments and long-lived assets; the risk that we may not be able to maintain the value and reputation of our brand; the risk that we will encounter problems with our distribution system; the threat of a security breach or other disruption including cyberattacks; the concern that our intellectual property and proprietary rights may not adequately protect our products and services; the continuing impact of the COVID-19 pandemic and the war in Ukraine and their effects on the United States and global economies and our business in particular; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2021, which is on file with the Securities and Exchange Commission (SEC), and as updated in filings with the SEC. These forward-looking statements speak only as of the date hereof or as of the date otherwise stated herein. GoPro disclaims any obligation to update these forward-looking statements.

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

(in thousands, except per share data)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Revenue	\$ 321,021	\$ 391,149	\$ 1,093,541	\$ 1,161,084
Cost of revenue	216,718	230,075	686,713	683,979
Gross profit	104,303	161,074	406,828	477,105
<b>Operating expenses:</b>				
Research and development	36,026	34,806	139,885	141,494
Sales and marketing	51,079	47,882	166,967	156,694
General and administrative	15,491	19,761	61,021	65,701
Total operating expenses	102,596	102,449	367,873	363,889
Operating income	1,707	58,625	38,955	113,216
<b>Other income (expense):</b>				
Interest expense	(1,310)	(5,780)	(6,242)	(22,940)
Other income (expense), net	2,263	(611)	1,740	(176)
Total other expense, net	953	(6,391)	(4,502)	(23,116)
Income before income taxes	2,660	52,234	34,453	90,100
Income tax expense (benefit)	(413)	(392)	5,606	(281,071)
Net income	<u>\$ 3,073</u>	<u>\$ 52,626</u>	<u>\$ 28,847</u>	<u>\$ 371,171</u>
<b>Net income per share:</b>				
Basic	<u>\$ 0.02</u>	<u>\$ 0.34</u>	<u>\$ 0.18</u>	<u>\$ 2.41</u>
Diluted	<u>\$ 0.02</u>	<u>\$ 0.32</u>	<u>\$ 0.18</u>	<u>\$ 2.27</u>
<b>Shares used to compute net income per share:</b>				
Basic	155,340	156,221	156,181	154,274
Diluted	172,124	162,742	178,279	163,178

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

(in thousands)	December 31, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 223,735	\$ 401,087
Marketable securities	143,602	137,830
Accounts receivable, net	77,008	114,221
Inventory	127,131	86,409
Prepaid expenses and other current assets	34,551	42,311
Total current assets	606,027	781,858
Property and equipment, net	13,327	19,003
Operating lease right-of-use assets	21,819	27,320
Goodwill	146,459	146,459
Other long-term assets	289,293	285,239
Total assets	\$ 1,076,925	\$ 1,259,879
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 91,648	\$ 171,545
Accrued expenses and other current liabilities	118,877	128,572
Short-term operating lease liabilities	9,553	9,819
Deferred revenue	55,850	42,505
Short-term debt	—	122,391
Total current liabilities	275,928	474,832
Long-term taxes payable	9,536	7,319
Long-term debt	141,017	111,289
Long-term operating lease liabilities	33,446	43,025
Other long-term liabilities	5,439	7,500
Total liabilities	465,366	643,965
Stockholders' equity:		
Common stock and additional paid-in capital	960,903	1,008,872
Treasury stock, at cost	(153,231)	(113,613)
Accumulated deficit	(196,113)	(279,345)
Total stockholders' equity	611,559	615,914
Total liabilities and stockholders' equity	\$ 1,076,925	\$ 1,259,879

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

(in thousands)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
<b>Operating activities:</b>				
Net income	\$ 3,073	\$ 52,626	\$ 28,847	\$ 371,171
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,980	2,363	8,570	10,962
Non-cash operating lease cost	1,335	442	5,501	4,240
Stock-based compensation	9,565	10,423	38,991	38,650
Deferred income taxes	(3,437)	(3,619)	2,710	(273,541)
Non-cash restructuring charges	228	—	228	(99)
Non-cash interest expense	—	3,673	—	14,208
Other	(1,361)	1,370	1,022	2,243
Net changes in operating assets and liabilities	14,179	96,570	(80,122)	61,319
Net cash provided by operating activities	25,562	163,848	5,747	229,153
<b>Investing activities:</b>				
Purchases of property and equipment, net	(242)	(705)	(3,447)	(5,545)
Purchases of marketable securities	(61,857)	(64,245)	(165,590)	(146,515)
Maturities of marketable securities	51,000	8,341	160,649	8,341
Net cash used in investing activities	(11,099)	(56,609)	(8,388)	(143,719)
<b>Financing activities:</b>				
Proceeds from issuance of common stock	74	265	4,760	7,490
Taxes paid related to net share settlement of equity awards	(1,083)	(2,366)	(13,410)	(17,379)
Repurchase of outstanding common stock	(8,001)	—	(39,619)	—
Repayment of borrowings	—	—	(125,000)	—
Net cash used in financing activities	(9,010)	(2,101)	(173,269)	(9,889)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,121	(408)	(1,442)	(2,112)
Net change in cash, cash equivalents and restricted cash	6,574	104,730	(177,352)	73,433
Cash, cash equivalents and restricted cash at beginning of period	217,161	296,357	401,087	327,654
Cash, cash equivalents and restricted cash at end of period	\$ 223,735	\$ 401,087	\$ 223,735	\$ 401,087

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

To supplement our unaudited selected financial data presented on a basis consistent with GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross profit, gross margin, operating expenses, operating income (loss), other income (expense), tax expense, net income (loss), diluted net income (loss) per share and adjusted EBITDA. Additionally, we present revenue, gross profit, gross margin percentage, adjusted EBITDA in dollars and as a percentage of revenue, and street average selling price 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 also provide forecasts of non-GAAP gross margin, non-GAAP operating expenses, non-GAAP other income (expense), non-GAAP tax expense, non-GAAP net income (loss) and non-GAAP diluted net income (loss) per share. We use these non-GAAP financial measures to help us understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operational plans. Our management uses, and believes that investors benefit from referring to these non-GAAP financial measures in assessing our operating results. These non-GAAP financial measures should not be considered in isolation from, or as an alternative to, the measures prepared in accordance with GAAP, and are not based on any comprehensive set of accounting rules or principles. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by facilitating:

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

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

- adjusted EBITDA does not reflect tax payments that reduce cash available to us;
  - adjusted EBITDA excludes depreciation and amortization and, although these are non-cash charges, the property and equipment being depreciated and amortized often will have to be replaced in the future, and adjusted EBITDA does not reflect any cash capital expenditure requirements for such replacements;
  - adjusted EBITDA excludes the amortization of point of purchase (POP) display assets because it is a non-cash charge, and is treated similarly to depreciation of property and equipment and amortization of acquired intangible assets;
  - adjusted EBITDA and non-GAAP net income (loss) exclude restructuring and other related costs which primarily include severance-related costs, stock-based compensation expenses, manufacturing consolidation charges, facilities consolidation charges recorded in connection with restructuring actions, including right-of-use asset impairment charges, and the related ongoing operating lease cost of those facilities recorded under ASC 842, *Leases*. These expenses do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of current operating performance or comparisons to the operating performance in other periods;
  - adjusted EBITDA and non-GAAP net income (loss) exclude stock-based compensation expense related to equity awards granted primarily to our workforce. We exclude stock-based compensation expense because we believe that the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance. In particular, we note that companies calculate stock-based compensation expense for the variety of award types that they employ using different valuation methodologies and subjective assumptions. These non-cash charges are not factored into our internal evaluation of net income (loss) as we believe their inclusion would hinder our ability to assess core operational performance;
  - non-GAAP net income (loss) excludes acquisition-related costs including the amortization of acquired intangible assets (primarily consisting of acquired technology), the impairment of acquired intangible assets (if applicable), as well as third-party transaction costs incurred for legal and other professional services. These costs are not factored into our evaluation of potential acquisitions, or of our performance after completion of the acquisitions, because these costs are not related to our core operating performance or reflective of ongoing operating results in the period, and the frequency and amount of such costs vary
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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, as if converted at the beginning of the period in connection with the adoption of ASU 2020-06 on January 1, 2022; and
  - other companies may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.
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**GoPro, Inc.**  
**Reconciliation of Preliminary GAAP to Non-GAAP Financial Measures**  
(unaudited)

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

(in thousands, except per share data)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
<b>GAAP net income</b>	\$ 3,073	\$ 52,626	\$ 28,847	\$ 371,171
Stock-based compensation:				
Cost of revenue	434	374	1,805	1,794
Research and development	4,263	4,132	17,221	17,263
Sales and marketing	2,002	2,077	8,173	8,045
General and administrative	2,866	3,840	11,792	11,548
Total stock-based compensation	9,565	10,423	38,991	38,650
Acquisition-related costs:				
Cost of revenue	—	71	47	1,152
Total acquisition-related costs	—	71	47	1,152
Restructuring and other costs:				
Cost of revenue	8,047	7	8,035	157
Research and development	(132)	53	(266)	1,343
Sales and marketing	(74)	35	(144)	712
General and administrative	(36)	18	(71)	437
Total restructuring and other costs	7,805	113	7,554	2,649
Non-cash interest expense	—	3,673	—	14,208
Income tax adjustments	647	(759)	5,484	(281,762)
<b>Non-GAAP net income</b>	<u>\$ 21,090</u>	<u>\$ 66,147</u>	<u>\$ 80,923</u>	<u>\$ 146,068</u>
GAAP net income - basic	\$ 3,073	\$ 52,626	\$ 28,847	\$ 371,171
Add: Interest on convertible notes, tax effected*	334	—	3,055	—
GAAP net income - diluted	<u>\$ 3,407</u>	<u>\$ 52,626</u>	<u>\$ 31,902</u>	<u>\$ 371,171</u>
Non-GAAP net income - basic	\$ 21,090	\$ 66,147	\$ 80,923	\$ 146,068
Add: Interest on convertible notes, tax effected*	334	—	3,055	—
Non-GAAP net income - diluted	<u>\$ 21,424</u>	<u>\$ 66,147</u>	<u>\$ 83,978</u>	<u>\$ 146,068</u>
<b>GAAP and non-GAAP shares for diluted net income per share</b>	172,124	162,742	178,279	163,178
<b>GAAP diluted net income per share</b>	<u>\$ 0.02</u>	<u>\$ 0.32</u>	<u>\$ 0.18</u>	<u>\$ 2.27</u>
<b>Non-GAAP diluted net income per share</b>	<u>\$ 0.12</u>	<u>\$ 0.41</u>	<u>\$ 0.47</u>	<u>\$ 0.90</u>

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

(dollars in thousands)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
<b>GAAP gross profit as a % of revenue</b>	32.5 %	41.2 %	37.2 %	41.1 %
Stock-based compensation	0.1	0.1	0.2	0.2
Acquisition-related costs	—	—	—	0.1
Restructuring and other costs	2.5	—	0.7	—
<b>Non-GAAP gross profit as a % of revenue</b>	<u>35.1 %</u>	<u>41.3 %</u>	<u>38.1 %</u>	<u>41.4 %</u>
<b>GAAP operating expenses</b>	\$ 102,596	\$ 102,449	\$ 367,873	\$ 363,889
Stock-based compensation	(9,131)	(10,049)	(37,186)	(36,856)
Restructuring and other costs	242	(106)	481	(2,492)
<b>Non-GAAP operating expenses</b>	<u>\$ 93,707</u>	<u>\$ 92,294</u>	<u>\$ 331,168</u>	<u>\$ 324,541</u>
<b>GAAP operating income</b>	\$ 1,707	\$ 58,625	\$ 38,955	\$ 113,216
Stock-based compensation	9,565	10,423	38,991	38,650
Acquisition-related costs	—	71	47	1,152
Restructuring and other costs	7,805	113	7,554	2,649
<b>Non-GAAP operating income</b>	<u>\$ 19,077</u>	<u>\$ 69,232</u>	<u>\$ 85,547</u>	<u>\$ 155,667</u>

(in thousands)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
<b>GAAP net income</b>	\$ 3,073	\$ 52,626	\$ 28,847	\$ 371,171
Income tax expense (benefit)	(413)	(392)	5,606	(281,071)
Interest expense, net	(486)	5,701	3,131	22,678
Depreciation and amortization	1,980	2,363	8,570	10,962
POP display amortization	490	737	2,055	2,759
Stock-based compensation	9,565	10,423	38,991	38,650
Restructuring and other costs	7,805	113	7,554	2,649
<b>Adjusted EBITDA</b>	<u>\$ 22,014</u>	<u>\$ 71,571</u>	<u>\$ 94,754</u>	<u>\$ 167,798</u>

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February 2nd, 2023  
**GoPro, Inc. (NASDAQ: GPRO)**  
Management Commentary  
Q4 & Full Year 2022 Earnings Call

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**Christopher Clark**

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

Enclosed is GoPro's fourth quarter and full year 2022 earnings report. Following this brief introduction is management commentary from GoPro's CEO, Nicholas Woodman, and CFO and COO, Brian McGee. This commentary may include forward-looking statements. Forward-looking statements and all other statements that are not historical facts are not guarantees of future performance and are subject to a number of risks and uncertainties which may cause actual results to differ materially. Additionally, any forward-looking statements made today are based on assumptions as of today, including but not limited to any continued impact of the COVID-19 pandemic and the war in Ukraine. This means that results could change at any time. Our commentary about our business results and outlook is based on the information available as of today's date, and we do not undertake any obligation to update these statements as a result of new information or future events. To better understand the risks and uncertainties that could cause actual results to differ from our commentary, we refer you to our most recent annual report on Form 10-K for the year ended December 31, 2021, which is on file with the Securities and Exchange Commission ("SEC") and in other reports that we may file from time to time with the SEC.

In the management commentary, we may discuss gross margin, operating expense, net profit and loss, EBITDA as well as basic and diluted net profit and loss per share in accordance with GAAP, and on a non-GAAP basis. We believe that non-GAAP information is useful because it can enhance the understanding of our ongoing economic performance. We use non-GAAP reporting internally to evaluate and manage our operations, and we choose to provide this information to enable investors to perform comparisons of operating results in a manner similar to how we analyze our own operating results. A reconciliation of GAAP to non-GAAP operating expenses can be found in the press release that was issued this afternoon, which is posted on the investor relations section of our website.

In addition to the earnings press release, we have posted slides containing detailed financial data and metrics for the fourth quarter and full year of 2022. These slides, as well as a link to today's live webcast and a replay of this conference call are posted on the investor relations section of GoPro's website for your reference. Unless otherwise noted, all income statement-related numbers that are discussed in the management commentary, other than revenue, are non-GAAP.

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**Nicholas Woodman**

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

Thank you for reading GoPro's Q4 and 2022 management commentary. I first want to congratulate and thank everybody at GoPro, past and present, who've contributed to GoPro's incredible 20-year history. In Q4 2022 we celebrated our 20-year anniversary and it's been inspiring to consider how far we've come from our first product, a 35mm film camera designed to be worn on the wrist while surfing, to today – one of the world's most popular brands serving millions of the world's most active, creative and inspired humans. Gratitude to all!

The strength of our brand and our subscription-based business strategy was evident in 2022, helping us deliver impressive results despite the macroeconomic headwinds that confronted most consumer facing businesses throughout the year. We certainly had our fair share of challenges, but we're proud of how our employees and partners executed to help deliver 2022 revenue of \$1.09 billion along with GAAP EPS of \$0.18 and non-GAAP EPS of \$0.47. And 2022 was our fourth consecutive profitable year on a non-GAAP basis. Additionally in 2022, we generated \$95 million of EBITDA, or 9% of revenue, and used a portion of those proceeds to buy back \$40 million of stock.

2022 benefitted from our complementary direct-to-consumer and retail channels – with each meaningfully contributing to our business throughout the year. Direct-to-consumer revenue from GoPro.com was 40% of overall revenue in Q4 and 38% for the full year of 2022, up from 33% and 34% in the prior year, respectively. In addition, our GoPro.com business grew 5% in 2022 over 2021 driven by 52% growth in subscription and services revenue. We estimate GoPro.com revenue growth was 12% in constant currency.

Like many companies, GoPro's results for the year and quarter were impacted by a stronger U.S. dollar. On a constant currency basis, we estimate that revenue for the year would have been approximately \$50 million higher, or 5% above actual results. Gross margin would have been nearly 41% versus 38.1% actual results and EBITDA to revenue approximately 13% versus 9% actual results. Considering the global Fx and macroeconomic challenges, we believe our 2022 results reflect the strength of our subscription-based business model and the strong execution of our teams.

Our high-margin subscription business is serving as a powerful financial engine, contributing meaningfully to our bottom line and importantly building LTV into our model as the GoPro subscription is becoming increasingly synonymous with being a GoPro camera owner.

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In 2022, we grew GoPro subscribers 43% year-over-year to 2.25 million, exceeding our annual target of 2.2 million subscribers. Our subscription business is now generating more than \$100 million in annual recurring revenue with gross margin of 70-80%.

The subscription attach rate from customers who purchase their cameras at GoPro.com has consistently been well over 90%. We've also been very focused on improving the attach rate of customers who buy their cameras at retail and later subscribe via our app. In Q4, we grew the attach rate of this cohort approximately 15% year-over-year, to nearly 30%. And for the full year of 2022, the volume of new subscribers gained via our app outpaced new subscribers gained via camera sales at GoPro.com. That both our retail and direct channels are now contributing significantly to subscription growth is a sign of the subscription's value to consumers, regardless of where they purchase their cameras.

Driving subscriber engagement is another key area of focus for us which supports retention and LTV. New features that enhance capability and convenience are key drivers of engagement – like automatic highlight videos that are sent to subscribers after their footage auto-uploads to their GoPro cloud accounts, and the automatic clearing of the camera's SD card once that upload is complete.

We believe convenient features like this contributed to a 58% increase year-over-year in subscribers connecting their HERO11 cameras to our cloud vs. HERO10 subscribers in 2021. Additionally, content uploads to the cloud increased 65% year-over-year for HERO11 subscribers vs. HERO10 subscribers in 2021. We believe these features also contributed to an increase in camera usage amongst our broader customer base – in 2022, camera usage increased 15% year-over-year to approximately 15 million unique cameras connecting to our app.

Subscribers also benefit from convenient cloud-based editing tools and a robust mobile app editing experience. To drive engagement further, we're significantly updating our app's user-experience later this year with a focus on improving ease of use, speed and overall capability.

GoPro's focus on building our direct-to-consumer channel has increased our understanding of consumer behavior and we are successfully leveraging this to drive engagement and LTV. While still early in this journey, we see significant opportunities to add further value for new and existing subscribers.

For example, in 2023 we're planning to launch a new desktop content management and editing experience that we believe will excite existing subscribers while expanding our TAM to court consumers who prefer a desktop environment when engaging with their personal content. Our research indicates that our upcoming desktop app will afford us the opportunity to roll out a higher priced, premium tier

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subscription to a new cohort of customers who desire even more performance, capability and convenience from GoPro. And we will also leverage our new desktop app to serve consumers who don't own a GoPro, expanding the TAM of our software and service offerings to reach potential subscribers regardless of what camera or phone they use.

The future of GoPro is subscription-based and we're laser-focused on what we believe is a significant high-margin growth opportunity.

### 2022 Highlights:

- **PROFITABILITY + CASH FLOW:** GoPro achieved GAAP profitability in a very challenging macroeconomic environment. And for the fourth consecutive year, GoPro was profitable on a non-GAAP basis, while also driving positive EBITDA of \$95 million.
  - **HARDWARE LAUNCHES:** Five new camera SKUs throughout the year including our new flagship HERO11 Black camera, as well as several derivatives including HERO11 Black Creator Edition, HERO11 Black Mini, HERO10 Bones and HERO10 Black Creator Edition.
  - **SOFTWARE + CLOUD LAUNCHES:** Auto-highlights from the cloud, expanded mobile app capabilities and the announcement of our new desktop app coming in 2023 that will enable a premium subscription tier that syncs desktop, mobile and cloud for subscribers.
  - **SUBSCRIPTION MILESTONE:** In August of 2022, we announced that we surpassed two million subscribers, representing more than \$100 million in annual recurring revenue at 70-80% gross margin.
  - **EMMY® AWARD WINNING TECHNOLOGY:** In February, we won our second Emmy® Award for in-camera sensor and software stabilization, the technology behind HyperSmooth and ReelSteady.
  - **A GREAT PLACE TO WORK:** In November, we were recognized again by Outside Magazine as one of the 50 Best Places to Work – the only company with more than 200 employees to make the list. This is reflected in positive employee sentiment as well, with all-time high employee engagement scores and historically low undesired attrition.
  - **CORPORATE RESPONSIBILITY:** Also in November, we published our inaugural [Sustainability Report](#), which outlines our efforts to be a better global corporate citizen, sharing our progress toward inclusivity, environmental impact reductions and governance best practices.
  - **SHARE BUYBACKS:** We bought back \$40 million in stock, which covered our stock-based compensation expense for the year. We plan to continue to execute on our stock repurchase plan in 2023.
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Our 2023 strategy is to maintain GoPro's ongoing profitability while investing in critical long term growth opportunities that we believe will position GoPro well for when the global economy recovers. We're investing in the people, technology and innovation that we believe will drive subscriber growth, retention and ultimately, LTV. This includes expanding our hardware lineup to court a broader consumer base and rolling out a sync'd mobile, cloud and desktop experience that will benefit new and existing subscribers with a new, premium subscription tier.

As I reflect on our 20 years in business, I'm most proud of the innovation GoPro has become known for, as well as our purpose – serving the world's most active and creative people with digital imaging solutions that help them capture and share their lives in exciting ways. This purpose combines with the strength of our brand, our people and our subscription-based business model to give us confidence that we are well positioned for the future – despite near term challenges that we and many businesses are facing in 2023. In the meantime, we're innovating towards an exciting tomorrow where we believe GoPro will serve significantly more people than we do today.

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

Fourth quarter and full year 2022 financial results were in-line with our November guidance despite impacts from foreign exchange rates, inflation and other macroeconomic factors that challenged demand and increased competition for share of wallet when compared to the prior year. Q4'22 revenue was \$321 million, with subscription and service revenue growing 30% year-over-year to over \$22 million. GoPro continued to drive its subscriber base reaching 2.25 million, or 43% growth year-over-year, which represents over \$100 million of annual recurring revenue going into 2023. Fourth quarter 2022 GAAP EPS was \$0.02 and non-GAAP EPS was \$0.12.

Full year 2022 revenue was \$1.09 billion, down 6% year-over-year, and 2022 GAAP EPS was \$0.18 and non-GAAP EPS was \$0.47. In addition to macroeconomic factors that impacted unit volumes, 2022 revenue, gross margin and EPS were significantly impacted by a stronger U.S. dollar. On a constant currency basis, we estimate revenue would have been down 2% year-over-year, gross margin would have been nearly 41% and non-GAAP EPS would have been approximately \$0.75.

Actual Q4'22 and full year 2022 results compared to guidance for the same period follows:

**Fourth Quarter Results and Prior Guidance**

	Q4'22 Results	Q4'22 Guidance
Revenue	\$321 M	\$325M +/- \$40M
Unit sell-through	~900ku	~950ku
Street ASP	\$378	~\$370
Gross margin	35.1 %	35.0.% +/- 50bps
Non-GAAP earnings per share	\$0.12	\$0.09 +/- \$0.06

CCB = Constant Currency Basis (\$ in thousands, except ASP)	Actual			CCB	
	Q4'22	Q4'21	Q4'22vs21	Q4'22*	Q4'22vs21
Revenue	\$ 321	\$ 391	(17.9) %	\$ 341	(12.8) %
Gross Profit \$	\$ 113	\$ 162	(30.2) %	\$ 133	(17.6) %
Gross Margin %	35.1 %	41.3 %	(620)bps	39.0 %	(230)bps
Adj. EBITDA as % Revenue	6.9 %	18.3 %	(1,140)bps	12.4 %	(590)bps
Street ASP	\$ 378	\$ 379	(0.3) %	\$ 401	6.0 %

\*: We estimate the table above in constant currency

## Annual Results and Prior Guidance

	2022 Results	2022 Guidance
Revenue	\$1,094 M	\$1,100M +/- \$40M
Unit sell-through	~2.9mu	~2.9mu
Street ASP	\$389	~\$390
Gross margin	38.1 %	~38.0%
Non-GAAP earnings per share	\$0.47	\$0.45 +/- \$0.07

CCB = Constant Currency Basis (\$ in thousands, except ASP)	Actual			CCB	
	2022	2021	2022vs2021	2022*	2022vs2021
Revenue	\$ 1,094	\$ 1,161	(5.8) %	\$ 1,144	(1.5) %
Gross Profit \$	\$ 417	\$ 480	(13.2) %	\$ 467	(2.7) %
Gross Margin %	38.1 %	41.4 %	(330)bps	40.8 %	(60)bps
Adj. EBITDA as % Revenue	8.7 %	14.5 %	(580)bps	12.7 %	(180)bps
Street ASP	\$ 389	\$ 369	5.4 %	\$ 407	10.3 %

\*: We estimate the table above in constant currency

Notable fourth quarter and 2022 performance highlights follow:

### Q4'22:

- GoPro subscribers grew 43% year-over-year to approximately 2.25 million
- Subscription and service revenue grew 30% year-over-year to \$22 million
- Unit sell-through was 900,000, down 9%, while unit sell-in of 850,000 was down 18%
- Street ASP was \$378, flat year-over-year, or 6% growth in constant currency
- Gross margin was 35.1%, or 39.0% in constant currency
- GAAP EPS was \$0.02 and non-GAAP EPS was \$0.12
- Adjusted EBITDA was \$22 million, or 7% of revenue, or 12% of revenue in constant currency

### Full Year 2022:

- Subscription and service revenue grew 52% year-over-year to \$82 million
- GoPro.com revenue was \$411 million or 38% of total revenue, up 5% year-over-year, or 12% growth in constant currency
- EBITDA was \$95 million
- Street ASP was \$389, up 5% year-over-year, or 10% growth in constant currency
- GAAP EPS was \$0.18 and non-GAAP was \$0.47
- Paid down debt related to a convertible note of \$125 million
- Repurchased approximately \$40 million in shares of GoPro stock in 2022 (\$8 million in Q4 2022), which covered our stock-based compensation expense of nearly \$40 million

- Ended the year with cash of \$367 million, down \$172 million from 2021 related to the repayment of debt and stock repurchases

Customers continued to purchase our higher price point cameras in the fourth quarter and in 2022, with 90% of our camera revenue mix at suggested retail prices of \$400 and above. This resulted in Q4'22 Street ASP of \$378 and full year Street ASP of \$389. Year-over-year, both our Q4'22 camera revenue mix and ASP were flat compared to Q4'21, primarily due to the strong U.S. dollar. On a constant currency basis, we estimate Q4 Street ASP would have been approximately \$401, or up 6% year-over-year. For full year 2022, Street ASP grew 5% year-over-year due to camera revenue mix. Street ASP is defined as total reported revenue divided by camera units shipped.

Looking at Q4'22 revenue by geography, Europe decreased 24%, Americas decreased 21%, and Asia Pacific decreased 4% year-over-year driven by macroeconomic factors and a stronger U.S. dollar. Within the Americas region, U.S. Q4'22 revenue was down 18% year-over-year as global big box retailers continued to be impacted by macro factors along with actively reducing their on-hand inventory, which drove revenue, specifically at big box accounts, down 29% year-over-year. On an annual basis, revenue from Americas decreased 14% and Europe decreased 2%, while Asia Pacific increased 9% as the region emerged from 2021 lockdowns.

Fourth quarter revenue from our GoPro.com channel was \$128 million, or 40% of total revenue. On a year-over-year basis, GoPro.com revenue was flat, but up 8% in constant currency. For 2022, revenue from the GoPro.com channel was \$411 million or 38% of total revenue and grew 5% compared to \$392 million in the prior year, which was 34% of total revenue in 2021. We estimate GoPro.com annual revenue grew 12% in constant currency. Retail revenue was \$193 million in Q4'22, down 27% year-over-year, and was \$683 million in 2022, down 11% year-over-year.

As we head into 2023, we continue to have several initiatives under way that we expect will drive continued engagement and growth in subscriptions. Subscription and services are integral to our strategy and represent our fastest growing and most profitable revenue stream, generating 70-80% gross margin.

GoPro subscriber count increased 43% year-over-year to approximately 2.25 million, with Q4'22 subscriber storage nearly doubling year-over-year. New subscriber attach rates on GoPro.com held in the mid-90%s, while the attach rate via our app from cameras purchased at retail was approximately 30% in the fourth quarter, up approximately 15% from a year ago. Additionally, we continue to see improvements in annual subscriber retention which was up 6% from the beginning of the year. We see additional runway

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for growth and are pursuing additional initiatives to increase retail attach via our app and improve overall subscriber retention.

Our Quik mobile subscription, which serves non-GoPro-owning consumers that use our app to edit their smartphone footage, also continues to do well, growing 26% year-over-year to 279,000 in Q4'22. Serving smartphone-centric Quik subscribers is helping us learn how to engage and retain consumers that don't own a GoPro — an important TAM-expanding opportunity that we plan to target further with the launch of our upcoming premium-tier desktop app later this year.

Q4'22 demand as measured via sell-through was 50,000 units below our expectations at approximately 900,000 units, a 9% decrease from Q4'21. As anticipated, channel inventory decreased sequentially, but not as low as we expected, to approximately 685,000 units. Channel inventory was also up slightly year-over-year primarily due to HERO11 Black Mini, which was introduced later in the fourth quarter than our other new products. Absent the HERO11 Black Mini, channel inventory would have declined year-over-year. In 2022, sell-through was 2.9 million units, a 12% decrease year-over-year.

Q4'22 gross margin of 35.1% was in-line with our guidance range. On a constant currency basis, we estimate Q4'22 gross margin would have been 39.0%. Gross margin was 41.3% in Q4'21. Full year 2022 gross margin was 38.1% and on a constant currency basis, we estimate gross margin would have been 40.8%.

Fourth quarter operating expenses were flat year-over-year at \$94 million, largely due to our continued cost management efforts. For the full year 2022, operating expenses increased 2% to \$331 million, primarily due to advertising and marketing activities. Our operating expenses have remained in the low \$300 million range since 2020 when we took early action to align our expenses with our business, putting ourselves in a position to weather the current economic environment.

During the fourth quarter, we incurred a restructuring charge of approximately \$8 million related to ending camera production in Guadalajara, Mexico. We expect camera production facilities in China and Thailand to meet future demand.

Our balance sheet is healthy and we ended Q4'22 with \$367 million in cash, cash equivalents and marketable securities, up \$19 million sequentially including \$8 million in share buy-backs. Fourth quarter collective cash net of debt was \$224 million, up 9% sequentially.

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Additionally, our days' sales outstanding was 22 days, reflecting the business model shift to our GoPro.com channel. We've continued to manage both supply chain and our inventory, which ended the year at 55 days.

Here are a few high-level thoughts regarding 2023. In the current environment visibility is challenged and forecasting is difficult. Therefore, we will provide first quarter guidance along with limited commentary on 2023. Our current perspective for the year contemplates the following:

- The macroeconomic environment is expected to remain challenged through at least the first half of 2023 including the possibility of a recession leading to continued cautious consumer spending.
- A strong USD at current levels (or worse) will continue to pressure revenue, margins and profitability.
- We assume the U.S. dollar will remain at current levels relative to the Australian dollar, British pound, Euro, and Japanese yen. Our first quarter 2023 outlook reflects anticipated Fx impact to revenue, margin and earnings of more than \$6 million compared to Q1 2022. We have assumed the following exchange rates for Q1'23 and 2023:

AUD	0.71
EURO	1.09
GPB	1.24
JPY	130

- We will continue to invest in technology and innovation to add complementary technologies to our portfolio that increase TAM and are accretive to our core business.
- We expect to maintain stock buy-backs of at least \$40 million and end 2023 with cash in a range of \$320 to \$350 million.

### First Quarter 2023 Guidance

	<b>Q1'23 Guidance</b>
Revenue	\$165M +/- \$5M
Unit sell-through	~525ku
Street ASP	~\$400
Gross margin	36.0% +/- 50bps
Non-GAAP loss per share	\$(0.17) +/- \$0.02

The first quarter has historically been our weakest quarter from a demand perspective and we expect it to remain so in 2023. In addition, we continue to navigate some unique economic dynamics, particularly in the U.S. and Europe, which are considered in our guidance.

For first quarter 2023, we expect to deliver revenue of approximately \$165 million, down 24% year-over-year based on the midpoint of guidance. We estimate first quarter Street ASP to be approximately \$400. We anticipate Q1'23 unit sell-through to be approximately 525,000 units, or down 9% year-over-year.

While the absolute level of inventory in the channel entering 2023 is in-line with prior year balances, weeks of inventory entering the first quarter is slightly higher due to anticipated lower demand resulting from the macroeconomic environment as well as retailers continuing to reduce their inventory. We expect channel inventory to decline in the first quarter of 2023 by nearly 50,000 units as we anticipate further inventory tightening by retail and distribution partners.

We expect first quarter gross margin to be 36.0% at the midpoint of guidance, and we estimate in constant currency gross margin would be approximately 39.0%, down from 42.0% in the prior year quarter. The year-over-year decline in gross margin percentage is primarily related to a strengthening U.S. dollar, followed by component price increases and product mix.

We expect an EPS loss for Q1'23 of \$0.17 at the mid-point of guidance.

We expect shares outstanding to be approximately 156 million shares in the first quarter based on our current stock price and expectation of a loss position.

We expect our GAAP effective tax rate in 2023 to be in a range of 20% to 25%. Non-GAAP tax expense is primarily related to actual cash tax paid as we utilize our U.S. NOLs and other tax attributes to offset tax expenses. We expect non-GAAP tax expense to remain low in a range of \$2.0 million to \$2.5 million in 2023. And, for the first quarter, we expect less than \$0.5 million in tax expense.

For 2023 we will manage the business with the following priorities:

- Commitment to maintaining profitability and cash generation
- Commitment to continued share buy-backs
- Investments in the people, technology and innovation that we believe will drive subscriber growth, retention and ultimately, LTV
- Grow our subscriber base and subscription and service revenue to over \$100 million

While challenging in the present, we believe that currencies and the macroeconomic environment will improve over time. With our market leading products and a highly effective business model, we believe we will generate solid earnings once macroeconomic conditions improve and currency exchange rates

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normalize. Our business fundamentals are sound and we are confident that we have the balance sheet strength to weather the current economic environment. We expect these strengths, combined with our compelling hardware, software and subscription roadmap, will enable GoPro to emerge as an even larger and stronger company in the future.