
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): April 14, 2020



(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36514
(Commission File No.)

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

3000 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	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock	GPRO	NASDAQ Global Select Market

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition

On April 15, 2020, GoPro, Inc. (the “Company”) issued a press release providing a preview of its financial results for its first quarter ended March 31, 2020 and announcing that it is withdrawing its previously announced first quarter and full year 2020 financial guidance due to the uncertainty surrounding the magnitude and duration of the COVID-19 pandemic. The Company anticipates giving further updates on its first quarter earnings release and earnings call. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 2.05 Costs Associated with Exit or Disposal Activities

On April 14, 2020, the Board of Directors of the Company (the “Board”) approved a restructuring plan (the “Restructuring Plan”) in order to reduce its operating costs, optimize its business model and address the impact of the COVID-19 pandemic. The Restructuring Plan is anticipated to entail a global reduction in force of more than 200 employees (the “Reduction in Force”) and is expected to be substantially completed by the end of the second quarter of 2020.

The restructuring of GoPro’s business will result in an estimated aggregate charge of \$31 million to \$49 million. Cash expenditures will be approximately \$5 million of the estimated aggregate charges in the second quarter of 2020 as a result of a reduction in force. The remaining expenditures are approximately \$26 million to \$44 million primarily pertaining to planned reductions of office space (including \$4 million of non-cash charges) and approximately \$5 million for other non-cash charges. The Company anticipates the majority of the office space charges will result in future cash expenditures through 2027. The Company anticipates that a substantial portion of these restructuring charges will be reflected in its second quarter results.

Item 5.02 Compensatory Arrangements of Certain Officers

Due to the impacts of the COVID-19 pandemic on the Company, Nicholas Woodman, the Company’s Chief Executive Officer, volunteered to waive his salary for the remainder of the year ending December 31, 2020 (the “Salary Waiver”). Therefore, in connection with the Salary Waiver, Mr. Woodman and the Company entered into a Waiver Agreement (the “Waiver Agreement”), effective as of April 14, 2020, where the parties agreed as follows: (a) that the Salary Waiver shall not constitute “Good Reason” or “CIC Good Reason,” each as defined in the Employment Letter to Nicholas Woodman dated June 2, 2014 and filed as Exhibit 10.16 to the Company’s Form S-1/A filed with the SEC on June 11, 2014, and any application of “Good Reason” or “CIC Good Reason” shall not consider the decrease in Mr. Woodman’s base salary for the remainder of the year ending December 31, 2020; (b) the Salary Waiver is expected to have adverse effects on Mr. Woodman’s participation in certain benefit plans; and (c) Mr. Woodman has no expectation or entitlement to a true-up, gross-up or similar payment to compensate him for the Salary Waiver.

The foregoing description of the Waiver Agreement is not complete and is qualified in its entirety by reference to the full text of the Waiver Agreement, which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On April 15, 2020, the Company issued a press release announcing the Restructuring Plan and withdrew its 2020 Q1 and full year guidance. Additionally, the Company announced it hired Aimée Lopic, former Chief Marketing Officer at Pandora, as Chief Digital Officer to lead the company’s direct-to-consumer growth initiatives spanning hardware, software and subscription sales.

The information set forth in Items 2.02 and 2.05 of this Current Report on Form 8-K and the press release attached hereto as Exhibit 99.1 are incorporated herein by reference.

The information contained in Items 2.02 and 7.01 of this Current Report on Form 8-K and in the accompanying exhibit shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to this or such filing. The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

Note on Forward-looking Statements

This Current Report on Form 8-K may contain projections or other forward-looking statements within the meaning Section 27A of the Private Securities Litigation Reform Act. Forward-looking statements in this Current Report on Form 8-K include, but are not limited to, statements related to expectations regarding aggregate charges for employee termination and the timing to recognize these charges and other costs associated with the restructuring, including the estimates of related cash expenditures by the Company in connection therewith, statements regarding the number of employees subject to the reduction in force and the timing thereof and the impact of the restructuring steps, and statements regarding the issuance of updates on the Company's business and guidance and the timing thereof, and statements regarding the compensation arrangements between the Company and Mr. Woodman. These forward-looking statements are based on the Company's current expectations and inherently involve significant risks and uncertainties. The Company's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to cost reduction efforts and risks related to the COVID-19 pandemic. A further description of the risks and uncertainties relating to the business of the Company is contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (the "SEC") on February 14, 2020, and the Company's subsequent current reports filed with the SEC. The Company undertakes no duty or obligation to update any forward-looking statements contained herein as a result of new information, future events or changes in its expectations.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description of Document
10.1	Waiver Agreement dated April 14, 2020 by and between Nicholas Woodman and GoPro, Inc.
99.1	Press Release of GoPro, Inc. dated April 15, 2020.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

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: April 15, 2020

By: /s/ Brian McGee

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

WAIVER AGREEMENT

This WAIVER AGREEMENT (this “**Waiver Agreement**”) is effective as of April 14, 2020 (the “**Effective Date**”), by and between GoPro, Inc., a Delaware corporation (the “**Company**”) and Nicholas Woodman, Chief Executive Officer of the Company (“**you**”) with respect to the following facts:

WHEREAS, your Employment Agreement (the “**Agreement**”) provides certain benefits if you resign for Good Reason or for CIC Good Reason, each as defined in your Agreement, upon the occurrence of the certain events or conditions, without your express consent, generally including: (i) a material reduction by the Company in your Base Salary, and (ii) any action or inaction that constitutes a material breach by the Company of this letter or agreement or any other agreement between the Company and you, or any material breach by the Company of a policy relating to the benefits to which you are entitled, and (iii) following a Change in Control (as defined in the Agreement), in addition to clauses (i) and (ii), a material reduction in your benefits;

WHEREAS at your request, due to the impact of the COVID-19 pandemic on the Company’s business, your Base Salary set forth in the Agreement shall be waived for the remainder of the year ending December 31, 2020, with such waiver to take effect as of April 14, 2020, and may therefore alter the terms of your participation in certain benefit plans (collectively, the “**Salary Waiver**”);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you hereby agree as follows:

1. There are no circumstances that presently give rise to Good Reason or CIC Good Reason.
2. For purposes of your Agreement, and for all other purposes (including as to any of your equity awards), the Salary Waiver shall not constitute Good Reason or CIC Good Reason, and any application of Good Reason or CIC Good Reason shall not consider the waiver of your Base Salary (or the associated consequences, including changes in your participation in benefit plans) by this Waiver Agreement for the remainder of the year ending December 31, 2020, beginning on the Effective Date.
3. You agree and acknowledge that the Salary Waiver is expected to have adverse effects on your participation in certain benefit plans. You agree and acknowledge that these changes will not constitute Good Reason or CIC Good Reason for the remainder of the year ending December 31, 2020, beginning on the Effective Date.
4. Your Base Salary shall not be increased, except with the prior written consent of the Company.
5. You have no entitlement or expectation (x) that the Salary Waiver will be reversed, (y) that your Base Salary will increased, or (z) that you will receive any true-up, gross-up, or other similar payment to compensate you, wholly or partially, or directly or indirectly, for the Salary Waiver and/or the waivers contemplated hereby.
6. As of immediately following the effectiveness of this Waiver Agreement and at all times thereafter, any application of Good Reason or CIC Good Reason shall be in reference to your Base Salary, without giving effect to this Waiver Agreement, notwithstanding anything to the contrary in the Agreement or otherwise in this Waiver Agreement.
7. You agree and acknowledge that if you are subject to a termination for which severance entitlements are paid, such severance entitlements will be calculated in reference to your Base Salary, without giving effect to this Waiver Agreement.
8. You have been given the opportunity to consult with a tax and financial advisor with respect to this Waiver Agreement and confirm that you accept this Waiver Agreement voluntarily and without conditions.
9. This Waiver Agreement shall be subject to California law, without reference to conflict of laws provisions. If one or more provisions of this Waiver Agreement are unenforceable, you agree that the other provisions shall be enforced to the maximum extent of applicable law, and the offending provisions shall be renegotiated in good faith by you.

Please acknowledge receipt of this Waiver Agreement by signing and returning it to the Company.

GoPro, Inc.,
a Delaware corporation

By: /s/ Laura Robblee
Name: Laura Robblee
Title: Chief People Officer

AGREED AND ACCEPTED:

By: /s/ Nicholas Woodman
Name: Nicholas Woodman
Date: April 14, 2020

[Signature Page to Good Reason Waiver]

GoPro Announces Global Restructuring, Provides Preliminary Q1 Results and Withdraws 2020 Guidance Due to COVID-19 Impact

Announces Accelerated Shift into Direct-to-Consumer-Centric Strategy

Aimée Lopic Joins as Chief Digital Officer to Lead Direct-to-Consumer Growth Initiatives

SAN MATEO, Calif., April 15, 2020 - GoPro, Inc. (NASDAQ: GPRO) today announced a strategic re-alignment to become a more efficient and profitable direct-to-consumer-centric business. Actions include a \$100 million reduction to 2020 operating expenses including a workforce reduction of more than 20%, and plans to further reduce non-headcount related operating expenses to \$250 million in 2021.

“GoPro’s global distribution network has been negatively impacted by the COVID-19 pandemic, driving us to transition into a more efficient and profitable direct-to-consumer-centric business over the course of this year,” said Nicholas Woodman, GoPro’s founder and CEO. “We are crushed that this forces us to let go of many talented members of our team, and we are forever grateful for their contributions.”

GoPro’s direct business has become an increasingly meaningful contributor to profitability in recent years. In 2019, GoPro.com attracted an average of seven million unique visitors each month, generated more than 20% of revenue in top European markets and nearly 20% in the United States. In addition, GoPro.com gained further ground in Q1 2020, generating a considerably larger percentage of sales in all regions, year-over-year.

“We have a clear opportunity to super-serve consumers’ demand for our products in a more direct and efficient manner which can have a positive impact on the profitability of our business,” Woodman added.

GoPro will continue to sell to select leading retailers in key regions where consumers prefer to purchase offline or indirectly. However, the Company will be shifting primarily to consumer-direct sales to drive growth in regions where GoPro.com already enjoys a strong share of the market.

“We believe our more direct-to-consumer-centric approach is better aligned with the current business climate, is accretive to ASP and gross margin, and positions us well for when consumer demand begins to normalize,” said Brian McGee, GoPro’s Chief Financial Officer and Chief Operating Officer. “Substantially reduced operating expenses combined with improving ASP and gross margin significantly lowers the threshold to achieve profitability.”

To lead the Company’s direct-to-consumer growth initiatives spanning hardware, software and subscription sales, GoPro has appointed Aimée Lopic as Chief Digital Officer. Ms. Lopic brings years of experience building successful digital businesses, most recently as Chief Marketing Officer for Pandora, and prior to that at Banana Republic where she was Chief Marketing Officer and General Manager for BananaRepublic.com.

GoPro’s shift to a more consumer-direct approach includes the following expense reductions:

- \$100 million reduction in non-GAAP operating expenses in 2020 and plans to further reduce operating expenses into 2021 to \$250 million
- Workforce reduction of over 200 employees, or more than 20%
- Office space reductions in five geographies
- Sales and marketing expenditure reductions in 2020 and beyond
- Additional reductions in spending across the business

GoPro also shared that, at his request, Mr. Woodman will forego the remainder of his salary through the end of 2020. Additionally, as of April 14, 2020, GoPro’s Board of Directors volunteered to forego the remainder of their cash compensation through the end of 2020.

GoPro confirmed these reductions will not impact its 2020 product roadmap, which includes new hardware, software and subscription products that will serve both GoPro camera owners and smartphone-only users.

Additionally, GoPro is withdrawing its Q1 and full-year 2020 guidance due to global uncertainty related to the COVID-19 pandemic, and is providing a preview of its Q1 results:

- Revenue of approximately \$119 million
- Non-GAAP EPS loss is expected to be in the mid \$0.30 loss per share range
- Street ASP of \$350, a 23% sequential increase
- Sell-thru of approximately 700,000 cameras during the quarter
- Reduced channel inventory by nearly 30%
- Cash and equivalents of \$125 million as of March 31, 2020

The restructuring of GoPro's business will result in an estimated aggregate charge of \$31 million to \$49 million. Cash expenditures will be approximately \$5 million of the estimated aggregate charges in the second quarter of 2020 as a result of a reduction in force. The remaining expenditures are approximately \$26 million to \$44 million primarily pertaining to planned reductions of office space (including \$4 million of non-cash charges) and approximately \$5 million for other non-cash charges. The Company anticipates the majority of the office space charges will result in future cash expenditures through 2027. The Company anticipates that a substantial portion of these restructuring charges will be reflected in its second quarter results.

GoPro will provide complete Q1 2020 results and further strategy updates on its first quarter earnings report which will take place in May.

About GoPro, Inc. (NASDAQ: GPRO)

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

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

For more information, visit www.gopro.com. GoPro users can submit their photos, raw clips and video edits to GoPro Awards for social stoke, GoPro gear and cash prizes. Learn more at www.gopro.com/awards. Connect with GoPro on [Facebook](#), [Instagram](#), [LinkedIn](#), [TikTok](#), [Twitter](#), [YouTube](#), and GoPro's blog [The Inside Line](#).

Note Regarding Use of Non-GAAP Financial Measures

Non-GAAP items exclude, where applicable, the effects of stock-based compensation, acquisition-related costs, restructuring and other related costs, non-cash interest expense, gain on sale and license of intellectual property and the tax impact of these items. When planning, forecasting and analyzing financial metrics, including operating expenses for future periods, GoPro does so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for reconciling items which are inherently difficult to predict with reasonable accuracy.

Note on Workforce Reduction

Workforce reduction is subject to local consultation processes in some countries and therefore, these numbers may change immaterially.

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 presentation may include, but are not limited to expectations regarding run rate, growth and profitability prospects in 2020 and beyond; projections regarding reductions in operating expenses, workforce, spending and real estate obligations; expectations regarding shift in strategy, future hires and product launches; expectations regarding innovation and product roadmap; and estimated charges in connection with the restructuring. 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 are our ability to effectively manage the impact of the Covid-19 pandemic on our business; the risk that the restructuring and related reduction in operating expenses may impact our ability to meet our business objectives and achieve our revenue and profitability targets,

and may not result in the expected improvement in savings and profitability; our ability to continue to focus on expense management; the fact that our future growth depends in part on further penetrating our addressable market and growing internationally, and we may not be successful in doing so; our strategic shift to emphasize direct to consumer sales and the risk that this shift may not prove to be successful; any inability to successfully manage frequent product introductions (including roadmap for new hardware, software and subscription products) and transitions, including managing our sales channel and inventory, and accurately forecasting future sales; our reliance on third party suppliers, some of which are sole source suppliers, to provide components for our products and our reliance on third party logistics partners to deliver without interruption; our dependence on sales of our cameras, mounts and accessories, and subscription services for substantially all of our revenue (and the effects of changes in the sales mix or decrease in demand for these products due to the effect of Covid-19 on the economy, or otherwise); the fact that an economic downturn or economic uncertainty in our key U.S. and international markets, as well as fluctuations in currency exchange rates, may adversely affect consumer discretionary spending; any changes to trade agreements, trade policies, tariffs, and import/export regulations; the effects of transferring most U.S.-bound production out of China; the effects and risks of producing product in Mexico; the effects of the highly competitive market in which we operate, including new market entrants; the fact that we may not be able to achieve revenue growth or profitability in the future; risks related to inventory, purchase commitments and long-lived assets; difficulty in accurately predicting our future customer demand; the importance of maintaining the value and reputation of our brand; the risk that the e-commerce technology systems that give consumers the ability to shop online do not function effectively; 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; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2019, which is on file with the Securities and Exchange Commission (SEC), and as updated in future 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.