FISCAL YEAR 2021

PROXY STATEMENT + ANNUAL REPORT

To Our Shareholders:

In 2021 GoPro navigated a challenging business environment and thrived. We successfully launched innovative new hardware, software and subscription offerings and leveraged the first full year of our more direct-to-consumer (DTC), subscription-centric strategy to grow revenue and profitability that generated record free cash flow.

In 2021, revenue grew 30% to $1.2 billion. GoPro.com revenue grew 39% to $392 million and subscribers increased 107% to approximately 1.6 million. GAAP earnings per share (EPS) increased to $2.27 and non-GAAP EPS increased more than ten times over 2020 to $0.90. This outstanding performance contributed to record cash generation of $211 million and we ended 2021 with $539 million in cash.

2021 was also a year of optimization across our business. We shifted our product mix towards premium cameras, refined our product development approach to enable the launch of more products at a faster rate, and we invested in our ecommerce infrastructure to more aggressively address what we see as a significant opportunity to continue to grow DTC and subscription revenues while expanding customer lifetime value.

Amid a global supply chain crisis, our teams' effective supply chain management enabled us to keep shelves stocked globally throughout the year and contributed to the successful launch of our new HERO10 Black flagship camera. In addition to more than doubling GoPro Subscribers in 2021, we also launched our new Quik mobile app subscription, offering content creation and management tools to customers who do not own a GoPro.

We are grateful to our exceptionally talented and motivated workforce who have adapted to a remote-first, hybrid work culture, which is yielding increased employee engagement, strong business results and industry recognition.

We are a company built on the foundation of a simple belief – "Be a HERO" – which means always bringing one's best to any challenge or opportunity. This tenet is central to how we approach our business, our people and how we leverage our brand as a platform for positivity to make the world a better place.

As we move into 2022, our 20th anniversary, our teams are strong, our brand is strong and our financials are strong. We intend to leverage all three to create more value for our community of fans, customers and investors alike.

Many thanks and cheers to the future,

Nicholas Woodman
Founder, Chairman and Chief Executive Officer

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April 19, 2022

Dear Stockholders:

You are cordially invited to attend the 2022 Annual Meeting of Stockholders of GoPro, Inc., which will be held virtually on Tuesday, June 7, 2022 at 11:30 a.m. (Pacific Time). The virtual Annual Meeting can be accessed by visiting *www.virtualshareholdermeeting.com/GPRO2022*, where you will be able to listen to the meeting live, submit questions and vote online. We believe that a virtual stockholder meeting provides greater access to those who may want to attend and therefore have chosen this over an in-person meeting.

The matters expected to be acted upon at the virtual Annual Meeting are described in detail in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. Whether or not you plan to attend the meeting, please cast your vote as soon as possible by Internet or telephone, or by completing and returning the enclosed proxy card in the postage-prepaid envelope to ensure that your shares will be represented. Your vote by written proxy will ensure your representation at the Annual Meeting regardless of whether you attend the virtual meeting or not. Returning the proxy does not deprive you of your right to attend the meeting and to vote your shares at the virtual meeting.

We look forward to your attendance at our virtual Annual Meeting.

Sincerely,

Nicholas Woodman
Chief Executive Officer

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 7, 2022 AT 11:30 A.M. (PACIFIC TIME): THIS PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT *www.proxyvote.com*

GOPRO, INC.
3025 Clearview Way
San Mateo, California 94402

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2022 Annual Meeting of Stockholders of GoPro, Inc. will be held virtually on Tuesday, June 7, 2022, at 11:30 a.m. (Pacific Time). The virtual Annual Meeting can be accessed by visiting *www.virtualshareholdermeeting.com/GPRO2022*, where you will be able to listen to the meeting live, submit questions and vote online.

We are holding the meeting for the following purposes, which are more fully described in the accompanying proxy statement:

1. To elect ten directors, all of whom are currently serving on our board of directors, each to serve until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

Nicholas Woodman	Peter Gotcher	Alexander Lurie	Frederic Welts
Tyrone Ahmad-Taylor	Shaz Kahng	Susan Lyne	Lauren Zalaznick
	Kenneth Goldman	James Lanzone	

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2022.

3. To hold an advisory vote on the resolution to approve executive compensation.

In addition, stockholders may be asked to consider and vote upon such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only stockholders of record at the close of business on April 11, 2022 are entitled to notice of, and to vote at, the virtual meeting and any adjournments or postponements thereof. For ten days prior to the meeting, a complete list of the stockholders entitled to vote at the virtual meeting will be available for examination by any stockholder for any purpose germane to the meeting during ordinary business hours at our headquarters.

Your vote as a GoPro, Inc. stockholder is very important. Each share of GoPro Class A common stock that you own represents one vote and each share of GoPro Class B common stock that you own represents ten votes. For questions regarding your stock ownership, contact your brokerage firm or other entity that holds your shares or, if you are a registered holder, our transfer agent, American Stock Transfer & Trust Company, LLC, by calling (800) 937-5449, by writing to 6201 15th Avenue, Brooklyn, New York 11219 or by e-mailing *help@astfinancial.com*.

By Order of the Board of Directors,

Nicholas Woodman
Chief Executive Officer
San Mateo, California
April 19, 2022

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE VIRTUAL ANNUAL MEETING, WE ENCOURAGE YOU TO VOTE AND SUBMIT YOUR PROXY BY INTERNET, TELEPHONE OR BY MAIL. FOR ADDITIONAL INSTRUCTIONS ON VOTING BY TELEPHONE OR THE INTERNET, PLEASE REFER TO YOUR PROXY CARD. TO VOTE AND SUBMIT YOUR PROXY BY MAIL, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE. IF YOU ATTEND THE VIRTUAL ANNUAL MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE VIA THE VIRTUAL MEETING WEBSITE. IF YOU HOLD YOUR SHARES THROUGH AN ACCOUNT WITH A BROKERAGE FIRM, BANK OR OTHER NOMINEE, PLEASE FOLLOW THE INSTRUCTIONS YOU RECEIVE FROM YOUR ACCOUNT MANAGER TO VOTE YOUR SHARES.

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GOPRO, INC.
PROXY STATEMENT FOR THE 2022 ANNUAL MEETING OF STOCKHOLDERS
Table of Contents

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GOPRO, INC.
3025 Clearview Way
San Mateo, California 94402

PROXY STATEMENT FOR THE 2022 ANNUAL MEETING OF STOCKHOLDERS

April 19, 2022

INFORMATION ABOUT SOLICITATION AND VOTING

The accompanying proxy is solicited on behalf of the board of directors of GoPro, Inc. ("**GoPro**") for use at GoPro's 2022 Annual Meeting of Stockholders to be held virtually on June 7, 2022, at 11:30 a.m. (Pacific Time) ("**Annual Meeting**"), and any adjournment or postponement of the Annual Meeting. The Annual Meeting can be accessed by visiting *www.virtualshareholdermeeting.com/GPRO2022*, where you will be able to listen to the meeting live, submit questions and vote online. The Notice of Internet Availability of Proxy Materials and this proxy statement for the Annual Meeting ("**Proxy Statement**") and the accompanying form of proxy were first distributed and made available on the Internet to stockholders on or about April 19, 2022. GoPro's annual report on Form 10-K for the year ended December 31, 2021 filed on February 11, 2022 ("**Annual Report**") will be available with this Proxy Statement by following the instructions in the Notice of Internet Availability of Proxy Materials.

INTERNET AVAILABILITY OF PROXY MATERIALS

In accordance with U.S. Securities and Exchange Commission ("**SEC**") rules, we are using the Internet as our primary means of furnishing proxy materials to stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We will instead send these stockholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our Proxy Statement and Annual Report, and voting via the Internet. The Notice of Internet Availability of Proxy Materials also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose. We believe this rule makes the proxy distribution process more efficient and less costly and helps in conserving natural resources.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING

Purpose of the Annual Meeting

At the Annual Meeting, stockholders will act upon the proposals described in this Proxy Statement.

Record Date; Quorum

Only holders of record of our Class A common stock and Class B common stock at the close of business on April 11, 2022, ("**Record Date**") will be entitled to vote at the Annual Meeting. At the close of business on the Record Date, we had 130,986,774 shares of Class A common stock and 26,258,546 shares of Class B common stock outstanding and entitled to vote.

The holders of a majority of the voting power of the shares of our Class A common stock and Class B common stock (voting together as a single class) entitled to vote at the Annual Meeting as of the Record Date must be present at the Annual Meeting in order to hold the Annual Meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the Annual Meeting if you are present and vote online at the Annual Meeting or if you have properly submitted a proxy.

Voting Rights; Required Vote

In deciding all matters at the Annual Meeting, each holder of shares of our common stock is entitled to one vote for each share of Class A common stock held and ten votes for each share of Class B common stock held as of the close of business on the Record Date. We do not have cumulative voting rights for the election of directors. You may vote all shares owned by you as of the Record Date, including (i) shares held directly in your name as the stockholder of record, and (ii) shares held for you as the beneficial owner in street name through a brokerage firm, bank, trustee, or other nominee.

Stockholder of Record: Shares Registered in Your Name. If, on the Record Date, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you may vote at the Annual Meeting or vote by telephone, by Internet, or by filling out and returning the proxy card.

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee. If, on the Record Date, your shares were held in an account with a brokerage firm, bank, trustee or other nominee, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your nominee on how to vote the shares held in your account, and your nominee has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. However, the organization that holds your shares is the stockholder of record for purposes of voting at the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from the organization that holds your shares giving you the right to vote the shares at the Annual Meeting.

- **Proposal No. 1 – Election of Directors.** Each director will be elected by a plurality of the votes cast, which means that the nine individuals nominated for election to the board of directors at the Annual Meeting receiving the highest number of “FOR” votes will be elected. You may either vote “FOR” one or any of the nominees or “WITHHOLD” your vote with respect to one or any of the nominees.

- **Proposal No. 2 – Ratification of Appointment of Independent Registered Accounting Firm.** Ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2022 will be obtained if the number of votes cast “FOR” the proposal at the Annual Meeting exceeds the number of votes “AGAINST” the proposal.

- **Proposal No. 3 - Advisory Vote to Approve Executive Compensation.** Approval on a non-binding advisory basis of our executive compensation of our Named Executive Officers (“NEOs”) will be obtained if the number of votes cast “FOR” the proposal at the Annual Meeting exceeds the number of votes “AGAINST” the proposal.

Broker non-votes occur when shares held by a broker for a beneficial owner are not voted either because (i) the broker did not receive voting instructions from the beneficial owner or (ii) the broker lacked discretionary authority to vote the shares. Abstentions occur when shares present at the Annual Meeting are marked “abstain.” A broker is entitled to vote shares held for a beneficial owner on “routine” matters, such as the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2022, without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on “non-routine” matters. All the other proposals presented at the Annual Meeting are non-routine matters. Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present but have no effect on the outcome of the matters voted upon except where brokers can exercise discretion on “routine” matters. Accordingly, we encourage you to provide voting instructions to your broker, whether or not you plan to attend the Annual Meeting.

Recommendations of the Board of Directors on Each of the Proposals Scheduled to be Voted on at the Annual Meeting

The board of directors recommends that you vote “FOR” each of the directors named in this Proxy Statement (“Proposal 1”), “FOR” the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2022 (“Proposal 2”) and “FOR” the approval of the compensation of our Named Executive Officers (“Proposal 3”).

None of the directors or executive officers has any substantial interest in any matter to be acted upon, other than elections to office with respect to the directors so nominated.

Voting Instructions; Voting of Proxies

If you are a stockholder of record, you may:

- vote via the Annual Meeting website - any stockholder can attend the Annual Meeting by visiting *www.virtualshareholdermeeting.com/GPRO2022*, where stockholders may vote and submit questions during the meeting. The Annual Meeting starts at 11:30 a.m. (Pacific Time) on June 7, 2022. Please have your 16-Digit Control Number to join the Annual Meeting. Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at *www.proxyvote.com*;

- vote via telephone or Internet - in order to do so, please follow the instructions shown on your proxy card; or

- vote by mail - complete, sign and date the proxy card enclosed herewith and return it before the Annual Meeting in the envelope provided.

Votes submitted by telephone or Internet must be received by 11:59 p.m. (Eastern Time) on June 6, 2022. Submitting your proxy, whether via the Internet, by telephone, or by mail, will not affect your right to vote in person should you decide to attend the Annual Meeting. If you are not the stockholder of record, please refer to the voting instructions provided by your nominee to direct your nominee on how to vote your shares. You may either vote “FOR” all of the nominees to the board of directors, or you may “WITHHOLD” your vote from all nominees or any nominee you specify. For Proposals 2 and 3, you may vote “FOR” or “AGAINST” or “ABSTAIN” from voting. Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted. Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted.

All proxies will be voted in accordance with the instructions specified on the proxy card. If you sign a physical proxy card and return it without instructions as to how your shares should be voted on a particular proposal at the Annual Meeting, your shares will be voted in accordance with the recommendations of our board of directors stated above.

If you do not vote and you hold your shares in street name, and your broker does not have discretionary power to vote your shares, your shares may constitute "broker non-votes" (as described above) and will not be counted in determining the number of shares necessary for approval of the proposals. However, shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the Annual Meeting.

If you receive more than one proxy card, this is because your shares are registered in more than one name or are registered in different accounts. To make certain all your shares are voted, please follow the instructions included on each proxy card and vote each proxy card by telephone or the Internet. If voting by mail, please complete, sign and return each proxy card to ensure that all your shares are voted.

Expenses of Soliciting Proxies

GoPro will pay the expenses of soliciting proxies. Following the original mailing of the soliciting materials, GoPro and its agents, including directors, officers and other employees, without additional compensation, may solicit proxies by mail, electronic mail, telephone, facsimile, by other similar means, or in person. Following the original mailing of the soliciting materials, GoPro will request brokers, custodians, nominees and other record holders to forward copies of the soliciting materials to persons for whom they hold shares and to request authority for the exercise of proxies. In such cases, GoPro, upon the request of the record holders, will reimburse such holders for their reasonable expenses. If you choose to access the proxy materials through the Internet, you are responsible for any Internet access charges you may incur.

Revocability of Proxies

A stockholder who has given a proxy may revoke it at any time before it is exercised at the Annual Meeting by:

- delivering to the Corporate Secretary of GoPro (by any means) a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date;
- voting again by telephone or Internet; or
- attending and voting at the Annual Meeting (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to revoke a proxy, you must contact that firm to revoke any prior voting instructions.

Voting Results

Voting results will be tabulated and certified by the inspector of elections appointed for the Annual Meeting. The preliminary voting results will be announced at the Annual Meeting. The final results will be tallied by the inspector of elections and filed by GoPro with the Securities and Exchange Commission ("SEC") in a current report on Form 8-K within four business days of the Annual Meeting.

Information regarding our Virtual Meeting

You will be able to attend the Annual Meeting virtually at *www.virtualshareholdermeeting.com/GPRO2022*, where you will be able to vote electronically and submit questions during the meeting.

You will be able submit a question during the Annual Meeting via our virtual stockholder meeting website, *www.virtualshareholdermeeting.com/GPRO2022.* If your question is properly submitted during the relevant portion of the meeting agenda, our Vice President of Corporate Communications will lead the Q&A session and a response to appropriate questions will be provided during the live webcast. A webcast replay of the 2022 Annual Meeting, including the Q&A session, will also be archived on *www.virtualshareholdermeeting.com/GPRO2022*.

If we experience technical difficulties during the virtual meeting (e.g., a temporary or prolonged power outage), our Chairman will determine whether the meeting can be promptly reconvened (if the technical difficulty is temporary) or whether the meeting will need to be reconvened on a later day (if the technical difficulty is more prolonged). In any situation, we will promptly notify stockholders of the decision via *www.virtualshareholdermeeting.com/GPRO2022.*

If you encounter technical difficulties accessing our meeting or asking questions during the meeting, a support line will be available on the login page of the virtual meeting website.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD; CORPORATE GOVERNANCE STANDARDS AND DIRECTOR INDEPENDENCE

GoPro is strongly committed to good corporate governance practices. These practices provide an important framework within which our board of directors and management can pursue our strategic objectives for the benefit of our stockholders. Our board of directors has adopted Corporate Governance Guidelines that set forth the role of our board of directors, director independence standards, board structure and functions, director selection considerations, and other governance policies. In addition, our board of directors has adopted written charters for its standing committees (audit, compensation and leadership, and nominating and governance), as well as a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our board of directors generally reviews each of the Corporate Governance Guidelines, the committee charters, and the Code of Business Conduct and Ethics annually and implements changes as appropriate. The Corporate Governance Guidelines, the committee charters, and the Code of Business Conduct and Ethics, and any waivers or amendments to the Code of Business Conduct and Ethics, are all available on our Investor Relations website in the "Corporate Governance" section.

Board Leadership Structure

Our Corporate Governance Guidelines provide that our board of directors may choose its chairperson in any way that it considers to be in the best interests of our company. Our nominating and governance committee periodically considers the leadership structure of our board of directors, including the separation of the chairperson and chief executive officer roles and/or appointment of a lead independent director of our board of directors, and makes such recommendations to our board of directors as our nominating and governance committee deems appropriate. Our Corporate Governance Guidelines also provide that, when the positions of chairperson and chief executive officer are held by the same person, the independent directors may designate a "lead independent director." In cases in which the chairperson and chief executive officer are the same person, the responsibilities of the lead independent director include: scheduling and preparing agendas for meetings of the independent directors; serving as a liaison between the chief executive officer and the independent directors; being available, under appropriate circumstances, for consultation and direct communication with stockholders; ensuring our board of directors is fulfilling its oversight responsibilities in strategy, risk oversight and succession planning; and performing such other functions and responsibilities as requested by our board of directors from time to time.

Currently, our board of directors believes that it is in the best interest of our company and our stockholders for our Chief Executive Officer, Mr. Woodman, to serve as both Chief Executive Officer and Chairman given his knowledge of our company, industry, and strategic vision. Because Mr. Woodman has served and continues to serve in both these roles, our board of directors appointed Kenneth Goldman to serve as our lead independent director in April 2017. As lead independent director, Mr. Goldman presided over regularly scheduled meetings at which only our independent directors were present to foster open and honest communication, served as a liaison between the Chairman and the independent directors, and performed such additional duties as our board of directors may otherwise determine and delegate. Our board of directors believes that its independence and oversight of management is maintained effectively through this leadership structure, the composition of our board of directors and sound corporate governance policies and practices.

Our Board of Directors' Role in Risk Oversight

Our board of directors is primarily responsible for overseeing our risk management processes. Our board of directors, as a whole, determines the appropriate level of risk for GoPro, assesses the specific risks that we face and reviews management's strategies for adequately mitigating and managing the identified risks, including but not limited to risks related to the Covid-19 pandemic. Although our board of directors administers this risk management oversight function, the committees of our board of directors support our board of directors in discharging its oversight duties and address risks inherent in their respective areas. The audit committee reviews our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our procedures and related policies with respect to risk assessment and risk management. The compensation and leadership committee reviews risks and exposures associated with compensation plans and programs, including incentive plans. The nominating and corporate governance committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks associated with our overall governance practices and the leadership structure of the board of directors (as described above under "Board Leadership Structure"). Our board of directors is kept informed of each committee's risk oversights and other activities via regular reports of the committee chairs to the full board of directors.

Human Capital Management Oversight

Our board of directors and the compensation and leadership committee have responsibility for specific areas of human capital management oversight. The compensation and leadership committee periodically reviews and discusses with our management team the Company's executive succession planning human capital management activities including, among other things, matters related to talent management and development, talent acquisition, employee engagement and diversity and inclusion, and the full board annually reviews these topics as well as executive succession planning with management. Our management team is responsible for ensuring that our policies and processes reflect and reinforce our desired corporate culture.

Other Core Business Functions Oversight

In addition, those employees representing certain core business functions also regularly engage with the board of directors and its committees. For example, some of these functions include:

Cybersecurity: Our Chief Information Security Officer ("CISO") provides periodic updates to the board of directors on cybersecurity and other risks relevant to our information technology environment. The board of directors receive updates about the results of periodic exercises and response readiness assessments led by our CISO and outside advisors who provide a third-party independent assessment of our cyber risk management program and our internal response preparedness. Cybersecurity is vital to protecting proprietary and confidential information, as well as the trust of our customers and employees. The Company regularly trains all employees on cybersecurity risks such as phishing attacks and are required to acknowledge our cybersecurity policy annually through our Code of Conduct.

Supply Chain: Our Chief Supply Chain Officer periodically reviews the status of our supply chain with the board of directors, outlining what the Company is anticipating, identifying, assessing, and appropriately prioritizing and mitigating risks relating to the manufacturing of our products.

Our board of directors believe that its current leadership structure supports the risk oversight function of our board by providing for open communication between our management team and our board of directors. In addition, independent directors chair the various committees involved in assisting with risk oversight, and all directors are involved in the risk oversight function. We believe this division of responsibilities is an effective approach for addressing the risks we face and that our board leadership structure supports this approach.

Environmental, Social, and Governance ("ESG") Oversight

Our board of directors recognizes the importance of environmental, social and governance issues and is committed to maintaining high ethical standards, upholding our corporate values, and implementing environmentally and socially responsible business practices. The management of key non-financial risks and opportunities, such as workforce inclusion and development, social impact, and environmental sustainability, are critical components in the Company's long-term performance and strategy.

Over the past year, we formalized the Board's oversight of our ESG efforts. General oversight of ESG is the responsibility of the nominating and corporate governance committee. The other committees as well as the board oversee ESG topics related to their respective areas of responsibility. For example, the compensation and leadership committee has oversight responsibility of human capital management activities including talent management and development, talent acquisition, employee engagement and diversity, equity and inclusion.

The Company is currently planning and developing its ESG strategy to enhance the scope and robustness of our ESG practices and reporting. We plan to align our reporting with leading ESG reporting frameworks, including SASB (Sustainability Accounting Standards Board). Below are some highlights of our Company ESG initiatives:

Environmental

- *Packaging:* We are committed to eliminating the use of plastics in our direct-to-consumer packaging materials and have established a goal to be plastic free by the end of 2022. In 2021 we launched a pilot project to reduce our shipping footprint for direct-to-consumer orders which are packed in bulky retail packaging. We are partnering with our logistics vendor to source recyclable Jiffy® Padded Mailers as alternative shipment packaging for these orders, and expect this approach to reduce the associated shipping footprint.

Social

- *Diversity, Equity & Inclusion*: We recognize we have an opportunity to lead by example, inspiring and empowering our employees, partners and fans to find their own ways to make the world a more inclusive and equitable place. In 2021 the Company published its first Diversity, Equity, Inclusion & Belonging ("DEIB") Report as part of the Outdoor CEO Diversity Pledge outlining actions taken to increase DEIB at GoPro. Some examples include hosting the Company's inaugural DEIB Speaker Series Summit, a 3-day event with people across industries and identities, discussing the importance of intersectionality at work and resources for community building, and the establishment of Employee Resource Groups ("ERG"). In 2021, the Company launched three ERG's, including Sheros - an ERG established for women at GoPro and their allies. GoPro plans on launching two additional ERGs in 2022.

- In 2021, Outside Magazine and the Outdoor Industry Association recognized GoPro as the No. 1 large employer for its commitment to employee engagement and wellness. GoPro was selected following an in-depth exploration of employee benefits, policies, and programs, combined with a survey of employees.

- *Responsible Sourcing*: We require all suppliers to comply with our GoPro Supplier Code of Conduct (the "Code"). The Corporate Code seeks to promote safe and fair working conditions and urges our suppliers to go beyond legal compliance to advance social responsibility and is based on principles articulated in the Responsible Business Alliance Code of Conduct, the Universal Declaration of Human Rights, and standards issued by organizations such as the International Labour Organization, Social Accountability International, and the Ethical Trading Initiative. We are committed to responsibly sourcing materials using ethical business principles, the promotion and protection of human rights, and compliance with all applicable laws and regulations. We require all of our suppliers to share this commitment through acknowledgment of our GoPro Supply Chain Code of Conduct. We work with suppliers to promote conflict-free sourcing of all parts and products supplied to us. We have conducted due diligence in accordance with the Organization for Economic Cooperation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas (OECD 2016) to ascertain whether any conflict minerals used in our products originated in the Democratic Republic of Congo, its adjoining countries, or countries considered to be possible smuggling routes of materials from the conflict area and intend to publish a Conflicts Minerals Report in compliance with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Governance

Board Diversity: We have a diverse, independent board. Three of our 10 director nominees are women, three of our 10 director nominees are from underrepresented and diverse communities with one identifying as African-American, one identifying as Asian, and one identifying as LGBTQ+. Nine of our 10 director nominees and all members of the Audit, Compensation and Leadership, and Nominating and Governance Committees are Independent.

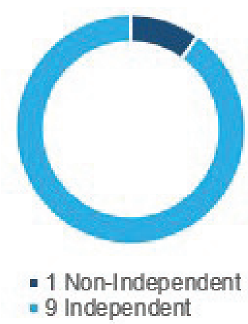
Board Diversity Matrix (As of April 11, 2022)

	Female	Male
Total Number of Directors	10	
Part I: Gender Identity		
Directors	3	7
Part II: Demographic Background		
African American or Black	0	1
Asian	1	0
Hispanic or Latinx	0	1
White	2	6
LGBTQ+	0	1

Gender Diversity

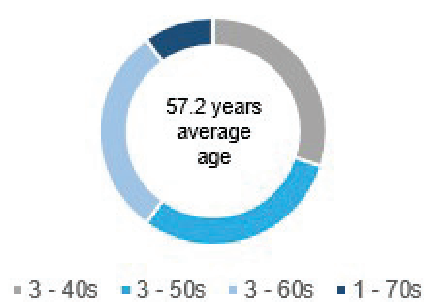
Underrepresented Community Diversity

Independence



Tenure of Independent Director Nominees

Age of Independent Director Nominees



Director Independence

Our board of directors determines the independence of our directors by applying the applicable rules, regulations and listing standards of The Nasdaq Global Select Market ("**Nasdaq**") and applicable rules and regulations promulgated by the SEC. The applicable rules, regulations and listing standards of Nasdaq provide that a director is independent only if the board of directors affirmatively determines that the director does not have a relationship with the company which, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. They also specify various relationships that preclude a determination of director independence. Such relationships may include employment, commercial, accounting, family and other business, professional and personal relationships.

Applying these standards, our board of directors annually reviews the independence of our directors, taking into account all relevant facts and circumstances. In its most recent review, our board of directors considered, among other things, the relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, any transactions involving non-employee directors described in "Related Party Transactions" and any transactions or relationships not required to be disclosed in such section.

Our board of directors has determined that Messrs. Ahmad-Taylor, Goldman, Gotcher, Lanzone, Lurie and Welts, and Mses. Kahng, Lyne and Zalaznick, are "independent directors" as defined under the applicable rules, regulations and listing standards of Nasdaq and applicable rules and regulations promulgated by the SEC. All members of our audit committee, compensation and leadership committee and nominating and governance committee must be independent directors under the applicable rules, regulations and listing standards of Nasdaq. Members of the audit committee also must satisfy a separate SEC independence requirement, which provides that (i) they may not accept directly or indirectly any consulting, advisory or other compensatory fee from GoPro or any of our subsidiaries other than their directors' compensation, and (ii) they may not be an affiliated person of GoPro or any of our subsidiaries. Members of the compensation and leadership committee also must satisfy a separate SEC independence requirement and a related Nasdaq listing standard with respect to their affiliation with GoPro and any consulting, advisory or other fees they may have received from us. Our board of directors has determined that all members of our audit committee, compensation and leadership committee and nominating and governance committee are independent and satisfy the relevant SEC and Nasdaq independence requirements for such committees.

Board and Committee Meetings and Attendance

Our board of directors and its committees meet throughout the year on a set schedule, and hold special meetings and act by written consent from time to time. During 2021, our board of directors met eight times, including telephonic meetings, the audit committee held five meetings, the compensation and leadership committee held six meetings, and the nominating and governance committee held four meetings. All of our directors attended at least 75% of the aggregate of the total number of meetings held by our board of directors and of the total number of meetings held by all committees of our board of directors on which such director served (during the period in which the director served).

Audit Committee

Our audit committee is comprised of Mr. Goldman, who serves as the chair, Mr. Gotcher, Ms. Kahng and Mr. Lurie. In December of 2021, Ms. Kahng was appointed to the Audit Committee. Our board of directors has determined that each member of the audit committee meets the requirements for independence under the applicable rules, regulations and listing standards of Nasdaq and applicable rules and regulations promulgated by the SEC. Each member of our audit committee is financially literate. In addition, our board of directors has determined that Mr. Goldman is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K of the Securities Act of 1933, as amended ("**Securities Act**").

All audit services to be provided to us and all permissible non-audit services, other than de minimis non-audit services, to be provided to us by our independent registered public accounting firm will be approved in advance by our audit committee. Our audit committee, among other things:

- reviews the financial information which will be provided to stockholders and others;
- reviews our system of internal controls by consulting with management, our internal compliance team and the independent registered public accounting firm and monitors compliance with these processes;
- appoints, retains and oversees the independence and performance of the independent registered public accounting firm;
- oversees our accounting and financial reporting processes and the audits of our financial statements;
- pre-approves audit and permissible non-audit services provided by the independent registered public accounting firm;
- reviews and provides oversight regarding our policies with respect to risk assessment and risk management; and
- reviews related party transactions and proposed waivers of our Code of Business Conduct and Ethics.

Compensation and Leadership Committee

Our compensation and leadership committee **("CLC")** is comprised of Ms. Lyne, who serves as the chair, Mr. Gotcher, Mr. Welts and Ms. Zalaznick. In December 2021, Mr. Welts rotated off the CLC and Mr. Lanzone was appointed to the CLC. Our board of directors has determined that each member of our compensation and leadership committee meets the requirements for independence under current Nasdaq and SEC rules, regulations and listing standards. Each member of this committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended ("**Exchange Act"**), an outside director, as defined pursuant to Section 162(m) and is "independent" as defined in Section 5605(a)(2) of the Nasdaq rules and Rule 10C-1 promulgated under the Exchange Act. The purpose of our compensation and leadership committee is to carry out the responsibilities of our board of directors relating to compensation of our executive officers. Our compensation and leadership committee, among other things:

- reviews and determines the compensation of our Chief Executive Officer, executive officers and other executives reporting to the Chief Executive Officer;

- administers our equity incentive plans; and
- establishes and reviews general policies relating to compensation and benefits of our employees.

The compensation and leadership committee engaged an independent executive compensation consulting firm, Compensia, Inc. (“**Compensia”**), to evaluate our executive compensation program and practices and to provide advice and ongoing assistance on executive compensation matters for 2021. Specifically, Compensia was engaged to:

- provide compensation-related data for a peer group of companies to serve as a basis for assessing competitive compensation practices;
- review and assess our current director policies and practices, Chief Executive Officer and other executive officer compensation policies and practices and equity profile relative to market practices (with director compensation review done for the benefit of the nominating and governance committee, which per its charter has responsibility for director compensation review and recommendation);
- review and assess our current executive compensation program relative to market to identify any potential changes or enhancements to be brought to the attention of the compensation and leadership committee; and
- review market practices on employee stock purchase plans and other equity programs.

During 2021, Compensia worked directly with the compensation and leadership committee (and not on behalf of management) to assist the committee in satisfying its responsibilities and undertook no projects for management without the committee’s prior approval. The compensation and leadership committee has determined that none of the work performed by Compensia during 2021 raised any conflicts of interest.

Nominating and Governance Committee

The nominating and governance committee ("NGC") is comprised of Ms. Zalaznick, who serves as the chair, Mr. Ahmad-Taylor and Mr. Welts, and Ms. Lyne. In December 2021, Mr. Lanzone rotated off the NGC and Mr. Welts was appointed to the NGC. Our board of directors has determined that each member of our nominating and governance committee meets the requirements for independence under current Nasdaq rules, regulations and listing standards. Our nominating and governance committee, among other things:

- identifies, evaluates and recommends nominees to our board of directors and committees of our board of directors;
- conducts searches for appropriate directors;
- evaluates the performance of our board of directors;
- considers and makes recommendations to our board of directors regarding the composition of our board of directors and its committees and related compensation (and was assisted in its 2021 director compensation review by Compensia);

- reviews developments in corporate governance practices;
- evaluates the adequacy of our corporate governance practices and reporting; and
- makes recommendations to our board of directors concerning corporate governance matters.

Our Board Evaluation Process

The Board is committed to reviewing and assessing its performance through a robust annual evaluation process. Through the evaluation process, which is conducted using the services of an independent consultant, the nominating and governance committee oversees the assessment of the Board's processes, committees, meetings, planning, and overall effectiveness. The Board evaluates itself with respect to, effectiveness and agendas of the full board and each of its committees; board and committee composition and size; and effectiveness and oversight of corporate strategy and risk, among other topics. The chair of the nominating and governance committee reviews the results and feedback provided by the directors and identifies action items from the assessment for Board discussion. Feedback on Board and committee effectiveness is provided to the full Board for discussion. Any findings that require additional consideration are addressed at subsequent Board and committee meetings.

Compensation and Leadership Committee Interlocks and Insider Participation

None of the members of our compensation and leadership committee has at any time been one of our officers or employees. None of our executive officers currently serves, or in the past has served, as a member of the board of directors or compensation and leadership committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or our compensation and leadership committee

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Board Attendance at Annual Stockholders' Meeting

Our policy is to invite and encourage each member of our board of directors to be present at our annual meeting of stockholders. All of our then current directors were present at our 2021 virtual annual meeting of stockholders held on June 1, 2021.

Communication with Directors

Stockholders and interested parties who wish to communicate with our board of directors, non-management members of our board of directors as a group, a committee of our board of directors or a specific member of our board of directors (including our Chairman or lead independent director) may do so by letters addressed to the attention of our Chief Legal Officer. All communications are reviewed by our Chief Legal Officer and provided to the members of our board of directors consistent with a screening policy providing that unsolicited items, sales materials, abusive, threatening or otherwise inappropriate materials and other routine items and items unrelated to the duties and responsibilities of our board of directors shall not be relayed on to directors. Any communication that is not relayed is recorded in a log and made available to our board of directors.

The address for these communications is:

GoPro, Inc.
c/o Chief Legal Officer
3025 Clearview Way
San Mateo, California 94402

NOMINATIONS PROCESS AND DIRECTOR QUALIFICATIONS

Nomination to the Board of Directors

Candidates for nomination to our board of directors are selected by our board of directors based on the recommendation of the nominating and governance committee in accordance with the committee's charter, our certificate of incorporation and bylaws, our Corporate Governance Guidelines, and the criteria adopted by our board of directors regarding director candidate qualifications. In recommending candidates for nomination, the nominating and governance committee considers candidates recommended by directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate and, in addition, the committee may engage consultants or third-party search firms to assist it in identifying and evaluating potential nominees.

Shaz Kahng was appointed to our board of directors in October 2021. Ms. Kahng was recommended by the Company's Chief Legal Officer. The Company's legal department assisted the committee before the nominating and governance committee's recommendation was made to the board of directors. Following the nominating and governance committee's evaluation and recommendation, Ms. Kahng was appointed to our board of directors.

Additional information regarding the process for properly submitting stockholder nominations for candidates for membership on our board of directors is set forth below under "Additional Information – Stockholder Proposals to Be Presented at Next Annual Meeting."

Director Qualifications

With the goal of developing a diverse, experienced and highly qualified board of directors, the nominating and governance committee is responsible for developing and recommending to our board of directors the desired qualifications, expertise and characteristics of members of our board of directors, including qualifications that the committee believes must be met by a committee-recommended nominee for membership on our board of directors and specific qualities or skills that the committee believes are necessary for one or more of the members of our board of directors to possess.

Since the identification, evaluation and selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, and will be significantly influenced by the particular needs of our board of directors from time to time, our board of directors has not adopted a specific set of minimum qualifications, qualities or skills that are necessary for a nominee to possess, other than those that are necessary to meet U.S. legal, regulatory and Nasdaq listing requirements and the provisions of our certificate of incorporation, bylaws, Corporate Governance Guidelines, and charters of the board committees. When considering nominees, our nominating and governance committee may take into consideration many factors, including among other things, a candidate's independence, integrity, diversity (inclusive of age, gender, ethnicity, sexual orientation and gender identity, in accordance with the nominating and governance committee charter), skills, knowledge about our business or industry, willingness and ability to devote adequate time and effort to the board of directors responsibilities in the context of the existing composition, knowledge about other areas that are expected to contribute to the board of directors' overall effectiveness, and needs of the board of directors and its committees. Our board of directors and nominating and governance committee believe that a diverse, experienced and highly qualified board of directors fosters a robust, comprehensive and balanced decision-making process for the continued effective functioning of our board of directors and success of the Company. Accordingly, through the nomination process, the nominating and governance committee seeks to promote board membership that reflects a diversity of business experience, expertise, viewpoints, personal backgrounds and characteristics that are expected to contribute to our board of directors' overall effectiveness. The brief biographical description of each director set forth in Proposal 1 below includes the primary individual experience, qualifications, attributes and skills of each of our directors that led to the conclusion that each director should serve as a member of our board of directors at this time.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our board of directors currently consists of ten directors. All of our directors will stand for election at the Annual Meeting to be held on June 7, 2022 and shall serve for a one-year term expiring at the 2023 Annual Meeting of Stockholders, and until such director's successor is duly elected and qualified or until such director's earlier death, resignation, or removal.

Shares represented by proxies will be voted "FOR" the election of each of the nine nominees named below, unless the proxy is marked to "WITHHOLD" authority to so vote. If any nominee for any reason is unable to serve or for good cause will not serve, the proxies may be voted for such substitute nominee as the proxy holder might determine. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

Nominees to the Board of Directors

The nominees, their occupations, ages, length of board service, independent status, total number of public company directorships as of April 19, 2022 and board committee assignments as of the date of the Annual Meeting, are provided in the table below. Additional biographical descriptions of each nominee follow after the table.

Name *Primary Occupation*	Age	Director Since	Independent	Total Number Of Public Company Directorships	Board Committees Effective as of the Date Of the Annual Meeting		
					AC	CLC	NGC
Nicholas Woodman *Chief Executive Officer and Chairman of the Board GoPro, Inc.*	46	2004	NO	1			
Tyrone Ahmad-Taylor *Vice President, Product Marketing Meta*	54	2018	YES	1			•
Kenneth Goldman *Lead Independent Director President, Hillspire LLC*	72	2013	YES	5	C		
Peter Gotcher *Chairman Dolby Labs*	62	2014	YES	2	•	•	
Shaz Kahng *Independent Investor*	58	2021	YES	1	•		
James Lanzone *Chief Executive Officer Yahoo, Inc.*	51	2018	YES	1		•	
Alexander Lurie *Chief Executive Officer Momentive.ai*	48	2016	YES	2	•		
Susan Lyne *Managing Partner BBG Ventures*	70	2017	YES	2		C	•
Frederic Welts *Former President and Chief Operating Officer Golden State Warriors*	69	2017	YES	2			•
Lauren Zalaznzick *Former Executive Vice President NBC Universal*	59	2016	YES	3		•	C

C - Committee Chair
AC - Audit Committee
CLC - Compensation and Leadership Committee
NGC - Nominating and Governance Committee

Nicholas Woodman
Age: 46
Director Since: 2004

Other Public Company Directorships:
None

Nicholas Woodman founded GoPro and has served as our Chief Executive Officer and a member of the board of directors since 2004, as Chairman since January 2014 and as President from 2004 until June 2014. Mr. Woodman got his start in 1998 by founding an online gaming company, Funbug.com. When that venture failed in 2001, Mr. Woodman planned an international surfing trip to look for inspiration. While preparing for that trip, Mr. Woodman had the idea for a 35mm film-based wrist camera that could be worn during sports like surfing, enabling the user to capture images while engaged in the sport. This idea became GoPro's first product, the HERO Camera. In the years that followed, Mr. Woodman, along with friends, family and employees, innovated on the HERO Camera concept along with a wide array of mounting devices that would make it easy to mount the camera to everything from helmets to surfboards, vehicles and more. Mr. Woodman holds a B.A. in Visual Arts from the University of California, San Diego. We believe Mr. Woodman's experience as the founder of GoPro and his knowledge of our products and customers give him the experience and leadership capabilities that qualify him to serve as a member of our board of directors.

Tyrone Ahmad-Taylor
Age: 54
Director Since: 2018
Board Committees:
Nominating and Governance

Other Public Company Directorships:
None

Tyrone Ahmad-Taylor has served on our board of directors since June 2018. Since June 2017, Mr. Ahmad-Taylor has been Vice President, Product Marketing of Meta (formerly Facebook, Inc.), an online social platform. Prior to his role at Meta, Mr. Ahmad-Taylor was CEO and President of THX Limited from November 2015 to May 2017. From March 2014 to July 2015, Mr. Ahmad-Taylor was Vice President, SmartTV Services of Samsung Electronics Company Limited and Head, SmartTV Services of Samsung Electronics Company Limited from October 2012 to March 2014. Mr. Ahmad-Taylor is currently an Advisory Board Member of Consumer Technology Association. We believe Mr. Ahmad-Taylor is qualified to serve as a member of our board of directors based on his extensive executive experience in the consumer products industry and his background in product development and marketing.

Kenneth Goldman
Age: 72
Director Since: 2013
Lead Independent Director
Board Committees:
Audit (Chair)

Other Public Company Directorships:
RingCentral, Inc. (NYSE: RNG)
Zuora, Inc. (NYSE: ZUO)
NXP Semiconductors N.V. (NASDAQ: NXPI)
Fortinet, Inc. (NASDAQ: FTNT)

Kenneth Goldman has served on our board of directors since December 2013 and as lead independent director of our board since April 2017. Since December 2018, Mr. Goldman has served on the board of directors at the Value Reporting Foundation, formerly SASB. Since September 2017, Mr. Goldman has served as the President of Hillspire LLC, a wealth management service provider. From October 2012 to June 2017, Mr. Goldman served as the Chief Financial Officer of Yahoo! Inc., an Internet commerce website, where he was responsible for Yahoo's global finance functions including financial planning and analysis, controllership, tax, treasury, and investor relations. From September 2007 to October 2012, Mr. Goldman was the Senior Vice President, Finance and Administration and Chief Financial Officer of Fortinet Inc., a provider of threat management technologies. From August 2000 until March 2006, Mr. Goldman served as Senior Vice President of Finance and Administration and Chief Financial Officer of Siebel Systems, Inc., a supplier of customer software solutions and services. Previously, Mr. Goldman has been the Chief Financial Officer of Sybase, Inc. (acquired by SAP SE), Excite@Home, Cypress Semiconductor Corporation and VLSI Technology, Inc. (acquired by Philips Electronics). Mr. Goldman currently serves on the board of directors of NXP Semiconductor N.V., Zuora, Inc., Fortinet, and RingCentral, as well as the Trustee Emeritus of Cornell University. From December 1999 to December 2003, Mr. Goldman served on the Financial Accounting Standards Board's (FASB's) primary Advisory Council (FASAC). Mr. Goldman was appointed in January 2015 to a three-year term to the Public Company Accounting Oversight Board's (PCAOB) Standing Advisory Group (SAG), an organization that provides advice on the need to formulate new accounting standards or change existing standards. Mr. Goldman holds a B.S. in Electrical Engineering from Cornell University and an M.B.A. from Harvard Business School. We believe Mr. Goldman is qualified to serve as a member of our board of directors based on his experience on the boards of directors of numerous companies, his extensive executive experience and his service as a member of FASAC and SAG. He provides a high level of expertise and significant leadership experience in the areas of finance, accounting and audit oversight.

Peter Gotcher
Age: 62
Director Since: 2014
Board Committees:
Audit, Compensation and Leadership

Other Public Company Directorships:
Dolby Laboratories, Inc. (NYSE: DBY)

Peter Gotcher has served on our board of directors since June 2014. Mr. Gotcher is an independent private investor focusing on investments in digital media technology companies. From September 1999 to June 2002, Mr. Gotcher was a venture partner with Redpoint Ventures, a private investment firm. Prior to that, Mr. Gotcher was a venture partner with Institutional Venture Partners, a private investment firm, from 1997 to 1999. Mr.

Gotcher founded Digidesign, Inc., a manufacturer of digital audio workstations, and served as its President, Chief Executive Officer and Chairman from 1984 until it was acquired by Avid Technology, a media software company, in 1995. He served as the Executive Vice President of Avid Technology from 1995 to 1996. Mr. Gotcher is the Chairman of the board of directors of Dolby Laboratories, Inc. Mr. Gotcher holds a B.A. in English Literature from the University of California at Berkeley. We believe Mr. Gotcher is qualified to serve as a member of our board of directors based on his broad understanding of the operational, financial, and strategic issues facing public companies and his background providing guidance to companies in the digital media industry.

Shaz Kahng

Age: 58
Director Since: 2021
Board Committees:
Audit

Other Public Company Directorships:
None

Shaz Kahng has served on our board of directors since October 2021. Since May 2012, Ms. Kahng has served as a strategic advisor for various PE and VC backed startups in consumer tech, including Tulip Retail and Westfield Labs. From November 2018 to March 2019, Ms. Kahng served as Chief Executive Officer at Gymboree, a portfolio of children's brands operating specialty retail stores with high-quality clothes and accessories for children. From May 2010 to December 2011, Ms. Kahng served as Chief Executive Officer at Lucy Activewear, a subsidiary of VF Corp., where she successfully led a turnaround while revitalizing the brand and achieving profitability. From 2004 to 2009, Ms. Kahng served in various leadership roles at Nike, Inc., the world's leading designer, marketer, and distributor of authentic athletic footwear, apparel, equipment, and accessories for a wide variety of sports and fitness activities. Ms. Kahng is currently a Cornell University Council Member, a Wharton Women's Circle leader, a member of the LiveGirl Advisory Council and is a former board director of Gymboree and OMSignal. We believe Ms. Kahng is qualified to serve as a member of our board of directors based on her extensive executive experience in the consumer products industry, her background in product development and marketing, and her experience on the boards of directors of other companies.

James Lanzone

Age: 51
Director Since: 2018
Board Committees:
Compensation and Leadership

Other Public Company Directorships:
None

Mr. Lanzone has served on our board of directors since August 2018. Since September 2021, Mr. Lanzone has served as the Chief Executive Officer of Yahoo, Inc., a web services provider. From July 2020 to September 2021, Mr. Lanzone served as the Chief Executive Officer of Tinder, a geosocial networking and online dating application which is part of the Match Group. From January 2020 to July 2020, Mr. Lanzone served as Executive-in-Residence at venture capital firm Benchmark Capital. From May 2016 to December 2019, Mr.

Lanzone served as Chief Digital Officer of CBS Corporation, a leading mass media company and from March 2011 to December 2019 he served as President and CEO for CBS Interactive, a division of CBS Corporation. Previously, from January 2009 to February 2011, Mr. Lanzone was Founder and CEO of Clicker Media, Inc., an internet video search engine and navigation guide, which was acquired by CBS Corporation in 2011. Mr. Lanzone is currently a board member of Supernova Partners and Newport Festivals Foundation. We believe Mr. Lanzone is qualified to serve as a member of our board of directors based on his extensive executive experience and digital product and media expertise.

Alexander Lurie
Age: 47
Director Since: 2016
Board Committees:
Audit

Other Public Company Directorships:
Momentive, Inc. (NASDAQ: MNTV)

Alexander Lurie has served on our board of directors since February 2016. Since January 2016, Mr. Lurie has served as the Chief Executive Officer of SurveyMonkey, Inc., a creator and publisher of online surveys, and he has served as a member of the board of SurveyMonkey since 2009, including as Chairman of the Board from July 2015 to January 2016. Mr. Lurie served as GoPro's Senior Vice President of Media from November 2014 until January 2016. From February 2013 to January 2014, Mr. Lurie served as Executive Vice President for Guggenheim Digital Media, an internet media company. From April 2010 to August 2012, Mr. Lurie served as SVP, Strategic Development at CBS Corporation, a mass media corporation. From February 2008 to April 2010, Mr. Lurie served as Chief Financial Officer and Head of Business Development for CBS Interactive, a division of CBS Corporation. Mr. Lurie came to CBS Interactive via its acquisition of CNET Networks, a technology information website, where he served as Chief Financial Officer and head of Corporate Development from February 2006 to February 2008. Mr. Lurie began his career in the investment banking group at JPMorgan where he led equity transactions and mergers and acquisitions in the Internet sector. He holds a J.D. and M.B.A. degree from Emory University, and a B.A. in Political Science from the University of Washington. We believe Mr. Lurie is qualified to serve as a member of our board of directors based on his previous experience as an executive officer of GoPro, his operational and financial expertise from his management experience, and his background in the digital media industry.

Susan Lyne
Age: 70
Director Since: 2017
Board Committees:
Compensation and Leadership, Nominating and Governance

Other Public Company Directorships:
Blade Urban Air Mobility, Inc. (NASDAQ: BLDE)

Susan Lyne has served on our board of directors since April 2017. Since September 2014, Ms. Lyne has been Managing Partner of BBG Ventures, an early-stage investment fund focused on women-led tech startups. From February 2013 to September 2014, Ms. Lyne was Chief Executive Officer of the AOL Brand Group where she oversaw the content brands of AOL, Inc., a global media technology company. From September 2008 to February 2013, she was Chief Executive Officer and then Chair of Gilt Groupe, Inc., the innovative ecommerce company that pioneered flash sales in the United States. From 2004 to 2008, Ms. Lyne served as President and Chief Executive Officer of Martha Stewart Living Omnimedia, Inc., a diversified media and merchandising company. From 1996 to 2004, Ms. Lyne held various positions at The Walt Disney Company, a diversified worldwide entertainment company, including President of ABC Entertainment where she oversaw the development of shows including Desperate Housewives, Grey's Anatomy, and Lost. Ms. Lyne is on the board of Blade Urban Air Mobility, Inc. and has previously served as a director of Gilt Groupe, Inc., AOL, Inc., Martha Stewart Living Omnimedia, Inc., Starz Entertainment Group, LLC, and CIT. In addition, Ms. Lyne is a member of the Rockefeller University Council and a member of the Council on Foreign Relations. In 2021, she was named to Forbes Magazine's inaugural 50 over 50 list. We believe Ms. Lyne is qualified to serve as a member of our board of directors based on her experience on the boards of directors of other companies, her extensive executive experience and her background in the media and consumer products industries.

Frederic Welts
Age: 69
Director Since: 2017
Board Committees:
Nominating and Governance

Other Public Company Directorships:
Oportun Financial Corporation (NASDAQ: OPRT)

Rick Welts has served on our board of directors since October 2017. Mr. Welts has served as President and Chief Operating Officer of the Golden State Warriors from 2011-2021. In 2018 he was inducted into the Basketball Hall of Fame in Springfield, MA. Prior to joining the Warriors, Mr. Welts spent nine years as President of the Phoenix Suns, and also served as its Chief Executive Officer for the last two seasons. Prior to joining the Suns, Mr. Welts enjoyed a successful 17-years (1982-1999) at the NBA league office in New York, where he ascended through the ranks to eventually become the league's third-in-command as the Executive Vice President, Chief Marketing Officer and President of NBA Properties. Mr. Welts is on the Board of Oportun Financial Corporation and also currently serves as a board member of the Bay Area Council and the Warriors

Community Foundation. Mr. Welts has been honored with multiple awards recognizing his significant contributions to promoting diversity, inclusion and equality in sports and society, including the Anti-Defamation League's Torch of Liberty Award, the United States Tennis Association 2011 ICON Award, GLSEN's (Gay, Lesbian and Straight Education Network) Respect Award and GLAAD's (Gay & Lesbian Alliance Against Defamation) Davidson/Valentini Award. We believe Mr. Welts is qualified to serve as a member of our board of directors based on his extensive executive experience and marketing expertise.

Lauren Zalaznick
Age: 59
Director Since: 2016
Board Committees:
Compensation and Leadership, Nominating and Governance

Other Public Company Directorships:
Nielsen Holdings Plc (NYSE: NLSN)
RTL Group ADR (OTCMKTS: RGLXY)

Lauren Zalaznick has served on our board of directors since July 2016. In her most recent operating role, from 2002 through December 2013, Ms. Zalaznick held various roles of increasing responsibility within Comcast NBCUniversal including Chair, Entertainment & Digital Networks where she had responsibility for the networks Bravo, Oxygen, Style, and Telemundo and ran its digital portfolio. She also developed and implemented NBC Universal's company-wide sustainability initiative, Green Is Universal. Today, Ms. Zalaznick serves as a board member and senior advisor to leading media, tech and digital companies. She is currently a director of The RTL Group, a Bertelsmann Company (since April 2018) based in Europe, and The Nielsen Company, (since April 2016) where she chairs the Nomination and Governance Committee and sits on the Compensation and Leadership Committee. Zalaznick is a Senior Advisor to The Boston Consulting Group in the Global TMT Practice. As an independent advisor, Ms. Zalaznick works with companies at every stage of maturity focused on content, marketing, sales, and direct-to-consumer strategies. Most recently, she has focused on the burgeoning audio sector, consulting for the CEO/Founders of Gimlet Media (acquired by Spotify), This American Life, and Serial Productions (acquired by The New York Times). She is a board advisor to Realm, a leading fiction audio podcast company and is a board member for Tune-In Radio, a global network of 100,000 radio stations and podcasts. She is a former director of Penguin Random House; Shazam (acquired by Apple); and Refinery29 (acquired by Vice Media). Ms. Zalaznick is a member of the Producers Guild of America and the Academy of Television Arts & Sciences. Since July 2011, Ms. Zalaznick is a Trustee emerita of Brown University, from which she graduated magna cum laude and Phi Beta Kappa. We believe Ms. Zalaznick is qualified to serve as a member of our board of directors based on her operational and management expertise and her background in digital media and content strategy.

There are no family relationships among our current directors and officers.

Non-Employee Director Compensation Arrangements

Only the non-employee Directors of the Company are compensated for service on the Board.

GoPro adopted a Director Compensation Policy in June 2014 and reviews and updates it on a regular basis. The Director Compensation Policy is intended to:

- provide fair compensation commensurate with the work required to serve on our Board;
- be aligned with compensation paid to directors at our peer group companies and reflect the size, scope and complexity of GoPro;
- align directors' interests with the interests of our stockholders; and
- to be easily understood and communicated - both to the directors and to our stockholders.

Annual Review and Benchmarking

Each year our nominating and governance committee undertakes a full review of our then current Director Compensation Policy. The nominating and governance committee engages Compensia to undertake an independent assessment of the Director Compensation Policy and make recommendations to ensure compliance with the goals listed above, director pay at comparable companies (including any revisions to our peer group) and sound governance principles. The annual review typically begins early in the fiscal year, and the nominating and governance committee makes its recommendations to the Board during Q2 regarding any revisions to the then current policy. As a result of the 2021 review and recommendation, in May 2021 the Board approved changes to the Director Compensation Policy to take effect as of June 1, 2021. The changes included an increase in the annual board member cash retainer from $50,000 to $60,000, an increase in the additional cash retainer for the chair of the nominating and governance committee from $10,000 to $20,000, an increase in the additional cash retainer for each nominating and governance committee member from $5,000 to $10,000, and the addition of an Initial Sign-On RSU award for newly appointed/elected directors.

Components of 2021 Director Compensation

Annual Cash Retainers

Cash Retainer	$60,000.00
Additional Cash Retainer for Lead Independent Director	$20,000.00
Additional Cash Retainer for chair of audit committee	$25,000.00
Additional Cash Retainer for audit committee member (other than chair)	$12,500.00
Additional Cash Retainer for chair of compensation and leadership committee	$20,000.00
Additional Cash Retainer for compensation and leadership committee member (other than chair)	$10,000.00
Additional Cash Retainer for chair of nominating and governance committee	$20,000.00
Additional Cash Retainer for nominating and governance committee member (other than chair)	$10,000.00

Annual Equity Grant

Restricted Stock Units (RSUs)	$185,000.00

Initial Sign-On Equity Grant

Restricted Stock Units (RSUs)	$185,000.00

Form and Timing of Payments

All equity awards (whether to employees, consultants or non-employee directors) are granted under the terms and conditions of one of our equity incentive compensation plans, which were adopted by the Board and approved by stockholders. Prior to our IPO in June 2014, all equity awards were approved under and governed by the GoPro, Inc. 2010 Equity Incentive Plan ("2010 Plan"). At the time of our IPO, the GoPro, Inc. 2014 Equity Incentive Plan ("2014 Plan") become active, and all equity grants following the date of IPO were awarded under and governed by the 2014 Plan.

Annual Equity Grant RSU awards to directors are made annually upon election to our board of directors at our Annual Meeting. Directors who are appointed to our board of directors between Annual Meetings receive a pro-rated award of RSUs. In addition to the full or pro-rated Annual RSUs, new board members receive an Initial Sign-On RSU award, granted to new directors at the time of their initial appointment to the board. The award value is converted to RSUs using the 3-month trailing average of our closing price through the date immediately preceding the date of grant. The Annual RSU award vests as to 25% of the total RSUs granted in each quarter following the date of grant with the final 25% to vest on the earlier of the next Annual Meeting or the one-year anniversary of the date of grant, subject to continuous service on the board through each vesting date. The Initial Sign-On RSU award vests as to 25% of the total RSUs granted annually commencing on the first anniversary of the grant date. All RSUs will accelerate and vest in full in the event of a change in control of GoPro as defined in the 2014 Plan.

The cash retainers are paid quarterly in arrears.

Non-employee directors receive no other form of remuneration, perquisites or benefits, but are reimbursed for their reasonable travel expenses incurred in attending board and committee meetings.

Director Compensation

The following table provides information for 2021 concerning all compensation awarded to, earned by or paid to each person who served as a non-employee director for some portion of 2021. Nicholas Woodman, our Chief Executive Officer, is not included in the table below because he did not receive additional compensation for his services as a director. His compensation as an employee is shown below in "Executive Compensation – 2021 Summary Compensation Table."

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Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]		Total ($)
Tyrone Ahmad-Taylor	62,500	190,350	(2)	252,850
Kenneth Goldman	100,000	190,350	(2)	290,350
Peter Gotcher	77,500	190,350	(2)	267,850
Shaz Kahng	13,516	375,686	(3)	389,202
James Lanzone	62,500	190,350	(2)	252,850
Alexander Lurie	67,500	190,350	(2)	257,850
Susan Lyne	82,500	190,350	(2)	272,850
Frederic Welts	65,000	190,350	(2)	255,350
Lauren Zalaznick	80,000	190,350	(2)	270,350

(1) The amounts reported in this column represent the aggregate grant date value of RSUs (restricted stock units), made to directors in 2021 computed in accordance with FASB ASC Topic 718.

(2) On June 21, 2021, each re-elected non-employee director received an award of 16,920 RSUs which vested as to 25% of the shares subject to the award in each quarter following the date of grant, with the final 25% to vest on June 01, 2022, subject to the director's continuous service on our board of directors on each vesting date. As of December 31, 2021, 8,460 of the RSUs remained unvested for each board member. In the event of a change in control (as defined under the Company's 2014 Plan), these RSUs will accelerate and become immediately vested.

(3) On October 11, 2021, Ms. Kahng was appointed to GoPro's board of directors.

On November 15, 2021, Ms. Kahng received a pro-rated award of 12,793 RSUs which vested as to one-third (1/3) of the shares subject to the award on December 01, 2021, another 1/3 will vest on March 01, 2022, with the final 1/3 to vest on June 01, 2022, subject to the director's continuous service on our board of directors on each vesting date. As of December 31, 2021, 8,529 of the RSUs remained unvested. In the event of a change in control (as defined under the Company's 2014 Plan), these RSUs will accelerate and become immediately vested.

On November 15, 2021, Ms. Kahng received an award of 19,538 RSUs. One-fourth (1/4) of the total Options granted will vest on November 15, 2022, and an additional 1/4th will vest annually thereafter, until the units are fully vested, subject to the Ms. Kahng's continuous service on our board of directors on each vesting date. As of December 31, 2021,19,538 of the RSUs remained unvested. In the event of a change in control (as defined under the Company's 2014 Plan), these RSUs will accelerate and become immediately vested.

Our non-employee directors held option and RSU awards to acquire the following number of shares as of December 31, 2021:

	Number of Shares Underlying Outstanding Awards		
Name	**Option Awards**		**RSU Awards**
Tyrone Ahmad-Taylor	36,338		8,460
Kenneth Goldman	189,325	(1)	8,460
Peter Gotcher	117,608	(2)	8,460
Shaz Khang	—		28,067
James Lanzone	23,175		8,460
Alexander Lurie	105,913		8,460
Susan Lyne	73,736		8,460
Frederic Welts	55,400		8,460
Lauren Zalaznick	93,543		8,460

(1) Consists of options to purchase 95,000 shares of Class B common stock under an option award granted pursuant to our 2010 Plan and 94,325 shares of Class A common stock under option awards granted pursuant to our 2014 Plan.

(2) Consists of options to purchase 17,234 shares of Class B common stock under an option award granted pursuant to our 2010 Plan and 100,374 shares of Class A common stock under option awards granted pursuant to our 2014 Plan.

OUR BOARD OF DIRECTORS RECOMMENDS

A VOTE "FOR" ELECTION OF EACH OF THE NOMINATED DIRECTORS

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has re-appointed PricewaterhouseCoopers LLP as GoPro's independent registered public accounting firm to perform the audit of GoPro's consolidated financial statements for the year ending December 31, 2022 and recommends that stockholders vote for ratification of such selection. PricewaterhouseCoopers LLP has served as GoPro's independent registered public accounting firm since 2011. The audit committee continuously evaluates the independence and effectiveness of PricewaterhouseCoopers LLP and its personnel, and the cost and quality of its audit and audit-related services.

Although ratification by stockholders is not required by law, GoPro has determined that it is good practice to request ratification of this selection by the stockholders. In the event that PricewaterhouseCoopers LLP is not ratified by our stockholders, the audit committee will review its future selection of PricewaterhouseCoopers LLP as GoPro's independent registered public accounting firm.

PricewaterhouseCoopers LLP audited GoPro's financial statements for the years ended 2021 and 2020. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, in which case, they will be given an opportunity to make a statement at the Annual Meeting if they desire to do so, and will be available to respond to appropriate questions.

Independent Registered Public Accounting Firm Fees and Services

We regularly review the services and fees from our independent registered public accounting firm. These services and fees are also reviewed with our audit committee annually. In accordance with standard policy, PricewaterhouseCoopers LLP periodically rotates the individuals who are responsible for GoPro's audit. The following table shows the fees billed by PricewaterhouseCoopers LLP for the years ended December 31, 2021 and 2020:

Fees Billed to GoPro	**2021**	**2020**
Audit fees[1]	$ 2,635,000	$ 2,721,800
Audit-related fees	—	—
Tax fees[2]	25,000	21,900
All other fees[3]	9,500	2,700
Total fees	$ 2,669,500	$ 2,746,400

(1) *"Audit fees"* include fees for audit services primarily related to the audit of our annual financial statements and internal control over financial reporting; the review of our quarterly financial statements; comfort letters, consents, and assistance with and review of documents filed with the SEC; and audit services provided in connection with other statutory and regulatory filings.

(2) *"Tax fees"* include fees for tax compliance, advice and planning. Tax advice fees encompass a variety of permissible tax services, including technical tax advice related to federal, state and international income tax matters, transfer pricing, international tax structure planning, assistance with indirect sales tax and assistance with tax audits.

(3) *"All other fees"* include fees for products and services, namely software subscription fees.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our audit committee's policy is to preapprove all audit and permissible non-audit services, other than de minimis non-audit services, provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to report periodically to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

All services relating to the fees described in the table above were approved by our audit committee.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE *"FOR"* APPROVAL OF PROPOSAL NO. 2

PROPOSAL NO. 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

General

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ‘‘Dodd-Frank Act’’)) and the related rules of the SEC, we are providing stockholders an opportunity to approve the compensation of our NEOs as disclosed in this Proxy Statement in the Compensation Discussion and Analysis section. While the results of the vote are non-binding and advisory in nature, the board of directors intends to carefully consider the results of this vote.

In considering their vote, stockholders may wish to review with care the information on the company’s compensation policies and decisions regarding the NEOs presented in the Compensation Discussion and Analysis section, as well as the discussion regarding the compensation and leadership committee in the Compensation Discussion and Analysis section entitled ‘‘Further Considerations for Setting Executive Compensation.’’

The company’s goal for its executive compensation program is to attract, motivate, and retain our executives who are critical to our success. The company seeks to accomplish this goal in a way that rewards performance and is aligned with its stockholders’ long-term interests. The company believes its executive compensation program has been instrumental in helping the company achieve its business objectives.

Frequency of Stockholder Advisory Votes on Executive Compensation

At our 2021 annual meeting of stockholders, we asked our stockholders to express a preference for the frequency of an advisory vote on the compensation of the NEOs (a ‘‘Say-on-Pay’’ vote). The proposal with respect to the frequency of our Say-on-Pay votes is commonly known as a ‘‘Say-When-on-Pay’’ vote. At the 2021 annual meeting of stockholders, our stockholders selected on a non-binding advisory basis every ONE year as the frequency at which GoPro will hold a Say-on-Pay vote. Based on these results, our board of directors has determined that we will conduct future Say-on-Pay votes every ONE year. This policy will remain in effect until the next Say-When-on-Pay vote, expected to be held at our 2027 annual meeting of stockholders.

Key Executive Compensation Policies and Practices

In accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, we are asking the stockholders to indicate their support for the compensation of our NEOs as described in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. Accordingly, the board of directors requests the stockholders vote on an advisory basis to approve the following resolution at the meeting:

RESOLVED, that the compensation paid to the company’s NEOs, as disclosed pursuant to Item 402 of Regulation S-K including the Compensation Discussion and Analysis, compensation tables, and narrative discussion set forth in this Proxy Statement, is hereby approved.

While the results of this advisory vote are not binding, the compensation and leadership committee, will consider the outcome of the vote in deciding whether to take any action as a result of the vote and when making future compensation decisions regarding NEOs. The compensation and leadership committee and the board of directors value the opinions of our stockholders. The next Say-on-Pay advisory vote will be held at our 2023 annual meeting.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE ''FOR'' APPROVAL, ON A NON-BINDING BASIS, OF THE RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2022, by:

- each stockholder known by us to be the beneficial owner of more than 5% of our Class A common stock or Class B common stock;
- each of our directors;
- each of our named executive officers ("**NEOs**"); and
- all directors and executive officers as a group.

Percentage ownership of our common stock before this offering is based on 130,786,774 shares of our Class B common stock and 26,458,546 shares of our Class A common stock outstanding on March 31, 2022. Beneficial ownership is determined in accordance with the rules of the SEC and thus represents voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned by them, subject to community property laws where applicable. Shares of our Class A common stock and Class B common stock subject to options that are currently exercisable or exercisable within 60 days of March 31, 2022 or Restricted Stock Units ("RSUs") and performance share units ("PSUs") that may be earned, vest and settle within 60 days of March 31, 2022 are deemed to be outstanding and to be beneficially owned by the person holding the options or RSUs and PSUs for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Name of Beneficial Owner	Shares Beneficially Owned				
	Class A		Class B		% of Total Voting Power[(1)]
	Shares	%	Shares	%	
Directors and Named Executive Officers:					
Nicholas Woodman [(2)]	179,117	*	25,236,070	95.38	63.86
Tyrone Ahmad-Taylor [(3)]	52,595	*	—	*	*
Kenneth Goldman [(4)]	241,920	*	95,000	*	*
Peter Gotcher [(5)]	268,191	*	17,234	*	*
Shaz Kahng [(6)]	13,528	*	—	*	*
James Lanzone [(7)]	168,684	*	—	*	*
Alexander Lurie [(8)]	293,230	*	—	*	*
Susan Lyne [(9)]	131,482	*	—	*	*
Frederic Welts [(10)]	179,569	*	—	*	*
Lauren Zalaznick [(11)]	234,719	*	—	*	*
Brian McGee [(12)]	426,267	*	—	*	*
Aimee Lapic [(13)]	103,518	*	—	*	*
Eve Saltman [(14)]	276,160	*	—	*	*
Dean Jahnke [(15)]	306,297	*	**9,600**	*	*
All executive officers and directors as a group (14 persons)[(16)]	**2,875,277**	**2.17**	**25,357,904**	**95.40**	**64.41**
5% Stockholders					
Nicholas Woodman and Jill R. Woodman, as Co-Trustees of the Woodman Family Trust under Trust Agreement dated March 11, 2011 [(17)]	—	*	25,236,070	95.38	63.83
BlackRock, Inc. [(18)]	11,721,353	8.96	—	*	2.96
The Vanguard Group - 23-1945930 [(19)]	11,960,453	9.15	—	*	3.03
Prentice Capital Management, LP [(20)]	7,167,256	5.48	—	*	1.81
FMR LLC [(21)]	12,494,091	9.55	—	*	3.16

* Represents beneficial ownership of less than 1% of our outstanding shares of common stock of the designated class of security or less than 1% of the Total Voting Power, as applicable.

Unless otherwise indicated, the address of each of the individuals and entities named below is c/o GoPro, Inc., 3025 Clearview Way, San Mateo, California 94402.

(1) Percentage of total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share.

(2) Consists of: (i) 25,236,070 shares of Class B common stock held by the Woodman Family Trust under Trust Agreement dated March 11, 2011 of which Nicholas Woodman and Jill Woodman are co-trustees, (ii) 91,681 shares of Class A common stock held by Mr. Woodman, and (iii) 87,436 shares of Class A common stock subject to performance stock units held by Mr. Woodman that may settle within 60 days of March 31, 2022. As a co-trustee, Mr. Woodman may be deemed to have shared voting and investment power over the shares owned by the Woodman Family Trust.

(3) Consists of (i) 16,257 shares of Class A common stock held by Mr. Ahmad-Taylor, and (ii) 36,338 shares of Class A common stock subject to options held by Mr. Ahmad-Taylor that are exercisable within 60 days of March 31, 2022.

(4) Consists of (i) 5,668 shares of Class A common stock held by Mr. Goldman, (ii) 141,927 shares of Class A common stock held in the Goldman-Valeriote Family Trust, (iii) 94,325 shares of Class A common stock subject to options held by Mr. Goldman that are exercisable within 60 days of March 31, 2022, and (iv) 95,000 shares of Class B common stock subject to options held by Mr. Goldman that are exercisable within 60 days of March 31, 2022. Kenneth Goldman and Susan Valeriote are co-trustees and have shared voting and investment power over the shares owned by the Goldman-Valeriote Family Trust.

(5) Consists of: (i) 56,025 shares of Class A common stock held by Mr. Gotcher, (ii) 111,792 shares of Class A common stock held in the Peter and Marie-Helene Gotcher Family Trust, (iii) 100,374 shares of Class A common stock subject to options held by Mr. Gotcher that are exercisable within 60 days of March 31, 2022, and (iv) 17,234 shares of Class B common stock subject to options held by Mr. Gotcher that are exercisable within 60 days of March 31, 2022. Mr. Gotcher is the President of The Peter and Marie-Helene Gotcher Family Trust.

(6) Consists of 13,528 shares of Class A common stock held by Ms. Kahng.

(7) Consists of (i) 145,509 shares of Class A common stock held by The Lanzone Family Trust U/A dtd 07/28/2003, and (ii) 23,175 shares of Class A common stock subject to options held by Mr. Lanzone that are exercisable within 60 days of March 31, 2022. Mr. Lanzone and spouse are the co-trustees of the Lanzone Family Trust U/A dtd 07/28/03.

(8) Consists of (i) 187,317 shares of Class A common stock held by the Lurie-Volgelsong Revocable Living Trust, and (ii) 105,913 shares of Class A common stock subject to options held by Mr. Lurie that are exercisable within 60 days of March 31, 2022. Mr. Lurie and his spouse are co-trustees of the Lurie-Volgelsong Revocable Living Trust.

(9) Consists of (i) 57,746 shares of Class A common stock held by Ms. Lyne, and (ii) 73,736 shares of Class A common stock subject to options held by Ms. Lyne that are exercisable within 60 days of March 31, 2022.

[10] Consists of (i) 124,169 shares of Class A common stock held by the Frederic K. Welts, Jr. Living Trust, and (ii) 55,400 shares of Class A common stock subject to options held by Mr. Welts that are exercisable within 60 days of March 31, 2022. Mr. Welts is the sole trustee and beneficiary of the Frederic K. Welts, Jr. Living Trust.

[11] Consists of (i) 4,230 shares of Class A common stock held by Ms. Zalaznick and Phelim Dolan, (ii) 136,946 shares of Class A common stock held by the Phelim Dolan Irrevocable Grantor Trust, Lauren Zalaznick sole beneficiary and Co-Trustee, and (iii) 93,543 shares of Class A common stock subject to options held by Ms. Zalaznick that are exercisable within 60 days of March 31, 2022.

[12] Consists of: (i) 37,120 shares of Class A common stock held by Mr. McGee, (ii) 276 shares of Class A common stock held by Mr. McGee's spouse, (iii) 380,396 shares of Class A common stock subject to options held by Mr. McGee that are exercisable within 60 days of March 31, 2022, and (iv) 8,475 shares of Class A common stock subject to performance stock units held by Mr. McGee that may settle within 60 days of March 31, 2022.

[13] Consists of (i) 19,244 shares of Class A common stock held by Ms. Lapic, (ii) 17,098 shares of Class A common stock subject to options held by Ms. Lapic that are exercisable within 60 days of March 31, 2022, (iii) 57,421 shares of Class A common stock subject to restricted stock units held by Ms. Lapic that may settle within 60 days of March 31, 2022, and (iv) 9,755 shares of Class A common stock subject to performance stock units held by Ms. Lapic that may settle within 60 days of March 31, 2022.

[14] Consists of (i) 27,087 shares of Class A common stock held by Ms. Saltman, (ii) 218,651 shares of Class A common stock subject to options held by Ms. Saltman that are exercisable within 60 days of March 31, 2022, (iii) 25,036 shares of Class A common stock subject to restricted stock units held by Ms. Saltman that may settle within 60 days of March 31, 2022, and (iv) 5,386 shares of Class A common stock subject to performance stock units held by Ms. Saltman that may settle within 60 days of March 31, 2022.

[15] Consists of: (i) 143,711 shares of Class A common stock held by Mr. Jahnke, (ii) 157,924 shares of Class A common stock subject to subject to options held by Mr. Jahnke that are exercisable within 60 days of March 31, 2022, (iii) 4,662 shares of Class A common stock subject to performance stock units held by Mr. Jahnke that may settle within 60 days of March 31, 2022, and (iv) 9,600 shares of Class B common stock subject to options held by Mr. Jahnke that are exercisable within 60 days of March 31, 2022.

[16] Consists of (i) 1,320,233 shares of Class A common stock, (ii) 25,236,070 shares of Class B common stock, (iii) 1,356,873 shares of Class A common stock subject to options that are exercisable within 60 days of March 31, 2022, (iv) 82,457 shares of Class A common stock subject to restricted stock units that may settle within 60 days of March 31, 2022, (v) 115,714 shares of Class A common stock subject to performance stock units that may settle within 60 days of March 31, 2022, and (vi) 121,834 shares of Class B common stock subject to options that are exercisable within 60 days of March 31, 2022.

[17] Consists of 25,236,070 shares of Class B common stock held by the Woodman Family Trust under Trust Agreement dated March 11, 2011 of which Nicholas Woodman and Jill Woodman are co-trustees. As a co-trustee, Mr. Woodman may be deemed to have shared voting and investment power over the shares owned by the Woodman Family Trust.

[18] Based solely on a Schedule 13G Amendment No. 5 filing made on February 03, 2022. BlackRock, Inc. reports beneficial ownership of 11,721,353 shares of Class A common stock; sole power to dispose or direct the disposition of all shares of Class A common stock and sole voting power as to 11,138,664 of the shares of Class A common stock. The address for BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.

[19] Based solely on a Schedule 13G Amendment No. 6 filing made on February 10, 2022. The Vanguard Group - 23-1945930 ("Vanguard") reports shared voting power over 244,069 shares of Class A common stock, sole dispositive power over 11,621,335 shares of Class A common stock and shared dispositive power over 339,188 shares of Class A common stock. The address for Vanguard is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

[20] Based solely on a Schedule 13G Amendment No. 3 filing made on February 14, 2022. Prentice Capital Management, LP reports aggregated beneficial ownership and shared dispositive power of 7,167,256 shares of Class A common stock. The address for Prentice Capital Management is 100 West Putnam Avenue-Slagle House, Greenwich, Connecticut 06830.

[21] Based solely on a Schedule 13G filing made on February 09, 2022. FMR LLC has aggregated beneficial ownership and sole dispositive power as to 12,494,091 shares of Class A common stock. The address for FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.

EXECUTIVE OFFICERS

The names of our current executive officers, their ages as of March 31, 2022, and their positions are shown below.

Executive Officers	Age	Position(s)
Nicholas Woodman	46	Chief Executive Officer and Chairman
Brian McGee	62	Executive Vice President, Chief Financial Officer and Chief Operating Officer
Aimée Lapic	52	Senior Vice President, Chief Digital and Marketing Officer
Eve Saltman	57	Senior Vice President, Corporate/Business Development, Chief Legal Officer, Secretary and Chief Compliance Officer
Dean Jahnke	48	Senior Vice President, Global Sales & Channel Marketing

Our board of directors chooses executive officers, who then serve at the board's discretion. There is no family relationship among any of our directors or executive officers.

For information regarding Mr. Woodman, please refer to "Proposal No. 1 – Election of Directors" discussed above.

Brian McGee has served as our Chief Financial Officer and Chief Operating Officer since February 2020. Mr. McGee had served as the Company's Chief Financial Officer since March 11, 2016. Mr. McGee served as our Vice President of Finance from September 2015 to March 2016, and was responsible for financial planning, tax, treasury and risk management in that role. From May 2011 to September 2015, Mr. McGee served in various positions at Qualcomm, most recently as the Vice President, Business Operations. Prior to Qualcomm, Mr. McGee was at Atheros Communications from December 2009 to May 2011 as the Vice President, General Manager Global Powerline Business. Prior to Atheros Communications, from January 2007 to December 2009, Mr. McGee was the Senior Vice President, Chief Financial Officer and Treasurer, at Intellon, a fabless semiconductor company that was acquired by Atheros Communications in December 2009. From 2003 to 2006, Mr. McGee was Vice President Finance and Chief Financial Officer of Lexar, a maker of digital media storage. Mr. McGee holds a B.S. in Finance from California Polytechnic State University and a Certificate in Management Accounting.

Aimée Lapic has served as GoPro's Senior Vice President, Chief Digital Officer since April 2020 and since August 2020 our Senior Vice President, Chief Digital and Marketing Officer. Prior to joining GoPro, Ms. Lapic was the Chief Marketing Officer of Pandora from 2017 to 2019. She served as Senior Vice President/Global Chief Marketing Officer for Banana Republic from 2015 to 2017, as well as the General Manager of BananaRepublic.com from 2015 to 2017. She has also held numerous positions across Gap, Inc., including Senior Vice President and General Manager of Gap Outlet International from 2011 to 2014. Since April 2019, Ms. Lapic has served as a member of the board of directors of Cardlytics, Inc. and from 2016 to 2019, she served as a marketing advisory board member of Ridge Ventures, a venture capital firm focused on early-stage consumer internet and enterprise IT investments. She holds a B.A. in English Literature from Princeton University and an M.B.A. from Harvard Business School.

Eve Saltman has served as our Senior Vice President, Corporate & Business Development, Chief Legal Officer and Secretary since May 2021 and Chief Compliance Officer since February 2021. Ms. Saltman served as our Vice President, Corporate & Business Development, General Counsel and Secretary from March 2018 to May 2021, Ms. Saltman served as our Vice President, Deputy General Counsel and Assistant Secretary from February 2017 to September 2017, our Deputy General Counsel and Assistant Secretary from July 2014 to February 2017, and our Associate General Counsel and Assistant Secretary from January 2014 to July 2014. From September 2017 to March 2018, Ms. Saltman served as General Counsel and Corporate Secretary of Asana, Inc., a collaborative work management application company. Prior to joining GoPro in 2014, Ms. Saltman served as VP, General Counsel, and Corporate Secretary of OL2, Inc. dba OnLive, a provider of cloud gaming services from September 2012 to January 2014 and VP, Legal, OnLive, Inc., from September 2008 to August 2012. Since 2014, Ms. Saltman has also served as a director of Lexicon of Sustainability, Inc., a non-profit organization. Ms. Saltman holds a B.A. in History from Cornell University and a J.D. from Georgetown Law School.

Dean Jahnke has served as GoPro's Senior Vice President, Global Sales & Channel Marketing since January 1, 2022, Vice President, Global Sales since June 2018, Interim Head of Sales from March 2018 to June 2018, Senior Director of Sales – North America from April 2017 to March 2018, Director of Sales from February 2016 to March 2017, and Area Sales Manager from March 2014 to January 2016. Prior to joining GoPro, Mr. Jahnke served as Senior Sales Manager of Western Digital from August 2008 to March 2014. Before that, Mr. Jahnke was Senior Merchant at Best Buy from June 2000 to August 2008. Mr. Jahnke attended Minnesota State University, Mankato.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

GoPro's executive compensation programs, policies and practices ("**ECPs**") are designed to reflect the three major tenets of our executive compensation philosophy, namely to:

- Align executive compensation with the achievement of our business objectives and financial performance;
- Motivate our executive officers to take actions that enhance long-term stockholder value; and
- Enable us to attract, reward and retain our executive officers who contribute to our success.

We manage our ECPs, including compensation-related corporate governance standards, in a manner consistent with our executive compensation philosophy. These ECPs are intended to drive performance and prohibit or minimize behaviors that we do not believe serve our stockholders' long-term interests.

This Compensation Discussion and Analysis ("**CD&A**") is intended to assist our stockholders in understanding our ECPs by presenting the following:

1. **Performance Highlights for 2021** summarizes our business results that impacted our 2021 executive compensation decisions.
2. **Elements of Our Executive Compensation Program** sets forth our executive compensation philosophy and describes the programs, policies and practices we apply and use to support achievement of our corporate goals and performance objectives.
3. **Further Considerations for Setting Executive Compensation** discusses, among other things, the role of our compensation and leadership committee, compensation consultants, compensation peer group, and the impact of tax and accounting considerations.
4. **Executive Compensation Decisions for 2021** explains the compensation decisions that were made for 2021 based on our corporate results.
5. **Severance and Change in Control Arrangements** discusses employment agreements and policies associated with our current executives.

This CD&A focuses on the material elements of compensation of our NEOs as of December 31, 2021:

- Nicholas Woodman, our Chief Executive Officer and Chairman of our board of directors;
- Brian McGee, our Executive Vice President, Chief Financial Officer and Chief Operating Officer;
- Aimée Lapic, our Senior Vice President, Chief Digital and Marketing Officer.
- Eve Saltman, our Senior Vice President, Corporate/Business Development, Chief Legal Officer, Secretary and Chief Compliance Officer; and

- Dean Jahnke our Senior Vice President, Global Sales & Channel Marketing effective as of March 1, 2022 and previously our Vice President, Global Sales since 2018.

Performance Highlights for 2021

In 2021, GoPro achieved record operational and financial performance across key performance metrics, including revenue, pre-tax profit/loss, and paid subscribers. Our revenue increased 30% year-on-year to $1.16 billion which resulted in net income of $146.1 million, a more than 10x increase from 2020. Additionally, in 2021 we grew our GoPro subscribers 107% to approximately 1.6 million paid subscribers.

2021 was a year of optimization across our business. We refined our product development approach to enable the launch of more products at a faster rate and invested in our e-commerce infrastructure to address what we see as a significant opportunity to grow DTC and subscription revenues while expanding customer lifetime value. In Q2 of 2021, we launched the $9.99 Quik app subscription aimed at helping mobile users who do not own a GoPro camera keep track of their favorite phone based photos and videos, while providing simple yet powerful editing tools to help them get the most out of those images. By year end, the Quick app subscriber count grew to 221,000, which is incremental to our 1.6 million GoPro subscriber count.

Amid a global suply chain crisis, our teams' effective supply chain management enabled us to keep shelves stocked globally throughout the year, and contributed to the successful launch of our new HERO10 Black flagship camera. Delivering meaningful and unique solutions has been a priority at GoPro since our founding in 2002. In Q3 2021,our U.S. patent portfolio surpassed 1,000 granted patents, bringing total global patents to more than 1,600 and highlighting the importance we place on protecting our innovations.

In early 2022, GoPro was honored by the National Academy of Television Arts & Sciences with our second Emmy® award, in recognition of our industry-leading HyperSmooth, which demonstrates a high-level of innovation impactful to the television industry. Our new product launches, strong patent portfolio and two Emmy's are a testament to GoPro's thriving culture of innovation and incredibly talented people. We are proud of our remote-first, hybrid work culture that emphasizes life-work balance. In addition to delivering stellar business results in 2021, this approach helped land GoPro as the No. 1 large business in Outside Magazine's review of the most desirable places to work.

Executive Compensation Best Practices

Compensation and Leadership Committee Independence	Our board of directors maintains a compensation and leadership committee comprised solely of independent directors.
Compensation and Leadership Committee Advisor Independence	The compensation and leadership committee engages and retains its own advisors. During 2021, the compensation and leadership committee engaged Compensia, an independent national compensation consulting firm, to assist with its responsibilities.
Annual Compensation Review	The compensation and leadership committee annually reviews our executive compensation philosophy and strategy, including reviewing the composition of our compensation peer group.
Compensation-Related Risk Assessment	We conduct annual evaluations of our compensation programs, policies, and practices, including our ECPs, to ensure that they reflect an appropriate level of risk-taking but do not encourage our employees to take excessive or unnecessary risks that could have a material adverse impact on GoPro.

No Executive Perquisites	We generally do not offer perquisites or other personal benefits to our executive officers, including our Named Executive Officers, or NEOs. Our executive officers, including our NEOs, participate in our health and welfare benefit programs on the same basis as all our employees.
"Double-Trigger" Reasonable Change in Control Arrangements	The change in control post-employment compensation arrangements for our executive officers, including our NEOs, are based on a "double-trigger" arrangement that provides for the receipt of payments and benefits only in the event of (i) a change in control of our company and (ii) a qualifying termination of employment.
Executive Severance Benefits	The Executive Severance Policy is intended to provide specified payments and benefits to certain executive officers (other than the Chief Executive Officer), and other employees of the Company, in the event of certain terminations of employment not involving a change in control of the Company. In addition, our arrangement with Mr. Woodman provides for the receipt of payments and benefits in the event of a qualifying termination of employment.
Prohibition on Hedging and Pledging	Our management team, including our NEOs, and the members of our board of directors, are prohibited from speculating in our equity securities, including the use of short sales, or any equivalent transaction involving our equity securities and from engaging in any hedging or pledging transactions with respect to our equity securities.
Succession Planning	Our compensation and leadership committee periodically reviews and discusses with our management team the Company's executive succession planning. Our board of directors reviews the risks associated with our most critical executive positions on an annual basis so that we have an adequate succession strategy, and we have plans in place for these critical positions.
Retirement Programs	Other than our Section 401(k) plan, which is generally available to all U.S. employees, we do not offer defined benefit or contribution retirement plans or arrangements or nonqualified deferred compensation plans or arrangements for our management team, including our NEOs.
Compensation Recoupment Policy	We maintain a compensation recoupment policy applicable to cash incentive-based compensation awards paid to our executive officers. In the event of a material restatement of financial results filed with the SEC, the policy permits our board of directors to seek recovery of all or any portion of the incentive awards paid or awarded to an executive officer who is found to have engaged in fraud or intentional or illegal conduct in excess of the awards that would have been paid or awarded based on the restated financial results.
Stock Ownership Guidelines	We maintain stock ownership guidelines for our Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, other Section 16 Officers and non-employee directors to align their interests with those of our stockholders.

Elements of Our Executive Compensation Program

Compensation Philosophy and Guiding Principles

We have designed our ECPs to reward our executive officers, including our NEOs, at a level consistent with our overall business strategy and financial performance and to provide remuneration sufficient to attract, retain, and motivate them to exert their best efforts in the highly-competitive technology and consumer-oriented environments in which we operate. We have also designed our ECPs to reward our executive officers, including our NEOs, for superior performance. We believe that competitive compensation packages consisting of a combination of base salaries, annual cash bonus opportunities, and long-term incentive opportunities in the form of equity awards that are earned over a multi-year period, enable us to attract top talent, motivate effective short-term and long-term performance, and satisfy our retention objectives. As an overarching objective, we seek to design each pay element to align the compensation of our executive officers with our corporate performance and long-term value creation for our stockholders. That principle has guided the design of both the annual and long-term incentive compensation of our executive officers.

The compensation and leadership committee reviews and analyzes market trends and the prevalence of various compensation delivery vehicles and adjusts the design and operation of our executive compensation program as it deems necessary and appropriate. While the compensation and leadership committee considers these factors in its deliberations and places no formal emphasis on any one factor in its overall compensation strategy.

The compensation and leadership committee will continue to evaluate our compensation philosophy and program objectives as circumstances merit. At a minimum, we expect the compensation and leadership committee to review executive compensation annually and update as deemed necessary and appropriate.

Compensation Elements

The primary elements of our executive compensation program are: (i) base salary, (ii) annual cash bonus opportunities, and (iii) long-term incentive opportunities in the form of equity awards subject to multi-year vesting, in each case as described below:

Compensation Element	What This Element Rewards	Purpose and Key Features of Element
Base salary	Individual performance, level of experience, expected future performance and contributions.	Provides competitive level of fixed compensation determined by the market value of the position, and the qualifications, experience and performance expectations of each executive officer and each position.
Annual cash bonuses	Achievement of pre-established corporate and individual performance objectives (for 2021, focused on our revenue growth, profitability and paid subscription growth, as well as individual contributions and management objectives).	Motivate executive officers to achieve, during the fiscal year, (i) short-term financial and operational objectives, and (ii) individual performance objectives. Performance levels are established to motivate our executive officers to achieve or exceed performance objectives.
Long-term incentives/equity awards	Corporate and individual performance that enhance long-term stockholder value. Vesting requirements promote retention of highly-valued executive officers.	Annual (i) stock options and Restricted Stock Units ("**RSUs**") that vest over four years, based on continued service, and (ii) Performance Stock Units ("**PSUs**") that are subject to both a performance-based vesting condition (as determined by the compensation and leadership committee) and a service-based vesting condition, each of which provides a variable "at risk" pay opportunity. Because the ultimate value of these equity awards is directly related to the market price of our Class A common stock, and the awards are subject to vesting over an extended period of time, they serve to focus management on the creation and maintenance of long-term stockholder value and help us attract, retain, motivate, and reward executive officers.

Our executive officers also participate in the standard employee benefit plans available to most of our employees. In addition, our executive officers are eligible for post-employment payments and benefits under certain circumstances (severance and change in control payments and benefits). Each of these compensation elements is discussed in detail below, including a description of each particular element and how it fits into our overall executive compensation program and a discussion of the amounts of compensation paid to our executive officers, including our NEOs, in 2021 under each of these elements.

Base Salary

We believe that a competitive base salary is a necessary element of our executive compensation program, so that we can attract and retain a stable and highly qualified management team. Base salaries for our executive officers are intended to be competitive with those received by other individuals in similar positions at the companies with which we compete for talent, and to maintain internal parity across our executive officer team.

Generally we take into consideration peer market data provided by Compensia for the role we are looking to fill. We establish the initial base salaries of our executive officers through arm's-length negotiation at the time we hire the individual executive officer, taking into account his or her position, qualifications, experience, and the base salaries of our other executive officers. Thereafter, the compensation and leadership committee reviews the base salaries of our executive officers, including our NEOs, at least annually.

Annual Cash Bonuses

Our executive officers, including our NEOs, are participants in our annual Executive Bonus Plan, pursuant to which we generally use annual cash bonuses to motivate participants to achieve our short-term financial and operational objectives while making progress towards our longer-term growth and other goals. Consistent with our executive compensation philosophy, these annual bonuses are intended to help us to deliver a competitive target total direct compensation opportunity to our executive officers. Annual cash bonuses for our executive officers are intended to be competitive with those received by other individuals in similar positions at the companies with which we compete for top talent, and to maintain internal parity across our executive team.

The compensation and leadership committee determines bonus targets, subject to adjustment in certain circumstances, such as mid-year changes in base salary and leaves of absence. Overall funding of the bonus pool is generally determined by reference to corporate performance measures, but the compensation and leadership committee can, at its discretion, adjust individual participants' bonuses, based on each participant's individual performance. Individual performance goals for each participant are generally identified at the beginning of the year in discussions with our Chief Executive Officer (except with respect to his own performance goals). These goals may be quantitative or qualitative in nature, depending on the organizational priorities for a given year, and they typically focus on key departmental or operational objectives or functions. Most of these goals are intended to provide a set of common objectives that facilitate collaborative management and engagement, although participants could also be assigned individual objectives.

In light of the impact of the Covid-19 pandemic on corporate performance measures, no annual bonus was paid in 2020 to our NEOs or employees. In February 2021, the compensation and leadership committee, taking into consideration no bonus was paid in 2020, determined that a semi-annual bonus plan was appropriate for 2021 in order to motivate participants to achieve our short-term financial and operational objectives while continuing to make progress towards our longer-term growth and other goals. The compensation and leadership committee maintained the same key performance categories as established for 2020 and increased the weightings for net revenue and paid subscriptions and decreased the weighting for pre-tax profit/loss. 2021 performance category weightings were 25% net revenue, 25% paid subscriptions and 50% pre-tax profit/loss.

The compensation and leadership committee believed these performance measures and weightings were appropriate for our business in 2021, as the Company continued to focus on our top and bottom line while growing our subscription business. The compensation and leadership committee established target performance levels for each measure at levels that it believed to be challenging, but attainable, through the successful execution of our annual operating plan.

Long-Term Incentives/Equity Awards

We use long-term incentive compensation in the form of equity awards to motivate our executive officers, including our NEOs, by providing them with the opportunity to build an equity interest in GoPro and to share in the potential appreciation in the value of our Class A common stock.

Generally, in determining the size of the equity awards granted to our executive officers, including our NEOs, the compensation and leadership committee takes into consideration the recommendations of our Chief Executive Officer (except with respect to his own equity award), as well as the factors described in Compensation Setting Process, below. The compensation and leadership committee also considers the dilutive effect of our long-term incentive compensation practices, and the overall impact that these equity awards, as well as awards to other employees, may have on stockholder value.

Annual equity awards are granted to our executive officers, including our NEOs, in the form of stock options, which represent the right to purchase shares of our Class A common stock at a price equal to the fair market value of our Class A common stock on the date of grant subject to time-based vesting; RSUs, which represent the right to receive shares of our Class A common stock subject to time-based vesting; and PSUs, which represent the right to receive shares of our Class A common stock subject to both achievement of one or more performance metrics and time-based vesting. The proportion and mix of long-term equity vehicles (time-based stock options, time-based RSUs, and performance-based PSUs) is determined by the compensation and leadership committee each year (see "Executive Compensation Decisions for 2021 – Long-Term Incentive Compensation" below). The compensation and leadership committee evaluates equity vehicles annually to determine which form and mix of equity best aligns executive incentives with the long-term interest of our stockholders. The compensation and leadership committee may also choose to utilize other performance-based equity vehicles.

On February 23, 2021, the compensation and leadership committee granted PSUs to Nicholas Woodman, Brian McGee, Aimee Lapic, Eve Saltman and Dean Jahnke. These 2021 PSUs were designed to be earned and vest between 0% and 150% of a target number of shares based upon achievement of two annual metrics: (1) a threshold profitability level to a maximum profitability level, and (2) a threshold subscription hurdle to a maximum subscription hurdle. Fifty percent of each 2021 PSU will be earned (if at all) based on exceeding the satisfaction of the profitability threshold and the other 50% of each 2021 PSU will be earned (if at all) based on exceeding the satisfaction of the subscription threshold. To the extent actually earned, the 2021 PSUs will be subject to time-based vesting, with one third of the total number of shares earned under each 2021 PSU vesting on the initial vesting date of February 15, 2022 and an additional one-twelfth of the total number of earned shares under each 2021 PSU vesting quarterly thereafter, for so long as the recipient remains in service to GoPro.

Welfare and Health Benefits

We maintain a tax-qualified retirement plan under Section 401(k) of the Internal Revenue Code (the "**Code**") for our U.S. employees, including our executive officers, who satisfy certain eligibility requirements, including requirements relating to age and length of service, that provides them with an opportunity to save for retirement on a tax-advantaged basis. We intend for this plan to qualify under Sections 401(a) and 501(a) of the Code so that contributions by employees to the plan, and income earned on plan contributions, are not taxable to employees until distributed from the plan. Under the plan, pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions.

All participants' interests in their deferrals are 100% vested when contributed to this plan. In 2020, we made matching contributions into the Section 401(k) plan for our employees for 100% of the employee's personal contributions up to 4% of eligible compensation, which are deductible when made by the Company. However, due to the impact of the pandemic and changes in our economic circumstances, we suspended the Company matching contributions as of May 14, 2020 and continued the suspension of Company matching contributions in 2021. Globally, we maintain retirement programs for our non-US employees where applicable.

In addition, we provide certain other benefits to our executive officers, including our NEOs, on the same basis as all our full-time employees. These benefits include health, dental and vision benefits, health and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, basic life insurance coverage and discretionary time-off. We do not offer our employees a non-qualified deferred compensation plan, a defined benefit pension plan or an actuarial plan.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices, the competitive market and our employees' needs.

Perquisites and Other Personal Benefits

Currently, we do not view perquisites or other personal benefits as a component of our executive compensation program. Accordingly, we do not provide perquisites to our executive officers, except in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes. During 2021, none of the NEOs received perquisites or other personal benefits that were, in the aggregate, valued at $10,000 or more. In the future, we may provide perquisites or other personal benefits to our executive officers where we believe it serves a sound business purpose. We do not expect that any future perquisites or other personal benefits will be a significant aspect of our executive compensation program. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the compensation and leadership committee.

Further Considerations for Setting Executive Compensation

Compensation-Setting Process

Role of the Compensation and Leadership Committee

The compensation and leadership committee is responsible for establishing our overall compensation philosophy and reviewing and approving our executive compensation program, including the specific compensation of our executive officers, including our NEOs. The compensation and leadership committee has the authority to retain special counsel and other advisors, including compensation consultants, to assist in carrying out its responsibilities to determine the compensation of our executive officers and, as noted previously, in 2021 retained an executive compensation consultant, Compensia, Inc. ("**Compensia**"), as further discussed below. The compensation and leadership committee's authority, duties, and responsibilities are described in its charter, which is reviewed annually and revised and updated as warranted. The charter is available on the Company investor relations website.

In determining our overall compensation philosophy and approving the compensation of our executive officers, the compensation and leadership committee is assisted by its compensation consultant, as well as our Chief Executive Officer, and our executive compensation staff to formulate recommendations with respect to specific compensation actions. The compensation and leadership committee makes all final decisions regarding compensation for our executive officers, including base salary levels, target annual cash bonus opportunities, actual cash bonus payments, and long-term incentive opportunities in the form of equity awards that are earned over a multi-year period. The compensation and leadership committee meets on a regularly scheduled basis and at other times as needed and periodically reviews compensation matters with the entire board of directors.

Annually, the compensation and leadership committee reviews our executive compensation program, including any incentive compensation plans and arrangements, to assess whether our compensation elements, actions and decisions (i) are properly coordinated, (ii) are aligned with our vision, mission, values and corporate goals, (iii) provide appropriate short-term and long-term incentives for our executive officers, (iv) achieve their intended purposes, and (v) are competitive with the compensation of executives in comparable positions at the companies with which we compete for executive talent. Following this assessment, the compensation and leadership committee may make any necessary or appropriate modifications to our existing plans and arrangements or adopt new plans or arrangements.

The compensation and leadership committee also conducts an annual review of our executive compensation strategy to ensure that it is appropriately aligned with our business strategy and achieving our desired objectives. Further, the compensation and leadership committee reviews market trends and changes in competitive compensation practices, as described below.

The factors considered by the compensation and leadership committee in determining the compensation of our executive officers, including our NEOs, include:

- the recommendations of our Chief Executive Officer (except with respect to his own compensation), with the advice of our executive compensation staff;

- our financial and other objective elements of corporate performance;
- our corporate and individual achievements measured against short-term and long-term performance objectives;
- the individual performance of each executive officer against his or her business objectives;
- a review of the relevant competitive market analysis prepared by its compensation consultant (as described below);
- the expected future contribution of the individual executive officer;
- historical compensation decisions we have made regarding our executive officers; and
- internal pay equity based on the impact on our business and performance.

The compensation and leadership committee does not weigh these factors in any predetermined manner, nor does it apply any formulas in making its decisions. The members of the compensation and leadership committee consider this information in light of their individual experience, knowledge of GoPro, knowledge of each executive officer, knowledge of the competitive market and business judgment in making their decisions regarding executive compensation and our executive compensation program.

As part of this process, the compensation and leadership committee evaluates the performance of our Chief Executive Officer each year and makes all decisions regarding his base salary adjustments, target annual cash bonus opportunities, actual cash bonus payments and long-term incentive opportunities in the form of equity awards that are earned over a multi-year period. Our Chief Executive Officer is not present during any of the deliberations regarding his compensation.

Role of our Chief Executive Officer

Our Chief Executive Officer works closely with the compensation and leadership committee in determining the compensation of our other executive officers, including the other NEOs. Our Chief Executive Officer works with the compensation and leadership committee to recommend the structure of the annual Executive Bonus Plan, to identify and develop corporate and individual performance objectives for the annual Executive Bonus Plan, and to evaluate actual performance against the selected measures.

At the beginning of each year, our Chief Executive Officer reviews the performance of our other executive officers, including the other NEOs, for the previous year, and makes recommendations to the compensation and leadership committee for each element of compensation. The compensation and leadership committee then reviews these recommendations and considers the other factors described above and makes decisions as to the target compensation of each executive officer (other than our Chief Executive Officer), as well as each individual compensation element.

While the compensation and leadership committee will consider our Chief Executive Officer's recommendations, as well as the competitive market analysis prepared by Compensia, these recommendations and market data serve as only two of several factors that the compensation and leadership committee considers in making its decisions with respect to the compensation of our executive officers. No executive officer participates in the determination of the amounts or elements of his or her own compensation.

Role of Compensation Consultant

Pursuant to its charter, the compensation and leadership committee has the authority to engage its own legal counsel and other advisors, including compensation consultants, as determined in its sole discretion, to assist in carrying out its responsibilities. The compensation and leadership committee has the authority to make all determinations regarding the engagement, fees and services of these advisors, and any such advisor reports directly to the compensation and leadership committee.

Accordingly, the compensation and leadership committee has engaged Compensia to provide information, analysis, and other assistance relating to our executive compensation program on an ongoing basis. The nature and scope of the services provided to the compensation and leadership committee by Compensia in 2021 included the following:

- researched, analyzed and developed a proposed compensation peer group;
- provided advice with respect to compensation best practices, regulatory developments and market trends for executive officers and members of our board of directors;
- conducted an analysis of long-term incentive equity practices currently used by our compensation peer group and advised on the adjustment and design of our long-term incentive plans;
- conducted an analysis of the levels of overall compensation and each element of compensation for our executive officers;
- conducted an analysis of the levels of overall compensation and each element of compensation for the members of our board of directors;
- provided adjustment and design advice on our annual Executive Bonus Plan; and
- provided *ad hoc* advice and support throughout the year.

Representatives of Compensia attend all meetings of the compensation and leadership committee and communicate with the compensation and leadership committee outside of meetings. Compensia reports to the compensation and leadership committee rather than to management, although Compensia may meet with members of management, including our Chief Executive Officer, and members of our executive compensation staff, for purposes of gathering information on proposals that management may make to the compensation and leadership committee.

The compensation and leadership committee has assessed the independence of Compensia considering, among other things, the various factors as set forth in Exchange Act Rule 10C-1 and the enhanced independence standards and factors set forth in the applicable Nasdaq listing standards and has concluded that its relationship with Compensia and its respective work on behalf of the compensation and leadership committee has not raised any conflict of interest.

Compensation Peer Group

Given our unique history and business, market competitors and geographical location, the compensation and leadership committee believes that the competitive market for executive talent includes publicly traded technology companies, including Internet-based consumer, product, and services companies. Accordingly, it develops a compensation peer group to contain a carefully selected cross-section of public companies using factors described below, with revenues and market capitalizations that are similar to ours and that may also compete in a similar market for executive talent.

Each year, in the fourth quarter, the Company reviews its standards and benchmarks for setting executive compensation including for our NEOs, for the upcoming fiscal year. One of the benchmarks we use is the peer group reference. In October 2020, the compensation and leadership committee directed Compensia to formulate a group of peer companies to be used as a reference for market positioning and for assessing competitive market practices in connection with making 2021 executive compensation decisions. Compensia reviewed the pool of U.S.-based publicly traded companies, taking into consideration our industry sector, the size of such companies (based on revenues and market capitalization) relative to our size and growth rate, and the following additional factors:

- the comparability of the company’s primary sales channels, including via the Internet;
- the company’s consumer products and/or business services focus;
- the comparability of the company’s operating history;
- the comparability of the company’s organizational complexities and growth attributes;
- the stage of the company’s maturity curve (which increases its likelihood of attracting the type of executive talent for whom we compete); and
- the comparability of the company’s operational performance (for consistency with our strategy and future performance expectations).

Following this review, Compensia recommended to the compensation and leadership committee a peer group of 19 information technology and consumer-oriented companies, which the compensation and leadership committee subsequently approved. The selected companies had revenues ranging from $555 million to $1.9 billion and market capitalizations ranging from $219 million to $5.6 billion, and similar consumer product and subscription businesses. The compensation and leadership committee reviewed the compensation data drawn from the compensation peer group to develop a representation of the “competitive market” specifically tailored to GoPro with respect to current executive compensation levels and related policies and practices. The compensation and leadership committee then evaluated how its contemplated compensation actions and decisions compared to the competitive market.

The companies comprising the 2021 compensation peer group are as follows:

Acushnet Holdings	Fossil Group	Movado Group	Stitch Fix
Axon Enterprise	Gogo	NETGEAR	Universal Electronics
Callaway Golf Company	Groupon	Plantronics (Poly)	Vista Outdoor
Crocs	iRobot	Shutterstock	YETI Holdings
Fitbit	MoneyGram International	Sonos	

The compensation and leadership committee does not believe that it is appropriate to make compensation decisions, whether regarding base salaries or short-term or long-term incentive compensation, solely using benchmarking as guidance. The compensation and leadership committee, however, does believe that information regarding the compensation practices at our compensation peer group is useful in two respects. First, the compensation and leadership committee recognizes that our compensation policies and practices must be competitive in the marketplace. Second, this information is useful in assessing the reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages.

Other Compensation Policies

Compensation Recoupment Policy

We maintain a compensation recoupment policy applicable to cash incentive-based compensation awards paid to our executive officers. In the event of a substantial restatement of financial results filed with the Securities and Exchange Commission, the policy permits the board, if the board determines appropriate under the circumstances, and the executive officer engaged in fraud or intentional illegal conduct that materially contributed to the restatement, to seek recovery of all or any portion of the cash incentive awards paid or awarded to an executive officer in excess of the awards that would have been paid or awarded based on the restated financial results.

In addition, pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as applicable to all public companies, we may be legally required to seek reimbursement from our Chief Executive Officer and Chief Financial Officer if, as a result of their misconduct, we restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws.

Equity Grant Policy

It is our policy to avoid the granting of equity awards close in time to the release of material non-public information, and we have adopted a written equity grant policy to specify the timing of the effectiveness of our equity awards to avoid such timing. This policy, which we review annually and update as necessary, provides the following guidelines to be observed by the compensation and leadership committee and our board of directors in administering the grant of equity awards under our equity compensation plans in 2021:

- upon our IPO, when the 2014 Plan became effective, our board of directors delegated to the compensation and leadership committee the express authority to administer our 2014 Plan, including the authority to grant awards under the 2014 Plan;

- our board of directors has delegated to the equity management committee (a committee consisting solely of our Chief Executive Officer) the non-exclusive authority to grant equity awards under the 2014 Plan to employees below the level of executive staff vice president (i.e., employees who are not Section 16 officers and who are not listed as members of our management team in our investor relations website) where the awards fall within standard guidelines approved by the compensation and leadership committee and subject to a limitation on the number of shares of our common stock that may be granted in any year;

- equity awards approved by the management committee will be periodically granted on the 15th day of February, May, August or November;

- all equity awards granted outside the equity management committee guidelines or to our employees at or above the level of vice president who serve on the Company's executive staff must be approved by the compensation and leadership committee; and

- all equity awards to the non-employee members of our board of directors will be granted automatically in accordance with the terms of our Director Compensation Policy.

Under our 2014 Plan, the exercise price of any option to purchase shares of our Class A common stock may not be less than the fair market value (based on the market closing price) of our Class A common stock on the date of grant.

Stock Ownership Guidelines

The Company maintains stock ownership guidelines to better align the interests of our Chief Executive Officer, our President, our Chief Operating Officer, our Chief Financial Officer, our other Section 16 Officers, and our non-employee directors with the interests of our stockholders. Pursuant to the stock ownership guidelines, our Chief Executive Officer is required to achieve ownership of our common stock valued at five times his annual base salary within five years of becoming a Section 16 Officer. Our President, Chief Operating Officer, Chief Financial Officer and other Section 16 Officers are required to achieve ownership of our common stock valued at two times their annual base salary within five years of becoming a Section 16 Officer. Our non-employee directors are required to achieve ownership of our common stock valued at five times the amount of the annual retainer payable to directors within five years of joining our board of directors. The ownership levels of our directors and executive officers as of March 31, 2022, are set forth in the beneficial ownership table section below, and all have met the requirements of, and were in compliance with, our stock ownership guidelines as of March 31, 2022.

Derivatives Trading and Hedging and Pledging Policies

We have adopted a policy prohibiting our employees, including our executive officers, and members of our board of directors from speculating in our equity securities, including the use of short sales or any equivalent transaction involving our equity securities. In addition, they may not engage in any other hedging, pledging or monetization transactions or trading on margin and other similar or related arrangements, with respect to the securities that they hold. Finally, no employee, including an executive officer, or member of our board of directors may acquire, sell, or trade in any interest or position relating to the future price of our equity securities.

Rule 10b5-1 Sales Plans

From time to time, certain of our directors and executive officers have adopted written plans, known as Rule 10b5-1 plans, in which they have contracted with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from the director or officer. The director or officer may amend or terminate the plan in some circumstances. The adoption, amendment, termination and certain other actions with respect to Rule 10b5-1 plans must comply with the terms of our Policy on Securities Trades by GoPro, Inc. Personnel and the GoPro, Inc. Requirements for Trading Plans.

Frequency of Say-on-Pay Advisory Vote

At our 2021 annual meeting of stockholders, our stockholders selected, annually as the frequency at which stockholders will vote on a non-binding advisory basis to approve the compensation to be paid by us to our NEOs. After careful consideration, the nominating and governance committee and board of directors recommended and approved that future advisory votes on compensation of our NEOs be held on an annual basis, beginning at our 2022 annual meeting. Our board of directors believes holding an annual non-binding advisory vote is desirable because it provides immediate and direct input from our stockholders on our compensation principles and practices as disclosed in the proxy statement every year. This policy will remain in effect until the next stockholder vote on the frequency of stockholder advisory votes on the compensation of NEOs, expected to be held at our 2027 annual meeting of stockholders.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Tax Code generally disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of $1 million paid to certain executive officers.

The Tax Cuts and Jobs Act enacted in December 2017 repealed exceptions to the deductibility limit that were previously available for “qualified performance-based compensation,” including stock option grants, effective for taxable years after December 31, 2017. As a result, any compensation paid to certain of our executive officers in excess of $1 million will be non-deductible unless it qualifies for transition relief afforded to compensation payable pursuant to certain binding arrangements in effect on November 2, 2017, and which have not subsequently been materially modified.

Accounting for Stock-Based Compensation

The compensation and leadership committee considers the potential accounting treatment in designing compensation plans and arrangements for our executive officers and other employees. Chief among these is FASB ASC Topic 718, the standard which governs the accounting treatment of stock-based compensation awards.

FASB ASC Topic 718 requires us to recognize the grant date fair value of all share-based payment awards to employees in our financial statements, including grants of options to purchase shares of our Class A common stock as well as RSUs and PSUs that may be settled for shares of our Class A common stock.

FASB ASC Topic 718 also requires us to recognize the compensation cost of our share-based payment awards in our income statement over the period that an employee, including our executive officers, is required to render service in exchange for the award (which, generally, will correspond to the award’s vesting schedule).

Compensation-Related Risks

Our board of directors is responsible for the oversight of our risk profile, including compensation-related risks. The compensation and leadership committee monitors our compensation policies and practices as applied to our employees to ensure that these policies and practices do not encourage excessive and unnecessary risk-taking. In November 2021, our compensation and leadership committee conducted a review of our compensation programs, including our executive compensation program, and, based on this review, determined that the level of risk associated with these programs is not reasonably likely to have a material adverse effect on the Company.

Executive Compensation Decisions for 2021

Base Salary for Named Executive Officers

In February 2021, the compensation and leadership committee increased Mr. Woodman's base salary to $850,000 effective January 1, 2021. In February 2021, the compensation and leadership committee also reviewed Mr. McGee, Ms. Lapic, Ms. Saltman and Mr. Jahnke's base salaries based on an analysis prepared by Compensia regarding the competitive market, as well as the performance of these NEOs as evaluated by our Chief Executive Officer. At that time, the compensation and leadership committee approved a base salary of $575,000 for Mr. McGee, $457,000 for Ms. Lapic, $438,000 for Ms. Saltman and $412,000 for Mr. Jahnke. In May 2021, Ms. Saltman was promoted to Senior Vice President, Chief Legal Officer, and her base salary was increased to $455,000.

The base salaries of our NEOs during 2021 are set forth in the “2021 Summary Compensation Table” below.

Annual Cash Bonuses for Named Executive Officers

In February 2021, the compensation and leadership committee designed cash bonus opportunities for our executive officers, including our NEOs. The compensation and leadership committee exercised its authority to select net revenue, pre-tax profit/loss and paid subscriptions weighted at 25%, 50% and 25% respectively, as the performance measures for the 2021 annual cash bonus opportunities for our executive officers, and also established the related threshold and target performance levels for each of these measures.

Under the 2021 Executive Bonus Plan, the performance measures involving our financial results could be determined in accordance with GAAP, or such financial results could consist of non-GAAP financial measures, subject to adjustment by the compensation and leadership committee for one-time items or unbudgeted or unexpected items when determining whether the target levels for the performance measures had been met.

Individual payouts of between 0% and 130% of funded bonuses (with the aggregate individual payouts not to exceed the overall funding level of the plan itself) would also reflect individual performance, based on a review of each executive officer's actual performance during the year, as ultimately determined by our compensation and leadership committee.

Target Bonus Opportunities

For 2021, the target annual cash bonus opportunities for each of our NEOs under the 2021 Bonus Plan, expressed as a percentage of his or her annual base salary, were as follows:

Named Executive Officer	**Annual Base Salary ($)**	**Target Bonus Opportunity (as a percentage of base salary) (%)**	**Target Bonus Opportunity ($)**
Nicholas Woodman	850,000	100	850,000
Brian McGee	575,000	75	431,250
Aimée Lapic	457,000	60	274,200
Eve Saltman (1)	448,523	60	253,608
Dean Jahnke (2)	412,000	75	309,000

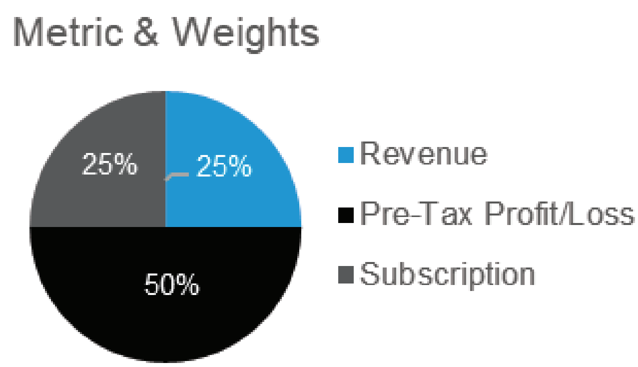
(1) Ms. Saltman's annual base salary for 2021 is the weighted average of her $438,000 annual base salary from January 1, 2021 to May 10, 2021, and her $455,000 annual base salary from May 11, 2021 to December 31, 2021. Ms. Saltman's annual target bonus opportunity for 2021 was 50% target bonus opportunity from January 1, 021 to May 10, 2021, and 60% from May 11, 2021 to December 31,2021.

(2) Mr. Jahnke's target bonus opportunity (as a percentage of base salary) includes a split reflecting 50% on the executive bonus plan and 25% on the sales incentive plan.

The target financial objectives reflected our annual operating plan while, at the same time, allowed for recognition of individual contributions toward achievement of those objectives and the successful execution of each executive's individual roles and responsibilities. Target bonus opportunities differ among NEOs based on market data, position and level.

Corporate Performance Objectives

For purposes of the 2021 Executive Bonus Plan, the compensation and leadership committee selected net revenue, pre-tax profit/loss and subscriptions as the corporate performance measures weighted at 25%, 50% and 25% respectively, each corresponding to a plan funding level of between 50% and 150%, based on our actual performance between threshold, target, and maximum levels. These metrics were chosen to prioritize our focus on top and bottom line growth as well as our growing subscriptions business. The Executive Bonus Plan would have a funding level of 0% for actual performance below the threshold level, with the combined component percentages (either a percentage between 50% and 150% or 0%) determining the plan funding percentage of between 50% and 150% calculated on a straight-line basis between the respective threshold and target percentages. The target levels for the 2021 corporate performance measures were as follows:



The compensation and leadership committee believed these performance measures and weightings were appropriate for our business in 2021, as the Company continued to focus on our top and bottom line while growing our subscription business. The compensation and leadership committee established target performance levels for each measure at levels that it believed to be challenging, but attainable, through the successful execution of our annual operating plan.

50% of each executive's bonus target would be attributable to the period ending June 30, 2021 (the "First Half" and the "First Half Bonus Target") and 50% to the period ending December 31, 2021 (the "Second Half" and the "Second Half Bonus Target"). In addition, each executive would be eligible to earn up to an additional 50% of their full bonus target (the "Annual Kicker"). The threshold and target levels of achievement for each corporate performance measure and their respective plan funding percentages, with the actual plan funding percentage with respect to each measure to be determined independently were as follows:

2021 1H Bonus Metrics

Company Performance Component[1]		Threshold	Target
Net Revenue [2]	Level of Attainment	$390,000,000	$422,000,000
	Component Funding	50%	100%
Pre-Tax Profit/Loss [2] [3]	Level of Attainment	$4,000,000	$6,000,000
	Component Funding	50%	100%
Subscription [4]	Level of Attainment	900,000 Paid Subscribers	1,000,000 Paid Subscribers
	Component Funding	50%	100%

2021 2H Bonus Metrics

Company Performance Component[1]		Threshold	Target
Net Revenue [2]	Level of Attainment	$610,000,000	$678,000,000
	Component Funding	50%	100%
Pre-Tax Profit/Loss [2] [3]	Level of Attainment	$81,000,000	$97,000,000
	Component Funding	50%	100%
Subscription [4]	Level of Attainment	1,450,000 Paid Subscribers	1,550,000 Paid Subscribers
	Component Funding	50%	100%

2021 Annual Kicker Bonus Metrics

Company Performance Component[1]		Target	Maximum
Net Revenue [2]	Level of Attainment	1,100,000,000	$1,200,000,000
	Component Funding	50%	50%
Pre-Tax Profit/Loss [2] [3]	Level of Attainment	103,000,000	$120,000,000
	Component Funding	—%	50%
Subscription [4]	Level of Attainment	1,450,000 Paid Subscribers	1,800,000 Paid Subscribers
	Component Funding	—%	50%

(1) All levels of attainment between the threshold and target or between the target and maximum would be subject to linear interpolation in order to determine the component funding percentage.

(2) Net revenue would be calculated by our finance department and verified by our executive management, subject to certification and final approval by our compensation and leadership committee.

(3) Pre-tax profit/loss would be determined on a non-GAAP basis, which excludes stock compensation expenses, intangible charges, and other one-time charges as appropriate but includes bonus expense (including bonus payments under this 2021 Executive Bonus Plan).

(4) Subscription refers to the total number of GoPro Subscription paid subscribers measured as of the end of the fiscal year.

After the overall level of funding under the 2021 Executive Bonus Plan was determined (between 50% and 150%), our compensation and leadership committee could then adjust individual payouts between 0% and 130% of funded levels, provided that the aggregate bonus payouts under the plan could not exceed the overall level of funding of the plan itself.

2021 Performance Results and Bonus Decisions

In August 2021, the compensation and leadership committee determined that, based on actual 2021 First Half performance with respect to each corporate performance measure, all metrics exceeded target attainment and weighted and combined payout results were at 100% of First Half Bonus Target opportunities.

Executive 1H

Metric	Weight	Scenario Payout % of Target	Weighted Total Payout
Revenue	25%	100%	25%
Non GAAP Pre-Tax Profit/ Loss (post bonus)	50%	100%	50%
GoPro Paid Subscribers	25%	100%	25%
			100%

In February 2022, the compensation and leadership committee determined that, based on actual 2021 Second Half performance with respect to each corporate performance measure, all metrics exceeded target attainment and weighted and combined payout results were at 100% of Second Half Bonus Target opportunities.

Executive 2H

Metric	Weight	Scenario Payout % of Target	Weighted Total Payout
Revenue	25%	100%	25%
Non GAAP Pre-Tax Profit/ Loss (post bonus)	50%	100%	50%
GoPro Paid Subscribers	25%	100%	25%
			100%

In addition, the compensation and leadership committee determined that, based on actual 2021 full year performance with respect to each corporate performance measure, weighted and combined payout results were at an additional 34% of the annual kicker target bonus opportunities.

Executive Full Year

Metric	Weight	Scenario Payout % of Target	Weighted Total Payout
Revenue	25%	31%	8%
Non GAAP Pre-Tax Profit/ Loss (post bonus)	50%	50%	25%
GoPro Paid Subscribers	25%	5%	1%
			34%

Long-Term Incentive Compensation

Equity Awards for Named Executive Officers

In 2021, the compensation and leadership committee directed Compensia to review the various long-term incentive vehicles used by our peers and determined that designing a compensation plan using a mix of 25% stock options, 50% RSUs and 25% PSUs would be the best approach for us to attract and retain key talent in our industry and align our executive officers' interests with the long-term interests of our stockholders. The PSU award would vest only if the committee determined that the "Threshold Profitability Hurdle" in pre-tax profit/loss and the "Threshold Subscription Hurdle," each weighted at 50%, for fiscal year 2021. If the committee determined that the Threshold Profitability Hurdle and Threshold Subscription Hurdle had not been achieved, none of the shares under the PSU award would vest and the PSU award will permanently and immediately cancel in full without consideration.

Company Performance Target (Bonus Weighting)		Threshold	Target	Maximum
Pre-Tax Profit/Loss (1) (2)	Level of Attainment	$85.0 million	$103.0 million	$120.0 million
	Component Funding	25%	100%	150%
Subscription	Level of Attainment	1,450K paid subscribers	1,550K subscribers	1,800K paid subscribers
	Component Funding	25%	100%	150%

In February 2021, Messrs. Woodman and McGee, Mses. Lapic and Saltman and Mr. Jahnke were awarded PSUs that may be settled in shares of our Class A common stock. In addition, our NEOs other than our CEO were awarded stock options to purchase shares of our Class A common stock and RSUs that may be settled in shares of our Class A common stock. These awards were based on the competitive market for their respective roles, contributions in 2020 and expected long-term contributions to GoPro.

In May 2021, Ms. Saltman was awarded additional PSUs and RSUs that may be settled in shares, as well as stock options to purchase shares, of our Class A common stock, all comprising her promotional equity award.

The equity awards granted to our NEOs in 2021 are set forth in the "2021 Summary Compensation Table" and the "2021 Grants of Plan-Based Awards Table" below.

2021 Compensation for our Chief Executive Officer

In February 2021, the compensation and leadership committee increased Mr. Woodman's base salary from his pre-waiver amount of $825,000 to $850,0000 effective January 1, 2021. In addition, Mr. Woodman's annual bonus target remained unchanged at 100% of his base salary.

Severance and Change in Control Arrangements

Employment Arrangements

We have entered into written employment offer letters to each of our executive officers, including our Chief Executive Officer and our other NEOs. Each of these arrangements was approved on our behalf by our board of directors or the compensation and leadership committee, as applicable. We believe that these arrangements were appropriate to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In entering into these arrangements, our board of directors or the compensation and leadership committee, as applicable, was aware that it would be necessary to recruit candidates with the requisite experience and skills to manage a growing business in a dynamic and ever-changing environment. Accordingly, it recognized that it would need to develop competitive compensation packages to attract qualified candidates in a highly-competitive labor market. At the same time, our board of directors or the compensation and leadership committee, as applicable, was sensitive to the need to integrate new executive officers into the executive compensation structure that it was seeking to develop, balancing both competitive and internal equity considerations.

Each of these employment arrangements provides for "at will" employment and sets forth the initial or ongoing compensation arrangements for the NEO, including an initial or ongoing base salary, a target annual cash bonus opportunity, and, in some instances, a recommendation for an equity award in the form of stock options, RSUs, or PSUs.

For a summary of the material terms and conditions of the employment arrangements with each of our NEOs, see "Employment, Severance and Change in Control Agreements" below.

Change in Control and Severance Policy

In January 2014, we adopted a Change in Control and Severance Policy, with payments and benefits triggered by a qualifying termination of employment in the event of a change in control of the Company applicable to our executive officers, including our NEOs and certain other employees, pursuant to which each individual entered into a written agreement governing such situations. We believe that the severance policy serves several objectives. First, it eliminates the need to negotiate separation payments and benefits on a case-by-case basis. Second, it helps assure an executive officer that his or her severance payments and benefits are comparable to those of other executive officers with similar levels of responsibility and tenure. Third, it incentivizes our executive officers to remain employed and focused on their responsibilities during the pendency or negotiation of a change in control transaction, which we believe would help to preserve our value and the potential benefit to be received by our stockholders in the transaction. Finally, the Change in Control and Severance Policy is easier for us to administer than individually negotiated severance agreements, as it requires less time and expense in negotiation and execution.

The agreements with our executive officers, including each of our NEOs (other than our Chief Executive Officer) require us to provide certain payments and benefits upon a qualifying termination of employment, which includes a termination of employment without cause or where the NEO resigns with good reason, within three months preceding or 12 months following a change in control of our company. The receipt of these payments and benefits is contingent upon the NEO's execution, delivery, and non-revocation of a release and waiver of claims satisfactory to us following the NEO's separation from service. In addition, for six months following the termination of employment, and as a condition to the payments and benefits, the NEO must cooperate with any transition efforts that we request and must not disparage us, or our directors, officers or employees. As noted in the following paragraph, Mr. Woodman, our Chief Executive Officer, is no longer a party to these agreements.

We entered into an employment letter with Mr. Woodman in June 2014, the terms of which supersede in their entirety the change in control and severance agreement he executed in January 2014. This employment letter sets forth the post-employment compensation arrangements for Mr. Woodman in the event of a qualifying termination of employment in connection with a change in control of GoPro.

For descriptions of the change in control severance arrangements with each of our NEOs, including an estimate of the amount payable upon a qualifying termination of employment, see “Arrangements with Our Named Executive Officers” below.

Executive Severance Policy

Subject to executing a written agreement setting forth the terms and conditions of the Executive Severance Policy, our senior leadership team, other than our Chief Executive Officer, and all our employees with the title of Vice President may receive benefits under our Executive Severance Policy. The compensation and leadership committee designated the following NEOs as participants in the Executive Severance Policy: Messrs. Woodman, McGee and Jahnke and Mses. Lapic and Saltman.

Under the Executive Severance Policy, if a participant undergoes a qualifying termination of employment (as defined in the Executive Severance Policy) and executes an irrevocable general release of claims in favor of GoPro within 60 days following such qualifying termination of employment, we will provide the participant the following severance payments and benefits (in addition to compensation and benefits earned by the participant but not yet paid through the termination date):

- *Cash Severance.* We will pay the participant a cash lump sum equal to 12 months of the participant’s base salary (less applicable deductions and withholding), as in effect immediately prior to the participant’s termination by GoPro or, in the case of voluntary termination by the participant with good reason (as defined in the policy), immediately prior to the occurrence of the event constituting good reason.
- *COBRA Payments.* Subject to the participant timely electing coverage in accordance with the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), we will continue to pay the employer portions of such insurance premiums for the participant and/or his or her eligible dependents, as applicable, for up to 12 months following the participant’s termination. Such COBRA subsidies will cease, however, if a participant becomes eligible for comparable group medical, dental and/or vision insurance coverage under the plan(s) of a subsequent employer, or if the participant otherwise ceases to be eligible to receive COBRA coverage under our plan(s), before the end of the aforementioned 12-month period.

If the participant is or becomes eligible to receive any other cash severance payments and benefits from us comparable to those described in the “Cash Severance” paragraph above, including under a “double-trigger” arrangement in connection with a change in control of GoPro (such as under our Change in Control and Severance Policy), the participant will receive the greater of the payments and benefits under the Executive Severance Policy or under the other arrangement (such as the Change in Control and Severance Policy).

Finally, participants in the Executive Severance Policy are required to agree that, during the six-month period following their cessation of employment, they will cooperate with us in every reasonable respect, use their best efforts to assist us with the transition of their duties to their successors and not in any way or by any means disparage GoPro, the members of our board or our officers and employees.

For descriptions of the severance arrangements with each of our NEOs, including an estimate of the amount payable upon a qualifying termination of employment, see “Arrangements with Our Named Executive Officers” below.

2022 Base Salary for Named Executive Officers

In February 2022, the compensation and leadership committee reviewed Mr. Woodman's base salary and determined it would remain unchanged for 2022. The compensation and leadership committee also reviewed Mr. McGee's, Ms. Lapic’s, Ms. Saltman's and Mr. Jahnke's base salaries based on an analysis prepared by Compensia regarding the competitive market, as well as the performance of these NEO’s as evaluated by our Chief Executive Officer. At that time, the compensation and leadership committee approved a base salary of $700,000 for Mr. McGee, $475,000 for Ms. Lapic. $470,000 for Ms. Saltman and $432,000 for Mr. Jahnke.

2021 Summary Compensation Table

The following table provides information concerning compensation awarded to, earned by or paid to each of our NEOs for 2021, 2020 and 2019.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)	Total ($)
Nicholas Woodman,	2021	850,000	3,121,199	—	1,139,000	166 [5]	5,110,365
Chief Executive Officer	2020 [4]	240,962	2,934,573	—	0	160 [5]	3,175,695
	2019	800,000	4,157,196	—	544,000	154 [5]	5,501,350
Brian McGee	2021	575,000	869,475	290,055	577,875	166 [5]	2,312,571
Executive Vice President, Chief Financial Officer and Chief Operating Officer	2020	525,000	887,473	292,535	—	160 [5]	1,705,168
	2019	505,137	1,106,347	361,027	257,620	154 [5]	2,230,285
Aimée Lapic,[6]	2021	457,000	568,500	189,651	367,428	166 [5]	1,582,745
Senior Vice President, Chief Digital and Marketing Officer	2020	294,615	1,312,632	459,759	—	828 [7]	2,067,834
Eve Saltman,	2021	448,895	659,979	220,888	345,182	166 [5]	1,675,110
Senior Vice President, Corporate/Business Development, Chief Legal Officer, Secretary and Chief Compliance Officer	2020	424,616	496,980	163,820	—	11,151 [8]	1,096,567
	2019	375,000	603,464	196,924	127,500	11,354 [9]	1,314,242
Dean Jahnke,[10]	2021	412,000	468,177	156,183	409,019	1,366 [11]	1,446,745
Senior Vice President, Global Sales & Channel Marketing	2020	399,808	496,980	163,820	—	12,760 [12]	1,073,368
	2019	375,000	704,038	229,745	191,250	11,354 [9]	1,511,387

(1) The amounts reported in this column represent the aggregate grant date fair value of the RSUs or PSUs, as applicable, made to each NEO in 2021, 2020 and 2019 computed in accordance with FASB ASC Topic 718 and excluding the effect of estimated forfeitures. For all three years, PSUs were included in in the mix of equity awards granted to our NEOs and are included in the "Stock Awards" column in the table above, along with time-based RSUs. The performance metrics selected for the PSUs in each year were based solely on internal Company goals for a single fiscal year (FY 2019 (revenue), FY 2020 (revenue, profitability and subscriptions), FY 2021 (revenue, profitability and subscriptions)) and, as such, the PSUs were determined to be performance awards under FASB ASC Topic 718.

The grant date fair value for both time-based RSU and PSU awards was determined to be equal to the closing price of our Class A common stock on the date of grant.

The number of PSUs that ultimately vest, if any, depends on whether the Company achieves certain levels of performance with respect to the designated performance measures. The grant date fair values of the PSUs included in this column are based on payouts at target, which we determined, in accordance with the applicable stock-based compensation accounting rules, to be the probable levels of achievement of the performance goals related to those awards at the time of grant. The table below shows the grant date fair value of the PSUs granted during fiscal 2021, assuming that: (i) our performance with respect to those performance measures will be at target levels (i.e., probable performance); and (ii) our performance with respect to those performance measures will be at levels that would result in a maximum payout.

Note that the amounts reported in this column and the table, below, reflect the accounting cost for these RSUs or PSUs, as applicable, and do not correspond to the actual economic value that may be received by the NEO.

Name	Fiscal Year of Grant	Grant Date Fair Value (Target/Probable Performance) ($)	Grant Date Fair Value (Maximum Performance) ($)
Nicholas Woodman	2021	3,121,199	4,681,802
Brian McGee	2021	289,822	434,734
Aimée Lapic	2021	189,500	284,254
Eve Saltman	2021	219,992	329,997
Dean Jahnke	2021	156,056	234,089

(2) The amounts reported in this column represent the aggregate grant date fair value of option awards made to each NEO in 2021, 2020 and 2019 computed in accordance with FASB ASC Topic 718 and excluding the effect of estimated forfeitures. The assumptions used in calculating the grant date fair value of the option awards reported in the Option Awards column are set forth in Note 6 to the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 11, 2022. Note that the amounts reported in this column reflect the accounting cost for these options and do not correspond to the actual economic value that may be received by the NEO.

(3) The amounts reported in this column represent the NEO's annual cash bonus awards, which for 2021 and 2019, we awarded under the 2021 Executive Bonus Plan and the 2019 Executive Bonus Plan respectively, based on the compensation and leadership committee's determination of individual and overall company performance. No bonus was paid for 2020 under the 2020 Executive Bonus Plan.

(4) In April 2020, our CEO volunteered to forego the remainder of his salary through the end of 2020 due to the impact of the Covid-19 pandemic on the business.

(5) Represents the value of corporate merchandise.

(6) Ms. Lapic, was hired as Senior Vice President, Chief Digital Officer starting April 2020 and in August 2020 her role expanded to Senior Vice President, Chief Digital and Marketing Officer. Ms. Lapic was designated by the Board as a Section 16 officer in October 2020.

(7) Represents $638.46 in matching 401(k) account contributions, $160 in value of corporate merchandise and $30 of gym reimbursement.

(8) Represents $10,991 in matching 401(k) account contributions and $160 in value of corporate merchandise.

(9) Represents $11,200 in matching 401(k) account contributions and $154 in value of corporate merchandise.

(10) Mr. Jahnke was promoted to Vice President, Global Sales in June 2018 and designated by the Board as a Section 16 officer on February 4, 2019.

(11) Represents $1,200 in waived medical reimbursement and $166 in value of corporate merchandise.

(12) Represents $11,400 in matching 401(k) account contributions, $1,200 in waived medical reimbursement and $160 in value of corporate merchandise.

2021 Grants of Plan-Based Awards Table

The following table provides information concerning each grant of an award made in 2021 for each of our NEOs under any plan. This information supplements the information about these awards set forth in the 2021 Summary Compensation Table. All options and stock awards represented in the table below were granted pursuant to our 2014 Plan, unless otherwise noted.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Award Type	Grant Date	Approval Date	Threshold ($)[(1)]	Target ($)	Maximum ($)[(2)]	Threshold (#)[(3)]	Target (#)[(3)]	Maximum (#)[(3)]	All Other Stock Awards: Number of Shares or Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($)[(4)]
Nicholas Woodman	Cash	N/A	—	425,000	850,000	1,275,000							
	PSU[(5)]	02/23/2021	02/23/2021	—	—	—	98,647	394,589	591,884	—	—	—	3,121,199
Brian McGee	Cash	N/A	—	215,625	431,250	646,875	—	—	—	—	—	—	—
	PSU[(5)]	02/23/2021	02/23/2021	—	—	—	9,160	36,640	54,960	—	—	—	289,822
	RSU[(6)]	02/23/2021	02/23/2021	—	—	—	—	—	—	73,281	—	—	579,653
	Option[(7)]	02/23/2021	02/23/2021	—	—	—	—	—	—	—	63,353	7.91	290,055
Aimée Lapic	Cash	N/A	—	137,100	274,200	411,300	—	—	—	—	—	—	—
	PSU[(5)]	02/23/2021	02/23/2021	—	—	—	5,989	23,957	35,936	—	—	—	189,500
	RSU[(6)]	02/23/2021	02/23/2021	—	—	—	—	—	—	47,914	—	—	379,000
	Option[(7)]	02/23/2021	02/23/2021	—	—	—	—	—	—	—	41,423	7.91	189,651
Eve Saltman	Cash	N/A	—	131,400	262,800	394,200	—	—	—	—	—	—	—
	PSU[(5)]	02/23/2021	02/23/2021				5,285	21,139	31,709				167,209
	RSU[(6)]	02/23/2021	02/23/2021	—	—	—	—	—	—	42,277	—	—	334,411
	Option[(7)]	02/23/2021	02/23/2021	—	—	—	—	—	—	—	36,550	7.91	167,341
	PSU[(5)]	05/17/2021	05/11/2021				1,334	5,337	8,006				52,783
	RSU[(8)]	05/17/2021	05/11/2021	—	—	—	—	—	—	10,675	—	—	105,576
	Option[(9)]	05/17/2021	05/11/2021	—	—	—	—	—	—	—	9,218	9.89	53,547
Dean Jahnke	Cash	N/A	—	154,500	309,000	463,500	—	—	—	—	—	—	—
	PSU[(5)]	02/23/2021	02/23/2021				4,932	19,729	29,594	—	—	—	156,056
	RSU[(6)]	02/23/2021	02/23/2021	—	—	—	—	—	—	39,459	—	—	312,121
	Option[(7)]	02/23/2021	02/23/2021	—	—	—	—	—	—	—	34,113	7.91	156,183

(1) As set forth under the 2021 Executive Bonus Plan, the threshold amount represents corporate financial performance of (i) achievement of net revenue at $1.0 billion, (ii) achievement of pre-tax profit/loss of $85.0 million and (iii) achievement of the GoPro Subscription paid subscribers of 1,450 thousand, which, together, would result in an overall plan funding level of 50% (and individual bonus payouts at 50% of annual target bonus opportunities for 2021, subject to adjustment by the compensation and leadership committee).

(2) As set forth under the 2021 Executive Bonus Plan, the maximum amount represents corporate financial performance of (i) achievement of net revenue at $1.2 billion, (ii) achievement of pre-tax profit/loss of $120.0 million and (iii) achievement of the GoPro Subscription paid subscribers of 1,800 thousand, which, together, would result in an overall plan funding level of 150% (and individual bonus payouts at 150% of annual target bonus opportunities for 2021, subject to adjustment by the compensation and leadership committee).

(3) The amounts in these columns represent the threshold, target, and maximum number of shares that may be earned and vest with respect to performance-based restricted stock units granted during fiscal 2021.

(4) The amounts reported in this column represent the aggregate grant date fair value of each award computed in accordance with FASB ASC Topic 718. The grant date fair value for PSU awards was computed based on achievement of the PSU awards' performance at 100% of the target number of shares granted, which was the probable outcome of the performance conditions on the grant date. The grant date fair value for both RSUs and PSUs was determined to be equal to the closing price of our Class A common stock on date of grant. The assumptions used in calculating the grant date fair value of the option awards reported in the Option Awards column are set forth in Note 6 to the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 11, 2022. Note that the amounts reported in this column reflect the accounting cost for these awards and do not correspond to the actual economic value that may be received by the NEO.

(5) The PSUs granted on February 23, 2021, and May 17, 2021, are scheduled to vest between February 15, 2022, and February 15, 2024, subject to the satisfaction of the defined performance conditions for the performance period beginning on January 1, 2021, and ending on December 31, 2021, as determined by the committee.

The determination of the number of PSUs granted which are ultimately deemed to have been earned will be based on two equally-weighted metrics, the Profitability Attainment Metric (50% of the PSUs granted) and the Subscription Attainment Metric (50% of the PSUs granted). If the committee determines both the Threshold Profitability Hurdle and the Threshold Subscription Hurdle had not been achieved, none of the shares under the PSU awards will vest and all PSUs subject to the award will immediately be forfeited in their entirety. If the Threshold Hurdle or higher of one or both metrics is determined by the committee to have been achieved the number of PSUs earned will be determined according to the Hurdle Schedule and the earned PSUs subject to that Hurdle will then be subject to the time-based vesting schedule described below.

	% PSUs Granted that are Earned		
Performance Metric	**Threshold**	**Target**	**Maximum**
50% Profitability Attainment Hurdle	25%	100%	150%
50% Subscription Attainment Hurdle	25%	100%	150%

If the achievement against either of the Hurdles falls between the Threshold and the Target or between the Target and the Maximum, the committee will determine the number of PSUs subject to that metric which will be deemed to have been earned and become subject to the time-based vesting.

After the number of earned PSUs has been determined, 1/3rd of the earned PSUs will vest on the later of (x) February 15, 2022, or (y) the date when the committee determines the Hurdle(s) achieved, and the remaining earned PSUs will vest quarterly thereafter as to 1/12th of the earned PSUs on the 15th of each of February, May, August and November, subject to the participant's continued service to the Company through each vesting date. Earned but unvested PSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(6) One-fourth of the total RSUs granted will vest on February 15, 2022, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(7) One-fourth of the total options granted vested on February 15, 2022, and an additional 1/48th will vest monthly thereafter until the options are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and severance agreement between the participant and the Company.

(8) One-fourth of the total RSUs granted will vest on May 15, 2022, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(9) One-fourth of the total options granted will vest on May 15, 2022, and an additional 1/48th will vest monthly thereafter until the options are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and severance agreement between the participant and the Company.

Outstanding Equity Awards at December 31, 2021 Table

The following table provides information concerning unexercised options, stock that has not vested and outstanding equity incentive plan awards for each NEO as of December 31, 2021.

	Option Awards				Stock Awards					
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Options Unexercisable	Option Exercise Price ($)[1]	Option Expiration Date	Award Type	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)[2]	Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Other Rights That Have Not Vested ($)[2]	Award Type	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Nicholas Woodman	—	—	—	—	PSU[3]	25,237	260,193	N/A	—	—
	—	—	—	—	PSU[4]	224,767	2,317,348	N/A	—	—
	—	—	—	—	PSU[5]	509,811	5,256,151	N/A	—	—
Brian McGee	30,000[6]	0	28.54	10/14/2025	RSU[7]	12,615	130,061	N/A	—	—
	86,800[8]	0	10.71	02/02/2026	RSU[9]	48,846	503,602	N/A	—	—
	113,636[10]	0	9.44	02/14/2027	RSU[11]	108,759	1,121,305	N/A	—	—
	16,789[12]	8,395[12]	5.74	05/14/2028	RSU[13]	73,281	755,527	N/A	—	—
	67,871[14]	27,948[14]	7.55	05/14/2029	PSU[3]	2,239	23,084	N/A	—	—
	12,506[15]	78,367[15]	4.08	02/17/2030	PSU[4]	22,657	233,594	N/A	—	—
	0[16]	63,353[16]	7.91	02/22/2031	PSU[5]	47,337	488,044	N/A	—	—
Aimée Lapic	0[17]	140,254[17]	3.81	05/14/2030	RSU[18]	172,262	1,776,021	N/A	—	—
	0[16]	41,423[16]	7.91	02/22/2031	RSU[13]	47,914	493,993	N/A	—	—
	—	—	—	—	PSU[4]	35,886	369,985	N/A	—	—
	—	—	—	—	PSU[5]	30,953	319,125	N/A	—	—
Eve Saltman	126,634[19]	12,255[19]	5.58	04/15/2028	RSU[20]	22,368	230,614	N/A	—	—
	27,020[14]	15,245[14]	7.55	05/14/2029	RSU[9]	26,644	274,700	N/A	—	—
	25,133[15]	43,886[15]	4.08	02/17/2030	RSU[11]	60,905	627,931	N/A	—	—
	0[16]	36,550[16]	7.91	02/22/2031	RSU[13]	42,277	435,876	N/A	—	—
	0[21]	9,218[21]	9.89	05/16/2031	RSU[22]	10,675	110,059	N/A	—	—
	—	—	—	—	PSU[3]	1,222	12,599	N/A	—	—
	—	—	—	—	PSU[4]	12,687	130,803	N/A	—	—
	—	—	—	—	PSU[5]	27,313	281,597	N/A	—	—
	—	—	—	—	PSU[5]	6,896	71,098	N/A	—	—
Dean Jahnke	9,600[23]	0	16.39	04/30/2024	RSU[9]	31,084	320,476	N/A	—	—
	46,354[24]	9,272[24]	5.83	08/14/2028	RSU[11]	60,905	627,931	N/A	—	—
	43,191[14]	17,785[14]	7.55	05/14/2029	RSU[13]	39,459	406,822	N/A	—	—
	37,133[15]	43,886[15]	4.08	02/17/2030	PSU[3]	1,425	14,692	N/A	—	—
	0[16]	34,113[16]	7.91	02/22/2031	PSU[4]	12,687	130,803	N/A	—	—
	—	—	—	—	PSU[5]	25,489	262,792	N/A	—	—

(1) Represents the fair market value of a share of our Class A or Class B common stock, as applicable. For options granted pre-IPO, market value of our common stock was determined by our board of directors on the date of grant. For options granted after our IPO, market value is the closing price of our Class A common stock on the date of grant. See Note 6 to the audited financial statements included in our

Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 11, 2022, for a discussion of the valuation of our Class A common stock.

(2) The amounts in these columns represent shares of restricted stock units with service-based vesting requirements, including PSUs for which the performance conditions have been satisfied but are subject to additional time-based service requirements. The PSUs for which the performance conditions have been satisfied continue to be denoted as "PSUs" in these columns for reference. The share numbers and values for the 2019 PSUs for which the performance conditions have been met reflect a downward adjustment to 55% of the original target shares based on the goal metric certification by the compensation and leadership committee on February 18, 2020. The share numbers and values for the 2020 PSUs for which the performance conditions have been met reflect a downward adjustment to 75% of the original target shares based on the goal metric certification by the compensation and leadership committee on February 10, 2021.The share numbers and values for the 2021 PSUs for which the performance conditions have been met reflect an upward adjustment to 129.2% of the original target shares based on the goal metric certification by the compensation and leadership committee on February 02, 2022.

(3) After the number of earned PSUs was determined by the compensation and leadership committee on February 18, 2020, 1/3rd of the earned PSUs vested on February 18, 2020, and the remaining earned PSUs will vest quarterly on the 15th of each of February, May, August and November, until the PSUs are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested PSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(4) After the number of earned PSUs was determined by the compensation and leadership committee on February 10, 2021, 1/3rd of the earned PSUs vested on February 15, 2021, and the remaining earned PSUs will vest quarterly on the 15th of each of February, May, August and November, until the PSUs are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested PSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(5) After the number of earned PSUs was determined by the compensation and leadership committee on February 02, 2022, 1/3rd of the earned PSUs vested on February 15, 2022, and the remaining earned PSUs will vest quarterly on the 15th of each of February, May, August and November, until the PSUs are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested PSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(6) One-fourth of the total options granted vested on September 28, 2016, and an additional 1/48th vested monthly thereafter until the options were fully vested. These options are now fully vested.

(7) One-fourth of the total RSUs granted vested on February 15, 2019, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to Mr. McGee's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between Mr. McGee and the Company.

(8) One-fourth of the total options granted vested on February 03, 2017, and an additional 1/48th vested monthly thereafter until the options were fully vested. These options are now fully vested.

(9) One-fourth of the total RSUs granted vested on February 15, 2020, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(10) One-sixth of the total options granted vested on August 15, 2017, and an additional 1/36th vested monthly thereafter until the options were fully vested. These options are now fully vested.

(11) One-fourth of the total RSUs granted vested on February 15, 2021, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(12) One-fourth of the total options granted vested on February 15, 2019, and an additional 1/48th will vest monthly thereafter, until the options are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and service agreement between the participant and the Company.

(13) One-fourth of the total RSUs granted vested on February 15, 2022, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between the participant and the Company.

(14) One-fourth of the total options granted vested on February 15, 2020, and an additional 1/48th will vest monthly thereafter, until the options are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and service agreement between the participant and the Company.

(15) One-fourth of the total options granted vested on February 15, 2021, and an additional 1/48th will vest monthly thereafter, until the options are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and service agreement between the participant and the Company.

(16) One-fourth of the total options granted vested on February 15, 2022, and an additional 1/48th will vest monthly thereafter, until the options are fully vested, subject to the participant's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and service agreement between the participant and the Company.

(17) One-fourth of the total options granted vested on May 15, 2021, and an additional 1/48th will vest monthly thereafter until the options are fully vested, subject to Ms. Lapic's continued service to the Company through each vesting date. Unvested options may accelerate and

become vested and exercisable subject to the terms of the change in control and severance agreement between Ms. Lapic and the Company.

(18) One-fourth of the total RSUs granted vested on May 15, 2021, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to Ms. Lapic's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between Ms. Lapic and the Company.

(19) One-fourth of the total options granted vested on March 29, 2019, and an additional 1/48th will vest monthly thereafter until the options are fully vested, subject to Ms. Saltman's continued service to the Company through each vesting date. Unvested options may accelerate and become vested subject to the terms of the change in control and severance agreement between Ms. Saltman and the Company.

(20) One-fourth of the total RSUs granted vested on April 15, 2019, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to Ms. Saltman's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between Ms. Saltman and the Company.

(21) One-fourth of the total options granted will vest on May 15, 2022, and an additional 1/48th will vest monthly thereafter until the options are fully vested, subject to Ms. Saltman's continued service to the Company through each vesting date. Unvested options may accelerate and become vested subject to the terms of the change in control and severance agreement between Ms. Saltman and the Company.

(22) One-fourth of the total RSUs granted will vest on May 15, 2022, and an additional 1/4th will vest annually thereafter until the units are fully vested, subject to Ms. Saltman's continued service to the Company through each vesting date. Unvested RSUs may accelerate and become vested subject to the terms of the change in control and severance agreement between Ms. Saltman and the Company.

(23) One-fourth of the total options granted vested on March 31, 2015, and an additional 1/48th vested monthly thereafter until the option was fully vested. Mr. Jahnke received this stock option award on May 01, 2014, prior to our IPO under the 2010 Plan. All options under the 2010 Plan entitle the option holder to conduct a cash exercise and request that our Class B common stock be issued to settle the exercise. Any other exercise type, and a cash exercise absent such a request, would be settled in our Class A common stock. These options are now fully vested.

(24) One-fourth of the total options granted vested on August 15, 2019, and an additional 1/48th will vest monthly thereafter until the options are fully vested, subject to Mr. Jahnke's continued service to the Company through each vesting date. Unvested options may accelerate and become vested and exercisable subject to the terms of the change in control and severance agreement between Mr. Jahnke and the Company.

Option Exercises and Stock Vested Table

The following table provides information concerning the exercise of options and the vesting of RSUs and PSUs in 2021 for each NEO as of December 31, 2021. Value realized on vesting of RSUs and PSUs is based on the fair market value of our Class A common stock on the vesting date multiplied by the number of shares vested and does not necessarily reflect the proceeds received by the NEO.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting ($)**
Nicholas Woodman	—	—	415,625	3,848,041
Brian McGee	92,027	387,186	113,970	955,936
Aimée Lapic	91,889	647,463	107,665	1,022,674
Eve Saltman	79,189	263,821	78,639	730,056
Dean Jahnke	—	—	66,808	560,311

Change in Control Arrangements with our Named Executive Officers

Arrangements with Mr. Woodman

Under his employment letter dated June 2, 2014, Mr. Woodman is eligible to receive severance payments and benefits upon a qualifying termination of employment, including a termination of employment in connection with a change in control of our company.

If Mr. Woodman's employment is terminated by us for any reason other than cause or he resigns for good reason prior to a change in control of GoPro, he will be eligible to receive:

- a single lump sum payment equal to the sum of 12 months of his then-current base salary and target bonus (assuming a 150% achievement threshold);
- an additional payment equal to the *pro-rata* portion of his actual target bonus for the year of his termination of employment; and
- continuation of COBRA benefits for 12 months following his termination of employment (or if applicable law requires otherwise, a lump sum payment equal to that amount).

If Mr. Woodman's employment is terminated by us for any reason other than cause or he resigns for good reason within 24 months following a change in control of GoPro, he will be eligible to receive:

- a single lump sum payment equal to the sum of 24 months of his then-current base salary and target bonus (assuming a 150% achievement threshold);
- an additional payment equal to the *pro-rata* portion of his actual target bonus for the year of his termination of employment;

- full accelerated vesting of all the shares of our common stock subject to his then-outstanding and unvested equity awards, if any; and
- continuation of benefits under COBRA for 18 months following his termination of employment (or if applicable law requires otherwise, a lump sum payment equal to that amount).

These payments and benefits are conditioned on Mr. Woodman's execution and delivery of an irrevocable release and waiver of claims to us within the 60 days following his termination of employment.

Further, if we undergo a change in control, any payments that would be "parachute payments" within the meaning of Section 280G of the Code will be reduced so that Mr. Woodman retains, on an after-tax basis, the greatest amount of these payments.

Arrangements with our other NEOs

Our other NEOs are eligible to receive severance payments and benefits upon a qualifying termination of employment, including a termination of employment in connection with a change in control of our company.

Pursuant to their change in control and severance agreements, if employment is terminated by us for any reason other than for cause or a participant voluntarily resigns for good reason within the three-month period preceding or the 12-month period following a change in control of GoPro, each will be eligible to receive:

- 12 months of his or her then-current base salary;
- 100% of his or her target annual bonus;
- $3,000 per month for 12 months in lieu of employee benefits; and
- all of the shares of our common stock subject to each then-outstanding and unvested equity award held by the participant, including awards that would otherwise only vest upon satisfaction of performance criteria, will accelerate and become vested and exercisable in full immediately prior to participant's separation from service.

Further, if we undergo a change in control, any payments that would be "parachute payments" within the meaning of Section 280G of the Code will be reduced so that the participant retains, on an after-tax basis, the greatest amount of these payments.

Estimated Payments and Benefits as of December 31, 2021

The following table sets forth the estimated payments and benefits that would be received by each of the NEOs upon a change in control of GoPro, upon a termination of employment without cause or following a resignation for good reason under our Executive Severance Policy, or in the event of a termination of employment without cause or following a resignation for good reason in connection with a change in control in GoPro under our Change in Control and Severance Policy. This table reflects amounts payable to each NEO assuming that his or her employment was terminated on December 31, 2021, and the change in control of the Company also occurred on that date. The closing market price per share of our Class A common stock on December 31, 2021, was $10.31.

	Change in Control			Termination of Employment No Change in Control				Termination of Employment Change in Control				
Named Executive Officer	Accelerated Vesting of Equity Awards ($)[1]	Excise Tax Payment ($)	Total ($)	Severance Payment ($)	Medical Benefits Continuation ($)	Accelerated Vesting of Equity Awards ($)[1]	Total ($)	Severance Payment ($)	Medical Benefits Continuation ($)	Accelerated Vesting of Equity Awards ($)[1]	Excise Tax Payment ($)	Total ($)
Nicholas Woodman	—	—	—	2,062,500	35,156 [2]	—	2,097,656	2,912,500	52,734 [2]	7,833,692	—	10,798,926
Brian McGee	—	—	—	1,006,250	36,000	—	1,042,250	1,006,250	36,000	4,010,992	—	5,053,242
Aimée Lapic	—	—	—	731,200	36,000	—	767,200	731,200	36,000	3,970,190	—	4,737,390
Eve Saltman	—	—	—	728,000	36,000	—	764,000	728,000	36,000	2,640,321	—	3,404,321
Dean Jahnke	—	—	—	721,000	36,000	—	757,000	721,000	36,000	2,209,422	—	2,966,422

(1) The value of the accelerated vesting of outstanding and unvested equity awards has been calculated based on the closing market price of our Class A common stock on Nasdaq on December 31, 2021, which was $10.31 per share, less, if applicable, the exercise price of each outstanding and unvested stock option. PSUs granted in 2019 subject to accelerated vesting upon a qualifying termination of 100% of eligible unvested shares reflect a downward adjustment to 55% of the original target shares based on the goal metric certification by the compensation and leadership committee on February 18, 2020. PSUs granted in 2020 subject to accelerated vesting upon a qualifying termination of 100% of eligible unvested shares reflect a downward adjustment to 75% of the original target shares based on the goal metric certification by the compensation and leadership committee on February 10, 2021. PSUs granted in 2021 subject to accelerated vesting upon a qualifying termination of 100% of eligible unvested shares reflect an upward adjustment to 129.2% of the original target shares based on the goal metric certification by the compensation and leadership committee on February 02, 2022.

(2) This amount is cost of COBRA continuation based on Mr. Woodman's 2021 medical, dental and vision benefits costs.

CEO Pay Ratio

The annual total compensation of Mr. Woodman for 2021, as reported in the 2021 Summary Compensation Table, was $5,110,365. The annual total compensation of our median employee for 2021 was $155,947. Based on this information, for 2021, the ratio of the annual total compensation of Mr. Woodman to that of our median employee was approximately 32.8 to 1.

Calculation Methodology

We identified the employee with compensation at the median of the compensation of all our employees (the "**median employee**") by considering our employee population as of December 31, 2021 (the "**employee population determination date**"). We considered all individuals (excluding our Chief Executive Officer) who were employed by us on a worldwide basis (including our consolidated subsidiaries) on the employee population determination date, whether employed on a full-time, part-time, seasonal or temporary basis, including employees on a partial-year leave of absence. The compensation measure used for purposes of identifying the median employee was based on earned salary or wages in 2021. In the case of foreign employees, total direct compensation also included "13th month pay" and any holiday allowance that was statutorily required to be paid as we view such compensation to be akin to earned salary or wages, and all amounts were converted to U.S. dollars using exchange rates in effect on the employee population determination date, without making any cost of living adjustments for employees outside of the United States. We also annualized the cash compensation of any permanent employees that were not employed by us for all of 2021. We believe our methodology represents a consistently applied compensation measure that strikes a balance in terms of administrative burden while consistently treating the primary compensation components for our worldwide employee population.

After identifying our median employee, in calculating the annual total compensation of such employee, we used the same methodology we use to calculate the amount reported for our NEOs in the "Total" column of the 2021 Summary Compensation Table.

REPORT OF THE COMPENSATION AND LEADERSHIP COMMITTEE

This report of the compensation and leadership committee is required by the SEC and, in accordance with the SEC's rules, will not be deemed to be part of or incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

Our compensation and leadership committee has reviewed and discussed the "Compensation Discussion and Analysis" required by Item 402(b) of Regulation S-K with management and based on such review and discussions, the compensation and leadership committee recommended to our board of directors that the "Compensation Discussion and Analysis" be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2021.

Submitted by the Compensation and Leadership Committee

Susan Lyne, Chair
Peter Gotcher
James Lanzone
Lauren Zalaznick

EQUITY COMPENSATION PLAN INFORMATION

The following table presents information as of December 31, 2021, with respect to compensation plans under which shares of our Class A common stock or Class B common stock may be issued.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[1]	Weighted-Average Exercise Price of Outstanding Options, Warrants and Right ($)[2]	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities) Reflected in Column(a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	12,761,087	9.1798	27,622,146[3]
Total	12,761,087	9.1798	27,622,146

(1) Includes our 2010 Plan and our 2014 Plan. Excludes purchase rights accruing under our 2014 Employee Stock Purchase Plan.

(2) The weighted-average exercise price does not reflect the shares that will be issued in connection with the settlement of RSUs or PSUs, because these award types have no exercise price.

(3) There are no shares of common stock available for issuance under our 2010 Plan, but that plan will continue to govern the terms of options or awards granted thereunder. Any shares of Class B common stock that are subject to outstanding awards under the 2010 Plan that are issuable upon the exercise of stock options that expire or become unexercisable for any reason without having been exercised in full will generally be available for future grant and issuance as shares of Class A common stock under our 2014 Plan. In addition, the number of shares reserved for issuance under our 2014 Plan increased automatically by 5,077,040 on January 01, 2022 and will increase automatically on the first day of January of each of 2023 through 2024 by the number of shares equal to 3% of the total outstanding shares of our common stock (which includes outstanding shares of our Class A common stock, outstanding shares of our Class B common stock, outstanding stock options and outstanding RSUs and PSUs) as of the immediately preceding December 31 or a lower number approved by our board of directors. There are 8,954,948 shares of Class A common stock available for issuance under the 2014 Employee Stock Purchase Plan. The number of shares reserved for issuance under our 2014 Employee Stock Purchase Plan increased automatically by 1,692,346 on January 01, 2022 and will increase automatically on the first day of January of each year during the term of the 2014 Employee Stock Purchase Plan by the number of shares equal to 1% of the total outstanding shares of our common stock (which includes outstanding shares of our Class A common stock, outstanding shares of our Class B common stock, outstanding stock options and outstanding RSUs and PSUs) as of the immediately preceding December 31 or a lower number approved by our board of directors.

RELATED PARTY TRANSACTIONS

In addition to the executive officer and director compensation arrangements discussed above under "Executive Compensation" and "Proposal No. 1 – Election of Directors – Director Compensation," respectively, since January 1, 2021, we were a party to the following transactions in which:

- we have been or are to be a participant;
- the amount involved exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest.

Offer Letters and Change In Control Agreements

We have entered into offer letters and change in control severance agreements with our executive officers that, among other things, provide for severance and change in control benefits. See "Executive Compensation – Employment, Severance and Change in Control Agreements" for information about these agreements.

Indemnification of Directors and Officers

We have entered into indemnification agreements with each of our directors and executive officers. These indemnification agreements and our restated certificate of incorporation and amended and restated bylaws provide for indemnification of each of our directors and executive officers to the fullest extent permitted by Delaware law.

Review, Approval or Ratification of Transactions with Related Parties

Our Corporate Governance Guidelines and our Related Party Transactions policy requires that any transaction with a related party that must be reported under applicable rules of the SEC (other than compensation-related matters), must be reviewed and approved or ratified by our audit committee (other than transactions that are subject to review by our board of directors as a whole or any other committee of our board of directors). In approving or rejecting any such proposal, our audit committee will consider the relevant and available facts and circumstances, including, but not limited to, the extent of the related person's interest in the transactions, the material facts of the proposed transaction, including the proposed aggregate value of such transaction and whether the proposed transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances.

Other Transactions

None.

REPORT OF THE AUDIT COMMITTEE

The information contained in the following report of our audit committee is not considered to be “soliciting material,” “filed” or incorporated by reference in any past or future filing by us under the Securities Exchange Act of 1934 or the Securities Act of 1933 unless and only to the extent that we specifically incorporate it by reference.

The audit committee of our board of directors is composed of four independent outside directors. The audit committee has reviewed and discussed with our management and PricewaterhouseCoopers LLP our audited financial statements for the year ended December 31, 2021. The audit committee has also discussed with PricewaterhouseCoopers LLP the matters required to be discussed pursuant to AS No. 1301 “Communications with Audit Committees” as adopted by the Public Company Accounting Oversight Board.

The audit committee has received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence from GoPro.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2021, for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee

Kenneth Goldman, Chair
Peter Gotcher
Shaz Kahng
Alexander Lurie

ADDITIONAL INFORMATION

Stockholder Proposals to be Presented at Next Annual Meeting

Our bylaws provide that, for stockholder nominations to the board or other proposals to be considered at an annual meeting, the stockholder must give timely notice thereof in writing to the Secretary at GoPro, Inc., 3025 Clearview Way, San Mateo, California 94402, Attn: Secretary.

To be timely for the 2023 Annual Stockholder's Meeting, a stockholder's notice must be delivered to or mailed and received by our Secretary at our principal executive offices not earlier than 5:00 p.m. (Pacific Time) on February 23, 2023 and not later than 5:00 p.m. (Pacific Time) on March 24, 2023. A stockholder's notice to the Secretary must set forth each matter the stockholder proposes to bring before the annual meeting and the information required by our bylaws.

Stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at our 2023 Annual Meeting must be received by the Secretary no later than December 30, 2022 in order to be considered for inclusion in our proxy materials for that annual meeting.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and any persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. Based solely on its review of the copies of such forms furnished to us and written representations from the directors and executive officers, we believe that all Section 16(a) filing requirements were timely met in 2021.

Available Information

GoPro will mail without charge, upon written request, a copy of GoPro's Annual Report, including the financial statements and list of exhibits, and any exhibit specifically requested. Requests should be sent to:

GoPro, Inc.
3025 Clearview Way
San Mateo, California 94402
Attn: Investor Relations

"Householding" — Stockholders Sharing the Same Last Name and Address

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to implement a delivery procedure called "householding." Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our Annual Report and proxy materials, including the Notice of Internet Availability, unless the affected stockholder has provided contrary instructions. This procedure reduces printing costs and postage fees and helps protect the environment as well.

This year, a number of brokers with account holders who are GoPro stockholders will be "householding" our Annual Report and proxy materials, including the Notice of Internet Availability. A single Notice of Internet Availability and, if applicable, a single set of Annual Report and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. Stockholders may revoke their consent at any time by contacting Broadridge Financial Solutions by calling 1-866-540-7095 or writing to: Broadridge House Holding Department, 51 Mercedes Way, Edgewood, NY 11717.

Upon written or oral request, GoPro will promptly deliver a separate copy of the Notice of Internet Availability and, if applicable, Annual Report and other proxy materials to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice of Internet Availability and, if applicable, Annual Report and other proxy materials, you may write GoPro's Investor Relations department at 3025 Clearview Way, San Mateo, California 94402, Attn: Investor Relations.

Any stockholders who share the same address and currently receive multiple copies of GoPro's Notice of Internet Availability or Annual Report and other proxy materials who wish to receive only one copy in the future can contact their bank, broker or other holder of record to request information about householding or GoPro's Investor Relations department at the address or telephone number listed above.

OTHER MATTERS

The board of directors does not presently intend to bring any other business before the Annual Meeting and, so far as is known to the board of directors, no matters are to be brought before the Annual Meeting except as specified in the Notice of Annual Meeting of Stockholders. As to any business that may arise and properly come before the Annual Meeting, however, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

APPENDIX A

Reconciliation of GAAP to Non-GAAP Measures

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

- the comparability of our on-going operating results over the periods presented;
- the ability to identify trends in our underlying business; and
- 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, facilities consolidation charges recorded in connection with restructuring actions announced in the fourth quarter of 2016, first quarter of 2017, first quarter of 2018 and second quarter of 2020, 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;

- adjusted EBITDA and non-GAAP net income (loss) exclude the loss on extinguishment of debt because it is not reflective of ongoing operating results in the period, and the frequency and amount of such losses are inconsistent;
- 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 are inconsistent and 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. In connection with the issuance of the Convertible Senior Notes in April 2017 and November 2020, we are required to recognize non-cash interest expense, such as the amortization of debt discounts, in accordance with the authoritative accounting guidance for convertible debt that may be settled in cash;
- 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; and
- other companies may calculate these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

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

(in thousands)	**Year ended December 31, 2021**
GAAP net income	$ 371,171
Income tax expense	(281,071)
Interest expense	22,678
Depreciation and amortization	10,962
POP display amortization	2,759
Stock-based compensation	38,650
Restructuring and other costs	2,649
Adjusted EBITDA	$ 167,798

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

(in thousands)	Three months ended December 31, 2021	Year ended December 31, 2021
GAAP net income	$ 52,626	$ 371,171
Stock-based compensation	10,423	38,650
Acquisition-related costs	71	1,152
Restructuring and other costs	113	2,649
Non-cash interest expense	3,673	14,208
Income tax adjustments	(759)	(281,762)
Non-GAAP net income	$ 66,147	$ 146,068
GAAP diluted net income per share	$ 0.32	$ 2.27
Non-GAAP diluted net income per share	$ 0.41	$ 0.90
GAAP and non-GAAP shares for diluted net income per share	162,742	163,178

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, 2021

OR

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

For the transition period from _______________ to _______________

Commission file number: 001-36514

GOPRO, INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0629474**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3025 Clearview Way	
San Mateo, California	**94402**
(Address of principal executive offices)	*(Zip Code)*

(650) 332-7600
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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 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	☑	Smaller reporting company	☐
Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐		

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. ☑

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, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $1,453,745,000 based upon the closing price reported for such date on The Nasdaq Global Select Market.

As of January 31, 2022, 130,023,648 and 26,458,546 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 2022 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the registrant's fiscal year ended December 31, 2021, 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.
Index

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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 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 for international expansion and revenue growth drivers, plans to reduce operating expenses and drive profitability, including our restructuring plans and the improved efficiencies in our operations that such plans may create, the impact of COVID-19 on our business, operations, liquidity and capital resources, employees, customers, supply chain, financial results and the world economy, and the scope and duration thereof, plans to settle 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 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. In particular, the consequences of the COVID-19 pandemic to economic conditions and the industry in general, and the financial position and operating results of the Company in particular have been material, and changing rapidly, and cannot be predicted. 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 our direct-to-consumer sales mix and grow our subscriptions. If we do not effectively grow our direct-to-consumer revenue and subscriptions, our results of operations and profitability could be harmed.***
- ***The COVID-19 outbreak has had a material impact on the United States and global economies and could have a material adverse impact on our employees, suppliers, customers and end consumers, which could adversely and materially impact 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.***
- ***Our future growth depends in part on further penetrating our total addressable market, and we may not be successful in doing so.***
- ***To remain competitive and stimulate consumer demand, we must effectively manage product introductions, product transitions, product pricing and marketing.***
- ***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 rely on third-party suppliers, some of which are sole-source suppliers, to provide 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 and may increase our costs.***
- ***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.***
- ***Our gross margin can vary significantly depending on multiple factors, which can result in unanticipated fluctuations in our operating results.***
- ***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.***
- ***Changes to trade agreements, trade policies, tariffs and import/export regulations may have an adverse effect on our business 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.***
- ***If we fail to manage our operating expenses effectively, our financial performance may suffer.***
- ***Security and data breaches and cyberattacks could disrupt our web platform, products, services, internal operations, or information technology systems, 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.***
- ***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.***
- ***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.***

- ***If we are unable to maintain or acquire rights to include intellectual property owned by others in the 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.***
- ***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.***
- ***There are risks associated with the ownership of our Class A common stock, including that our stock price has been and will likely continue to be volatile.***

Item 1. Business

Overview

GoPro helps the world capture and share itself in immersive and exciting ways. Our cameras, mountable and wearable accessories, subscription services and software 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:

- *HERO10 Black* is our flagship waterproof camera launched in the Fall of 2021, featuring our new high-performance GP2 processor, which delivers blistering video frame rates. The camera's highest video resolution of 5.3K at 60 frames per second delivers 91% more pixel resolution than 4K at 30 frames per second and 665% more pixel resolution than 1080p HD at an impressive 60 frames per second, allowing for fluid playback and 2X slow motion. 4K video can be captured at 120 frames per second (4X slow motion) and 2.7K video can be captured at 240 frames per second (8X slow motion). The new GP2 processor also enables HyperSmooth 4.0 video stabilization, ensuring that HERO10 Black smooths out even the most shake-ladened experiences. HERO10 Black's in-camera horizon leveling feature benefits from an increased tilt limit of 45° in high-performance settings, making even the most chaotic video footage look professionally smooth and steady. The new GP2 processor combined with the ultra-high resolution 23.6MP sensor enables life-like image quality. In addition to 23 megapixel photos, HERO10 Black enables 19.6 megapixel video stills to be pulled from 5K 4:3 video at 30 frames per second and 15.8 megapixel video stills from 5.3K video at 60 frames per second, which is ideal for capturing still images of sports and fast-paced activities. The HERO10 Black is also cloud connected while being charged and will automatically upload recently captured footage to the user's GoPro cloud account. Additionally, the HERO10 Black continues to build off the noteworthy HERO9 Black features, including Power Tools, TimeWarp 3.0, front-facing and rear touch displays, and camera Mod compatibility. Our HERO10 Black, HERO9 Black, HERO8 Black and MAX cameras are compatible with our ecosystem of mountable and wearable accessories.
- *HERO9 Black* is our waterproof camera launched in the Fall of 2020, featuring a 23.6MP sensor that provides stunning 5K video, the highest resolution ever for a HERO camera, 20MP photos and HyperSmooth 3.0 video stabilization. The HERO9 Black camera also features a new front-facing display, a larger rear touch display, an extended battery life, new Power Tools, TimeWarp 3.0, SuperPhoto, live streaming, webcam mode, built-in mounting, cloud connectivity and voice control. HyperSmooth 3.0 is our most advanced stabilization ever and includes in-camera horizon leveling that keeps shots smooth and level. TimeWarp Video 3.0 features Real Speed, which allows users to slow down footage to real speed and capture audio while recording, and Half Speed, which allows users to slow down footage even more for epic slow motion. Webcam Mode enables

users to connect their HERO9 Black camera to a computer with the included USB-C cable to use the camera as a 1080p high-definition wide-angle webcam. We also introduced new Power Tools, including HindSight, Scheduled Capture and Duration Capture to help users capture the perfect shot. HindSight allows users to capture and save up to 30 seconds of video before the shutter button is pressed. Scheduled Capture allows users to set up their cameras to automatically capture photos or videos up to 24 hours in advance and Duration Capture allows users to set their HERO9 Black to record for a specified length of time. In addition, we introduced a Max Lens Mod accessory that brings Max HyperSmooth video stabilization and Max SuperView's ultra-wide-angle photo and video to the HERO9 Black camera. Our cameras are compatible with our ecosystem of mountable and wearable accessories, and feature automatic uploading capabilities for photos and videos for GoPro subscribers.

- *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.
- *GoPro subscription* is our subscription service that includes full access to the Quik app, unlimited cloud storage supporting source video and photo quality, camera replacement and damage protection, 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 can automatically upload photos and videos to a subscriber's GoPro account at the highest possible quality, while HERO7 Black and newer cameras can also access our live-streaming service.
- *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 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 app* is a mobile app that provides the primary experience for users of both the GoPro and Quik subscriptions and is the primary integration point for GoPro camera owners into the GoPro software ecosystem. The primary goal of the Quik app is to enable users to get the most out of their favorite photos and videos with footage 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 and mobile software solutions have yielded a solid foundational experience for consumers that we will continue to build upon in 2022.

Our strategy

Helping our consumers capture and share their experiences in immersive and exciting ways is at the core of our business. 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 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 cameras, accessories, lifestyle gear, and subscription benefits and offerings. We also believe new or improved 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 GoPro.com or retailers. In addition, consumers may purchase subscriptions through GoPro.com or via the Quik mobile app.

We also strive to expand our total addressable market by providing GoPro subscribers with enhanced benefits and providing a Quik app experience that we believe addresses widespread pain points associated with using smartphones and GoPro cameras.

To achieve these goals, we are strongly focused on retaining employees committed to growing GoPro through great ideas and innovation by leveraging our strong brand recognition, unique culture, competitive compensation and benefits, and our strong commitment to our Diversity, Equity, Inclusion and Belonging initiatives. Our employees collaborate cross-functionally to help achieve our goals such as continuously improving our GoPro.com site and maintaining relationships with our key retailers and distributors.

Products

Cameras. We offer a family of flagship cameras, including our cloud connected HERO10 Black, HERO9 Black, HERO8 Black and MAX cameras. Our HERO10 Black, HERO9 Black, HERO8 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 HERO10 Black camera offers 5.3K video at 60 frames per second, HERO9 Black camera offers 5K video at 30 frames per second, and HERO8 Black camera can shoot video in 4K at 60 frames per second. 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 for GoPro subscription members via Wi-Fi for easy access and editing with our app. HERO10 Black, HERO9 Black, HERO8 Black and MAX also feature GPS and additional sensors that capture location, elevation, speed and G-force loads. In June 2021, we announced Open GoPro, an open API initiative that makes it easy for third-party developers to integrate HERO9 and newer cameras into their own development efforts.

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 our consumers to capture their experiences during a variety of activities or moments from different viewpoints. We also produce and sell camera attachments that we call Mods, which allow users to transform their HERO10, HERO9 or HERO8 Black 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 perfectly frame themselves during self-capture. In addition, we offer a Max Lens Mod that brings Max HyperSmooth video stabilization and Max SuperView's ultra-wide-angle photo and video to the 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.

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

Applications. We offer mobile and web applications that provide a complete media workflow for archiving, editing, multi-clip story creation and sharing content on the fly. In March 2021, we began offering the Quik app, which 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. We believe the Quik app and the Quik subscription are important steps in expanding our total addressable market to those who value organizing the visual moments of their lives. Quik users can conveniently share their favorite photos or videos via the Quik app where those special “keeper” photos or videos will be added to a private “Mural” feed. Quik also features a suite of powerful yet simple editing tools which allows users to edit photos or videos themselves.

Services. Our GoPro subscription service offers 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 GoPro subscription also includes unlimited cloud storage supporting original 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 can 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 approximately 1.6 million subscribers as of December 31, 2021, representing 107% growth year-over-year.

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 core technologies include GoPro's custom designed system on chip, which allows cameras to perform advanced image computation and provides 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 business 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, Mexico 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, Mexico and Thailand for final pack-out of our finished products. These finished products are shipped to fulfillment centers in the United States, as well as Hong Kong, Netherlands and Singapore that deliver our products to our customers.

Sales channels and customers

We offer our products in retail outlets as well as in over 90 countries through our direct sales channel, including GoPro.com, and indirectly through retailers and distributors. In 2021 and 2020, GoPro.com revenue represented 34% and 32% of our revenue, respectively, and retail accounted for 66% and 68% of our 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 national presence, including Amazon.com, Inc., Best Buy, Inc., Target Corporation and Wal-Mart, 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 34% and 32% of our revenue for 2021 and 2020, respectively, and 12% of our total revenue for 2019.

Distribution

We sell to over 35 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, 2021 and 2020, we had approximately 23,000 and 22,000 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 and web 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. Our consumers capture and share personal GoPro content on social media and content sharing platforms like Facebook, Instagram, TikTok, Twitter, Vimeo and YouTube. At the end of 2021, we reached a total of 47.9 million lifetime followers. To date, we have reached over 11.2 billion views of content tagged #GoPro on TikTok and more than 3.6 billion views on GoPro's YouTube channel. We also integrate user-generated content and GoPro originally produced content into advertising campaigns across various platforms including 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., Shenzhen Arashi Vision Co., Ltd. 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 4.0 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 view ever from a GoPro camera while PowerPano allows users to capture a 6.2mp, 270-degree panoramic photo with the push of one button and creates an artifact-free shot of action or movement. We also provide users with a suite of free 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 app and GoPro subscription service may not be as compelling a solution as those offered by other companies, such as Apple, Inc. and Google, although the Quik app supports content from other platforms including content from iOS and Android. Also, 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, and our practice is to seek protection for our intellectual property as appropriate. Our trademarks, including “GOPRO,” “HERO” and the GoPro logos, among others, are a critical component of the value of our business. In addition, we hold many issued and pending utility and design patents for innovations that help our consumers capture, create and share their content using our cameras, mounts, accessories and software. Our patents cover areas that include physical structures, image processing, operational firmware and software, post-processing software, distribution software, mount and accessory structures, as well as the ornamental aspects of our hardware and software products. As of December 31, 2021, we had approximately 1,046 issued patents and 398 patent applications pending in the United States, and 626 corresponding issued patents and 86 patent applications pending in foreign jurisdictions. Our issued United States patents will expire approximately between 2024 and 2041 and our issued foreign patents will expire approximately between 2024 and 2046. We cannot be certain that our patent applications will be issued or that any issued patents will provide us with any competitive advantage or will not be challenged by third parties. We continually review our development efforts to assess our innovations, including their patentability. 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.

In addition to the foregoing protections, we generally control access to and use of our proprietary and other confidential information through the use of internal and external controls, including contractual protections in agreements with employees, contract manufacturers, distributors and others. Despite these protections, we may be unable to prevent third parties from using our intellectual property without our authorization, breaching any nondisclosure agreements with us, or independently developing products that are similar to ours, 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, 2021, we employed 766 people.

Diversity and Inclusion

We are a company built on the foundation of a simple belief—“Be a HERO”—which means always bringing one’s best to any challenge or opportunity. This tenet is central to how we approach our work on diversity, equity, inclusion and belonging. We rolled out global training on interpersonal and systems bias to help employees do the internal work of understanding, recognizing, responding and preventing bias at all levels of our organization. Our CEO, Nicholas Woodman, also signed on to the Outdoor CEO Diversity Pledge, committing the Company to, over the coming years, increasing 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 have a direct impact on employee growth, engagement, and retention. To support managers and individual contributors within the company, we provide training and development opportunities focused on remote working as a result of the COVID-19 pandemic 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. Our leadership development focuses on building trust and relationship with peers and sharing best practices by working in small cohorts in each session. We continue to optimize our organizational efficiency and collaboration by providing training on effective meeting management and how to recognize unconscious bias. We believe that employee development is a shared responsibility of employee and manager, and through both formal and informal methods (e.g., stretch assignments and peer-to-peer learning) we build trust and encourage knowledge sharing. Through our Career Conversations program, managers and employees reflect quarterly, guided by our company competency framework, on where they stand and where they need to put in more effort or increase their skills. 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 (855) 636-3578. 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. 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 showed significant growth from 2020 to 2021 from $891.9 million to $1.16 billion, respectively. In 2020, annual revenue of $891.9 million was negatively impacted by COVID-19. In addition, we incurred operating income of $113.2 million and operating losses of $36.8 million, $2.3 million, and $94.0 million for the full year in 2021, 2020, 2019, and 2018, respectively. In future periods, we could experience declines in revenue, or revenue could remain flat or grow more slowly than we expect, which could have a material negative effect on our future operating results.

Lower levels of revenue or higher levels of operating expense in future periods may result in losses or limited profitability. We may experience such lower levels of revenue or higher levels of operating expenses for a variety of reasons, including, among other factors: investments in product innovation, advertising and marketing; increasing freight rates; shipping delays; increased supply chain costs; or failure to maintain higher average sales pricing for our cameras.

Additionally, since the fourth quarter of 2016, we implemented four 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, software and subscription services. We may not realize further or sustain cost savings from these previous actions. We may continue to experience fluctuating revenue, expenses and profitability for a number of reasons, including other risks described in this 2021 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 our direct-to-consumer sales mix and grow our subscriptions. If we do not effectively grow our direct-to-consumer revenue and subscriptions, our results of operations and profitability could be harmed.

Our ability to grow revenue and be profitable relies on several factors, including but not limited to, our ability to successfully implement certain strategic go to market initiatives. For example, some of our key strategic initiatives are to expand our direct-to-consumer sales through GoPro.com, expand our software and subscription services, and continue to work with key retail partners and distributors globally.

We have invested significant resources in our direct-to-consumer sales channel, primarily through our website, and our future growth relies, in part, on our continued ability to attract consumers to this channel, which has and will require significant expenditures in marketing, software development and infrastructure. If we are unable to continue to drive traffic to, and increase sales through our website, our business and results of operations could be harmed.

We have converted portions of our distributors' business into direct sales and believe growing sales directly to our consumers will allow us to provide a best-in-class experience for online purchases. As we continue to convert distribution to direct sales, we might not be successful in that transition. Additionally, any reduction in sales or decreases in revenue by our current distributors and retailers or loss of key distributors or retailers could adversely affect our revenue, operating results and financial condition.

We depend on retailers to provide adequate and attractive space for our products and point of purchase displays in their stores and acquiesce to our policies and to effectively sell our products. We continue to look for opportunities to optimize our retail channel. Based on our strategic initiative to increase our direct-to-consumer sales through GoPro.com, our retailers may decide not to adequately display our products, choose to reduce the space for our products and POP displays in their stores, or choose not to carry some or all of our products or promote competitors' products over ours and as a result, our sales could decrease and impact our plan to become more profitable.

We may not be able to transition away from some distributor agreements as quickly as we would like as a result of contractual, regulatory or other restrictions and may encounter difficulties in the transition to a more focused direct-to-consumer model. Further, our distributors build inventory in anticipation of future sales, and if such sales do not occur as rapidly as they anticipate, our distributors may decrease the size of their future product orders.

We rely on third-party suppliers, some of which are sole-source suppliers, to provide 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 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 primarily in China to manufacture our products and 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 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 could increase as a result of COVID-19 and its impact on the global supply chain. 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 the COVID-19 pandemic.

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, pandemics, including the COVID-19 pandemic, 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 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 MAX as well as our HERO9 and HERO8 Black cameras and the GP2 system on chip in our HERO10 Black camera and rely on a single supplier as the primary supplier of our system on chips.

Additionally, 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 the GoPro or Quik subscriptions 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. The continued COVID-19 pandemic has resulted in industry-wide global supply chain challenges, including manufacturing, transportation and logistics. If we do not successfully coordinate with our service providers, we may have insufficient supply of products to meet customer demand, we could lose sales, incur additional costs, 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, 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 have ongoing audit programs in place to assess our suppliers' compliance with our requirements. We 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. During the course of the COVID-19 pandemic and as a result of governmental responses to the COVID-19 pandemic among other macro-economic factors, certain of our suppliers and manufacturers have experienced disruptions, resulting in supply shortages and costs increases, 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.

The COVID-19 outbreak has had a material impact on the United States and global economies and could have a material adverse impact on our employees, suppliers, customers and end consumers, which could adversely and materially impact our business, financial condition and results of operations.

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus, COVID-19, a pandemic and public health emergency of international concern. Many federal, state and local governments, and private entities have mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus. At this point, we cannot reasonably estimate the duration and severity of this pandemic, including multiple waves of increased infections or variants of the coronavirus, which in 2020 had a material adverse impact on our business, results of operations, financial position and cash flows. Our 2020 annual revenue of $891.9 million was negatively impacted by COVID-19.

As a result of the COVID-19 pandemic, we accelerated a shift in our sales channel strategy to focus more on direct-to-consumer sales through GoPro.com, and implemented a restructuring plan in April 2020 (the “2020 Restructuring Plan”) to realign our workforce to areas of growth combined with certain cost saving measures. The 2020 Restructuring Plan reduced our operating expenses in 2020 as a result of a 20% reduction of our global workforce and the consolidation of certain leased office facilities. Continued execution of the 2020 Restructuring Plan may not achieve continued savings into 2021 and beyond.

We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers and business partners. The extent of the impact will depend on the global severity of and actions taken to contain the outbreak, which are highly uncertain and unpredictable. A prolonged disruption or any further unforeseen delay in our operations or within any of our business activities could result in increased costs and reduced revenue.

The global COVID-19 pandemic continues to evolve. Certain jurisdictions have begun re-opening only to return to restrictions due to increases in new COVID-19 cases and the emergence of new variant strains of COVID-19. Even in areas where “stay-at-home” restrictions have been lifted and the number of cases of COVID-19 has declined, many individuals remain cautious about resuming activities. Additionally, the emergence of new variant strains of COVID-19 in regions that have reopened has led to, and may continue to lead to, in some areas, renewed government restrictions. The extent to which the COVID-19 pandemic may impact our business will depend on future developments that are highly uncertain, and therefore cannot be predicted with certainty.

The pandemic may adversely affect our customers, our employees and our employee productivity. It may also impact the ability of our contract manufacturers, vendors and suppliers to operate and fulfill their contractual obligations, and result in an increase in costs, tariffs, delays or disruptions in performance. These supply chain effects, the direct effect of the virus and the disruption on our employees and operations, may negatively impact both our ability to meet customer demand and our revenue and profit margins.

We might experience changes in consumer demand, particularly if our users are restricted from participating in travel, adventure and sports activities that are often the subject of their use of our products and services and, as a result of the impacts on consumer discretionary spending resulting from the effect of the COVID-19 pandemic on the global economy. Both the health and economic aspects of the COVID-19 virus are highly fluid, and the future course of each is uncertain and subject to change.

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 2021, greater demand associated with the launch of new products heading into the holiday season. Fourth quarter revenue comprised 34%, 40% and 44% of our 2021, 2020 and 2019 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, any impact on consumer spending due to COVID-19, product release patterns, a decline in the effectiveness of our promotional activities, product mix, charges incurred against new products to support promotional activities, pricing pressures, supply chain disruptions, shipping delays, or for any other reason, including the fact that some retail locations may not be open for consumers due to COVID-19 restrictions, could cause our annual results of operations to suffer significantly.

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 39%, 28% and 45% of our annual 2021, 2020 and 2019 revenue, respectively.

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. We believe that our future growth depends on continuing to reach and expand our core community of users, followers and fans, and then utilizing that energized community as brand ambassadors to an extended community.

We may not be able to acquire and retain subscribers 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. We may not be able to expand our market 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, which is a resource-intensive initiative in a highly competitive market, and by adding versatility to our products with expansion mods for HERO9 Black and HERO10 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.

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, and effectively stimulate consumer demand for new and upgraded products and services to maintain or increase our revenue. 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.

The success of new product introductions, such as the HERO10 Black, 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 associated with new product production ramp-up issues, 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.

Additionally, as a result of the COVID-19 pandemic and subsequent economic recovery, we may not be able to accurately forecast consumer demand and inventory requirements and appropriately manage inventory to meet demand. 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 plan the right 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.

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 products. A decline in the price or unit demand for these products, whether due to a strategic shift in sales channel strategy and 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.

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 $141.5 million, $131.6 million and $142.9 million for 2021, 2020 and 2019, respectively. We expect that our research and development expenses will continue to be substantial in 2021 as we develop innovative technologies. Unanticipated problems in developing products could also 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.

Security and data breaches and cyberattacks could disrupt our web platform, products, services, internal operations, or information technology systems, 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 increasingly dependent on information systems to 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.

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 GoPro subscription. 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 maintain sensitive data, including intellectual property, our proprietary business information and that of our customers and suppliers, and personally identifiable information of our customers and employees. We store and collect user data uploaded by users through the GoPro subscription and the Quik app and through certain marketing activities. For all of the foregoing, we collect and store that information in our or our third-party providers' electronic systems. These systems may be targets of attacks, such as viruses, malware or phishing attempts by cyber criminals or other wrongdoers seeking to steal our users' content or data, or our customer's information for financial gain or to harm our business operations or reputation.

Any security breach, unauthorized access or usage, virus or similar breach or disruption of our systems, including web hosting services, billing and payment processing, or software could result in 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. Cyberattacks 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. The increase in remote working due to the COVID-19 pandemic may also result in heightened risks related to consumer privacy, network security and fraud. System disruptions, failures and slowdowns, whether caused by cyberattacks, 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 customers or lost sales, especially if the disruption or slowdown occurred during our seasonally strong fourth quarter.

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., Shenzhen Arashi Vision Co., Ltd. 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. We are aware that 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 software application, and GoPro and Quik subscription products may not be as compelling as those offered by other companies, such as Apple, Adobe or Google, although the Quik 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, including challenging physical environments and waterproof capabilities, or develop products with features similar to ours.

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.

Since the fourth quarter of 2016, we implemented four global reductions-in-force and restructuring actions to reduce our operating expenses. These changes, and any future changes, in our operations and management team could be disruptive to our operations. Our 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, including 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 is intense generally and particularly in the San Francisco Bay Area, where our headquarters are located. 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. Additionally, the shift to a work from home environment may impact our ability to attract and retain our highly skilled employees.

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 2021, our closing stock price ranged from a high of $13.54 to a low of $7.45, which occurred in the first 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 41.1%, 35.3% and 34.6% for 2021, 2020 and 2019, respectively. In particular, if we are not able to introduce new products in a timely manner at the product cost we expect, or if consumer demand for our products is less than we anticipate, or if cancellation rates for GoPro subscriptions is 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.

Changes to trade agreements, trade policies, tariffs and import/export regulations may have an adverse 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 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. In 2018, the Office of the United States Trade Representative (USTR) identified certain Chinese imported goods for additional tariffs to address China's trade policies and practices. Any announcement by the USTR to impose tariffs on GoPro cameras 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 cameras, 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 may choose to pursue those capabilities to mitigate risks of additional tariffs, duties or other restrictions on our products and may decide to transition more manufacturing outside of China.

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 not underestimate or overestimate forecasted 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 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.

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

Our success will depend in part upon our ability to manage our operating expenses, including but not limited to our cash management, effectively. We incurred significant operating losses in 2020 and 2019 and, as of December 31, 2021, we had an accumulated deficit of $279.3 million. Beginning in the fourth quarter of 2016 through the second quarter of 2020, we implemented four global reductions-in-force and other restructuring actions to reduce our operating expenses. We may not realize the cost savings expected from cost reduction actions.

We will need to continue to 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.

Our international operations account for a significant portion of our revenue and operating expenses and are subject to challenges and risks.

Revenue from outside the United States comprised 55%, 52% and 64% of our revenue in 2021, 2020 and 2019, 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, United Kingdom 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;
- 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 uncertainties relating to Brexit, inflation or the strengthening of the U.S. dollar;
- political, economic instability, or social unrest in a specific country or region in which we operate, including, for example, the effects of Brexit, which could have an adverse impact on our operations in that location;
- organized crime activity;
- terrorist activities, acts of war, natural disasters, and pandemics, including the COVID-19 pandemic;
- 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;
- 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.

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 46%, 44% and 42% of our revenue in 2021, 2020 and 2019, respectively. One retailer accounted for 11%, 10% and 11% of our revenue for 2021, 2020 and 2019, 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. Failure to grow and maintain our brand 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 by or 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 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 may evaluate additional acquisitions of, 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, we may be required to take material 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.

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 including China, Thailand, Hong Kong, Japan, Mexico, Netherlands, Singapore, Taiwan and the United States. Political instability, public health issues or other catastrophic events in any of those countries could adversely affect our business in the future, our financial condition and operating results.

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, or URLs, 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.

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

We have been, and in the future may be, sued by third parties for alleged infringement of their intellectual property and proprietary rights.

Third parties, including competitors and non-practicing entities, have brought intellectual property infringement claims against us, including the matter described in Note 9 Commitments, contingencies and guarantees to 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, we may not prevail against all such allegations, including the matter described in Note 9 Commitments, contingencies and guarantees to 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 intellectual property infringement proceeding could force us to suspend or permanently cease the production or sale of products/services, face a temporary or permanent injunction, redesign our products/services, 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 or acquire rights to include intellectual property owned by others in the 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 and our products. If we cannot continue to acquire rights to distribute user-generated content or acquire rights 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 software products, 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 cause harm to 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 and we may be required to 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.

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 bodies 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 federal 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 data. 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 European Union and other jurisdictions, and we cannot yet determine the impact of such future laws, regulations and standards may have on our business. We expect that existing laws, regulations and standards may be interpreted differently in the future. For example, in November 2020, the California ballot initiative known as the Consumer Privacy Rights Act (CPRA) was passed. CPRA will come into effect in January 2023 (except for the CPRA's right of access which will come into effect in January 2022), and will supersede the California Consumer Privacy Act (CCPA). Compliance with the new obligations imposed by the CPRA depends in part on how particular regulators interpret and apply them. If we fail to comply with the CCPA or CPRA or if regulators assert that we have failed to comply with the CCPA or CPRA, we may be subject to certain fines, sanctions, or other penalties, as well as litigation.

Further, some observers have noted that the CCPA and CPRA could mark the beginning of a trend toward more stringent privacy legislation in the U.S. and prompt a number of proposals for new federal and state-level privacy legislation. For example, in 2021, Virginia passed the Virginia Data Protection Act, or CDPA (enacted March 2021, effective January 1, 2023) and Colorado passed the Colorado Privacy Act, or CPA (enacted July 2021, effective July 1, 2023). We cannot fully predict the impact of the CCPA, CPRA, CDPA, CPA, or other similar laws or regulations on our business or operations, but they may require us to modify our data processing practices and policies and to incur substantial costs and expense in an effort to comply.

Additionally, many foreign countries and governmental bodies, including Australia, the European Union (EU), 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, the General Data Protection Regulation (GDPR) imposes more stringent EU data protection requirements, provides an enforcement authority, and imposes large penalties for noncompliance. Compliance with the obligations imposed by the GDPR depends in part on how particular regulators interpret and apply them, which may require us to comply with varying, and at times conflicting, standards across the EU jurisdictions where we operate. If we fail to comply with the 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.

Among other requirements, the 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 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 EEA, particularly as a result of continued legal and legislative activity within the EU 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.

Further, the United Kingdom (U.K.) exited the EU on January 31, 2020 ("Brexit"), which has created additional uncertainty with regard to the regulation of data protection in the U.K. and could lead to further legislative and regulatory changes. The UK has implemented the Data Protection Act that contains provisions, including its own derogations for how GDPR is applied in the U.K. legislation that substantially implements the GDPR, with penalties for noncompliance of up to the greater of £17.5 million (€20 million) or four percent of worldwide revenues. These changes will lead to additional costs as we try to ensure compliance with new privacy legislation and will increase our overall risk exposure.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may apply to us. One example of such a self-regulatory standard is the Payment Card Industry Data Security Standard, or PCI DSS, which relates to the processing of payment card information. In the event we are required to comply with the PCI DSS but fail to do so, fines and other penalties could result, and we may suffer reputational harm and damage to our business.

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, 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, or FCPA, the United Kingdom Bribery Act 2010, or 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 an 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 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 employees or other agents will not engage in prohibited conduct and render us responsible under the FCPA or the U.K. Bribery Act. While we have compliance programs, they may not be effective to prevent violations from occurring and employees 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 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.

If we fail to comply with environmental regulations and conflict minerals disclosures, 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, 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. Climate change has had significant legislative and regulatory effects 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. 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. 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.

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. Our products are subject to United States export controls, and exports of our products must be made in compliance with various economic and trade sanctions laws. Furthermore, United States export control laws and economic sanctions prohibit the provision of products and services to countries, governments and persons targeted by United States sanctions. Even though we take precautions to prevent our products from being provided to targets of United States sanctions, our products, including our firmware updates, could be provided to those targets or provided by our customers. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. Our failure to obtain required import or export approval for our products could harm our international and domestic sales and adversely affect our revenue.

We could be 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. For example, 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 IPO 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, 2021. 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; sales and purchases of any Class A common stock issued upon conversion of our convertible senior notes or in connection with the prepaid forward contract entered into in connection with our 2022 convertible senior notes, 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 for a discussion on legal proceedings.

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

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

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Stockholders who hold shares of Class B common stock hold approximately 67.3% of the voting power of our outstanding capital stock as of December 31, 2021 with Mr. Woodman, our Chairman and CEO, holding approximately 67.2% 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, have announced restrictions on including companies with multiple-class share structures in certain of their indexes. Because of our dual class structure, we may be excluded from these indexes 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, or otherwise adversely affect the rights of the holders of our Class A and Class B common stock.

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). As a result of the 2025 Notes, we incurred an additional $143.8 million principal amount of indebtedness, the principal amount of which we may be required to pay at maturity in 2025.

In April 2017, we completed an offering of $175.0 million aggregate principal amount of 3.50% convertible senior notes due 2022 (2022 Notes, together with the 2025 Notes, the Notes). We repurchased $50.0 million aggregate principal amount of the 2022 Notes in November 2020, and expect to repay the remaining principal amount of $125.0 million at maturity in April 2022.

Holders of the Notes will have the right to require us to repurchase their Notes upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest, if any. In addition, the indentures for the Notes provides that we are required to repay amounts due under such indenture in the event that there is an event of default for the Notes that results in the principal, premium, if any, and interest, if any, becoming due prior to maturity date for the 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 Notes or repay prior to maturity any accelerated amounts under the Notes upon an event of default or pay cash upon conversions of the 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 Notes for cash or repay prior to maturity any accelerated amounts under the Notes upon an event of default or pay cash upon conversion of the 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 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 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 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 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 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 Note holders or the trustee under the indentures governing the 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 Notes will, to the extent we deliver shares upon conversion of such Notes, dilute the ownership interest of existing stockholders, including holders who had previously converted their Notes, or may otherwise depress our stock price or may adversely affect our financial condition.

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

In the event the conditional conversion feature of the Notes is triggered, holders of the Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our 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 Notes do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 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 Notes, may have a material effect on our reported financial results.

Under current GAAP, an entity must separately account for the debt component and the embedded conversion option of convertible debt instruments that may be settled entirely or partially in cash upon conversion, such as the Notes we are offering, in a manner that reflects the issuer’s economic interest cost. The effect of the accounting treatment for such instruments is that the value of such embedded conversion option would be treated as original issue discount for purposes of accounting for the debt component of the Notes, and that original issue discount is amortized into interest expense over the term of the Notes using an effective yield method. As a result, we will be required to record a greater amount of non-cash interest expense because of the amortization of the original issue discount to the Notes’ face amount over the term of the Notes and because of the amortization of the debt issuance costs.

Accordingly, we will report lower net income (or greater net loss) in our financial results because of the recognition of both the current period’s amortization of the debt discount and the Notes’ coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the Notes.

In addition, under certain circumstances, convertible debt instruments (such as the Notes) that may be settled entirely or partly in cash are currently permitted to be accounted for utilizing the treasury stock method for earnings per share purposes. The effect of this is that the shares issuable upon conversion of the Notes are excluded from the calculation of diluted earnings per share except to the extent that the conversion value of the Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of Class A common stock that would be necessary to settle such excess are assumed to be issued.

The FASB issued an accounting standard update to amend these accounting standards to eliminate the treasury stock method for convertible instruments and instead require application of the “if-converted” method. Under that method, diluted earnings per share would generally be calculated assuming that all the 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 earnings per share. The expected impact from the “if converted” method would add 26 million shares to the diluted share count, which will be reduced by approximately 12 million shares after the repayment of the 2022 Notes in April 2022. This accounting standard update will be adopted by us beginning January 1, 2022.

In addition, if the conditional conversion feature of the Notes is triggered, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 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, or 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

An economic downturn or economic uncertainty in our key United States and international markets, as well as inflation or fluctuations in currency exchange rates may adversely affect consumer discretionary spending and demand for our products.

Factors affecting the level of consumer spending include general market conditions, macroeconomic conditions, tax rates, inflation, fluctuations in foreign exchange rates and interest rates, and other factors such as consumer confidence, the availability and cost of consumer credit, levels of unemployment and a reduction in consumer spending or disposable income resulting from the COVID-19 pandemic that may affect us more significantly than companies in other industries and companies with more diversified products. Additionally, the withdrawal of the United Kingdom from the European Union (Brexit) has created economic and political uncertainty, including volatility in global financial markets and the value of foreign currencies. The impact of Brexit may not be fully realized for several years. The majority of our sales occur in U.S. dollars and an increase in the value of the dollar against the Euro and other currencies could increase the real cost to consumers of our products in those markets outside the United States. For example, in countries where we sell in local currency, we are subject to exchange rate fluctuations that create inherent risks for us and may cause us to adjust pricing which may make our products more or less favorable to the consumer. If global economic conditions are volatile or if economic conditions deteriorate, consumers may delay or reduce purchases of our products resulting in consumer demand for our products that may not reach our sales targets. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases and our inability or failure to do so could harm our business, financial condition, and operating results. Strengthening of the U.S. dollar and/or weakness in the economies of Euro zone countries could adversely impact sales of our products in the European region, which would have a material negative impact on our future operating results. Our sensitivity to economic cycles and any related fluctuation in consumer demand could adversely affect our business, financial condition and operating results.

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.

We are subject to income taxes in the United States and various jurisdictions outside the United States. Our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. For example, our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates. Our tax expense could also be affected by changes in non-deductible expenses, changes in excess tax benefits related to exercises and vesting of stock-based expense, and the applicability of withholding taxes.

Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rate could be unfavorably affected by changes in the tax rates in jurisdictions where our income is earned, by changes in, or our interpretation, of tax rules and regulations in the jurisdictions in which we do business, by unanticipated decreases in the amounts of jurisdictional earnings, or by changes in the valuation of our deferred tax assets and liabilities. The United States, the European Commission, countries in the European Union, 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. These potential changes could adversely affect our effective tax rates or result in additional tax expense and other costs to us.

In addition, we are subject to the examination of our income tax returns by the United States Internal Revenue Service (IRS) and other domestic and foreign tax authorities. These tax examinations are expected to focus on our intercompany transfer pricing practices as well as other matters. 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. We cannot provide assurance that the final determination of any of these examinations will not have an adverse effect on our operating results and financial position.

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 (FASB), 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 the 2021 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 2. Properties

As of December 31, 2021, we leased office facilities around the world totaling approximately 330,000 square feet, including approximately 201,000 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, 2021

Item 4. Mine Safety Disclosures

Not applicable.

PART II

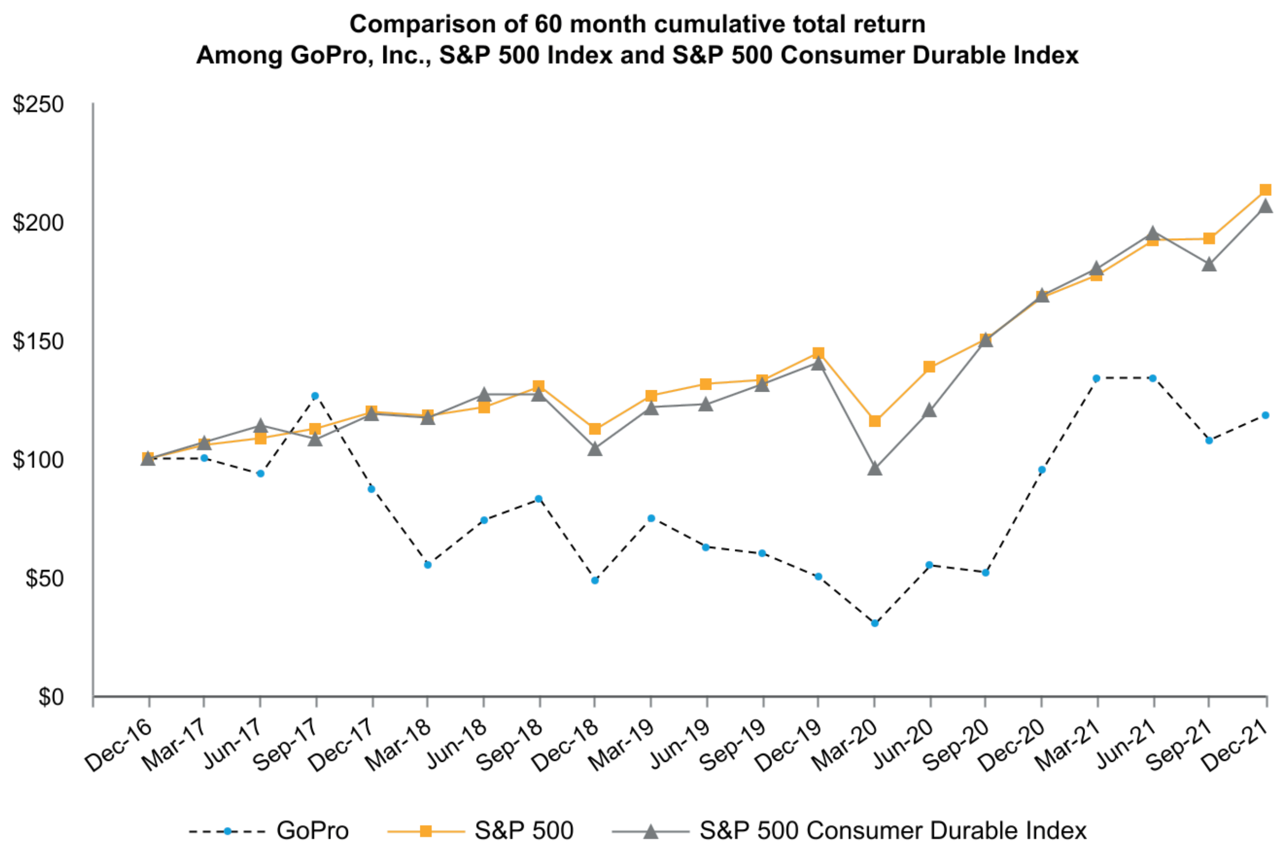
Item 5. Market for the Company’s Common Shares, Related Shareholder Matters and Issuer Purchases of Equity Securities

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 nor traded on any stock exchange.

Holders. As of January 31, 2022, there were 254 holders of record of our Class A common stock and 25 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, 2016 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, 2021. 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.

No shares of our Class A or Class B common stock were purchased during the fourth quarter of 2021.

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 and overall analysis of financial and other highlights affecting the Company in order to provide context for the remainder of 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 2021 to 2020 is presented below. An analysis of our financial results comparing 2020 to 2019 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, 2020, filed with the SEC on February 12, 2021, 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 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 the Fall of 2021, we began shipping our HERO10 Black flagship camera that features our new high-performance GP2 processor, which delivers blistering video frame rates. The camera's highest video resolution of 5.3K at 60 frames per second delivers 91% more pixel resolution than 4K at 30 frames per second and 665% more pixel resolution than 1080p HD at an impressive 60 frames per second, allowing for fluid playback and 2X slow motion. 4K video can be captured at 120 frames per second (4X slow motion) and 2.7K video can be captured at 240 frames per second (8X slow motion). The new GP2 processor also enables HyperSmooth 4.0

video stabilization, ensuring that HERO10 Black smooths out even the most shake-ladened experiences. HERO10 Black's in-camera horizon leveling feature benefits from an increased tilt limit of 45° in high-performance settings, making even the most chaotic video footage look professionally smooth and steady. The new GP2 processor combined with the ultra-high resolution 23.6MP sensor enables life-like image quality. In addition to 23 megapixel photos, HERO10 Black enables 19.6 megapixel video stills to be pulled from 5K 4:3 video at 30 frames per second and 15.8 megapixel video stills from 5.3K video at 60 frames per second, which is ideal for capturing still images of sports and fast-paced activities. The HERO10 Black is also cloud connected while being charged and will automatically upload recently captured footage to the user's GoPro cloud account. Additionally, the HERO10 Black continues to build off the noteworthy HERO9 Black features, including Power Tools, TimeWarp 3.0, front-facing and rear touch displays, and camera Mod compatibility. Our HERO10 Black, HERO9 Black, HERO8 Black and MAX cameras are compatible with our ecosystem of mountable and wearable accessories. We also sell our GoPro subscription, which includes unlimited cloud storage supporting source video and photo quality, camera replacement and damage protection, access to a high-quality live streaming service on GoPro.com as well as discounts on GoPro gear, mounts and accessories.

In March 2021, we launched a refresh of our mobile app, Quik, which 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. We believe the launch of Quik and the new Quik subscription is an important step in expanding our total addressable market to those who value organizing the visual moments of their lives. Quik users can conveniently share their favorite photos or videos to the Quik app where those special "keeper" photos or videos will be added to a private "Mural" feed within the app. Quik also features a suite of powerful yet simple editing tools which allows users to edit photos or videos themselves. In June 2021, we announced Open GoPro, an open API initiative that makes it easy for third-party developers to integrate their HERO camera into their own development efforts.

The COVID-19 pandemic is continuing to have widespread, rapidly evolving, and unpredictable impacts on global societies, economies, financial markets, supply chains and business practices. During the year ended December 31, 2021, sales improved compared to 2020 through both our e-commerce platform on GoPro.com as well as our retail channel in certain regions. In the first quarter of 2020, we closed all of our offices and required most of our employees to work remotely. These changes remained largely in effect in the fourth quarter of 2021. We expect our offices to remain closed at least through the second quarter of 2022. At this point, the duration and impact, if any, of these and any additional operational changes we may implement is uncertain, but changes we have implemented have not affected and are not expected to affect our ability to maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures. See Item 1A Risk Factors for further discussion of the possible impact of the COVID-19 pandemic on our business.

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 2021	Q4 2020	% Change	FY 2021	FY 2020	% Change
Revenue	$391,149	$ 357,772	9 %	$1,161,084	$ 891,925	30 %
Camera units shipped [1]	1,033	1,108	(7) %	3,145	2,820	12 %
Gross margin [2]	41.2 %	38.0 %	320 bps	41.1 %	35.3 %	580 bps
Operating expenses	$102,449	$ 80,728	27 %	$ 363,889	$ 351,333	4 %
Net income (loss)	$ 52,626	$ 44,413	18 %	$ 371,171	$ (66,783)	656 %
Diluted net income (loss) per share	$ 0.32	$ 0.28	14 %	$ 2.27	$ (0.45)	604 %
Cash provided by operations	$163,848	$ 106,253	54 %	$ 229,153	$ 93,782	144 %
Other financial information:						
Adjusted EBITDA [3]	$ 71,571	$ 67,744	6 %	$ 167,798	$ 43,200	288 %
Non-GAAP net income [4]	$ 66,147	$ 61,064	8 %	$ 146,068	$ 12,779	1,043 %
Non-GAAP diluted net income per share	$ 0.41	$ 0.39	5 %	$ 0.90	$ 0.08	1,025 %

(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, intangible asset impairment charges, loss on extinguishment of debt, and restructuring and other costs, including right-of-use asset impairment charges.

(4) We define non-GAAP net income as net income (loss) adjusted to exclude stock-based compensation, acquisition-related costs, restructuring and other costs, including right-of-use asset impairment charges, non-cash interest expense, 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 2021 financial performance

Revenue was $1.16 billion for the full year 2021 compared to $891.9 million in 2020. The year-over-year improvement in revenue was driven by sales of our cameras at higher price points, which was positively impacted by a $50 increase in the manufacturer's suggested retail price (MSRP) on our latest flagship camera from 2020 to 2021. In addition to sales of our cameras at higher price points, the year-over-year improvement in revenue was positively impacted by direct-to-consumer sales and subscriptions and services, as well as sales through our retail channel as stores began to reopen. Retail revenue for the full year 2021 was $769.0 million, an increase of 26% year-over-year from $609.4 million in 2020, driven by overall growth across all regions. Revenue from our retail channel represented 66.2% and 68.3% of total revenue for 2021 and 2020, respectively. The year-over-year improvement in revenue was also driven by our continued focus on direct-to-consumer sales through GoPro.com. GoPro.com revenue for the full year 2021 was $392.1 million, which was a 39% increase year-over-year from $282.6 million in 2020. GoPro.com revenue represented 33.8% and 31.7% of total revenue for 2021 and 2020, respectively. We shipped 3,145,000 camera units for the full year 2021, compared to 2,820,000 camera units for the full year 2020, representing a 12% camera unit growth year-over-year. Our average selling price, which is defined as total revenue divided by camera units shipped, for the full year 2021 was $369, or a 17% year-over-year increase, primarily due to 97% of our camera revenue mix being derived from cameras with a suggested retail price equal to or greater than $300, along with growth in GoPro subscribers. We had approximately 1.6 million GoPro subscribers as of December 31, 2021, or a 107% increase year-over-year. Subscription revenue for the full year 2021 was $52.9 million, or an increase of 131% year-over-year. The gross margin percentage for 2021 was 41.1%, up from 35.3% in 2020. The 580 bps year-over-year increase in gross margin was primarily driven by sales of cameras at higher price points, growth in direct-to-consumer sales, and growth in our high margin subscription revenue. Operating expenses for the full year 2021 were $363.9 million, a 4% increase year-over-year, primarily due to increases in personnel-related expenses and costs to support the growth of our direct-to-consumer business on GoPro.com. Net income for the full year 2021 was $371.2 million, an improvement of $437.9 million, when compared to a net loss of $66.8 million for the full year 2020. The full year 2021 benefitted from the release of our tax valuation allowances which contributed $284.6 million. Adjusted EBITDA for the full year 2021 was $167.8 million, or 15% of revenue compared to $43.2 million for the full year 2020, or 5% of revenue.

Revenue for the fourth quarter of 2021 was $391.1 million, or a 9% increase from the same period in 2020. The year-over-year increase was primarily driven by sales of our cameras at higher price points, which was positively impacted by a $50 increase in MSRP on our latest flagship camera from 2020 to 2021. In addition to sales of our cameras at higher price points, the year-over-year improvement in revenue was positively impacted by direct-to-consumer sales and subscriptions and services, and strong sales through our retail channel as stores began to reopen. Retail revenue for the fourth quarter of 2021 was $263.4 million, an increase of 9.1% year-over-year from $241.3 million during the same period in 2020, primarily driven by Europe. Revenue from our retail channel represented 67.3% and 67.5% of total revenue for the fourth quarter of 2021 and 2020, respectively. The year-over-year improvement in revenue was also driven by our continued focus on direct-to-consumer sales through GoPro.com. GoPro.com revenue for the fourth quarter of 2021 was $127.8 million, which was a 9.8% increase year-over-year from $116.4 million during the same period in 2020. GoPro.com revenue represented 32.7% and 32.5% of total revenue for the fourth quarter of 2021 and 2020, respectively. Our average selling price, which is defined as total revenue divided by camera units shipped, for the fourth quarter of 2021 was $379, or a 17.2% increase from the same period in 2020, primarily due to 100% of our camera revenue mix being derived from cameras with a suggested retail price equal to or greater than $300 and growth in GoPro subscribers. We shipped 1,033,000 camera units during the fourth quarter of 2021, compared to 1,108,000 camera units for the same period in 2020, or a decline of 7% year-over-year. Subscription revenue for the fourth quarter of 2021 was $16.8 million, or an increase of 118% from the same period in 2020. The gross margin percentage for the fourth quarter of 2021 was 41.2%, up from 38.0% in the fourth quarter of 2020. The 320 bps increase in gross margin year-over-year was primarily driven by sales of cameras at higher price points, growth in direct-to-consumer sales, and growth in our high margin subscription revenue. Operating expenses for the fourth quarter of 2021 were $102.4 million, a 27% increase year-over-year, primarily due to increases in personnel-related expenses, advertising expenses, and costs to support the growth of our direct-to-consumer business on GoPro.com. Net income for the fourth quarter of 2021 was $52.6 million, an 18.5% increase compared to net income of $44.4 million generated in the same period in 2020. Adjusted EBITDA for the fourth quarter of 2021 was a positive $71.6 million, compared to a positive $67.7 million for the same period in 2020.

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 generated positive operating income for the year ended December 31, 2021, and we continue to make strategic decisions to create sustainable growth and profitability in our business. Prior to fiscal year 2021, we incurred operating losses during fiscal years 2020, 2019, and 2018. Our restructuring actions have significantly reduced our on-going operating expenses, resulting in a flatter, more efficient global organization that has allowed for improved communication and better alignment among our functional teams. Primarily as a result of the impact of the COVID-19 pandemic, we took additional restructuring actions in April 2020 to further reduce our operating expenses in marketing, sales, and general and administrative functions, and to reduce our global facility footprint. Operating expense reductions related to research and development were minor in order to protect our product roadmap and innovation. Additionally, in response to the COVID-19 pandemic, we accelerated a shift in our sales channel strategy to reduce the number of distributors and retailers that we work with to focus more on direct-to-consumer sales through GoPro.com.

If we are unable to generate adequate revenue growth, particularly in light of the impact of the COVID-19 pandemic, successfully sustain our direct-to-consumer sales model and current revenue growth rate, or continue to manage our expenses, we may incur significant losses in the future and may not be able to achieve 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 applications and other new offerings. We plan to further build upon our integrated mobile 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 integrated storytelling solutions, the value proposition of our subscriptions, our market position and revenue will be adversely affected. Further, we have incurred 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 direct-to-consumer sales and subscription services will accelerate our ability to become consistently profitable due to an improved margin structure and lower operating expenses to support this shift in channel, particularly in light of the impact of the COVID-19 pandemic. As a result of this shift toward direct sales, we believe we can become consistently profitable with lower overall unit sales. We continue to believe that international markets represent a significant opportunity to achieve continued 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 integrated storytelling 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 this 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. We will continue to leverage the brand recognition of our Company to increase our global presence through GoPro.com with the active promotion of our brand, the expansion of localized products in international markets with region-specific marketing, and a focus on the biggest investment opportunities.

Our profitability also depends on expanding our subscription service offerings. If we are not successful in our shift to a direct-to-consumer sales model, expanding our product and subscription offerings and increasing our paid subscriber base, we might not be able to become consistently profitable and we may not recognize benefits from our investment in new areas.

Marketing the improved GoPro experience. We intend to focus our marketing resources to increase traffic to GoPro.com, improve the consumer experience on GoPro.com, 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 sustaining 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 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 and forecasting, whether just prior to the holiday season or otherwise, are critical to our operations and financial performance.

Components of our Results of Operations

Revenue. Our revenue is primarily comprised of product sales and subscription services, net of returns and sales incentives. 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. 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 costs, including costs of contract manufacturing for production, third-party logistics and procurement costs, warranty repair costs, tooling and equipment depreciation, excess and obsolete inventory write-downs, amortization of acquired developed technology, license fees, tariffs and certain allocated costs related to our manufacturing team, facilities, including right-of-use asset impairment charges, 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, including right-of-use asset impairment charges, 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, webstore and subscription provider fees, trade show and event costs, sponsorship costs, consulting and contractor expenses, and allocated facilities, restructuring, including right-of-use asset impairment charges, 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. The expense also includes professional service costs related to accounting, tax, legal services, and allocated facilities, restructuring, including right-of-use asset impairment charges, 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:

	Year ended December 31,					
(dollars in thousands)	**2021**		**2020**		**2019**	
Revenue	$ 1,161,084	100 %	$ 891,925	100 %	$ 1,194,651	100 %
Cost of revenue	683,979	59	577,411	65	781,862	65
Gross profit	477,105	41	314,514	35	412,789	35
Operating expenses:						
Research and development	141,494	12	131,589	15	142,894	12
Sales and marketing	156,694	13	151,380	17	206,431	17
General and administrative	65,701	6	68,364	8	65,797	6
Total operating expenses	363,889	31	351,333	40	415,122	35
Operating income (loss)	113,216	10	(36,819)	(5)	(2,333)	—
Other income (expense):						
Interest expense	(22,940)	(2)	(20,257)	(2)	(19,229)	(2)
Other income (expense), net	(176)	—	(4,881)	(1)	2,492	—
Total other expense, net	(23,116)	(2)	(25,138)	(3)	(16,737)	(2)
Income (loss) before income taxes	90,100	8	(61,957)	(8)	(19,070)	(2)
Income tax expense (benefit)	(281,071)	(24)	4,826	1	(4,428)	(1)
Net income (loss)	$ 371,171	32 %	$ (66,783)	(7)%	$ (14,642)	(1)%

Revenue

(camera units and dollars in thousands, except average selling price)	Year ended December 31, 2021	2020	2019	2021 vs 2020 % Change	2020 vs 2019 % Change
Camera units shipped	3,145	2,820	4,260	12 %	(34)%
Average selling price	$ 369	$ 316	$ 280	17	13
Retail	$ 769,019	$ 609,368	$ 1,053,502	26	(42)
Percentage of revenue	*66.2 %*	*68.3 %*	*88.2 %*		
GoPro.com	$ 392,065	$ 282,557	$ 141,149	39	100
Percentage of revenue	*33.8 %*	*31.7 %*	*11.8 %*		
Total revenue	$ 1,161,084	$ 891,925	$ 1,194,651	30 %	(25)%
Americas	$ 607,534	$ 483,331	$ 523,975	26 %	(8)%
Percentage of revenue	*52.2 %*	*54.2 %*	*43.9 %*		
Europe, Middle East and Africa (EMEA)	$ 305,654	$ 218,670	$ 359,187	40	(39)
Percentage of revenue	*26.3 %*	*24.5 %*	*30.0 %*		
Asia and Pacific (APAC)	$ 247,896	$ 189,924	$ 311,489	31	(39)
Percentage of revenue	*21.4 %*	*21.3 %*	*26.1 %*		
Total revenue	$ 1,161,084	$ 891,925	$ 1,194,651	30 %	(25)%

2021 Compared to 2020. Revenue was $1.16 billion for the full year 2021 compared to $891.9 million in 2020. The year-over-year improvement in revenue was driven by sales of our cameras at higher price points, which was positively impacted by a $50 increase in MSRP on our latest flagship camera from 2020 to 2021. In addition to sales of our cameras at higher price points, the year-over-year improvement in revenue was positively impacted by direct-to-consumer sales and subscriptions and services, as well as sales through our retail channel as stores began to reopen. Retail revenue for the full year 2021 was $769.0 million, an increase of 26% year-over-year from $609.4 million in 2020, driven by overall growth across all regions. Revenue from our retail channel represented 66.2% and 68.3% of total revenue for 2021 and 2020, respectively. The year-over-year improvement in revenue was also driven by our continued focus on direct-to-consumer sales through GoPro.com. GoPro.com revenue for the full year 2021 was $392.1 million, which was a 39% increase year-over-year from $282.6 million in 2020. GoPro.com revenue represented 33.8% and 31.7% of total revenue for 2021 and 2020, respectively. We shipped 3,145,000 camera units for the full year 2021, compared to 2,820,000 camera units for the full year 2020. Our average selling price, which is defined as total revenue divided by camera units shipped, for the full year 2021 was $369, or a 17% year-over-year increase, primarily due to 97% of our camera revenue mix being derived from cameras with a suggested retail price equal to or greater than $300, along with growth in GoPro subscribers. We had approximately 1.6 million GoPro subscribers as of December 31, 2021, or a 107% increase year-over-year. Subscription revenue for the full year 2021 was $52.9 million, or an increase of 131% year-over-year.

Cost of revenue and gross margin

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(dollars in thousands)	2021	2020	2019	% Change	% Change
Cost of revenue	$ 680,963	$ 570,064	$ 772,088	19 %	(26)%
Stock-based compensation	1,794	1,548	1,902	16	(19)
Acquisition-related costs	1,152	4,598	7,818	(75)	(41)
Restructuring costs	70	1,201	54	(94)	2,124
Total cost of revenue	$ 683,979	$ 577,411	$ 781,862	18 %	(26)%
Gross margin	*41.1 %*	*35.3 %*	*34.6 %*	*580 bps*	*70 bps*

2021 Compared to 2020. Gross margin of 41.1% in 2021 increased from 35.3% in 2020, or 580 bps, primarily due to camera sales at higher price points, 475 bps, increased margin contribution from subscriptions, 58 bps, and better leverage on fixed costs and operational expenses, 47 bps.

Research and development

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(dollars in thousands)	2021	2020	2019	% Change	% Change
Research and development	$ 123,631	$ 110,112	$ 125,142	12 %	(12)%
Stock-based compensation	17,263	13,415	17,167	29	(22)
Restructuring costs	600	8,062	585	(93)	1,278
Total research and development	$ 141,494	$ 131,589	$ 142,894	8 %	(8)%
Percentage of revenue	*12.2 %*	*14.8 %*	*12.0 %*		

2021 Compared to 2020. The year-over-year increase of $9.9 million, or 8%, in total research and development expenses in 2021 compared to 2020 reflected a $13.6 million increase in cash-based personnel-related costs due to an increase in R&D headcount and a $3.8 million increase in stock-based compensation, partially offset by a $7.5 million decrease in restructuring costs.

Sales and marketing

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(dollars in thousands)	2021	2020	2019	% Change	% Change
Sales and marketing	$ 148,288	$ 134,917	$ 198,074	10 %	(32)%
Stock-based compensation	8,045	5,779	8,043	39	(28)
Restructuring costs	361	10,684	314	(97)	3,303
Total sales and marketing	$ 156,694	$ 151,380	$ 206,431	4 %	(27)%
Percentage of revenue	*13.5 %*	*17.0 %*	*17.3 %*		

2021 Compared to 2020. The year-over-year increase of $5.3 million, or 4%, in total sales and marketing expenses in 2021 compared to 2020 reflected a $13.8 million increase in webstore and subscription provider fees, a $1.8 million increase in cash-based personnel-related costs and a $2.3 million increase in stock-based compensation, partially offset by a $10.3 million decrease in restructuring costs, and a $3.2 million decrease in allocated facilities, depreciation and other supporting overhead expenses.

General and administrative

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(dollars in thousands)	2021	2020	2019	% Change	% Change
General and administrative	$ 53,958	$ 53,694	$ 55,220	— %	(3)%
Stock-based compensation	11,548	9,221	10,076	25	(8)
Restructuring costs	195	5,449	501	(96)	988
Total general and administrative	$ 65,701	$ 68,364	$ 65,797	(4)%	4 %
Percentage of revenue	*5.7 %*	*7.7 %*	*5.5 %*		

2021 Compared to 2020. The year-over-year decrease of $2.7 million, or 4%, in total general and administrative expenses in 2021 compared to 2020 reflected a $5.3 million decrease in restructuring costs, a $3.6 million decrease in legal consulting fees, and a $2.4 million decrease in allocated facilities and other supporting overhead expenses, partially offset by a $5.9 million increase in cash-based personnel-related costs and $2.3 million increase in stock-based compensation.

Restructuring costs

Second quarter 2020 restructuring. On April 14, 2020, we approved a restructuring that provided for a reduction of our global workforce by approximately 20% and the consolidation of certain leased office facilities. Under the second quarter 2020 restructuring, we recorded restructuring charges of $29.0 million to date, including a $12.5 million right-of-use asset impairment primarily related to our headquarter campus, $7.4 million related to severance, and $9.1 million related to accelerated depreciation and other charges. The right-of-use asset impairment charge was recorded as a restructuring expense, primarily in the operating expense financial statement line items in the Consolidated Statements of Operations.

We ceased using a portion of our headquarters campus in the third quarter of 2020 as part of the second quarter 2020 restructuring. The unused portion of our headquarters campus has its own identifiable expenses and is not dependent on other parts of our business, and thus was considered its own asset group. As a result, we impaired a part of the carrying value of the related right-of-use asset to its estimated fair value using the discounted future cash flows method. The discounted future cash flows were based on future sublease rental rates, future sublease market conditions and a discount rate based on the weighted-average cost of capital. Based on the results of our assessment, we recognized a $12.3 million impairment. On October 2021, the Company entered into a fully executed and consented sublease agreement for this previously ceased-use portion of our headquarters campus. The sublease term will extend through December 2026.

First quarter 2017 restructuring. On March 15, 2017, we approved a restructuring that provided for a reduction of our workforce by approximately 17% and the consolidation of certain leased office facilities. Under the first quarter 2017 restructuring, we recorded restructuring charges of $23.5 million to date, including $10.3 million related to severance and $13.2 million related to accelerated depreciation and other charges. The actions associated with the first quarter 2017 restructuring were substantially completed by the fourth quarter of 2017.

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

Other income (expense)

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(dollars in thousands)	2021	2020	2019	% Change	% Change
Interest expense	$ (22,940)	$ (20,257)	$ (19,229)	13 %	5 %
Other income (expense), net	(176)	(4,881)	2,492	(96)	(296)
Total other expense, net	$ (23,116)	$ (25,138)	$ (16,737)	(8)%	50 %

2021 Compared to 2020. Total other expense, net, decreased $2.0 million in 2021 compared to 2020, primarily due to a $5.4 million loss on the partial extinguishment of our 2022 Notes in 2020 which did not occur in 2021, which was partially offset by a $3.8 million increase in non-cash interest expense related to the amortization of the debt discount of our 2022 and 2025 Notes.

Income taxes

(dollars in thousands)	Year ended December 31, 2021	2020	2019	2021 vs 2020 % Change	2020 vs 2019 % Change
Income tax expense (benefit)	$(281,071)	$ 4,826	$ (4,428)	(5,924)%	(209)%

We recorded an income tax benefit of $281.1 million for the year ended December 31, 2021, on a pre-tax net income of $90.1 million. Our income tax benefit for the year ended December 31, 2021, primarily resulted from a tax expense on pre-tax book income, offset by the income tax benefit from the full release of valuation allowances on United States federal and state deferred tax assets and the release of a portion of our uncertain tax positions as a result of a lapse of the statute of limitations in certain jurisdictions, as well as income tax benefits from stock-based compensation and federal and California research and development credits.

Our 2020 negative effective tax rate of 7.8% was primarily related to a significant benefit on pre-tax book losses, offset by the valuation allowance on United States federal and state deferred tax assets and by income taxes paid or accrued in profitable foreign jurisdictions (primarily wholly owned subsidiaries in Europe).

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, 2021.

	Three months ended							
(dollars in thousands, except per share amounts)	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020
Revenue	$ 391,149	$ 316,669	$ 249,586	$ 203,680	$ 357,772	$ 280,507	$ 134,246	$ 119,400
Gross profit	161,074	138,053	99,282	78,696	136,083	99,312	40,692	38,427
Operating expenses [1]	102,449	89,452	89,780	82,208	80,728	90,458	85,606	94,541
Net income (loss)	$ 52,626	$ 311,761	$ 16,952	$ (10,168)	$ 44,413	$ 3,307	$ (50,975)	$ (63,528)
Net income (loss) per share:								
Basic	$ 0.34	$ 2.01	$ 0.11	$ (0.07)	$ 0.29	$ 0.02	$ (0.34)	$ (0.43)
Diluted	$ 0.32	$ 1.92	$ 0.10	$ (0.07)	$ 0.28	$ 0.02	$ (0.34)	$ (0.43)

(1) Included in operating expenses were restructuring charges of $13.7 million for the quarter ended September 30, 2020, and $11.0 million for the quarter ended June 30, 2020.

Liquidity and Capital Resources

The following table presents selected financial information as of December 31, 2021 and December 31, 2020:

(dollars in thousands)	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 401,087	$ 325,654
Marketable securities	137,830	—
Total cash, cash equivalents and marketable securities	$ 538,917	$ 325,654
Percentage of total assets	*43 %*	*42 %*

Our primary source of cash is receipts from sales of our products and services. 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, tax refunds and facility subleases. The primary uses of cash are for inventory procurement, payroll-related expenses, general operating expenses, including advertising, marketing and office rent, purchases of property and equipment, other costs of revenue, repurchases of convertible notes, interest, and taxes.

Our liquidity position has historically been impacted by seasonality, which is primarily driven by higher revenues during the second half of the year as compared to the first half. Net cash provided by operating activities during the second half of 2021 and 2020 was $231.5 million and $205.8 million, respectively, which represents more than 100% of the total cash provided by operating activities for each respective year.

As of December 31, 2021, our cash, cash equivalents and marketable securities totaled $538.9 million, a $211.3 million increase from 2020. Our cash, net of the outstanding principal balance of the 2022 and 2025 Notes, as of December 31, 2021 was $270.1 million. The overall cash provided by operating activities of $229.2 million for the year ended December 31, 2021 was attributable to net income of $371.2 million, net cash inflows from changes in our working capital of $61.3 million, net cash inflows from other non-cash expenses of $70.2 million, partially offset by a non-cash tax benefit of $273.5 million. The non-cash tax benefit of $273.5 million was primarily related to the release of tax valuation allowances against deferred tax assets that we consider is more likely than not to be realized against future income. Working capital changes during the year ended December 31, 2021, of $61.3 million was the result of a decrease in inventory of $11.5 million, an increase in accounts payable and other liabilities of $56.3 million, and an increase in deferred revenue of $19.2 million, partially offset by an increase in accounts receivable of $8.1 million and an increase in prepaid expenses and other assets of $17.5 million. As of December 31, 2021, $11.5 million of cash was held by our foreign subsidiaries.

Convertible Notes

In April 2017, we issued $175.0 million aggregate principal amount of the 2022 Notes in a private placement to purchasers for resale to qualified institutional buyers. The 2022 Notes mature on April 15, 2022, unless earlier repurchased or converted into shares of Class A common stock subject to certain conditions. The 2022 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 94.0071 shares of common stock per $1,000 principal amount of the 2022 Notes, which is equivalent to an initial conversion price of approximately $10.64 per share of common stock, subject to adjustment. We pay interest on the 2022 Notes semi-annually, which has historically been due on April 15 and October 15 of each year. We have one interest payment remaining, which will be due on April 15, 2022. Proceeds received from the issuance of the 2022 Notes are allocated between a liability component (short-term debt) and an equity component (additional paid-in capital). The fair value of the liability component was measured using rates determined for similar debt instruments without a conversion feature.

In connection with the 2022 Notes offering, we entered into a prepaid forward stock repurchase transaction agreement (Prepaid Forward) with a financial institution. Pursuant to the Prepaid Forward, we used approximately $78.0 million of the proceeds from the offering of the 2022 Notes to pay the prepayment amount. The aggregate number of shares of our Class A common stock underlying the Prepaid Forward is approximately 9.2 million shares. The expiration date for the Prepaid Forward is April 15, 2022, although it may be settled earlier in whole or in part. Upon settlement of the Prepaid Forward, at expiration or upon any early settlement, the forward counterparty will deliver to us the number of shares of Class A common stock underlying the Prepaid Forward or the portion thereof being settled early. The shares purchased under the Prepaid Forward were treated as treasury stock on the Consolidated Balance Sheets (and not outstanding for purposes of the calculation of basic and diluted income (loss) per share), but remain outstanding for corporate law purposes, including for purposes of any future stockholders' votes, until the forward counterparty delivers the shares underlying the Prepaid Forward to us. The net proceeds from the 2022 Convertible Senior Notes offering of approximately $91 million were used for general corporate purposes.

In the fourth quarter of 2020, 8.8 million shares out of the 9.2 million shares of Class A common stock underlying the Prepaid Forward entered into as part of our 2022 Notes were early settled and delivered to us. In April 2021, the remaining 0.4 million shares of Class A common stock underlying the Prepaid Forward were early settled and delivered to us. There was no financial statement impact due to the return of shares; however, shares outstanding for corporate law purposes were reduced by the early settlement.

In November 2020, in connection with the offering of the 2025 Notes, we repurchased $50.0 million of aggregate principal amount of the April 2022 Notes reducing the amount owed on the 2022 Notes to $125 million.

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. 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. Proceeds received from the issuance of the 2025 Notes are allocated between a liability component (long-term debt) and an equity component (additional paid-in capital). The fair value of the liability component was measured using rates determined for similar debt instruments without a conversion feature.

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 aggregate principal amount of the 2022 Notes. The remaining net proceeds were used for general corporate purposes.

The following table summarizes our contractual obligations related to the 2022 and 2025 Convertible Notes as of December 31, 2021 and the expected timing of those payments:

(in thousands)	Total	Next 12 Months	Beyond 12 Months
Short-term and Long-term debt (1)	$ 278,125	$ 128,984	$ 149,141
Total contractual cash obligations	$ 278,125	$ 128,984	$ 149,141

(1) Our convertible senior notes are due in April 2022 and November 2025. The balances include accrued and unpaid interest as of December 31, 2021. Refer to Note 4 Financing arrangements, for additional discussion regarding our 2022 and 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 US and international locations; and various other contractual commitments. The following table summarizes our other contractual obligations as of December 31, 2021, and the expected timing of those payments:

(in thousands)	Total	Next 12 Months	Beyond 12 Months
Operating lease obligations (1)	$ 61,394	$ 12,727	$ 48,667
Sponsorship commitments	1,059	960	99
Other contractual commitments	65,484	27,052	38,432
Total contractual cash obligations	$ 127,937	$ 40,739	$ 87,198

(1) Operating lease obligations exclude cash inflows from existing contractual facility subleases thru the end of 2026 as of December 31, 2021.

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.

- The $125.0 million aggregate principal amount of the 2022 Notes matures on April 15, 2022, 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 2022 Notes.
- 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 a Credit Agreement which provides for a revolving credit facility under which we may borrow up to an aggregate amount of $50.0 million. Our credit facility will terminate and any outstanding borrowings become due and payable on the earlier of (i) January 2024 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 convertible notes due April 2022, 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.)

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, especially in light of the market volatility and uncertainty as a result of the COVID-19 pandemic, 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, in each case, in light of the market volatility and uncertainty as a result of the COVID-19 pandemic, among other factors, could impact our business and liquidity.

In January 2022, our board of directors authorized the repurchase of up to $100 million of its Class A common stock. Share repurchases under the program may be made from time-to-time through 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 under the Securities Exchange Act of 1934, as amended, as such guidelines may be modified by the SEC from time to time. We expect to fund repurchases through cash generated from operations. This stock repurchase program has no time limit and may be modified, suspended, or discontinued at any time.

Summary of Cash Flow

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

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(in thousands)	**2021**	**2020**	**2019**	**% Change**	**% Change**
Net cash provided by (used in):					
Operating activities	$ 229,153	$ 93,782	$ (24,444)	144 %	484 %
Investing activities	$ (143,719)	$ 9,511	$ 22,771	(1,611)	(58)%
Financing activities	$ (9,889)	$ 71,977	$ (1,044)	(114)%	6,994 %

Cash flows from operating activities

Cash provided by operating activities of $229.2 million for the year ended December 31, 2021 was attributable to net income of $371.2 million, net cash inflows from changes in our working capital of $61.3 million, net cash inflows from other non-cash expenses of $70.2 million, partially offset by a non-cash tax benefit of $273.5 million. The non-cash tax benefit of $273.5 million was primarily related to the release of tax valuation allowances against deferred tax assets that we consider is more likely than not to be realized against future income. Working capital changes during the year ended December 31, 2021, of $61.3 million was the result of a decrease in inventory of $11.5 million, an increase in accounts payable and other liabilities of $56.3 million, and an increase in deferred revenue of $19.2 million, partially offset by an increase in accounts receivable of $8.1 million and an increase in prepaid expenses and other assets of $17.5 million.

Cash flows from investing activities

Cash used in investing activities of $143.7 million for the year ended December 31, 2021, was primarily attributable to purchases of marketable securities of $146.5 million and net purchases of property and equipment of $5.5 million, partially offset by maturities of marketable securities of $8.3 million.

Cash flows from financing activities

Cash used in financing activities of $9.9 million for the year ended December 31, 2021, was primarily attributable to $17.4 million in tax payments for net restricted stock unit (RSU) settlements, partially offset by $7.5 million received from stock purchases made through our employee stock purchase plan and employee stock option exercises.

Indemnifications

We have entered into indemnification agreements with our directors and executive officers which require us to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. In addition, in the normal course of business, we enter into agreements that contain a variety of representations and warranties, and provide for general indemnification. Our exposure under these agreements is unknown because it involves claims that may be made against us 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 our limited history with indemnification claims and the unique facts and circumstances involved in each particular agreement. As of December 31, 2021, we have not paid any claims, nor has it been required to defend any action related to its indemnification obligations. However, we may record charges in the future as a result of these indemnification obligations.

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, subscriptions and services, and the related 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 most of our revenue, revenue is recognized at the time the product is delivered and when collection is considered probable. For the Company's subscription services, revenue is recognized on a ratable basis over the subscription term, with 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: a) 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, b) the implicit right to our downloadable free apps and software solutions, c) the implied right for the customer to receive post contract support after the initial sale (PCS), and d) a subscription service. 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, subscriptions, and services. 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 sales 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, 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 $86.4 million and $97.9 million as of December 31, 2021 and 2020, 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.

Warranty

We establish a liability for estimated product warranty costs at the time product revenue is recognized. We generally provide a 12-month warranty coverage on all of our products except in the European Union where we provide a 24-month warranty. The Company also offers extended warranty programs for a fee. Our estimate of costs to service our warranty obligations are based on 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. Should actual product failure rates, use of materials or other costs differ from our estimates, additional warranty liabilities could be required, which could materially affect our results of operations.

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 negative 312.0%, negative 7.8% and positive 23.2% in 2021, 2020 and 2019, 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. Our income tax rate is primarily affected by the tax rates that apply to our foreign earnings.

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 period ended September 30, 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, which resulted in a $284.6 million non-cash net benefit to earnings for the year ended December 31, 2021. Our Company's foreign deferred tax assets in each jurisdiction are supported by taxable income or in the case of acquired companies, by the future reversal of deferred tax liabilities. It is more likely than not that our Company's foreign deferred tax assets will be realized and thus, a valuation allowance is not required on its foreign deferred tax assets. We will continue to assess the realizability of the deferred tax assets in each of the 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. As of December 31, 2021, we determined that no impairment of the carrying value of goodwill was required.

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. We recorded a $12.5 million right-of-use asset impairment in 2020 primarily related to our headquarters campus. We used the following significant assumptions to determine the impairment charge: future sublease rental rates, future sublease market conditions and a discount rate based on the weighted-average cost of capital.

Convertible Senior Notes

We account for our convertible senior notes in accordance with ASC 470-20, *Debt with Conversion and Other Options*. As our 2022 Notes and 2025 Notes have a net settlement feature and may be settled wholly or partially in cash upon conversion, we are required to separately account for the liability (debt) and equity (conversion option) components of the instrument. The carrying amount of the liability component of the instrument is determined by estimating the fair value of a similar liability without the conversion option using income and market based approaches. For the income-based approach, we use a convertible bond pricing model that includes several assumptions such as volatility and the risk-free rate. For the market-based approach, we evaluate issuances of convertible debt securities by other companies at the time of issuance. The amount of the equity component is then calculated by deducting the fair value of the liability component from the principal amount of the instrument. The difference between the principal amount and the liability component represents a debt discount that is amortized to interest expense over the respective terms of the 2022 Notes and 2025 Notes using an effective interest rate method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the issuance costs related to the 2022 Notes and 2025 Notes, the allocation of issuance costs incurred between the liability and equity components were based on their relative values. Similarly, in accordance with ASC 470-20, transactions involving contemporaneous exchanges of cash between the same debtor and creditor in connection with the issuance of a new debt obligation and satisfaction of an existing debt obligation by the debtor, such as the contemporaneous 2022 Notes partial repurchase and issuance of the 2025 Notes, should be evaluated as a modification or an exchange transaction depending on whether the exchange is determined to have substantially different terms. The 2022 Notes partial repurchase and issuance of the 2025 Notes were deemed to have substantially different terms due to the significant difference between the value of the conversion option immediately prior to and after the exchange, and consequently, we accounted for the 2022 Notes partial repurchase as a debt extinguishment. The total consideration for the 2022 Notes partial repurchase was separated into liability and equity components by estimating the fair value of a similar liability without a conversion option and assigning the residual value to the equity component. The effective interest rate used to estimate the fair value of the liability component of the 2022 Notes partial repurchase is based on the income approach used to determine the effective interest rate of the 2025 Notes, adjusted for the remaining term of the 2022 Notes. The gain or loss on extinguishment of the debt is subsequently determined by comparing repurchase consideration allocated to the liability component to the sum of the carrying value of the liability component, net of the proportionate amounts of unamortized debt discount and remaining unamortized debt issuance costs.

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

- the comparability of our on-going operating results over the periods presented;
- the ability to identify trends in our underlying business; and
- 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, facilities consolidation charges recorded in connection with restructuring actions announced in the fourth quarter of 2016, first quarter of 2017, first quarter of 2018 and second quarter of 2020, 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;
- adjusted EBITDA and non-GAAP net income (loss) exclude the loss on extinguishment of debt because it is not reflective of ongoing operating results in the period, and such losses vary in the frequency and amount;
- 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. In connection with the issuance of the Convertible Senior Notes in April 2017 and November 2020, we are required to recognize non-cash interest

expense, such as the amortization of debt discounts, in accordance with the authoritative accounting guidance for convertible debt that may be settled in cash;

- 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; 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, 2021	2020
Net income	$ 52,626	$ 44,413
Income tax expense (benefit)	(392)	116
Interest expense, net	5,701	5,442
Depreciation and amortization	2,363	3,570
POP display amortization	737	708
Stock-based compensation	10,423	8,037
Loss on extinguishment of debt	—	5,389
Restructuring and other costs	113	69
Adjusted EBITDA	$ 71,571	$ 67,744

	Year ended December 31,				
(in thousands)	2021	2020	2019	2018	2017
Net income (loss)	$ 371,171	$ (66,783)	$ (14,642)	$ (109,034)	$ (182,873)
Income tax (benefit) expense	(281,071)	4,826	(4,428)	1,359	6,486
Interest expense	22,678	19,993	17,872	17,278	12,804
Depreciation and amortization	10,962	19,065	26,268	35,063	41,478
POP display amortization	2,759	4,176	7,504	13,482	19,190
Stock-based compensation	38,650	29,963	37,188	40,887	51,255
Loss on extinguishment of debt	—	5,389	—	—	—
Restructuring and other costs	2,649	26,571	2,196	22,743	20,292
Adjusted EBITDA	$ 167,798	$ 43,200	$ 71,958	$ 21,778	$ (31,368)

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

	Three months ended December 31,	
(in thousands, except per share data)	**2021**	**2020**
Net income	$ 52,626	$ 44,413
Stock-based compensation	10,423	8,037
Acquisition-related costs	71	723
Restructuring and other costs	113	69
Non-cash interest expense	3,673	3,018
Loss on extinguishment of debt	—	5,389
Income tax adjustments	(759)	(585)
Non-GAAP net income	$ 66,147	$ 61,064
GAAP diluted net income per share	$ 0.32	$ 0.28
Non-GAAP diluted net income per share	$ 0.41	$ 0.39
GAAP and non-GAAP shares for diluted net income per share	162,742	156,464

	Year ended December 31,				
(in thousands)	**2021**	**2020**	**2019**	**2018**	**2017**
Net income (loss)	$ 371,171	$ (66,783)	$ (14,642)	$ (109,034)	$ (182,873)
Stock-based compensation	38,650	29,963	37,188	40,887	51,255
Acquisition-related costs	1,152	4,598	7,818	11,456	8,991
Restructuring and other costs	2,649	26,571	2,196	22,743	20,292
Non-cash interest expense	14,208	10,366	8,987	8,112	5,345
Loss on extinguishment of debt	—	5,389	—	—	—
Gain on sale and license of intellectual property	—	—	—	(5,000)	—
Income tax adjustments	(281,762)	2,675	(6,292)	(1,073)	1,123
Non-GAAP net income (loss)	$ 146,068	$ 12,779	$ 35,255	$ (31,909)	$ (95,867)
GAAP diluted net income (loss) per share	$ 2.27	$ (0.45)	$ (0.10)	$ (0.78)	$ (1.32)
Non-GAAP diluted net income (loss) per share	$ 0.90	$ 0.08	$ 0.24	$ (0.23)	$ (0.69)
GAAP shares for diluted net income (loss) per share	163,178	149,037	144,891	139,495	138,056
Add: effect of dilutive shares	—	3,096	1,580	—	—
Non-GAAP shares for diluted net income (loss) per share	163,178	152,133	146,471	139,495	138,056

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

In addition to market risk that is created by the uncertainties and the global market disruptions resulting from the COVID-19 pandemic, 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, which has increased as a result of our focus on our direct-to-consumer sales strategy, is denominated in U.S. dollars and various foreign currencies. To the extent that revenue from foreign currency transactions increases, our foreign currency risk will also increase. However, to date, the majority of our product sales and inventory purchases have been denominated in U.S. dollars. We therefore have had limited foreign currency risk associated with these two activities. The functional currency of all of our entities is 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, principally the Euro, British pound, Canadian dollar, Singaporean dollar and Romanian leu. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. However, we believe that the exposure to foreign currency fluctuation from operating expenses is immaterial at this time and do not constitute a significant portion of our total expenses. As we continue to focus on the growth of our direct-to-consumer business and expand our operations, if foreign currency exchange rates become volatile, or if foreign currency held in our foreign entities increases, our exposure to foreign currency risk could become more significant. To date, we have not entered into any material foreign currency exchange contracts. For assets and liabilities denominated in other currencies, we do not believe that the effects of a 10% shift in exchange rates between those currencies and the U.S. dollar would have a material effect on our results of operations from such a shift.

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, 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 2022 Convertible Senior Notes (2022 Notes) and 2025 Convertible Senior Notes (2025 Notes) are 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 2022 Notes and 2025 Notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the 2022 Notes and 2025 Notes will generally increase as our Class A common stock price increases and will generally decrease as the common stock price declines. The interest and market value changes affect the fair value of the 2022 Notes and 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.
Index to consolidated financial statements

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, 2021 and 2020, and the related consolidated statements of operations, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 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, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

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.

Realizability of Deferred Tax Assets

As described in Notes 1 and 8 to the consolidated financial statements, management assesses the likelihood that the Company's deferred tax assets will be recovered from future taxable income in each tax jurisdiction and, to the extent management believes recovery is not likely, establishes a valuation allowance. Each quarter, management assesses the recoverability of the existing deferred tax assets under ASC Topic 740. Management 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 the existing deferred tax assets. In the assessment for the period ended September 30, 2021, management concluded it was more likely than not that the deferred tax assets related to United States federal and state income taxes will be realizable. Therefore, in 2021 the United States federal and state valuation allowances were fully released and resulted in a $284.6 million non-cash net benefit to earnings for the year ended December 31, 2021. The determination to release the valuation allowances was based, in part, on the Company's cumulative GAAP income from the past three years and projections of GAAP income in future years.

The principal considerations for our determination that performing procedures relating to the realizability of deferred tax assets is a critical audit matter are the high degree of auditor subjectivity and effort in performing procedures and evaluating the available positive and negative evidence to support management's conclusion that it is more likely than not that the deferred tax assets related to United States federal and state income taxes will be realizable.

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 management’s assessment of the realizability of deferred tax assets, including controls over management’s assessment of all available positive and negative evidence. These procedures also included, among others (i) testing the calculation of cumulative GAAP income from the past three years; (ii) testing the completeness and appropriateness of available positive and negative evidence regarding past and future events, including operating results; and (iii) evaluating management’s conclusion that it is more likely than not that the Company’s deferred tax assets related to United States federal and state income taxes will be realizable.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 11, 2022

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

GoPro, Inc.
Consolidated Balance Sheets

(in thousands, except par values)	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 401,087	$ 325,654
Restricted cash	—	2,000
Marketable securities	137,830	—
Accounts receivable, net	114,221	107,244
Inventory	86,409	97,914
Prepaid expenses and other current assets	42,311	23,872
Total current assets	781,858	556,684
Property and equipment, net	19,003	23,711
Operating lease right-of-use assets	27,320	31,560
Intangible assets, net	62	1,214
Goodwill	146,459	146,459
Other long-term assets	285,177	11,771
Total assets	$ 1,259,879	$ 771,399
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 171,545	$ 111,399
Accrued expenses and other current liabilities	128,572	113,776
Short-term operating lease liabilities	9,819	9,369
Deferred revenue	42,505	28,149
Short-term debt	122,391	—
Total current liabilities	474,832	262,693
Long-term taxes payable	7,319	18,099
Long-term debt	111,289	218,172
Long-term operating lease liabilities	43,025	51,986
Other long-term liabilities	7,500	4,431
Total liabilities	643,965	555,381
Commitments, contingencies and guarantees (Note 8)		
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, 129,815 and 122,233 shares issued and outstanding, respectively; 150,000 Class B shares authorized, 26,659 and 28,885 shares issued and outstanding, respectively	1,008,872	980,147
Treasury stock, at cost, 10,710 and 10,710 shares, respectively	(113,613)	(113,613)
Accumulated deficit	(279,345)	(650,516)
Total stockholders' equity	615,914	216,018
Total liabilities and stockholders' equity	$ 1,259,879	$ 771,399

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, 2021	2020	2019
Revenue	$ 1,161,084	$ 891,925	$ 1,194,651
Cost of revenue	683,979	577,411	781,862
Gross profit	477,105	314,514	412,789
Operating expenses:			
Research and development	141,494	131,589	142,894
Sales and marketing	156,694	151,380	206,431
General and administrative	65,701	68,364	65,797
Total operating expenses	363,889	351,333	415,122
Operating income (loss)	113,216	(36,819)	(2,333)
Other income (expense):			
Interest expense	(22,940)	(20,257)	(19,229)
Other income (expense), net	(176)	(4,881)	2,492
Total other expense, net	(23,116)	(25,138)	(16,737)
Income (loss) before income taxes	90,100	(61,957)	(19,070)
Income tax expense (benefit)	(281,071)	4,826	(4,428)
Net income (loss)	$ 371,171	$ (66,783)	$ (14,642)
Net income (loss) per share:			
Basic	$ 2.41	$ (0.45)	$ (0.10)
Diluted	$ 2.27	$ (0.45)	$ (0.10)
Shares used to compute net income (loss) per share:			
Basic	154,274	149,037	144,891
Diluted	163,178	149,037	144,891

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: Shares	Common stock and additional paid-in capital: Amount	Treasury stock: Amount	Accumulated deficit	Stockholders' equity
Balances at December 31, 2018	141,067	$ 894,755	$ (113,613)	$ (569,030)	$ 212,112
Common stock issued under employee benefit plans, net of shares withheld for tax	5,751	5,553	—	—	5,553
Taxes paid related to net share settlements	—	(6,618)	—	—	(6,618)
Stock-based compensation expense	—	37,185	—	—	37,185
Cumulative effect of adoption of new accounting standards	—	—	—	(61)	(61)
Net loss	—	—	—	(14,642)	(14,642)
Balances at December 31, 2019	146,818	930,875	(113,613)	(583,733)	233,529
Common stock issued under employee benefit plans, net of shares withheld for tax	4,301	5,481	—	—	5,481
Taxes paid related to net share settlements	—	(6,207)	—	—	(6,207)
Stock-based compensation expense	—	29,963	—	—	29,963
Equity component of 2025 convertible senior notes	—	35,674	—	—	35,674
Purchase of capped call related to 2025 convertible senior notes	—	(10,249)	—	—	(10,249)
Equity component of partial repurchase of 2022 convertible senior notes	—	(5,390)	—	—	(5,390)
Net loss	—		—	(66,783)	(66,783)
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	7,454	—	—	7,454
Taxes paid related to net share settlements	—	(17,380)	—	—	(17,380)
Stock-based compensation expense (Note 5)	—	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

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, 2021	2020	2019
Operating activities:			
Net income (loss)	$ 371,171	$ (66,783)	$ (14,642)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	10,962	19,065	26,268
Non-cash operating lease cost	4,240	6,565	6,990
Stock-based compensation	38,650	29,963	37,188
Deferred income taxes	(273,541)	(50)	(32)
Non-cash restructuring charges	(99)	5,242	(199)
Impairment of right-of-use assets	—	12,460	—
Non-cash interest expense	14,208	10,366	8,987
Loss on extinguishment of debt	—	5,389	—
Other	2,243	1,072	(1,182)
Changes in operating assets and liabilities:			
Accounts receivable, net	(8,142)	93,084	(71,269)
Inventory	11,505	46,322	(27,778)
Prepaid expenses and other assets	(17,513)	6,392	7,486
Accounts payable and other liabilities	56,262	(87,501)	3,210
Deferred revenue	19,207	12,196	529
Net cash provided by (used in) operating activities	229,153	93,782	(24,444)
Investing activities:			
Purchases of property and equipment, net	(5,545)	(4,881)	(8,348)
Purchases of marketable securities	(146,515)	—	(43,636)
Maturities of marketable securities	8,341	14,830	56,888
Sale of marketable securities	—	—	17,867
Asset acquisition	—	(438)	—
Net cash provided by (used in) investing activities	(143,719)	9,511	22,771
Financing activities:			
Proceeds from issuance of common stock	7,490	5,435	5,574
Taxes paid related to net share settlement of equity awards	(17,379)	(6,207)	(6,618)
Proceeds from issuance of 2025 convertible senior notes	—	143,750	—
Payment of debt issuance costs	—	(4,752)	—
Purchase of Capped Calls related to 2025 convertible senior notes	—	(10,249)	—
Payments for 2022 convertible senior notes partial repurchase	—	(56,000)	—
Proceeds from borrowings	—	30,000	20,000
Repayment of borrowings	—	(30,000)	(20,000)
Net cash provided by (used in) financing activities	(9,889)	71,977	(1,044)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,112)	2,083	923
Net change in cash, cash equivalents and restricted cash	73,433	177,353	(1,794)
Cash, cash equivalents and restricted cash at beginning of period	327,654	150,301	152,095
Cash, cash equivalents and restricted cash at end of period	$ 401,087	$ 327,654	$ 150,301

Supplementary cash flow disclosure:			
Cash paid for interest	$ 6,127	$ 6,717	$ 6,179
Cash paid for income taxes, net	$ 810	$ 2,237	$ 176
Non-cash investing and financing activities:			
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 587	$ 1,030	$ 316

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, and subscription services 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 Company's operating results, financial position and cash flows for fiscal years 2021 and 2020 were negatively impacted by the COVID-19 pandemic. As the global impact of the pandemic began to emerge in the first quarter of 2020, the Company accelerated a shift in its sales channel strategy to focus more on direct-to-consumer sales through GoPro.com, and implemented a restructuring plan in April 2020, which primarily impacted the Company's global workforce, sales and marketing expenses, and leased facilities. These actions were reflected in the Company's financial results starting in the second quarter of 2020 by reducing on-going operating expenses and helped accelerate its ability to achieve profitability in the second half of 2020. In 2020, the Company also issued additional convertible senior notes and entered into a new credit facility.

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, including but not limited to the potential impacts arising from the COVID-19 pandemic, 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. The extent and continued impact of COVID-19 has been taken into account by management in making the significant assumptions and estimates related to the above; however, if the duration and spread of the outbreak, the impact on our customers, and the effect on our contract manufacturers, vendors and supply chains is different from the Company's estimates and assumptions, then actual results could differ materially. Given the uncertainty with respect to COVID-19, the Company's estimates and assumptions may evolve as conditions change. 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 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.

Restricted cash. As of December 31, 2021 and 2020, the Company had an outstanding letter of credit collateralized by a money market account of zero and $2.0 million, respectively, for certain duty related requirements.

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, 2021 and 2020 was $0.7 million and $0.5 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.

Prior to January 1, 2019, the Company recognized leases under Accounting Standards Codification (ASC) 840, *Leases*, which had the following differences from the current lease standard, ASC 842, *Leases*:

- Operating leases were previously not recorded on the Company's Consolidated Balance Sheets.
- The Company calculated a liability for future costs to be incurred under a lease for its remaining term without economic benefit to the Company upon determination of a cease-use date. The fair value of the liability was determined based on remaining lease payments, estimated sublease income and the effects of any prepaid or deferred items recognized under the lease.

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. There was no impairment of goodwill recorded for any periods presented. For the Company's annual impairment testing in 2021, the Company did not identify any indicators of potential impairment of its single reporting unit. 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 recorded a $12.5 million right-of-use asset impairment in 2020 primarily related to its headquarter campus as described further in Note 11 Restructuring charges. The Company used the following significant assumptions to determine the impairment charge: future sublease rental rates, future sublease market conditions and a discount rate based on the weighted-average cost of capital. The Company did not record any impairment charges in 2021 or 2019.

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. See Note 4 Financing Arrangements for additional details.

The Company accounts for its 2022 Notes and 2025 Notes in accordance with ASC 470-20, *Debt with Conversion and Other Options*. As the Company's 2022 Notes and 2025 Notes have a net settlement feature and may be settled wholly or partially in cash upon conversion, the Company is required to separately account for the liability (debt) and equity (conversion option) components of the instrument. The carrying amount of the liability component of the instrument is determined by estimating the fair value of a similar liability without the conversion option using income and market based approaches. The amount of the equity component is then calculated by deducting the fair value of the liability component from the principal amount of the instrument. The difference between the principal amount and the liability component represents a debt discount that is amortized to interest expense over the remaining term of the convertible senior notes using an effective interest rate method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the issuance costs related to the 2022 Notes and 2025 Notes, the allocation of issuance costs incurred between the liability and equity components were based on their relative values.

The total consideration for the 2022 Notes partial repurchase was separated into liability and equity components by estimating the fair value of a similar liability without a conversion option and assigning the residual value to the equity component. The effective interest rate used to estimate the fair value of the liability component of the 2022 Notes partial repurchase is based on the income approach used to determine the effective interest rate of the 2025 Notes, adjusted for the remaining term of the 2022 Notes. The gain or loss on extinguishment of the debt was subsequently determined by comparing repurchase consideration allocated to the liability component to the sum of the carrying value of the liability component, net of the proportionate amounts of unamortized debt discount and remaining unamortized debt issuance costs.

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 we adopted effective January 1, 2022, will have a significant impact on the ongoing accounting of the 2022 and 2025 Notes. Refer to section "Recent Accounting Pronouncements" for additional details on the adoption of this accounting standard update.

Revenue recognition. The Company derives substantially all of its revenue from the sale of cameras, mounts, accessories, subscription and services, 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: a) 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, b) the implicit right to the Company's downloadable free apps and software solutions, c) the implied right for the customer to receive post contract support after the initial sale (PCS), and d) a subscription service. 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 delivered 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 service period based on historical experience. For subscriptions, revenue is recognized ratably over the subscription term, with any payments received in advance of services rendered are recorded as deferred revenue.

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, subscriptions, and services. 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 support, and the amount of time and cost that is 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 such costs as incurred.

Deferred revenue as of December 31, 2021 and 2020 includes amounts related to the Company's subscriptions and services. The Company's short-term and long-term deferred revenue balances totaled $48.5 million and $29.3 million as of December 31, 2021 and 2020, respectively. During the year ended December 31, 2021, the Company recognized $27.6 million of revenue that was included in the deferred revenue balance as of December 31, 2020. During the year ended December 31, 2020, the Company recognized $15.4 million of revenue that was included in the deferred revenue balance as of December 31, 2019.

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 $35.8 million, $34.1 million and $67.3 million in 2021, 2020 and 2019, 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. In the period ended September 30, 2021, the Company assessed its deferred tax assets and based on the weight of available evidence, the Company concluded that it was more likely than not that its United States federal and state deferred tax assets would be realized. Therefore, in 2021 the Company released $284.6 million of valuation allowances, which resulted in a non-cash net benefit to earnings for the year ended December 31, 2021.

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 that were adopted			
Intangible - Goodwill and Other ASU No. 2017-04 (Topic 350)	This standard simplifies the accounting for goodwill and removes Step 2 of the annual goodwill impairment test. Upon adoption, goodwill impairment is determined based on the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The standard is applied on a prospective transition method.	January 1, 2020	The adoption of this standard did not impact the Company's consolidated financial statements and related disclosures.
Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments ASU No. 2016-13	The standard changes the impairment model for most financial assets and replaces the existing incurred loss model with a current expected credit loss (CECL) model. The standard is applied on a modified retrospective approach.	January 1, 2020	The Company's allowance for doubtful accounts and valuation of available-for-sale securities are subject to this standard. The Company concluded the adoption of this standard did not have a material impact on its consolidated financial statements and related disclosures.

Standard	Description	Company's date of adoption	Effect on the consolidated financial statements or other significant matters
Standards not yet adopted			
Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40) ASU No. 2020-06	This standard simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in ASC 470-20, Debt: Debt with Conversion and Other Options, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock, (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification, and (3) revises the guidance in ASC 260, Earnings Per Share, to require entities to calculate diluted earnings per share ("EPS") for convertible instruments by using the if-converted method. The Company will use the modified retrospective method, whereby the	January 1, 2022	Upon adoption, the Company expects to record a net decrease in opening additional paid-in-capital of approximately $78.2 million as of January 1, 2022, due to the cumulative impact of adopting ASU 2020-06, with the impact primarily related to the reclassification of Senior Convertible Notes conversion feature's fair value from additional paid-in-capital to short term and long term debt. Additionally, the Company expects to record an increase to opening retained earnings of approximately $47.1 million as of January 1, 2022 due to the cumulative impact of adopting ASU 2020-06, with the impact related to the reclassification of the previously amortized discount and deferred financing costs. After adoption, the Company expects a reduction in its reported interest expense. In addition, the Company expects to record a decrease of U.S. deferred tax liabilities of approximately $7.5 million, resulting in an additional corresponding increase to opening retained earnings. The Company expects the use of the if-converted method for calculating diluted earnings per share will result in an increase in weighted-average shares outstanding.

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:

	December 31, 2021			December 31, 2020		
(in thousands)	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents [1]:						
Money market funds	$ 183,304	$ —	$ 183,304	$ 19,445	$ —	$ 19,445
Total cash equivalents	$ 183,304	$ —	$ 183,304	$ 19,445	$ —	$ 19,445
Marketable securities:						
Commercial paper	$ —	$ 72,323	$ 72,323	$ —	$ —	$ —
Corporate debt securities	—	41,108	41,108	—	—	—
Government securities	—	24,399	24,399	—	—	—
Total marketable securities	$ —	$ 137,830	$ 137,830	$ —	$ —	$ —

(1) Included in cash and cash equivalents in the accompanying Consolidated Balance Sheets. Cash balances were $217.8 million as of December 31, 2021 and $308.2 million, including $2.0 million of restricted cash, as of December 31, 2020.

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, 2021 were all less than one year in duration. At December 31, 2021 and 2020, 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, 2021 and 2020, 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 April 2017, the Company issued $175.0 million principal amount of Convertible Senior Notes due 2022 (2022 Notes). In November 2020, the Company issued $143.8 million principal amount of Convertible Senior Notes due 2025 (2025 Notes) (see Note 4 Financing arrangements). The estimated fair value of the 2022 Notes and 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 2022 Notes and 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 2022 Notes was $132.4 million and $146.0 million as of December 31, 2021 and 2020, respectively, while the calculated fair value of the 2025 Notes was $189.0 million and $166.8 million as of December 31, 2021 and 2020, 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 2022 Notes and 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 sections and tables provide details of selected balance sheet items.

Inventory

(in thousands)	December 31, 2021	December 31, 2020
Components	$ 10,761	$ 13,229
Finished goods	75,648	84,685
Total inventory	$ 86,409	$ 97,914

Property and equipment, net

(in thousands)	Useful life (in years)	December 31, 2021	December 31, 2020
Leasehold improvements [1]	1–9	$ 33,764	$ 35,180
Production, engineering and other equipment	4	45,641	48,908
Tooling	1–2	13,537	17,635
Computers and software	2	20,771	22,385
Furniture and office equipment	3	5,614	6,315
Tradeshow equipment and other	2–5	1,970	5,860
Construction in progress		480	22
Gross property and equipment		121,777	136,305
Less: Accumulated depreciation and amortization		(102,774)	(112,594)
Property and equipment, net		$ 19,003	$ 23,711

[1] Refer to Note 11 Restructuring charges, for details of operating lease right-of-use asset impairment charges recorded in 2020.

Depreciation expense was $9.8 million, $14.5 million and $18.5 million in 2021, 2020 and 2019, respectively. In 2020, the Company recorded accelerated depreciation charges in connection with its plans to vacate certain leased office facilities as disclosed in Note 11 Restructuring charges.

Intangible assets

	Useful life (in months)	December 31, 2021		
(in thousands)		Gross carrying value	Accumulated amortization	Net carrying value
Purchased technology	20-72	$ 51,066	$ (51,019)	$ 47
Domain name		15	—	15
Total intangible assets		$ 51,081	$ (51,019)	$ 62

	Useful life (in months)	December 31, 2020		
(in thousands)		Gross carrying value	Accumulated amortization	Net carrying value
Purchased technology	20-72	$ 51,066	$ (49,867)	$ 1,199
Domain name		15	—	15
Total intangible assets		$ 51,081	$ (49,867)	$ 1,214

Amortization expense was $1.1 million, $4.6 million and $7.8 million in 2021, 2020 and 2019, respectively. At December 31, 2021, expected amortization expense of intangible assets with definite lives for future periods was as follows:

(in thousands)	Total
Year ending December 31,	
2022	$ 47
	$ 47

Other long-term assets

(in thousands)	December 31, 2021	December 31, 2020
Point of purchase (POP) displays	$ 2,509	$ 3,612
Long-term deferred tax assets	274,430	966
Deposits and other	8,238	7,193
Other long-term assets	$ 285,177	$ 11,771

Amortization expense for POP displays was $2.8 million, $4.2 million and $7.5 million in 2021, 2020 and 2019, respectively.

Accrued expenses and other current liabilities

(in thousands)	December 31, 2021	December 31, 2020
Accrued liabilities [(1)]	$ 34,989	$ 39,444
Accrued sales incentives	34,117	30,609
Employee related liabilities	19,024	7,067
Return liability	9,263	10,817
Warranty liability	8,268	7,997
Inventory received	7,169	1,709
Customer deposits	2,760	2,347
Purchase order commitments	1,369	1,921
Income taxes payable	223	221
Other	11,390	11,644
Accrued expenses and other current liabilities	$ 128,572	$ 113,776

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

Product warranty

	Year ended December 31,		
(in thousands)	2021	2020	2019
Beginning balance	$ 8,523	$ 11,398	$ 10,971
Charged to cost of revenue	16,641	12,690	16,933
Settlement of warranty claims	(16,322)	(15,565)	(16,506)
Warranty liability	$ 8,842	$ 8,523	$ 11,398

At December 31, 2021 and 2020, $8.3 million and $8.0 million, respectively, of the warranty liability was recorded as a component of accrued expenses and other current liabilities, and $0.5 million was recorded as a component of other long-term liabilities for both periods.

4. Financing arrangements

2021 Credit Facility

In January 2021, the Company entered into a Credit Agreement (2021 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. The 2021 Credit Facility will terminate and any outstanding borrowings become due and payable on the earlier of (i) January 2024 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 convertible notes due April 2022, 91 days prior to the maturity date of such convertible notes. Concurrently with the execution of the 2021 Credit Agreement in January 2021, the Company terminated its previous 2016 Credit Agreement, which would otherwise have matured in March 2021.

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.

At the Company's option, borrowed funds accrue interest at either (i) a floating rate per annum 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 rate at which dollar deposits are offered in the London interbank market plus 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 0.375% to 0.50% per annum, based on the level of utilization of the 2021 Credit Facility. 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, 2021, the Company was in compliance with all financial covenants contained in the 2021 Credit Agreement. The Company has made no borrowings from the 2021 Credit Facility to date, however, there is an outstanding letter of credit of $5.2 million for certain duty related requirements. This was not collateralized by any cash on hand.

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). The 2022 Notes are senior, unsecured obligations of GoPro and mature on April 15, 2022, unless earlier repurchased or converted into shares of Class A common stock under certain circumstances. The 2022 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 94.0071 shares of Class A common stock per $1,000 principal amount of the 2022 Notes, which is equivalent to an initial conversion price of approximately $10.64 per share of common stock, subject to adjustment. Based on current and projected liquidity, the Company has the intent and ability to deliver cash up to the principal amount of the 2022 Notes then outstanding upon conversion. The Company has historically paid interest on the 2022 Notes semi-annually in arrears on April 15 and October 15 of each year. There is one interest payment remaining, which will be due on April 15, 2022.

The $175.0 million of proceeds received from the issuance of the 2022 Notes were allocated between long-term debt (liability component) of $128.3 million and additional paid-in-capital (equity component) of $46.7 million on the Consolidated Balance Sheets. The fair value of the liability component was measured using rates determined for similar debt instruments without a conversion feature. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from the aggregate face value of the 2022 Notes.

The liability component will be accreted up to the face value of the 2022 Notes of $175.0 million, which will result in additional non-cash interest expense being recognized in the Consolidated Statements of Operations. The accretion of the 2022 Notes to par and debt issuance cost recorded to long-term debt is amortized into interest expense over the term of the 2022 Note using an effective interest rate of approximately 10.5%. The equity component will not be remeasured as long as it continues to meet the conditions for equity classification.

The Company incurred approximately $5.7 million of issuance costs related to the issuance of the 2022 Notes, of which $4.2 million and $1.5 million were recorded to long-term debt and additional paid-in capital, respectively. The $4.2 million of issuance costs recorded as long-term debt on the Consolidated Balance Sheets are being amortized over the five-year contractual term of the 2022 Notes using the effective interest method.

The Company may not redeem the 2022 Notes prior to the maturity date and no sinking fund is provided for the 2022 Notes. The indenture includes customary terms and covenants, including certain events of default after which the 2022 Notes may be due and payable immediately.

Holders have the option to convert the 2022 Notes in multiples of $1,000 principal amount at any time prior to January 15, 2022, but only in the following circumstances:

- during any calendar quarter beginning after the calendar quarter ending on September 30, 2017, 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 2022 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 2022 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 2022 Notes on each such trading day; or
- upon the occurrence of specified corporate events.

At any time on or after January 15, 2022 until the second scheduled trading day immediately preceding the maturity date of the 2022 Notes on April 15, 2022, a holder may convert its 2022 Notes, in multiples of $1,000 principal amount. Holders of the 2022 Notes who convert their 2022 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 2022 Notes at a repurchase price equal to 100% of the principal amount of the 2022 Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the repurchase date. During the year ended December 31, 2021, the conditions allowing holders of the 2022 Notes to convert were not met.

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 principal amount of the 2022 Notes through an individual, privately negotiated transaction. The $56.2 million net cash proceeds were allocated between long-term debt (liability component) of $50.6 million and additional paid-in capital (equity component) of $5.4 million on the Consolidated Balance Sheets, and the remaining $0.2 million was related to the payment of interest. The fair value of the liability component was measured using rates determined for similar debt instrument without a conversion feature. The Company's effective interest rate of 2.4% was based on the trading details of the 2022 Notes immediately prior to the repurchase date to determine the volatility of the 2022 Notes, and their remaining term. The cash consideration allocated to the equity component was calculated by deducting the fair value of the liability component and interest payment from the total aggregate cash consideration. The difference between the fair value of the 2022 Notes repurchased and the carrying value of $45.2 million resulted in a $5.4 million loss on extinguishment of debt.

As of December 31, 2021 and 2020, the outstanding principal on the 2022 Notes was $125.0 million, the unamortized debt discount was $2.4 million and $10.2 million, respectively, the unamortized debt issuance cost was $0.2 million and $0.8 million, respectively, and the net carrying amount of the liability component was $122.4 million and $114.0 million, respectively, which was recorded as short-term debt and long-term debt, respectively, within the Consolidated Balance Sheets. For the year ended December 31, 2021, 2020 and 2019, the Company recorded interest expense of $4.4 million, $5.9 million and $6.1 million. respectively, for contractual coupon interest, and $7.8 million, $9.6 million and $9.0 million, respectively, for amortization of the debt discount. For the year ended December 31, 2021, 2020 and 2019, the Company recorded $0.6 million, $0.8 million and $0.8 million for amortization of debt issuance costs, respectively.

In connection with the 2022 Notes offering, the Company entered into a prepaid forward stock repurchase transaction (Prepaid Forward) with a financial institution (Forward Counterparty). Pursuant to the Prepaid Forward, the Company used approximately $78.0 million of the net proceeds from the offering of the 2022 Notes to fund the Prepaid Forward. The aggregate number of shares of the Company's Class A common stock underlying the Prepaid Forward was approximately 9.2 million. The expiration date for the Prepaid Forward is April 15, 2022, although it may be settled earlier in whole or in part. Upon settlement of the Prepaid Forward, at expiration or upon any early settlement, the Forward Counterparty will deliver to the Company the number of shares of Class A common stock underlying the Prepaid Forward or the portion thereof being settled early. The shares purchased under the Prepaid Forward are treated as treasury stock on the Consolidated Balance Sheets (and not outstanding for purposes of the calculation of basic and diluted income (loss) per share), but will remain outstanding for corporate law purposes, including for purposes of any future stockholders' votes, until the Forward Counterparty delivers the shares underlying the Prepaid Forward to the Company. The Company's Prepaid Forward hedge transaction exposes the Company to credit risk to the extent that its counterparty may be unable to meet the terms of the transaction. The Company mitigates this risk by limiting its counterparty to a major financial institution.

In the fourth quarter of 2020, 8.8 million shares out of the 9.2 million shares of Class A common stock underlying the Prepaid Forward entered into as part of the Company's 2022 Notes were early settled and delivered to the Company. In April 2021, the remaining 0.4 million shares of Class A common stock underlying the Prepaid Forward were early settled and delivered to the Company. There was no financial statement impact due to the return of shares; however, shares outstanding for corporate law purposes were reduced by the early settlement.

The Company adopted ASU 2020-06 on January 1, 2022 under the modified retrospective method, which will have a significant impact on the aforementioned accounting of the 2022 Convertible Notes starting in fiscal year 2022. See Footnote 1 Summary of business and significant accounting policies for additional details.

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 GoPro 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. Based on current and projected liquidity, the Company has the intent and ability to deliver cash up to the principal amount of the 2025 Notes then outstanding upon conversion. The Company pays interest on the 2025 Notes semi-annually in arrears on May 15 and November 15 of each year.

The $143.8 million of proceeds received from the issuance of the 2025 Notes were allocated between long-term debt (liability component) of $106.9 million and additional paid-in-capital (equity component) of $36.9 million on the Consolidated Balance Sheets. The fair value of the liability component was measured using rates determined for similar debt instruments without a conversion feature. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from the aggregate face value of the 2025 Notes.

The liability component will be accreted up to the face value of the 2025 Notes of $143.8 million, which will result in additional non-cash interest expense being recognized in the Consolidated Statements of Operations. The accretion of the 2025 Notes to par and debt issuance cost recorded to long-term debt is amortized into interest expense over the term of the 2025 Note using an effective interest rate of approximately 7.5%. The equity component will not be remeasured as long as it continues to meet the conditions for equity classification.

The Company incurred approximately $4.7 million of issuance costs related to the issuance of the 2025 Notes, of which $3.5 million and $1.2 million were recorded to long-term debt and additional paid-in capital, respectively. The $3.5 million of issuance costs recorded as long-term debt on the Consolidated Balance Sheets are being amortized over the five-year contractual term of the 2025 Notes using the effective interest method.

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 our 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, 2021, the conditions allowing holders of the 2025 Notes to convert were not met.

As of December 31, 2021 and 2020, the outstanding principal on the 2025 Notes was $143.8 million, the unamortized debt discount was $29.7 million and $36.1 million, respectively, the unamortized debt issuance cost was $2.7 million and $3.4 million, respectively, and the net carrying amount of the liability component was $111.3 million and $104.2 million, respectively, which was recorded as long-term debt within the Consolidated Balance Sheets. For the year ended December 31, 2021 and 2020, the Company recorded interest expense of $1.8 million and $0.2 million for contractual coupon interest, $0.7 million and $0.1 million for amortization of debt issuance costs, and $6.4 million and $0.8 million for amortization of the debt discount.

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.

The Company adopted ASU 2020-06 on January 1, 2022 under the modified retrospective method, which will have a significant impact on the aforementioned accounting of the 2025 Convertible Notes starting in fiscal year 2022. See Footnote 1 Summary of business and significant accounting policies for additional details.

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, 2021, 129.8 million shares of Class A stock were issued and outstanding and 26.7 million shares of Class B stock were issued and outstanding. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting power and conversion rights. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible at any time at the option of the stockholder into one share of Class A common stock and has no expiration date. The Class B common stock is also convertible into Class A common stock on the same basis upon any transfer, whether or not for value, except for "permitted transfers" as defined in the Company's restated certificate of incorporation. Each share of Class B common stock will convert automatically into one share of Class A common stock upon the date when the outstanding shares of Class B common stock represent less than 10% of the aggregate number of shares of common stock then outstanding. As of December 31, 2021, 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, 2021:

(in thousands)	December 31, 2021
Stock options outstanding	3,080
Restricted stock units outstanding	8,714
Performance stock units outstanding	967
Common stock available for future grants	36,577
Total common stock shares reserved for issuance	49,338

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 (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 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.

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. The Company matched 100% of each employee’s contributions up to a maximum of 4% of the employee’s eligible compensation until May 2020, at which point the Company suspended matching contributions in certain locations. The Company’s matching contributions to the plan were $0.8 million, $1.4 million and $4.0 million in 2021, 2020 and 2019, 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, 2020	3,431	$ 8.79	6.50	$ 6,259
Granted	309	7.97		
Exercised	(601)	5.29		
Forfeited/Cancelled	(59)	19.57		
Outstanding at December 31, 2021	3,080	$ 9.18	5.92	$ 8,735
Vested and expected to vest at December 31, 2021	3,080	$ 9.18	5.92	$ 8,735
Exercisable at December 31, 2021	2,129	$ 10.72	4.83	$ 4,371

The weighted-average grant date fair value of all options granted was $4.62, $2.03 and $3.70 share in 2021, 2020 and 2019, respectively. The total fair value of all options vested was $1.5 million, $1.7 million and $3.5 million in 2021, 2020 and 2019, respectively. The aggregate intrinsic value of the stock options outstanding as of December 31, 2021 represents the value of the Company’s closing stock price on December 31, 2021 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, 2020	10,639	$ 5.04
Granted	4,330	8.83
Vested	(5,159)	5.53
Forfeited	(1,096)	5.93
Non-vested shares at December 31, 2021	8,714	$ 6.52

The weighted-average grant date fair value of all RSUs granted was $8.83, $4.59 and $5.70 per share in 2021, 2020 and 2019, respectively. The total fair value of all RSUs vested was $28.5 million, $23.9 million and $34.9 million in 2021, 2020 and 2019, 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, 2020	1,319	$ 4.48
Granted	740	7.93
Vested	(637)	4.77
Forfeited	(288)	4.05
Non-vested shares at December 31, 2021	1,134	$ 6.68

The weighted-average grant date fair value of all PSUs granted was $7.93, $4.05 and $7.51 in 2021, 2020 and 2019, respectively. The total fair value of all PSUs vested was $3.0 million and $1.9 million in 2021 and 2020. No PSUs vested in 2019.

Employee stock purchase plan. In 2021, 2020 and 2019, the Company issued 0.8 million, 1.0 million and 958 thousand shares under its ESPP, respectively, at weighted-average prices of $5.28, $3.42 and $4.13, 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 is estimated using the Black-Scholes option pricing model. Expected term of stock options granted was estimated based on the simplified method. Expected stock price volatility was estimated by taking the Company's average historic volatility and if applicable, the historical volatility for industry peers based on daily price observations over a period equivalent to the expected term. Risk-free interest rate was based on the yields of U.S. Treasury securities with maturities similar to the expected term. Dividend yield was zero as the Company does not have any history of, nor plans to make, dividend payments.

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

	Year ended December 31,		
	2021	2020	2019
Volatility	64%	51%-64%	50%-52%
Expected term (years)	6.10	6.10	6.10
Risk-free interest rate	0.7%-1.1%	0.4%-1.5%	1.5%-2.2%
Dividend yield	—%	—%	—%

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

	Year ended December 31,		
	2021	2020	2019
Volatility	64%-80%	60%-98%	41%-54%
Expected term (years)	0.5	0.5	0.5
Risk-free interest rate	0.1%	0.1%-1.6%	1.9%-2.5%
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, 2021	2020	2019
Cost of revenue	$ 1,794	$ 1,548	$ 1,902
Research and development	17,263	13,415	17,167
Sales and marketing	8,045	5,779	8,043
General and administrative	11,548	9,221	10,076
Total stock-based compensation expense	$ 38,650	$ 29,963	$ 37,188

The income tax benefit related to stock-based compensation expense was $9.0 million for 2021. The income tax benefit related to stock-based compensation expense was zero for 2020 and 2019 respectively, due to a full valuation allowance on the Company's United States net deferred tax assets during those respective years. See Note 8 Income taxes for additional details. At December 31, 2021, total unearned stock-based compensation of $50.2 million related to stock options, RSUs, PSUs and ESPP shares is expected to be recognized over a weighted-average period of 1.86 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, 2021	2020	2019
Numerator:			
Net income (loss)	$ 371,171	$ (66,783)	$ (14,642)
Denominator:			
Weighted-average common shares - basic for Class A and Class B common stock	154,274	149,037	144,891
Effect of dilutive securities	8,904	—	—
Weighted-average common shares - diluted for Class A and Class B common stock	163,178	149,037	144,891
Net income (loss) per share			
Basic	$ 2.41	$ (0.45)	$ (0.10)
Diluted	$ 2.27	$ (0.45)	$ (0.10)

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, 2021	2020	2019
Stock-based awards	1,792	15,856	13,527

The Company has the intent and ability to deliver cash up to the principal amount of the 2022 Notes and 2025 Notes subject to conversion, based on the Company's projected liquidity levels. The Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The conversion spread is dilutive in periods of net income when the average market price of the Company's Class A common stock for a given reporting period exceeds the initial conversion prices of $10.64 and $9.3285 per share for the 2022 Notes and 2025 Notes, respectively. For the fiscal 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 fiscal 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 under the treasury stock method.

The Company's 2022 Notes mature on April 15, 2022 and the 2025 Notes 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 2022 Notes and 2025 Notes are convertible into cash, shares of the Company's Class A common stock, or a combination thereof, at the Company's election. While the Company has the intent and ability to deliver cash up to the principal amount, the maximum number of shares issuable upon conversion of the 2022 Notes is 20.6 million shares of Class A common stock and 20.8 million shares of Class A common stock upon conversion of the 2025 Notes. Additionally, the calculation of weighted-average shares outstanding for the fiscal year ended December 31, 2021, 2020, and 2019 excludes approximately 9.2 million shares effectively repurchased and held in treasury stock on the Consolidated Balance Sheets as a result of the Prepaid Forward transaction entered into in connection with the 2022 Note offering.

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 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:

	Year ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
United States	$ 83,419	$ (70,572)	$ (28,233)
Foreign	6,681	8,615	9,163
Income (loss) before income taxes	$ 90,100	$ (61,957)	$ (19,070)

Income tax expense (benefit) consisted of the following:

(in thousands)	Year ended December 31, 2021	2020	2019
Current			
Federal	$ (128)	$ (164)	$ (52)
State	267	84	48
Foreign	(7,669)	4,956	(4,391)
Total current	(7,530)	4,876	(4,395)
Deferred			
Federal	(205,856)	—	—
State	(67,933)	—	—
Foreign	248	(50)	(33)
Total deferred	(273,541)	(50)	(33)
Income tax expense (benefit)	$ (281,071)	$ 4,826	$ (4,428)

(dollars in thousands)	2021 $	2021 %	2020 $	2020 %	2019 $	2019 %
Reconciliation to statutory rate						
Tax at federal statutory rate	$ 18,921	21.0 %	$ (13,011)	21.0 %	$ (4,005)	21.0 %
Change in valuation allowance	(284,551)	(315.8)	16,767	(27.1)	4,717	(24.7)
Impact of foreign operations	(8,222)	(9.2)	5,010	(8.1)	(3,949)	20.7
Stock-based compensation	(5,345)	(5.9)	696	(1.1)	1,731	(9.1)
State income taxes, net of federal benefit	1,828	2.0	(682)	1.1	1,872	(9.8)
Tax credits	(6,091)	(6.8)	(3,538)	5.7	(5,123)	26.8
Permanent tax adjustments	1,517	1.7	123	(0.2)	305	(1.6)
Other	872	1.0	(539)	0.9	24	(0.1)
Income tax expense (benefit) at effective tax rate	$ (281,071)	(312.0)%	$ 4,826	(7.8)%	$ (4,428)	23.2 %

The negative effective tax rate of 312.0% for 2021 primarily resulted from a tax expense on pre-tax book income, offset by the income tax benefit from the full release of valuation allowances on United States federal and state deferred tax assets and the release of a portion of the Company's uncertain tax positions as a result of a lapse in the statute of limitations in certain jurisdictions, and income tax benefits from stock-based compensation and federal and California research and development credits. The negative effective tax rate of 7.8% for 2020 primarily resulted from a significant benefit on pre-tax book losses, offset by the valuation allowance on United States federal and state deferred tax assets and by income taxes paid or accrued in profitable foreign jurisdictions (primarily wholly owned subsidiaries in Europe).

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:

	Year ended December 31,	
(in thousands)	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 158,125	$ 177,987
Tax credit carryforwards	85,650	79,694
Stock-based compensation	5,551	5,192
Allowance for returns	2,504	2,492
Intangible assets	4,803	5,453
Depreciation and amortization	1,313	—
Operating lease liabilities	12,359	14,104
Accruals and reserves	10,514	11,687
Total deferred tax assets	280,819	296,609
Valuation allowance	—	(287,276)
Total deferred tax assets, net of valuation allowance	$ 280,819	$ 9,333
Deferred tax liabilities:		
Depreciation and amortization	—	(1,112)
Operating lease right-of-use assets	(6,389)	(7,255)
Total deferred tax liabilities	(6,389)	(8,367)
Net deferred tax assets	$ 274,430	$ 966

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. In the assessment for the period ended September 30, 2021, the Company concluded it was more likely than not that its deferred tax assets related to United States federal and state income taxes will be realizable. Therefore, in 2021 the United States federal and state valuation allowances were fully released and resulted in a $284.6 million non-cash net benefit to earnings for the year ended December 31, 2021. The determination to release the valuation allowances was based, in part, on the Company's cumulative GAAP income from the past three years and projections of GAAP income in future years. The Company's foreign deferred tax assets in each jurisdiction are supported by taxable income or in the case of acquired companies, by the future reversal of deferred tax liabilities. It is more likely than not that the Company's foreign deferred tax assets will be realized and thus, a valuation allowance is not required on its foreign deferred tax assets. The Company will continue to assess the realizability of the deferred tax assets in each of the applicable jurisdictions going forward.

As of December 31, 2021, the Company's federal, California and other state net operating loss carryforwards for income tax purposes were $615.7 million, $241.8 million and $221.4 million, net of reserves, respectively. Also, the Company's federal and California state tax credit carryforwards were $49.1 million and $46.2 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 2030 to 2042, while federal credit and other state loss carryforwards will begin to expire primarily from 2022 to 2041. Federal net operating losses that arise after 2017 and all California tax credits will be carried forward indefinitely.

Under the provisions of §382 of the Internal Revenue Code, a change of control may impose an annual limitation on the amount of the Company's net operating loss and tax credit carryforwards that can be used to reduce future tax liabilities. Of the Company's total $615.7 million federal net operating loss carryforwards, approximately $8.1 million was from one of the Company's acquisitions in 2016. These acquired tax attributes are subject to an annual limitation of $1.7 million per year for federal purposes and will begin to expire in the year 2034, if not utilized.

Uncertain income tax positions. The Company had gross unrecognized tax benefits of $21.3 million, $27.5 million and $27.2 million, as of December 31, 2021, 2020 and 2019, respectively. For fiscal year 2021, 2020 and 2019, total unrecognized income tax benefits were $7.3 million, $15.3 million and $12.5 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.

These unrecognized tax benefits relate primarily to unresolved matters with taxing authorities regarding the Company's transfer pricing positions and tax positions based on the Company's interpretation of certain United States trial and appellate court decisions, which remain subject to appeal and therefore could be overturned in future periods. 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 $0.5 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:

	Year ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Balance at January 1	$ 27,471	$ 27,178	$ 32,556
Increase related to current year tax positions	3,081	2,541	250
Increase related to prior year tax positions	3,900	1,681	—
Decrease related to prior year tax positions	(13,122)	(3,929)	(5,628)
Balance at December 31	$ 21,330	$ 27,471	$ 27,178

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 non-United States jurisdictions. As of December 31, 2021, 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 2027.

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

	Year ended December 31,		
(in thousands)	**2021 (1)**	**2020 (1)**	**2019 (1)**
Operating lease cost (1)	$ 11,566	$ 14,815	$ 17,811
Sublease income	(964)	(526)	(656)
Right-of-use asset impairment cost	—	12,460	—
Net lease cost	$ 10,602	$ 26,749	$ 17,155

(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, 2021	Year ended December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 14,902	$ 14,310
Right-of-use assets obtained in exchange for operating lease liabilities	2,475	1,343
Operating lease modifications to decrease right-of-use assets	—	(2,251)

Supplemental balance sheet information related to leases was as follows:

	December 31, 2021	December 31, 2020
Weighted-average remaining lease term (in years) - operating leases	4.64	5.53
Weighted-average discount rate - operating leases	6.0%	6.2%

As of December 31, 2021, maturities of operating lease liabilities were as follows:

(in thousands)	December 31, 2021
2022	12,727
2023	12,758
2024	11,748
2025	11,477
2026	11,710
Thereafter	974
Total lease payments	61,394
Less: Imputed interest	(8,603)
Present value of lease liabilities	$ 52,791

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, 2021, future commitments were as follows:

(in thousands)	Total	2022	2023	2024	2025	2026	Thereafter
Sponsorship commitments	$ 1,059	$ 960	$ 99	$ —	$ —	$ —	$ —
Other contractual commitments	65,484	27,052	27,365	11,067	—	—	—
Long-term debt (1)	278,125	128,984	1,797	1,797	145,547	—	—
Total contractual cash obligations	$ 344,668	$ 156,996	$ 29,261	$ 12,864	$ 145,547	$ —	$ —

(1) The Company's convertible senior notes are due in April 2022 and November 2025. The balances include accrued and unpaid interest as of December 31, 2021. Refer to Note 4 Financing Arrangements.

Legal proceedings and investigations. On January 5, 2015, Contour LLC filed a complaint against the Company in federal court in Utah alleging, among other things, patent infringement in relation to certain GoPro cameras. GoPro filed an inter partes review (IPR) at the United States Patent and Trademark Office. On November 30, 2015, Contour dismissed the Utah action, and Contour IP Holdings LLC (CIPH), a non-practicing entity, re-filed a similar complaint in Delaware. The case was transferred to the Northern District of California in

July 2017 (case 3:17-cv-04738) and was stayed pending the IPR proceedings. Upon conclusion of the IPRs, the District Court lifted the stay on October 1, 2019. Due to COVID-19 delays, the trial was delayed several times. Separately, on March 26, 2021, CIPH filed a new lawsuit against Company in the same court (case 3:21-cv-02143), asserting the same patents against certain GoPro products. On May 6, 2021, the Court consolidated the two cases, and trial is set to commence on May 4, 2022. On February 2, 2022, the Court held a hearing on the Company's motion for summary judgment that the asserted patents are invalid under 35 U.S.C. 101 for claiming unpatentable subject matter, and a decision is pending with the Court. The Company believes that the matters lack merit, and intends to vigorously defend against CIPH.

The Company regularly evaluates the associated developments of the legal proceedings described above, as well as other legal proceedings that arise in the ordinary course of business. While litigation is inherently uncertain, based on the currently available information, the Company is unable to determine a loss or a range of loss, and does not believe the ultimate cost to resolve these matters will have a material adverse effect on its business, financial condition, cash flows or results of operations.

Indemnifications. The Company has entered into indemnification agreements with its directors and executive officers which requires the Company to indemnify its directors and executive officers against liabilities that may arise by reason of their status or service. In addition, in the normal course of business, the Company enters into agreements that contain a variety of representations and warranties, and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but have not yet been made. It is not possible to determine the maximum potential amount under these indemnification agreements due to the Company's limited history with indemnification claims and the unique facts and circumstances involved in each particular agreement. As of December 31, 2021, 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 management'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, 2021	December 31, 2020
Customer A	18%	23%
Customer B	30%	15%
Customer C	*	12%

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

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

	Year ended December 31,		
(in thousands)	2021	2020	2019
Accounts receivable sold	$ 108,636	$ 99,410	$ 120,728
Factoring fees	426	678	1,509

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

	Year ended December 31,		
	2021	2020	2019
Customer A	11%	10%	11%

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 was as follows:

	Year ended December 31,			2021 vs 2020	2020 vs 2019
(in thousands)	2021	2020	2019	% Change	% Change
Americas	$ 607,534	$ 483,331	$ 523,975	26 %	(8)%
Europe, Middle East and Africa (EMEA)	305,654	218,670	359,187	40	(39)
Asia and Pacific (APAC)	247,896	189,924	311,489	31	(39)
Total revenue	$ 1,161,084	$ 891,925	$ 1,194,651	30 %	(25)%

Revenue from the United States, which is included in the Americas geographic region, was $526.5 million, $428.3 million and $429.9 million for 2021, 2020 and 2019, 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, 2021 and 2020, long-lived assets, which represent net property and equipment, located outside the United States, primarily in Hong Kong and mainland China, were $5.7 million and $6.9 million, respectively.

11. Restructuring charges

Restructuring charges for each period were as follows:

	Year ended December 31,		
(in thousands)	2021	2020	2019
Cost of revenue	$ 70	$ 1,201	$ 54
Research and development	600	8,062	585
Sales and marketing	361	10,684	314
General and administrative	195	5,449	501
Total restructuring charges	$ 1,226	$ 25,396	$ 1,454

Second quarter 2020 restructuring

On April 14, 2020, the Company approved a restructuring to reduce future operating expenses, optimize its business model and address the impact of the COVID-19 pandemic. The restructuring provided for a reduction of the Company's global workforce by approximately 20% and the consolidation of certain leased office facilities. Under the second quarter 2020 restructuring, the Company recorded restructuring charges of $29.0 million to date, including a $12.5 million right-of-use asset impairment primarily related to its headquarters campus, $7.4 million related to severance, and $9.1 million related to accelerated depreciation and other charges.

The Company ceased using a portion of its headquarters campus in the third quarter of 2020 as part of the second quarter 2020 restructuring. The unused portion of the Company's headquarters campus has its own identifiable expenses and is not dependent on other parts of the Company, and thus was considered its own asset group. As a result, the Company impaired a part of the carrying value of the related right-of-use asset to its estimated fair value using the discounted future cash flows method. The discounted future cash flows were determined based on future sublease rental rates, future sublease market conditions and a discount rate based on the weighted-average cost of capital. Based on the results of the Company's assessment, the Company recognized a $12.3 million impairment, which was reflected as a restructuring expense, primarily in the operating expense financial statement line items in the Consolidated Statements of Operations.

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 second quarter 2020 restructuring.

(in thousands)	Severance	Other	ROU Asset Impairment	Total
Restructuring liability as of December 31, 2019	$ —	$ —	$ —	$ —
Restructuring charges	7,287	5,800	12,460	25,547
Cash paid	(7,238)	(1,592)	—	(8,830)
Non-cash reductions	—	(4,169)	(12,460)	(16,629)
Restructuring liability as of December 31, 2020	$ 49	$ 39	$ —	$ 88
Restructuring charges	146	3,347	—	3,493
Cash paid	(195)	(3,451)	—	(3,646)
Non-cash reductions	—	99	—	99
Restructuring liability as of December 31, 2021	$ —	$ 34	$ —	$ 34

First quarter 2017 restructuring

On March 15, 2017, the Company approved a restructuring to reduce future operating expenses and further align resources around its long-term business strategy. The restructuring provided for a reduction of the Company's global workforce by approximately 17% and the consolidation of certain leased office facilities. Under the first quarter 2017 restructuring, the Company recorded restructuring charges of $23.5 million to date, including $10.3 million related to severance, and $13.2 million related to accelerated depreciation and other charges. The actions associated with the first quarter 2017 restructuring were substantially completed by the fourth quarter of 2017.

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, and other long-term liabilities on the Consolidated Balance Sheets under the first quarter 2017 restructuring.

(in thousands)	Severance	Other	Total
Restructuring liability as of December 31, 2019	$ —	$ 4,470	$ 4,470
Restructuring charges [1]	—	(57)	(57)
Cash paid	—	(3,559)	(3,559)
Restructuring liability as of December 31, 2020	$ —	$ 854	$ 854
Restructuring charges [1]	—	384	384
Cash paid	—	(1,238)	(1,238)
Restructuring liability as of December 31, 2021	$ —	$ —	$ —

(1) Includes lease termination charges, which is included in accrued expenses and other current liabilities in the accompanying Consolidated Balance Sheets, and totaled $0 million as of December 31, 2021.

12. Subsequent events

On January 27, 2022, the Company's board of directors authorized the repurchase of up to $100 million of its Class A common stock. Stock repurchases under the program may be made periodically through 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 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.

Schedule II

GoPro, Inc.

VALUATION AND QUALIFYING ACCOUNTS

For the year ended December 31, 2021, 2020 and 2019

(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, 2021	$ 492	$ —	$ 393	$ —	$ (185)	$ 700
Year ended December 31, 2020	830	—	(24)	—	(314)	492
Year ended December 31, 2019	500	—	616	—	(286)	830
Valuation allowance for deferred tax assets:						
Year ended December 31, 2021	$ 287,276	$ —	$ (284,551)	$ —	$ (2,725)	$ —
Year ended December 31, 2020	277,693	—	16,762	(7,179)	—	287,276
Year ended December 31, 2019	271,374	—	4,717	1,602	—	277,693

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, 2021. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, 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, 2021. The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 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, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are continually monitoring and assessing the COVID-19 related considerations and any impact on the design and operating effectiveness of 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

None.

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 2022 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2021.

Item 11. Executive Compensation

The information required for this Item is incorporated by reference from our Proxy Statement to be filed for our 2022 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2021.

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 2022 Annual Meeting of Stockholders within 120 days after the end of our fiscal year ended December 31, 2021.

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 2022 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2021.

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 2022 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2021.

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

Exhibit		Incorporated by Reference				Filed
Number	Exhibit Title	Form	File No.	Exhibit	Filing Date	Herewith
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 Aimee Lapic from the Registrant, dated March 26, 2020.	10-K	001-36514	10.11	February 12, 2021	
10.13	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	
10.14	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	

10.15	Ninth amendment to Office Lease Agreement, by and between RAR2 - Clearview Business Park Owner QRS, LLC and the Registrant, dated August 3, 2016.	10-K	001-36514	10.16	February 16, 2017	
10.16	Credit Agreement by and among Registrant, the Lenders party thereto and JPMorgan Chase Bank, N.A. dated March 25, 2016.	10-Q	001-36514	10.17	May 6, 2016	
10.17	Forward Stock Purchase Transaction, dated April 6, 2017, between the Company and JPMorgan Chase Bank, National Association.	8-K	001-36514	10.1	April 7, 2017	
10.18	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	
10.19	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	
10.20	Amendment No. 1, dated June 28, 2019, to Credit Agreement by and among Registrant, the Lenders party thereto and JPMorgan Chase Bank, N.A. dated March 25, 2016	10-K	001-36514	10.20	February 14, 2020	
10.21	Amendment No. 2, dated September 27, 2019, to Credit Agreement by and among Registrant, the Lenders party thereto and JPMorgan Chase Bank, N.A. dated March 25, 2016	10-K	001-36514	10.21	February 14, 2020	
10.22	Credit Agreement by and among Registrant, the Lenders party thereto and Wells Fargo Bank, National Association, N.A. dated January 22, 2021. 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	
10.23	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	
10.24	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	
10.25	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	X
21.01	List of Subsidiaries.					X
23.01	Consent of Independent Registered Public Accounting Firm.					X
24.01	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).					X
31.01	Certification of Principal Executive Officer Required Under Rule 13(a)-14(a) and 15(d)-14(a) of the Securities Exchange Act of 1934, as amended.					X
31.02	Certification of Principal Financial Officer Required Under Rule 13(a)-14(a) and 15(d)-14(a) of the Securities Exchange Act of 1934, as amended.					X
32.01‡	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.					X
101.INS	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 11, 2022

By: /s/ Nicholas Woodman
Nicholas Woodman
Chief Executive Officer
(Principal Executive Officer)

Dated: February 11, 2022

By: /s/ Brian McGee
Brian McGee
Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

Dated: February 11, 2022

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.

Name	Title	Date
By: /s/ Nicholas Woodman Nicholas Woodman	Chief Executive Officer and Chairman *(Principal Executive Officer)*	February 11, 2022
By: /s/ Brian McGee Brian McGee	Chief Financial Officer and Chief Operating Officer *(Principal Financial and Accounting Officer)*	February 11, 2022
By: /s/ Tyrone Ahmad-Taylor Tyrone Ahmad-Taylor	Director	February 11, 2022
By: /s/ Kenneth Goldman Kenneth Goldman	Director	February 11, 2022
By: /s/ Peter Gotcher Peter Gotcher	Director	February 11, 2022
By: /s/ Shaz Kahng Shaz Kahng	Director	February 11, 2022
By: /s/ James Lanzone James Lanzone	Director	February 11, 2022
By: /s/ Alexander Lurie Alexander Lurie	Director	February 11, 2022
By: /s/ Susan Lyne Susan Lyne	Director	February 11, 2022
By: /s/ Frederic Welts Frederic Welts	Director	February 11, 2022
By: /s/ Lauren Zalaznick Lauren Zalaznick	Director	February 11, 2022

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