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GoPro, Inc. (NASDAQ: GPRO)

Management Commentary

Q4 & Full Year 2025 Earnings Call

Robin Stoecker

Director, Corporate Communications, GoPro, Inc.

Enclosed is GoPro's fourth quarter and full year 2025 earnings report. Following this brief introduction is management commentary from GoPro's CEO, Nicholas Woodman, and CFO and COO, Brian McGee. This commentary may include forward-looking statements. Forward-looking statements and all other statements that are not historical facts are not guarantees of future performance and are subject to a number of risks and uncertainties which may cause actual results to differ materially. Additionally, any forward-looking statements made today are based on assumptions as of today. This means that results could change at any time, and we do not undertake any obligation to update these statements as a result of new information or future events. To better understand the risks and uncertainties that could cause actual results to differ from our commentary, we refer you to our most recent annual report on Form 10-K for the year ended December 31, 2024, which is on file with the Securities and Exchange Commission ("SEC") and other reports that we may file from time to time with the SEC.

In the management commentary, we may discuss gross margin, operating expense, net profit and loss, adjusted EBITDA as well as basic and diluted net profit and loss per share in accordance with GAAP, and on a non-GAAP basis. A reconciliation of GAAP to non-GAAP operating expenses can be found in the press release that was issued this afternoon, which is posted on the investor relations section of our website. Unless otherwise noted, all income statement-related numbers that are discussed in the management commentary, other than revenue, are non-GAAP.

Nicholas Woodman

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

Thank you for reading GoPro's Q4 and full year 2025 management commentary.

I'd like to begin by congratulating Brian McGee, GoPro's current EVP, Chief Financial Officer and Chief Operating Officer, on his appointment to the role of President & Chief Operating Officer. In his expanded role as President, Brian will further strengthen company-wide alignment and execution, enabling cross-functional teams to move faster and more cohesively toward our strategic goals. Brian is a very talented and passionate operator with a collaborative approach to problem solving and strategy development—I'm excited for what GoPro can accomplish with him in this new role.

I'm also pleased to share that Brian Tratt, GoPro's current VP of Finance, will serve as our Chief Financial Officer. Brian Tratt has served as an integral part of GoPro's finance team for 13 years and has earned the respect and trust of the entire GoPro organization. I'm excited for him to bring his deep understanding of our business—and his fresh perspectives—to the CFO role, leading our Accounting and Finance teams.

These leadership changes will become effective March 17, 2026.

In 2025, we broadened our hardware and software offerings, delivering on the first stage of our mission to diversify our business and expand our TAM:

- We launched our new 360 camera, MAX2, delivering the only True 8K video resolution in the consumer 360 camera category, durable twist and go replaceable lenses, trademark GoPro durability and versatility, and a new ecosystem of sixteen 360-centric accessories.
- We launched our new LIT HERO camera, an ultracompact, lightweight, rugged action and lifestyle camera that has the widest field-of-view lens in its class and an integrated light enabling captivating photos and video even in no-light, pitch-black scenarios.
- We launched our new professional-grade gimbal, Fluid Pro AI, a best-in-class multi-camera, AI subject-tracking gimbal that's compatible with GoPro cameras, smartphones and point and shoot cameras weighing up to 400g.

We also launched a steady cadence of new software functionality, including new 360 content editing features, such as AI-powered subject tracking and cloud-based 360 editing via our Quik mobile app. Additionally, we launched a GoPro ReFrame plug-in for DaVinci Resolve; low-light denoise enhancements in the GoPro Player desktop app; and Apple Projected Media Profile support for the highest-fidelity video playback in Apple Vision Pro™.

And in Q4, we made progress on several strategic initiatives, including GoPro's AI Training program and development of our tech-enabled motorcycle helmet with our partner and leading Italian motorcycle helmet brand, AGV.

We're pleased to share a meaningful update on our AI Training program. We're now working with select AI partners, providing them access to authentic, high-quality GoPro content contributed by U.S. subscribers who opted in to monetize their GoPro cloud-based content for AI model training. We plan to recognize revenue from the program in Q1 and make our first monetary payouts to participating subscribers whose content was selected later this year.

The program creates value for all stakeholders. AI partners gain real world video to train their models, participating subscribers earn money through a revenue share, and GoPro benefits from a new, scalable high-margin revenue stream.

Since launching the program in Q3 2025, we've seen strong subscriber enthusiasm, with more than 500,000 hours of diverse, high-quality video content submitted to date, and steady growth as we continue expanding the program to more subscribers globally. We expect to close further agreements with additional third-party licensing partners throughout 2026.

Shifting gears, we remain focused on our tech-enabled motorcycle helmet initiative, developed jointly in partnership with the leading Italian motorcycle helmet brand, AGV. Together, GoPro and AGV are leveraging each other's design, engineering and brand strengths to deliver significant innovations that enhance safety, performance and enjoyment for motorcyclists—all wrapped into a helmet design that is simply stunning in every regard. We look forward to providing investors with more substantial updates on

this program later this year, and we plan to publicly share a few product teases in the near future...so stay tuned.

On February 26th, the U.S. International Trade Commission reaffirmed our design patent rights by issuing exclusion and cease-and-desist orders against Insta360, blocking their infringing products from the U.S. market. This decision, combined with the Patent Trial and Appeal Board's rulings last year upholding multiple patents covering our HyperSmooth technology, validates what we've always known—GoPro is built on original innovation. Our patent portfolio now exceeds 1,500 U.S. patents, and we will continue to defend against competitors who choose to copy rather than create.

Our commitment to innovation has driven many advancements in digital imaging, from the world's far and away best in-camera video stabilization, HyperSmooth, to industry-leading image quality, resolutions and frame rates, best-in-class wide angle field-of-views, and more...all in rugged and versatile small-form-factor cameras. Our custom GP2 processor played an important role in many of these innovations and helped power our flagship cameras to market-leading positions. At the same time, GP2 imposed a few constraints that limited how far we could push our cameras in certain areas of performance—specifically power efficiency, thermal performance and low-light use cases. Most notably, GP2's low-light constraint hampered GoPro's ability to compete in the fast growing premium low-light capable camera category, a market segment we estimate to have been approximately 2–2.5 million units annually in 2025.

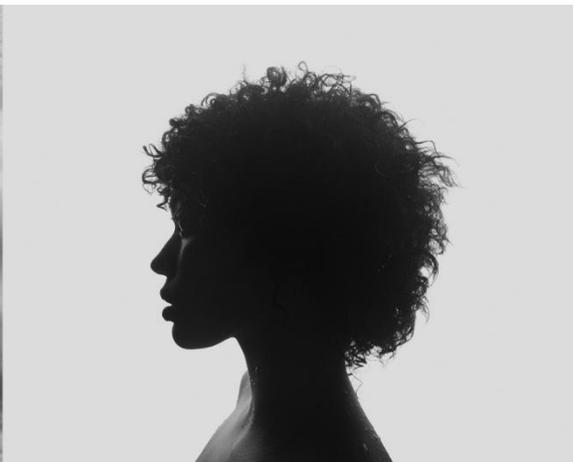
Enter GP3, GoPro's soon-to-be-released next-generation processor, which is designed to deliver industry-leading power efficiency, runtimes, and thermal performance, along with best-in-class low-light performance not yet seen in small-form-factor cameras, or even many professional cameras.

As we publicly announced earlier this week, our new, exclusive GP3 processor represents the most significant advancement in processing power and image quality in GoPro's history. Whereas GP2 was a 12-nanometer System-on-a-Chip (SoC), GP3 is a 5-nanometer SoC that delivers more than 2x the pixel processing power of GP2, resulting in industry-leading resolutions and frame rates that go far beyond what the competition is capable of. GP3 also features a dedicated AI Neural Processor Unit (NPU) that enables significant gains in low-light image quality when combined with low-light image sensors, and industry-leading power efficiency and thermal performance that significantly outperforms the competition.

To quantify how efficient and far ahead GP3 is, in our own internal testing, we're seeing camera runtimes ranging from 40% to 90% longer than the competition and similarly impressive thermal performance advantages over the competition—in addition to demonstrably better image quality.



Accompanying images captured on GoPro's next-generation camera system powered by GP3 showcase the breakthrough image quality and low-light performance enabled by this new technology.



To say we're fired up about GP3 and the new GP3-based cameras we're launching in Q2 would be an understatement. We expect GP3 to serve as a pivotal growth catalyst for GoPro—setting new performance benchmarks for the digital imaging industry as a whole, enabling GoPro to lead in our existing core markets and gain meaningful share in new, professional product categories including the quickly growing low-light camera segment—beginning this Q2.

Despite ongoing macroeconomic pressures facing the consumer electronics sector, including tariffs and rising memory costs and supply constraints, we're working towards strengthening our operating profile as Brian will outline, while also advancing our next product cycle with meaningful technological enhancements.

We believe we're at the start of a new era of technological and performance leadership for GoPro—with a clear opportunity to grow revenue and operating income, as Brian will share in his remarks. We are highly motivated by what's ahead for GoPro and want to thank our employees, suppliers, retail and distribution partners, and our shareholders for your support. We are excited for what's to come.

Now, I'll turn the call over to Brian.

Brian McGee

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

Fiscal 2025 improved substantially over 2024 in a number of areas, including operating expense reductions of \$93 million, flat gross margins of 34% despite a \$20 million impact due to IEEPA tariffs, inventory reduction of 35%, and an improvement in cash flow from operations of \$104 million.

In the fourth quarter of 2025, revenue was \$202 million, versus our guidance of \$220 million +/- \$5 million, and we generated positive Adjusted EBITDA of \$1 million. Cash flow from operations was positive for the third quarter in a row at \$16 million, a \$41 million improvement year-over-year. Sell-through was at the midpoint of guidance at 625,000 camera units, which resulted in a 30,000 unit decrease in channel inventory.

Notable fourth quarter performance highlights:

- Revenue from our retail channel was \$154 million, or 76% of revenue, compared to 74% of Q4 2024 revenue.
- Revenue from our GoPro.com channel, which includes subscription and service revenue, was \$48 million, or 24% of revenue, compared to 26% of Q4 2024 revenue.
- Subscription and service revenue was \$27 million, or 13% of revenue.
- Subscription attach rate from cameras sold across all channels was 43%, up from 34% in Q4 2024 and 29% in Q4 2023.
- Street ASP was \$351, a 2% improvement year-over-year.
- Gross margin was 31.9% compared to guidance of 32.0% +/- 0.5%.
- Operating expenses were \$67 million, compared to \$86 million in the prior year period, a 23% decrease year-over-year.
- GAAP and non-GAAP loss per share was \$(0.06) and \$(0.02), respectively, compared to prior year quarter loss per share of \$(0.24) and \$(0.09), respectively.
- Adjusted EBITDA was positive \$1 million, compared to negative \$14 million in the prior year period.
- Cash flow provided by operations was \$16 million, compared to cash used in operations of \$25 million in Q4 2024.
- We ended the quarter with inventory of \$78 million, a 35% decrease from Q4 2024.

- Channel inventory declined 33% from Q3 2024, 19% from the prior year quarter and 4% sequentially.

Notable full year performance highlights:

- Revenue from our retail channel was \$482 million, or 74% of revenue, compared to 75% of 2024 revenue, a \$119 million decline year-over-year.
- Revenue from our GoPro.com channel, which includes subscription and service revenue, was \$170 million, or 26% of revenue, compared to 25% of 2024 revenue, a \$31 million decline year-over-year.
- Subscription and service revenue was flat year-over-year at \$106 million, or 16% of revenue.
- 2025 Street ASP was \$357, an 8% improvement year-over-year.
- Gross margin was 33.8% compared to 34.1% in the prior year, despite negative impacts related to IEEPA tariffs of approximately \$20 million incurred in 2025.
- Operating expenses reduced \$93 million from \$354 million to \$261 million, a 26% decrease year-over-year.
- GAAP and non-GAAP loss per share was \$(0.59) and \$(0.30), respectively, compared to prior year loss per share of \$(2.82) and \$(2.42), respectively. 2024 GAAP and non-GAAP loss per share were impacted by \$1.93 per share due to the establishment of a \$295 million tax valuation allowance that was recorded in 2024.
- Adjusted EBITDA was negative \$29 million, compared to negative \$72 million in the prior year.
- Cash flow used in operations was \$21 million, compared to cash used in operations of \$125 million in 2024.

Fourth Quarter Results, Prior Guidance and Prior Year Results

	Q4'25 Result	Q4'25 Guidance	Q4'24 Result
Revenue	\$202M	\$220M +/- \$5M	\$201M
Unit sell-through	~625ku	~600ku - ~650ku	~775ku
Street ASP	\$351	~\$350	\$346
Non-GAAP gross margin	31.9%	32.0% +/- 50bps	35.1%
Non-GAAP loss per share	\$(0.02)	\$0.03 +/- \$0.02	\$(0.09)

Annual Results, Prior Guidance and Prior Year Results

	2025 Result	2025 Guidance	2024 Result
Revenue	\$652M	\$670M +/- \$5M	\$801M
Unit sell-through	~2.0mu	~2.0mu	~2.5mu
Street ASP	\$357	~\$355	\$330
Non-GAAP gross margin	33.8%	33.5% +/- 50bps	34.1%
Non-GAAP loss per share*	\$(0.30)	\$(0.25) +/- \$0.02	\$(2.42)

*Non-GAAP loss per share in 2024 was impacted by \$1.93 per share due to the establishment of a \$295 million valuation allowance on our U.S. deferred tax assets that was recorded in 2024.

Turning to more detail on our financial performance, fourth quarter revenue was \$202 million, flat year-over-year, while revenue for full year 2025 was \$652 million, down 19% year-over-year. Revenue was slightly lower than our guidance of \$220 million +/- \$5 million primarily due to under-performance in Asia and slightly less than expected growth in the Americas. The decrease in full year revenue was primarily due to lower camera unit sales of 1.8 million in 2025 compared to 2.4 million in 2024, driven by the timing and mix of product launches in 2025 compared to 2024, consumer-related macroeconomic issues resulting in a softer global consumer market, as well as an increasingly global competitive landscape.

Fourth quarter 2025 Street ASP increased 2% year-over-year to \$351, compared to \$346 in the prior year period. For full year 2025, Street ASP increased 8% to \$357 compared to \$330 in the prior year period, primarily due to an increase in subscription and service revenue as a percentage of total revenue as well as increases in camera and accessory ASPs due to tariffs. Street ASP is defined as total reported revenue divided by camera units shipped. Our fourth quarter camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 79% compared to 84% in the prior year period. For full year 2025, camera revenue mix from cameras with an MSRP equal to or greater than \$400 was 75% compared to 76% in the prior year period.

Fourth quarter demand as measured via sell-through was approximately 625,000 units, down 19% year-over-year. Year-over-year changes in fourth quarter unit sell-through by geography were: Asia-Pacific decreased 38%, EMEA decreased 14%, and Americas decreased 13%. The year-over-year decreases in all regions were primarily driven by consumer-related macroeconomic issues, competition, and retailers reducing purchase commitments.

Looking at fourth quarter revenue by geography year-over-year, EMEA increased by 15%, Americas increased by 6%, and Asia-Pacific decreased by 37%. Revenue from EMEA was \$67 million in the fourth quarter of 2025. Revenue from the U.S. was \$91 million in the fourth quarter of 2025, up 5% year-over-year. On an annual basis, revenue from Americas increased by 1%, while Asia-Pacific and EMEA decreased by 53% and 26%, respectively. Revenue from the U.S. was \$310 million for the full year of 2025, up 6% year-over-year.

Our subscription business has continued to perform consistently over the last three years. Over this three year period, we have driven improvements in attach rates of 14%, aggregate retention rates of 5%, ARPU of 7%, and subscription and service revenue of 9% despite aggregate subscribers being down 6% over the same period, which demonstrates the overall benefit of our subscription model.

In Q4, our subscribers declined 7% year-over-year to 2.36 million due to lower camera unit sales year-over-year. Despite that decrease, we continued to drive new subscribers across all camera price points. Subscription attach rate from cameras sold across all channels was 43% in Q4 2025, compared to 34% in Q4 2024. Our overall subscription attach rate is calculated from cameras purchased through both GoPro.com and at retail and represents the number of new GoPro subscribers in the period over the corresponding number of estimated camera units sold-through from both GoPro.com and retail channels.

Our aggregate retention rate for annual subscribers was 68% in Q4 2025, compared to 69% in the prior year quarter. Our annual subscriber retention rates for the first year continues to be approximately 60%, while our second-year and beyond renewals remain in a range of 70% to 80%. Our aggregate retention rate for annual subscribers represents the percent of annual subscribers that renewed their subscription in the period, over the total corresponding renewal events.

Fourth quarter 2025 operating expenses decreased 23% year-over-year to \$67 million. Full year 2025 operating expenses decreased 26% year-over-year to \$261 million. The decreases were primarily due to a reduction in advertising and marketing-related activities, restructuring actions resulting in reduced employee-related costs, and a strong focus on expense management while retaining our product roadmap.

GAAP and non-GAAP tax benefit was \$1.7 million and \$2.0 million, respectively, in the fourth quarter of 2025. For full year 2025, GAAP and non-GAAP tax expense was \$2.0 million and \$1.9 million, respectively.

Fourth quarter 2025 GAAP and non-GAAP net loss per share was \$(0.06) and \$(0.02), respectively. Full year 2025 GAAP and non-GAAP net loss per share was \$(0.59) and \$(0.30), respectively. Adjusted EBITDA was positive \$1 million in the fourth quarter of 2025, compared to negative \$14 million in the prior year period. For full year 2025, adjusted EBITDA was negative \$29 million, compared to negative \$72 million in 2024.

Turning to the balance sheet, we ended the fourth quarter of 2025 with \$50 million in cash, cash equivalents, and marketable securities, which was down \$103 million sequentially primarily due to the repayment in November 2025 of our convertible notes of \$94 million.

Cash flow provided by operations was \$16 million for the fourth quarter, an improvement of \$41 million year-over-year compared to cash used in operations of \$25 million in the fourth quarter of 2024. Cash flow from operations in the fourth quarter of 2025 was primarily due to positive changes in working capital and adjusted EBITDA of \$1 million.

For full year 2025, cash flow used in operations was \$21 million, an improvement of \$104 million year-over-year, compared to cash used in operations of \$125 million for full year 2024. Cash flow used in operations in 2025 was primarily due to positive changes in working capital.

We ended the fourth quarter with inventory of \$78 million, down 35% year-over-year, and inventory days of 51, down from 83 days a year ago. Accounts receivable increased \$6 million sequentially, or 7%. Our days' sales outstanding was 42 days, up from 39 days a year ago.

Headcount ended at 636 full-time employees, down 9% from the prior year of 696.

Outlook

Our outlook is prefaced by heightened uncertainty that exists due to volatility in tariff rates, memory pricing and availability, consumer confidence, competition, component supply chain, and global economic uncertainty.

2026 Commentary:

To provide color on our expectations and priorities for 2026:

- We expect revenue to grow in 2026 to a range of \$750 million to \$800 million, or nearly 20% growth at the midpoint based on our existing lineup of products, the introduction of several new products starting in Q2, and additional AI content licensing this year.
- We expect subscription and service revenue to grow approximately 10% due to improvements in ARPU growth of 10% and improvements in attach rates and retention rates, which are slightly offset by subscribers projected to be down 7% year-over-year in 2026 to 2.2 million.
- We expect operating expenses to be in the range of \$220 million to \$230 million, down from \$261 million in 2025, a 14% reduction. The anticipated decrease is primarily due to a reduction in litigation expenses, our prior restructuring actions, which resulted in reduced employee-related costs in 2025, and a continued strong focus on expense management. The cumulative effect of our planned actions is expected to result in a reduced operating expense range in 2027 of between \$200 million to \$210 million.
- We expect memory price increases (both DRAM and NAND) to impact margin by ~500 bps year-over-year. We expect to have enough memory to meet our unit and revenue goals for 2026.
- Today we announced a \$50 million financing, of which we closed \$25 million. In addition, we amended loan covenants for our ABL and debt agreements, the details of which can be found in the 8-K we filed concurrent with today's earnings.
- We expect our liquidity position to be adequate, and we expect to end 2026 with approximately \$50 million +/- \$5 million in cash along with an additional \$35 million available under our ABL facility.
- We expect Adjusted EBITDA to be in the range of \$10 million to \$20 million in 2026, an improvement from losses of \$29 million in 2025 and \$72 million in 2024, relative to our prior forecast of trailing twelve month Adjusted EBITDA of \$40 million for 2026. It's worth noting that

since our last outlook, memory pricing is expected to further impact 2026 by approximately \$40 million, for a total impact of nearly \$60 million.

We continue to actively manage the balance sheet and expect to further reduce inventory sequentially in the first quarter of 2026. In addition, we expect to end the first quarter with cash and cash equivalents in the range of \$40 million to \$45 million.

First Quarter 2026 Guidance and Prior Year Results

	Q1'26 Guidance	Q1'25 Result
Revenue	\$100M +/- \$5M	\$134M
Unit sell-through	~300ku - 350ku	~440ku
Street ASP	~\$420	\$349
Non-GAAP gross margin	33.0% +/- 50bps	32.3%
Non-GAAP income (loss) per share	\$(0.20) +/- \$0.03	\$(0.12)

For the first quarter of 2026, we expect to deliver revenue of \$100 million +/- \$5 million, down 18% year-over-year at the midpoint of guidance. We estimate Street ASP in the first quarter to be approximately \$420, up 20% year-over-year. We expect unit sell-through to be down 26% year-over-year at the midpoint of guidance to 325,000 units and channel inventory to be nominally down sequentially.

We expect gross margin in the first quarter to be 33.0% at the midpoint of guidance, up versus the prior year quarter of 32.3%.

We expect our first quarter 2026 operating expenses to be \$62 million at the midpoint of our range, flat versus the prior-year quarter of \$62 million.

Non-GAAP tax expense is expected to be \$1.0 million in the first quarter of 2026. Non-GAAP tax expense is expected to be \$2.0 million for 2026. Cash tax is expected to be between \$0.2 million and \$0.5 million in 2026.

We expect non-GAAP net income per share for the first quarter of \$(0.20) at the midpoint of guidance and expect shares outstanding to be approximately 162 million.

In closing, we believe our strategy is working. We are in the midst of an exciting innovation cycle, with the launch of leading products, continued AI content licensing, and other services expected over the next several years that we believe will bolster our market position while expanding our TAM. We expect to continue operating expense reduction initiatives in 2026 that we initiated in 2024 to mitigate memory cost increases. We believe we will restore revenue growth and deliver Adjusted EBITDA in a range of \$10 million to \$20 million in 2026.