



February 21, 2020

Nicholas D. Woodman
Chief Executive Officer and Chairman of the Board of Directors
Kenneth Goldman
Lead Independent Director
GoPro, Inc.
3000 Clearview Way
San Mateo, California 94402

Cc: Board of Directors

Dear Messrs. Woodman and Goldman:

KORR Acquisitions Group, Inc., together with its affiliates (“KORR”) currently owns a substantial position in GoPro, Inc. (“GoPro”, or the “Company”); and while our position currently sits at under five percent of the total issued and outstanding common stock, we believe our sentiments are reflective and aligned with the majority of your stakeholders. As you may know, KORR is an investment firm that has the capability to drive sustained value-creation through strategic refocusing, improved operational execution, more efficient capital allocation, and stronger management discipline.

After reviewing all of the Company’s public filings since 2014, we believe that the Company is deeply undervalued and significant opportunities exist to create value for the benefit of all shareholders based on actions that are within the control of management and the Board of Directors of the Company (the “Board”). The purpose of this letter is to specifically outline our current views on the Company, its performance, the market’s reaction, or lack thereof; and most importantly, to outline why the Board should pursue a sale of the Company in order to unlock value for the benefit of all stakeholders. Below, under the heading, “Valuation,” we briefly describe why, based upon comps, GoPro would be worth in excess of \$1.315 Billion or \$9.49 (base case) per share and \$14.97 (realistic case) per share to a strategic buyer.

We have tremendous respect for you and the business you have built since founding the Company in 2004. Specifically, we appreciate your role in innovating a product and pioneering a market category where none existed prior to GoPro.

However, since going public in 2014, the excitement around GoPro and its prospects as a growth company, has, at best, waned. In fact, as a result of the Company’s meaningful underperformance, GoPro currently has a short position of roughly 30,000,000 or 25% of the float. This negative sentiment continues to depress the market valuation of GoPro’s stock and we do not see this sentiment changing without the Board taking decisive actions.

Great Improvements in 2019 in both Products and Financial

The Company made great improvements to its product line and to its financial performance in 2019. We were delighted to see the Company earn \$35 million in net income, versus a loss of \$32 million for ‘18, and even more excited about the EBITDA growth by over a multiple of three over 2018 levels, to \$72 million (Y/E 12/31). You

and your development team did a fantastic job of addressing various issues that your consumers had with Hero7 and the functionality, stabilization and convenience of Hero8 Black and the Max are nothing short of awesome.

Direct to consumer sales grew by 40% but still only accounts for just over 10% of revenues. We applaud the HERO8 + MAX GoPro Million Dollar Challenge as a wise way to bolster customer engagement, unlike the wasteful/ failed attempt to enter the media business five years ago.

The high margin Plus subscription service has encouraging numbers, as it grew 69%. The potential for this service to generate \$35 to \$40 million of “high margin business” by 2021 is impressive. We are also excited about the ease of use of the GoPro App. This editing app may indeed be the magic bullet to launch GoPro to the next level.

Market’s indifference to the 4th Quarter

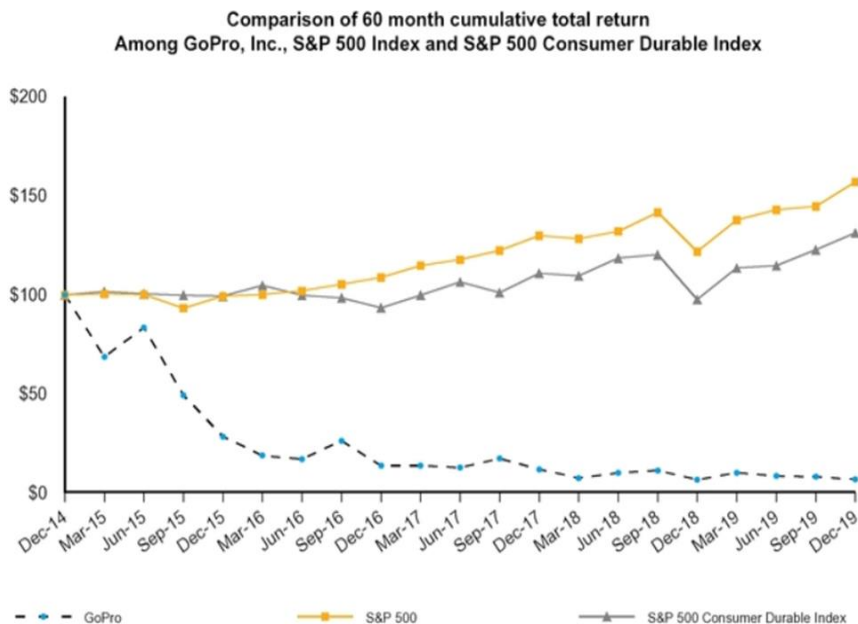
In spite of the fact that the fourth quarter was the 3rd highest revenue quarter in the Company’s history and the profits of \$102 million were the second highest quarterly profit in the Company’s history, GoPro’s stock traded down because your numbers missed expectations.

Missteps from the Past continue to Plague the Stock

Back in 2017, you had three quarters of profitability, and claimed you would return to steady profitability in 2018. Yet you lost \$0.23 per share in 2018. Other missteps included the drone that fell from the sky, the underwater camera that leaked, as well as the aforementioned failure to monetize your media content. So instead of the market appreciating and rewarding your 2019 numbers, and the outlook for 2020, the share price remains near record lows.

According to your recently filed Annual Report on Form 10-K:

“**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, 2014 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, 2019. Note that historic stock price performance is not intended to be indicative of future stock price performance.”



This consistent underperformance is troubling and puzzling, given both the strong performance of the Company's peers and the tailwinds. This has all led to a crisis of confidence among investors and has contributed to the Company's stock trading at a meaningful discount to its peers.

Corporate Governance

In our experience, companies with poor corporate governance trade at a perpetual discount to their peers. This is especially true if management has a history of poor capital allocation. By having a dual class of stock, and Mr. Woodman owning the super voting/controlling B shares, GoPro is telling the investors there is no real independent thinking by board members and no voice given to shareholders. Mr. Woodman should convert his class B shares to A share immediately, and embrace proper corporate governance.

Failure to Lead by Example, and with your Wallet

Not a single GoPro director or insider has bought a single share of stock since the Company's IPO in 2014. Instead, shareholders and your employees, who rely on much of their compensation through stock options, had to sit by while Mr. Woodman sold over \$520 million worth of stock at prices ranging from \$72.38 to as low as \$5.41.

While we would never begrudge a person's success, we do ask ourselves why our Chairman, Chief Executive Officer and founder is happy buying yachts, planes and vacation homes, but has yet to buy a single share of stock - as GoPro trades at all-time lows.

Mr. Woodman should take his own wise words to heart

Listed below are excerpts from an article written by Tom Foster, as published in the winter of 2017/2018 in Inc. Magazine. (for a link to the full article, click here <https://www.inc.com/magazine/201802/tom-foster/gopro-camera-drone-challenges.html>), along with our reactions to several of the excerpts.

"We decided to simplify everything and get back to the business that we knew and loved as a private company," Woodman said.

Go Private – KORR

"Say you have a friend who goes off the rails and isn't very reliable ...and then he or she comes to tell you, 'I recognize I've not been a great friend, and I'm changing that.' You'd be very appreciative, but you'd be super suspect of that individual for a long time." - Woodman

The Investment Community is "Super Suspect" of GPRO – KORR

"Nick Woodman: What I've Learned

Company miscues and unforgiving public markets have taught Woodman bitter lessons. What are his takeaways from his wild ride?

Be cautious when talking about the future

"Be very careful about sharing ideas about where you want to take your business tomorrow, because it's the tomorrow that everybody is going to become fixated on. They're not going to appreciate enough who you are

today, and you're going to have immense pressure to realize tomorrow faster than you otherwise would have. You may inadvertently shift focus from what's making you so successful today. Be warned that if you fail to continue to execute on today, you may not be around for tomorrow. That's what happened to us."

You continue to make the same mistakes, therefore GoPro, despite having a great 4th quarter, missed estimates and shareholders got punished, again. – KORR

Being great at one thing doesn't mean you're great at all things

"One of the big lessons is that when things are going really well, you can be lured into thinking that everything's easier than it is. Because you're doing a really good job, you think you must be smart and good at this stuff. So, why can't we go do this other thing? The reality is that you can't expect your experience in your core business to translate. Just because you're a World Series-winning pitcher doesn't mean you can go play quarterback."

You are a great innovator of a product and established an entire market. That does not make you a great CEO of a public company for perpetuity. – KORR

Sell the Company

While we believe that a history of execution missteps and unclear focus has impaired value; GoPro is far from a passé product. It is still relevant and will continue to be so. Perhaps even more important is the community itself. GoPro has created something special: a lifestyle brand, a community that shares a common interest in sports and more importantly, living life. A strategic buyer can help solidify and build upon your legacy.

Valuation:

Relative Comps – similar “single product” consumer brands

Company Name	Symbol	EV	Market Cap	LTM Revenue	NTM EBITDA	EV / Revenue	EV / EBITDA
Crocs, Inc.	CROX	2,951	2,665	1,184	204	2.5x	14.4x
Fitbit, Inc.	FIT	1,289	1,697	1,504	(64)	0.9x	N/A
Peloton Interactive, Inc.	PTON	6,647	7,606	1,234	(121)	5.4x	N/A
Sonos, Inc.	SONO	1,249	1,555	1,327	101	0.9x	12.4x
Tempur Sealy International, Inc.	TPX	6,747	5,066	3,106	635	2.2x	10.6x
YETI Holdings, Inc.	YETI	3,064	2,789	914	208	3.4x	14.7x
	Low	1,249	1,555	914	(121)	0.9x	10.6x
	Median	3,008	2,727	1,280	152	2.3x	13.4x
	Mean	3,658	3,563	1,545	160	2.5x	13.0x
	High	6,747	7,606	3,106	635	5.4x	14.7x
GoPro, Inc.	GPRO	651	595	1,195	100	0.5x	6.2x

Source: Senticio estimates

We chose the above comps because they, too, are, or were, primarily one-product companies. While it would be easy to reference Fitbit as a sole example, we think it is actually a poor choice, because 1) they have negative EBITDA, 2) sales were declining under serious competition from Apple and 3) we are not relying on a buyer of GoPro to materialize with a motive of countering gains by a competitor, i.e. Google vs Apple, android vs iOS.

Crocs is a prime example for GoPro to learn from as Crocs evolved from an early high-flier to a company that investors counted out, to today, having reestablished its relevance to the investment community. One could also argue that Garmin, Google and Apple should be included on the list; but we see them as more potential suitors than appropriate comps given their size and diversity.

In short form, we come to the valuation based upon two methods. We used a multiple of sales, and EV/EBITDA.

Whether we look at valuation based upon Price to Sales, or Enterprise Value/EBITDA, we can all clearly see that GoPro's stock trades at a significant discount to its peers. Admittedly, valuation for brands of GoPro's caliber is sometimes more of an art form than science. However, even when we take our passion for the brand out of our valuation, we don't see a scenario whereby GoPro would not garner a takeover price of a minimum (base case) of \$1.395 billion or \$9.49 per share (based upon 147 million shares outstanding, including about \$100mm of net cash est. y/e 2020) to a financial buyer; and well over \$14.97 to a strategic buyer.

Action Plan

We believe that management needs to act now in order to unlock value for all shareholders. Given the significant and continuing underperformance of the Company, and the high level of frustration among the shareholder base, more must be done to unlock value for shareholders than what has been set out in the Company's plan.

Therefore, we recommend the Board immediately publicly engage a financial advisor and seriously consider the following actions:

Step 1)

- 1) Convert all B common stock to Class A, thus getting rid of the super voting rights for Mr. Woodman.
- 2) Announce a share repurchase plan
- 3) Re-evaluate each board member's commitment to increase shareholder (and all stakeholders) value. Leadership begins at the top, and if board members, including the two of you, do not believe in the prospects of the Company or in their stewardship enough to buy shares, they should resign.

Step 2)

- 4) Hire an investment banker to explore strategic alternatives and conduct an auction process (and publicly announce the same – so we know you are committed).
- 5) Form a committee, made up of independent directors, to interact with the bankers on the sale process.
- 6) Management, including Mr. Woodman, should consider a management buyout.

As the Board, you have a fiduciary responsibility to take action to increase shareholder value. Clearly your development team is delivering. Your financials show that customers are responding. However, the Board's failure to act will only benefit one "stakeholder" – (that being) those who are short the stock.

We are open to working with you to help unlock shareholder value in the Company. We would also welcome a plan put forth by management wherein we could see a concrete path to greater valuations than we have outlined above. We believe there is a tremendous opportunity for all shareholders of GoPro; but it will require substantial effort.

We look forward to hearing from you.

Sincerely,

Kenny Orr
CEO and Chief Investment Officer

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