

Groupon, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	June 30, 2020	December 31, 2019
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 784,688	\$ 750,887
Accounts receivable, net	54,583	54,953
Prepaid expenses and other current assets	52,088	82,073
Total current assets	891,359	887,913
Property, equipment and software, net	90,331	124,950
Right-of-use assets - operating leases, net	78,057	108,390
Goodwill	211,718	325,017
Intangible assets, net	31,977	35,292
Investments	34,403	76,576
Other non-current assets	31,474	28,605
Total Assets	\$ 1,369,319	\$ 1,586,743
Liabilities and Equity		
Current liabilities:		
Short-term borrowings	\$ 200,000	\$ —
Accounts payable	45,143	20,415
Accrued merchant and supplier payables	394,835	540,940
Accrued expenses and other current liabilities	246,925	260,192
Total current liabilities	886,903	821,547
Convertible senior notes, net	221,992	214,869
Operating lease obligations	95,192	110,294
Other non-current liabilities	47,748	44,987
Total Liabilities	1,251,835	1,191,697
Commitment and contingencies		
Stockholders' Equity		
Common stock, par value \$0.0001 per share, 100,500,000 shares authorized; 38,977,677 shares issued and 28,683,560 shares outstanding at June 30, 2020; 38,584,854 shares issued and 28,290,737 shares outstanding at December 31, 2019 ⁽¹⁾	4	4
Additional paid-in capital ⁽¹⁾	2,329,599	2,310,393
Treasury stock, at cost, 10,294,117 and 10,294,117 shares at June 30, 2020 and December 31, 2019 ⁽¹⁾	(922,666)	(922,666)
Accumulated deficit	(1,318,594)	(1,032,876)
Accumulated other comprehensive income (loss)	29,488	39,081
Total Groupon, Inc. Stockholders' Equity	117,831	393,936
Noncontrolling interests	(347)	1,110
Total Equity	117,484	395,046
Total Liabilities and Equity	\$ 1,369,319	\$ 1,586,743

(1) Prior period share information and balances have been retroactively adjusted to reflect a reverse stock split.

Groupon, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Service	\$ 112,377	\$ 277,603	\$ 319,405	\$ 563,430
Product	283,269	254,974	450,391	547,557
Total revenue	395,646	532,577	769,796	1,110,987
Cost of revenue:				
Service	16,242	28,595	43,157	57,222
Product	242,178	211,850	388,166	455,617
Total cost of revenue	258,420	240,445	431,323	512,839
Gross profit	137,226	292,132	338,473	598,148
Operating expenses:				
Marketing	25,242	88,923	85,372	182,320
Selling, general and administrative	143,619	210,395	350,760	420,886
Goodwill impairment	—	—	109,486	—
Long-lived asset impairment	—	—	22,351	—
Restructuring and related charges	40,478	(47)	40,478	(114)
Total operating expenses	209,339	299,271	608,447	603,092
Income (loss) from operations	(72,113)	(7,139)	(269,974)	(4,944)
Other income (expense), net	(1,695)	(28,494)	(20,682)	(75,349)
Income (loss) from continuing operations before provision (benefit) for income taxes	(73,808)	(35,633)	(290,656)	(80,293)
Provision (benefit) for income taxes	(696)	2,012	(6,684)	(1,478)
Income (loss) from continuing operations	(73,112)	(37,645)	(283,972)	(78,815)
Income (loss) from discontinued operations, net of tax	—	—	382	2,162
Net income (loss)	(73,112)	(37,645)	(283,590)	(76,653)
Net income attributable to noncontrolling interests	995	(2,601)	(2,049)	(6,080)
Net income (loss) attributable to Groupon, Inc.	\$ (72,117)	\$ (40,246)	\$ (285,639)	\$ (82,733)
Basic and diluted net income (loss) per share: ⁽¹⁾				
Continuing operations	\$ (2.53)	\$ (1.42)	\$ (10.06)	\$ (2.98)
Discontinued operations	0.00	—	0.01	0.08
Basic and diluted net income (loss) per share	\$ (2.53)	\$ (1.42)	\$ (10.05)	\$ (2.90)
Weighted average number of shares outstanding ⁽¹⁾				
Basic	28,493,258	28,398,123	28,426,308	28,450,703
Diluted	28,493,258	28,398,123	28,426,308	28,450,703

(1) Prior period share information and balances have been retroactively adjusted to reflect a reverse stock split.

Groupon, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating activities				
Net income (loss)	\$ (73,112)	\$ (37,645)	\$ (283,590)	\$ (76,653)
Less: Income (loss) from discontinued operations, net of tax	—	—	382	2,162
Income (loss) from continuing operations	(73,112)	(37,645)	(283,972)	(78,815)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization of property, equipment and software	22,035	23,339	45,420	47,861
Amortization of acquired intangible assets	2,399	3,777	4,923	7,671
Impairment of goodwill	—	—	109,486	—
Impairment of long-lived assets	—	—	22,351	—
Restructuring-related impairments	13,903	—	13,903	—
Stock-based compensation	8,543	26,563	22,558	42,974
Impairments of investments	—	—	6,684	—
Deferred income taxes	—	360	—	360
(Gain) loss from changes in fair value of investments	—	27,577	1,405	68,985
Amortization of debt discount on convertible senior notes	3,607	3,256	7,123	6,431
Change in assets and liabilities, net of acquisitions and dispositions:				
Accounts receivable	(8,752)	8,889	(418)	(5,311)
Prepaid expenses and other current assets	15,435	(7,482)	28,657	(4,021)
Right-of-use assets - operating leases	4,521	6,664	11,530	13,145
Accounts payable	18,795	2,024	24,655	(10,890)
Accrued merchant and supplier payables	79,806	(49,947)	(143,292)	(186,519)
Accrued expenses and other current liabilities	4,520	(4,291)	(7,450)	(44,696)
Operating lease obligations	(5,328)	(6,664)	(15,458)	(13,145)
Other, net	740	2,361	2,599	7,268
Net cash provided by (used in) operating activities from continuing operations	87,112	(1,219)	(149,296)	(148,702)
Net cash provided by (used in) operating activities from discontinued operations	—	—	—	—
Net cash provided by (used in) operating activities	87,112	(1,219)	(149,296)	(148,702)
Investing activities				
Purchases of property and equipment and capitalized software	(14,321)	(16,684)	(24,917)	(34,161)
Proceeds from sale of investment	—	—	31,605	—
Acquisitions of intangible assets and other investing activities	(1,247)	(551)	(2,692)	(1,189)
Net cash provided by (used in) investing activities from continuing operations	(15,568)	(17,235)	3,996	(35,350)
Net cash provided by (used in) investing activities from discontinued operations	1,224	—	1,224	—
Net cash provided by (used in) investing activities	(14,344)	(17,235)	5,220	(35,350)
Financing activities				
Proceeds from borrowings under revolving credit agreement	50,000	—	200,000	—
Payments of contingent consideration related to acquisition	(908)	—	(908)	—
Issuance costs for revolving credit agreement	—	(2,334)	—	(2,334)
Payments for repurchases of common stock	—	(15,153)	—	(29,569)
Taxes paid related to net share settlements of stock-based compensation awards	(3,975)	(5,141)	(7,274)	(10,231)
Proceeds from stock option exercises and employee stock purchase plan	—	32	1,163	2,038
Distributions to noncontrolling interest holders	339	(3,113)	(3,506)	(6,634)
Payments of finance lease obligations	(2,594)	(5,872)	(5,301)	(12,628)
Net cash provided by (used in) financing activities	42,862	(31,581)	184,174	(59,358)
Effect of exchange rate changes on cash, cash equivalents and restricted cash, including cash classified within current assets of discontinued operations	3,450	1,626	(5,724)	(1,755)
Net increase (decrease) in cash, cash equivalents and restricted cash, including cash classified within current assets of discontinued operations	119,080	(48,409)	34,374	(245,165)
Less: Net increase (decrease) in cash classified within current assets of discontinued operations	1,224	—	1,224	—
Net increase (decrease) in cash, cash equivalents and restricted cash	117,856	(48,409)	33,150	(245,165)
Cash, cash equivalents and restricted cash, beginning of period	667,951	647,972	752,657	844,728
Cash, cash equivalents and restricted cash, end of period	<u>\$ 785,807</u>	<u>\$ 599,563</u>	<u>\$ 785,807</u>	<u>\$ 599,563</u>

Groupon, Inc.
Supplemental Financial and Operating Metrics
(dollars and units in thousands; TTM active customers in millions)
(unaudited)

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020		
North America Segment:						Q2 2020	
Gross Billings ⁽¹⁾ :						Y/Y Growth	
Local	\$ 503,830	\$ 511,173	\$ 503,740	\$ 392,609	\$ 167,455	(66.8)	%
Travel	84,029	71,144	58,756	33,660	11,524	(86.3)	
Goods	147,354	133,076	204,481	100,394	173,534	17.8	
Total Gross Billings	<u>\$ 735,213</u>	<u>\$ 715,393</u>	<u>\$ 766,977</u>	<u>\$ 526,663</u>	<u>\$ 352,513</u>	(52.1)	%
Revenue:							
Local	\$ 177,082	\$ 175,140	\$ 188,439	\$ 142,660	\$ 81,724	(53.8)	%
Travel	16,125	13,680	9,193	6,449	2,525	(84.3)	
Goods	131,453	114,776	175,854	86,020	149,108	13.4	
Total Revenue	<u>\$ 324,660</u>	<u>\$ 303,596</u>	<u>\$ 373,486</u>	<u>\$ 235,129</u>	<u>\$ 233,357</u>	(28.1)	%
Gross Profit:							
Local	\$ 157,673	\$ 155,032	\$ 169,712	\$ 123,859	\$ 71,638	(54.6)	%
Travel	12,806	10,717	6,948	3,962	1,890	(85.2)	
Goods	28,105	26,326	30,624	15,950	28,164	0.2	
Total Gross Profit	<u>\$ 198,584</u>	<u>\$ 192,075</u>	<u>\$ 207,284</u>	<u>\$ 143,771</u>	<u>\$ 101,692</u>	(48.8)	%
Operating income (loss)	\$ (372)	\$ 15,691	\$ 45,073	\$ (31,161)	\$ (44,018)	(11,732.8)	%
International Segment:						Q2 2020	
						Y/Y Growth	Y/Y Growth excluding FX ⁽²⁾
Gross Billings:						Fx Effect	
Local	\$ 203,450	\$ 204,823	\$ 240,151	\$ 157,401	\$ 61,897	(69.6)	(68.9) %
Travel	43,348	44,098	51,186	26,831	8,769	(79.8)	(79.6)
Goods	138,934	129,064	164,886	95,504	159,544	14.8	18.0
Total Gross Billings	<u>\$ 385,732</u>	<u>\$ 377,985</u>	<u>\$ 456,223</u>	<u>\$ 279,736</u>	<u>\$ 230,210</u>	(40.3)	(38.8) %
Revenue:							
Local	\$ 69,995	\$ 65,440	\$ 78,986	\$ 48,668	\$ 18,025	(74.2)	(73.6) %
Travel	8,077	8,003	9,275	3,273	955	(88.2)	(88.5)
Goods	129,845	118,573	150,569	87,080	143,309	10.4	13.1
Total Revenue	<u>\$ 207,917</u>	<u>\$ 192,016</u>	<u>\$ 238,830</u>	<u>\$ 139,021</u>	<u>\$ 162,289</u>	(21.9)	(20.0) %
Gross Profit:							
Local	\$ 65,780	\$ 61,183	\$ 73,725	\$ 44,524	\$ 14,843	(77.4)	(76.8) %
Travel	7,370	7,332	8,574	2,744	804	(89.1)	(89.5)
Goods	20,398	17,350	20,458	10,208	19,887	(2.5)	0.4
Total Gross Profit	<u>\$ 93,548</u>	<u>\$ 85,865</u>	<u>\$ 102,757</u>	<u>\$ 57,476</u>	<u>\$ 35,534</u>	(62.0)	(61.0) %
Operating income (loss)	\$ (6,767)	\$ (11,054)	\$ (4,968)	\$ (166,700)	\$ (28,095)	(315.2)	%
Consolidated Results of Operations:							
Gross Billings:							
Local	\$ 707,280	\$ 715,996	\$ 743,891	\$ 550,010	\$ 229,352	(67.6)	(67.4) %
Travel	127,377	115,242	109,942	60,491	20,293	(84.1)	(84.0)
Goods	286,288	262,140	369,367	195,898	333,078	16.3	17.9
Total Gross Billings	<u>\$ 1,120,945</u>	<u>\$ 1,093,378</u>	<u>\$ 1,223,200</u>	<u>\$ 806,399</u>	<u>\$ 582,723</u>	(48.0)	(47.5) %
Revenue:							
Local	\$ 247,077	\$ 240,580	\$ 267,425	\$ 191,328	\$ 99,749	(59.6)	(59.4) %
Travel	24,202	21,683	18,468	9,722	3,480	(85.6)	(85.7)
Goods	261,298	233,349	326,423	173,100	292,417	11.9	13.3
Total Revenue	<u>\$ 532,577</u>	<u>\$ 495,612</u>	<u>\$ 612,316</u>	<u>\$ 374,150</u>	<u>\$ 395,646</u>	(25.7)	(25.0) %
Gross Profit:							
Local	\$ 223,453	\$ 216,215	\$ 243,437	\$ 168,383	\$ 86,481	(61.3)	(61.1) %
Travel	20,176	18,049	15,522	6,706	2,694	(86.6)	(86.8)
Goods	48,503	43,676	51,082	26,158	48,051	(0.9)	0.3
Total Gross Profit	<u>\$ 292,132</u>	<u>\$ 277,940</u>	<u>\$ 310,041</u>	<u>\$ 201,247</u>	<u>\$ 137,226</u>	(53.0)	(52.7) %
Operating income (loss)	\$ (7,139)	\$ 4,637	\$ 40,105	\$ (197,861)	\$ (72,113)	(910.1)	%
Net cash provided by (used in) operating activities from continuing operations	\$ (1,219)	\$ 18,584	\$ 201,401	\$ (236,408)	\$ 87,112	7,246.2	%
Free Cash Flow	\$ (17,903)	\$ 891	\$ 185,927	\$ (247,004)	\$ 72,791	506.6	%

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Active Customers ⁽³⁾					
North America	28.6	27.7	26.5	25.3	22.8
International	17.6	17.5	17.1	16.5	15.3
Total Active Customers	46.2	45.3	43.6	41.8	38.1
Consolidated Units					
Local	23,879	24,573	25,461	20,976	8,073
Goods	10,735	10,494	16,435	8,229	14,816
Travel	710	687	712	561	142
Total consolidated units	35,324	35,754	42,608	29,766	23,031
Headcount					
Sales ⁽⁴⁾	2,327	2,438	2,316	2,218	1,016
Other	3,952	4,036	4,029	4,059	3,193
Total Headcount	6,279	6,474	6,345	6,277	4,209

- (1) Represents the total dollar value of customer purchases of goods and services.
- (2) Represents the change in financial measures that would have resulted had average exchange rates in the reporting periods been the same as those in effect in the prior year periods.
- (3) Reflects the total number of unique user accounts that have made a purchase during the TTM either through one of our online marketplaces or directly with a merchant for which we earned a commission.
- (4) Includes merchant sales representatives, as well as sales support personnel.

Groupon, Inc.
Non-GAAP Reconciliation Schedules
(in thousands, except share and per share amounts)
(unaudited)

The following is a quarterly reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP performance measure, Income (loss) from continuing operations.

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Income (loss) from continuing operations	\$ (37,645)	\$ (14,685)	\$ 79,208	\$ (210,860)	\$ (73,112)
Adjustments:					
Stock-based compensation	26,563	19,543	19,098	14,015	8,543
Depreciation and amortization	27,116	25,873	24,360	25,909	24,434
Acquisition-related expense (benefit), net	28	5	6	4	2
Restructuring and related charges ⁽¹⁾	(47)	(61)	206	—	40,478
Goodwill impairment	—	—	—	109,486	—
Long-lived asset impairment	—	—	—	22,351	—
Strategic advisor costs	—	—	—	3,626	—
Other (income) expense, net	28,494	17,253	(39,273)	18,987	1,695
Provision (benefit) for income taxes	2,012	2,069	170	(5,988)	(696)
Total adjustments	84,166	64,682	4,567	188,390	74,456
Adjusted EBITDA	\$ 46,521	\$ 49,997	\$ 83,775	\$ (22,470)	\$ 1,344

- (1) Restructuring and related charges includes \$13.9 million of long-lived asset impairments for both the three months ended June 30, 2020 and six months ended June 30, 2020 and \$1.4 million of additional stock-based compensation for both the three and six months ended June 30, 2020.

The following is a reconciliation of non-GAAP net income (loss) attributable to common stockholders to net income (loss) attributable to common stockholders and a reconciliation of non-GAAP net income (loss) per share to diluted net income (loss) per share for three and six months ended 2020 and 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss) attributable to common stockholders	\$ (72,117)	\$ (40,246)	\$ (285,639)	\$ (82,733)
Less: Net income (loss) attributable to noncontrolling interest	995	(2,601)	(2,049)	(6,080)
Net income (loss)	(73,112)	(37,645)	(283,590)	(76,653)
Less: Income (loss) from discontinued operations, net of tax	—	—	382	2,162
Income (loss) from continuing operations	(73,112)	(37,645)	(283,972)	(78,815)
Less: Provision (benefit) for income taxes	(696)	2,012	(6,684)	(1,478)
Income (loss) from continuing operations before provision (benefit) for income taxes	(73,808)	(35,633)	(290,656)	(80,293)
Stock-based compensation	8,543	26,563	22,558	42,974
Amortization of acquired intangible assets	2,399	3,777	4,923	7,671
Acquisition-related expense (benefit), net	2	28	6	28
Restructuring charges	40,478	(47)	40,478	(114)
(Gain) loss from changes in fair value of investments	—	27,577	1,405	68,985
Impairment of investment	—	—	6,684	—
Impairment of goodwill	—	—	109,486	—
Impairment of long-lived assets	—	—	22,351	—
Strategic advisor costs	—	—	3,626	—
Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings	(5,667)	(3,322)	(348)	872
Non-cash interest expense on convertible senior notes	3,607	3,256	7,123	6,431
Non-GAAP income (loss) from continuing operations before provision (benefit) for income taxes	(24,446)	22,199	(72,364)	46,554
Less: Non-GAAP provision (benefit) for income taxes	3,086	12,806	(1,694)	16,937
Non-GAAP net income (loss)	(27,532)	9,393	(70,670)	29,617
Net income attributable to noncontrolling interest	995	(2,601)	(2,049)	(6,080)
Non-GAAP net income (loss) attributable to common stockholders	(26,537)	6,792	(72,719)	23,537
Plus: Cash interest expense from assumed conversion of convertible senior notes ⁽¹⁾	—	—	—	—
Non-GAAP Net Income (loss) attributable to common stockholders plus assumed conversions	<u>\$ (26,537)</u>	<u>\$ 6,792</u>	<u>\$ (72,719)</u>	<u>\$ 23,537</u>
Weighted-average shares of common stock - diluted	28,493,258	28,398,123	28,426,308	28,450,703
Incremental dilutive securities	—	276,933	—	265,872
Weighted-average shares of common stock - non-GAAP	<u>28,493,258</u>	<u>28,675,056</u>	<u>28,426,308</u>	<u>28,716,575</u>
Diluted net income (loss) per share	\$ (2.53)	\$ (1.42)	\$ (10.05)	\$ (2.90)
Impact of non-GAAP adjustments and related tax effects	1.60	1.66	7.49	3.72
Non-GAAP net income per share	<u>\$ (0.93)</u>	<u>\$ 0.24</u>	<u>\$ (2.56)</u>	<u>\$ 0.82</u>

(1) Adjustment to interest expense for assumed conversion of convertible senior notes excludes non-cash interest expense that has been added back above in calculating non-GAAP net income (loss) attributable to common stockholders.

Free cash flow is a non-GAAP liquidity measure. The following is a reconciliation of free cash flow to the most comparable U.S. GAAP liquidity measure, Net cash provided by (used in) operating activities from continuing operations.

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Net cash provided by (used in) operating activities from continuing operations	\$ (1,219)	\$ 18,584	\$ 201,401	\$ (236,408)	\$ 87,112
Purchases of property and equipment and capitalized software from continuing operations	(16,684)	(17,693)	(15,474)	(10,596)	(14,321)
Free cash flow	<u>\$ (17,903)</u>	<u>\$ 891</u>	<u>\$ 185,927</u>	<u>\$ (247,004)</u>	<u>\$ 72,791</u>
Net cash provided by (used in) investing activities from continuing operations	\$ (17,235)	\$ (19,541)	\$ (12,700)	\$ 19,564	\$ (15,568)
Net cash provided by (used in) financing activities	\$ (31,581)	\$ (22,595)	\$ (10,666)	\$ 141,312	\$ 42,862