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

	March 31, 2020	December 31, 2019
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 666,867	$ 750,887
Accounts receivable, net	45,430	54,953
Prepaid expenses and other current assets	67,103	82,073
Total current assets	779,400	887,913
Property, equipment and software, net	103,318	124,950
Right-of-use assets - operating leases, net	92,893	108,390
Goodwill	211,255	325,017
Intangible assets, net	33,096	35,292
Investments (including $0 and $1,405 at March 31, 2020 and December 31, 2019, at fair value)	33,699	76,576
Other non-current assets	28,945	28,605
Total Assets	$ 1,282,606	$ 1,586,743
Liabilities and Equity		
Current liabilities:		
Short-term borrowings	$ 150,000	$ —
Accounts payable	26,061	20,415
Accrued merchant and supplier payables	311,063	540,940
Accrued expenses and other current liabilities	242,097	260,192
Total current liabilities	729,221	821,547
Convertible senior notes, net	218,385	214,869
Operating lease obligations	103,820	110,294
Other non-current liabilities	39,673	44,987
Total Liabilities	1,091,099	1,191,697
Commitment and contingencies		
Stockholders' Equity		
Common stock, par value $0.0001 per share, 100,500,000 shares authorized; 38,712,045 shares issued and 28,417,928 shares outstanding at March 31, 2020; 38,584,854 shares issued and 28,290,737 shares outstanding at December 31, 2019	77	77
Additional paid-in capital	2,323,144	2,310,320
Treasury stock, at cost, 10,294,117 and 10,294,117 shares at March 31, 2020 and December 31, 2019	(922,666)	(922,666)
Accumulated deficit	(1,246,477)	(1,032,876)
Accumulated other comprehensive income (loss)	37,120	39,081
Total Groupon, Inc. Stockholders' Equity	191,198	393,936
Noncontrolling interests	309	1,110
Total Equity	191,507	395,046
Total Liabilities and Equity	$ 1,282,606	$ 1,586,743

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

	Three Months Ended March 31,	
	2020	**2019**
Revenue:		
Service	$ 207,028	$ 285,827
Product	167,122	292,583
Total revenue	374,150	578,410
Cost of revenue:		
Service	26,915	28,627
Product	145,988	243,767
Total cost of revenue	172,903	272,394
Gross profit	201,247	306,016
Operating expenses:		
Marketing	60,130	93,397
Selling, general and administrative	207,141	210,424
Goodwill impairment	109,486	—
Long-lived asset impairment	22,351	—
Total operating expenses	399,108	303,821
Income (loss) from operations	(197,861)	2,195
Other income (expense), net	(18,987)	(46,855)
Income (loss) from continuing operations before provision (benefit) for income taxes	(216,848)	(44,660)
Provision (benefit) for income taxes	(5,988)	(3,490)
Income (loss) from continuing operations	(210,860)	(41,170)
Income (loss) from discontinued operations, net of tax	382	2,162
Net income (loss)	(210,478)	(39,008)
Net income attributable to noncontrolling interests	(3,044)	(3,479)
Net income (loss) attributable to Groupon, Inc.	$ (213,522)	$ (42,487)
Basic and diluted net income (loss) per share:		
Continuing operations	$ (7.54)	$ (1.57)
Discontinued operations	0.01	0.08
Basic and diluted net income (loss) per share	$ (7.53)	$ (1.49)
Weighted average number of shares outstanding		
Basic	28,365,216	28,504,756
Diluted	28,365,216	28,504,756

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Operating activities		
Net income (loss)	$ (210,478)	$ (39,008)
Less: Income (loss) from discontinued operations, net of tax	382	2,162
Income (loss) from continuing operations	(210,860)	(41,170)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and software	23,385	24,522
Amortization of acquired intangible assets	2,524	3,894
Impairment of goodwill	109,486	—
Impairment of long-lived assets	22,351	—
Stock-based compensation	14,015	16,411
Impairments of investments	6,684	—
(Gain) loss from changes in fair value of investments	1,405	41,408
Amortization of debt discount on convertible senior notes	3,516	3,175
Change in assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	8,334	(14,200)
Prepaid expenses and other current assets	13,222	3,461
Right-of-use assets - operating leases	7,009	6,481
Accounts payable	5,860	(12,914)
Accrued merchant and supplier payables	(223,098)	(136,572)
Accrued expenses and other current liabilities	(11,970)	(33,987)
Operating lease obligations	(10,130)	(6,481)
Other, net	1,859	(1,511)
Net cash provided by (used in) operating activities from continuing operations	(236,408)	(147,483)
Net cash provided by (used in) operating activities from discontinued operations	—	—
Net cash provided by (used in) operating activities	(236,408)	(147,483)
Investing activities		
Purchases of property and equipment and capitalized software	(10,596)	(17,477)
Proceeds from sale of investment	31,605	—
Acquisitions of intangible assets and other investing activities	(1,445)	(638)
Net cash provided by (used in) investing activities from continuing operations	19,564	(18,115)
Net cash provided by (used in) investing activities from discontinued operations	—	—
Net cash provided by (used in) investing activities	19,564	(18,115)
Financing activities		
Proceeds from borrowings under revolving credit agreement	150,000	—
Payments for repurchases of common stock	—	(14,416)
Taxes paid related to net share settlements of stock-based compensation awards	(3,299)	(5,090)
Proceeds from stock option exercises and employee stock purchase plan	1,163	2,006
Distributions to noncontrolling interest holders	(3,845)	(3,521)
Payments of finance lease obligations	(2,707)	(6,756)
Net cash provided by (used in) financing activities	141,312	(27,777)
Effect of exchange rate changes on cash, cash equivalents and restricted cash, including cash classified within current assets of discontinued operations	(9,174)	(3,381)
Net increase (decrease) in cash, cash equivalents and restricted cash, including cash classified within current assets of discontinued operations	(84,706)	(196,756)
Less: Net increase (decrease) in cash classified within current assets of discontinued operations	—	—
Net increase (decrease) in cash, cash equivalents and restricted cash	(84,706)	(196,756)
Cash, cash equivalents and restricted cash, beginning of period	752,657	844,728
Cash, cash equivalents and restricted cash, end of period	$ 667,951	$ 647,972

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

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2020 Y/Y Growth	Q1 2020 Fx Effect	Q1 2020 Y/Y Growth excluding FX [2]
North America Segment:								
Gross Billings [1]:								
Local	$ 502,309	$ 503,830	$ 511,173	$ 503,740	$ 392,609	(21.8) %		
Travel	92,083	84,029	71,144	58,756	33,660	(63.4)		
Goods	174,638	147,354	133,076	204,481	100,394	(42.5)		
Total Gross Billings	$ 769,030	$ 735,213	$ 715,393	$ 766,977	$ 526,663	(31.5) %		
Revenue:								
Local	$ 180,377	$ 177,082	$ 175,140	$ 188,439	$ 142,660	(20.9) %		
Travel	18,941	16,125	13,680	9,193	6,449	(66.0)		
Goods	157,847	131,453	114,776	175,854	86,020	(45.5)		
Total Revenue	$ 357,165	$ 324,660	$ 303,596	$ 373,486	$ 235,129	(34.2) %		
Gross Profit:								
Local	$ 161,082	$ 157,673	$ 155,032	$ 169,712	$ 123,859	(23.1) %		
Travel	15,268	12,806	10,717	6,948	3,962	(74.1)		
Goods	33,452	28,105	26,326	30,624	15,950	(52.3)		
Total Gross Profit	$ 209,802	$ 198,584	$ 192,075	$ 207,284	$ 143,771	(31.5) %		
Operating income (loss)	$ 5,336	$ (372)	$ 15,691	$ 45,073	$ (31,161)	(684.0) %		
International Segment:								
Gross Billings:								
Local	$ 207,396	$ 203,450	$ 204,823	$ 240,151	$ 157,401	(24.1)	1.9	(22.2) %
Travel	51,939	43,348	44,098	51,186	26,831	(48.3)	1.8	(46.5)
Goods	147,643	138,934	129,064	164,886	95,504	(35.3)	2.2	(33.1)
Total Gross Billings	$ 406,978	$ 385,732	$ 377,985	$ 456,223	$ 279,736	(31.3)	2.0	(29.3) %
Revenue:								
Local	$ 73,190	$ 69,995	$ 65,440	$ 78,986	$ 48,668	(33.5)	1.5	(32.0) %
Travel	8,737	8,077	8,003	9,275	3,273	(62.5)	1.3	(61.2)
Goods	139,318	129,845	118,573	150,569	87,080	(37.5)	1.9	(35.6)
Total Revenue	$ 221,245	$ 207,917	$ 192,016	$ 238,830	$ 139,021	(37.2)	1.8	(35.4) %
Gross Profit:								
Local	$ 68,978	$ 65,780	$ 61,183	$ 73,725	$ 44,524	(35.5)	1.5	(34.0) %
Travel	8,041	7,370	7,332	8,574	2,744	(65.9)	1.4	(64.6)
Goods	19,195	20,398	17,350	20,458	10,208	(46.8)	1.9	(44.9)
Total Gross Profit	$ 96,214	$ 93,548	$ 85,865	$ 102,757	$ 57,476	(40.3)	1.6	(38.7) %
Operating income (loss)	$ (3,141)	$ (6,767)	$ (11,054)	$ (4,968)	$ (166,700)	5,207.2 %		
Consolidated Results of Operations:								
Gross Billings:								
Local	$ 709,705	$ 707,280	$ 715,996	$ 743,891	$ 550,010	(22.5)	0.5	(22.0) %
Travel	144,022	127,377	115,242	109,942	60,491	(58.0)	0.7	(57.3)
Goods	322,281	286,288	262,140	369,367	195,898	(39.2)	1.0	(38.2)
Total Gross Billings	$ 1,176,008	$ 1,120,945	$ 1,093,378	$ 1,223,200	$ 806,399	(31.4)	0.7	(30.7) %
Revenue:								
Local	$ 253,567	$ 247,077	$ 240,580	$ 267,425	$ 191,328	(24.5)	0.4	(24.1) %
Travel	27,678	24,202	21,683	18,468	9,722	(64.9)	0.5	(64.4)
Goods	297,165	261,298	233,349	326,423	173,100	(41.7)	0.9	(40.8)
Total Revenue	$ 578,410	$ 532,577	$ 495,612	$ 612,316	$ 374,150	(35.3)	0.7	(34.6) %
Gross Profit:								
Local	$ 230,060	$ 223,453	$ 216,215	$ 243,437	$ 168,383	(26.8)	0.4	(26.4) %
Travel	23,309	20,176	18,049	15,522	6,706	(71.2)	0.4	(70.8)
Goods	52,647	48,503	43,676	51,082	26,158	(50.3)	0.7	(49.6)
Total Gross Profit	$ 306,016	$ 292,132	$ 277,940	$ 310,041	$ 201,247	(34.2)	0.4	(33.8) %
Operating income (loss)	$ 2,195	$ (7,139)	$ 4,637	$ 40,105	$ (197,861)	(9,114) %		
Net cash provided by (used in) operating activities from continuing operations	$ (147,483)	$ (1,219)	$ 18,584	$ 201,401	$ (236,408)	60.3 %		
Free Cash Flow	$ (164,960)	$ (17,903)	$ 891	$ 185,927	$ (247,004)	49.7 %		

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Active Customers (3)					
North America	29.6	28.6	27.7	26.5	25.3
International	17.5	17.6	17.5	17.1	16.5
Total Active Customers	47.2	46.2	45.3	43.6	41.8
Consolidated Units					
Local	24,132	23,879	24,573	25,461	20,976
Goods	12,237	10,735	10,494	16,435	8,229
Travel	824	710	687	712	561
Total consolidated units	37,193	35,324	35,754	42,608	29,766
Headcount					
Sales (4)	2,377	2,327	2,438	2,316	2,218
Other	3,928	3,952	4,036	4,029	4,059
Total Headcount	6,305	6,279	6,474	6,345	6,277

(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.

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Income (loss) from continuing operations	$ (41,170)	$ (37,645)	$ (14,685)	$ 79,208	$ (210,860)
Adjustments:					
Stock-based compensation [(1)]	16,411	26,563	19,543	19,098	14,015
Depreciation and amortization	28,416	27,116	25,873	24,360	25,909
Acquisition-related expense (benefit), net	—	28	5	6	4
Restructuring charges	(67)	(47)	(61)	206	6
Goodwill impairment	—	—	—	—	109,486
Long-lived asset impairment	—	—	—	—	22,351
Strategic advisor costs	—	—	—	—	3,626
Other (income) expense, net	46,855	28,494	17,253	(39,273)	18,987
Provision (benefit) for income taxes	(3,490)	2,012	2,069	170	(5,988)
Total adjustments	88,125	84,166	64,682	4,567	188,396
Adjusted EBITDA	$ 46,955	$ 46,521	$ 49,997	$ 83,775	$ (22,464)

(1) Represents stock-based compensation expense recorded within Selling, general and administrative, Cost of revenue and Marketing.

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 months ended March 31, 2020 and 2019.

	Three Months Ended March 31,	
	2020	2019
Net income (loss) attributable to common stockholders	$ (213,522)	$ (42,487)
Less: Net income (loss) attributable to noncontrolling interest	(3,044)	(3,479)
Net income (loss)	(210,478)	(39,008)
Less: Income (loss) from discontinued operations, net of tax	382	2,162
Income (loss) from continuing operations	(210,860)	(41,170)
Less: Provision (benefit) for income taxes	(5,988)	(3,490)
Income (loss) from continuing operations before provision (benefit) for income taxes	(216,848)	(44,660)
Stock-based compensation	14,015	16,411
Amortization of acquired intangible assets	2,524	3,894
Acquisition-related expense (benefit), net	4	—
Restructuring charges	6	(67)
(Gain) loss from changes in fair value of investments	1,405	41,408
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	5,313	4,194
Non-cash interest expense on convertible senior notes	3,516	3,175
Non-GAAP income (loss) from continuing operations before provision (benefit) for income taxes	(47,918)	24,355
Less: Non-GAAP provision (benefit) for income taxes	(4,780)	4,131
Non-GAAP net income (loss)	(43,138)	20,224
Net income attributable to noncontrolling interest	(3,044)	(3,479)
Non-GAAP net income (loss) attributable to common stockholders	(46,182)	16,745
Plus: Cash interest expense from assumed conversion of convertible senior notes [1]	—	—
Non-GAAP Net Income (loss) attributable to common stockholders plus assumed conversions	$ (46,182)	$ 16,745
Weighted-average shares of common stock - diluted	28,365,216	28,504,756
Incremental dilutive securities	—	254,810
Weighted-average shares of common stock - non-GAAP	28,365,216	28,759,566
Diluted net income (loss) per share	$ (7.53)	$ (1.49)
Impact of non-GAAP adjustments and related tax effects	5.90	2.07
Non-GAAP net income per share	$ (1.63)	$ 0.58

(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 and free cash flow to the most comparable U.S. GAAP liquidity measure, Net cash provided by (used in) operating activities from continuing operations.

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Net cash provided by (used in) operating activities from continuing operations	$ (147,483)	$ (1,219)	$ 18,584	$ 201,401	$ (236,408)
Purchases of property and equipment and capitalized software from continuing operations	(17,477)	(16,684)	(17,693)	(15,474)	(10,596)
Free cash flow	$ (164,960)	$ (17,903)	$ 891	$ 185,927	$ (247,004)
Net cash provided by (used in) investing activities from continuing operations	$ (18,115)	$ (17,235)	$ (19,541)	$ (12,700)	$ 19,564
Net cash provided by (used in) financing activities	$ (27,777)	$ (31,581)	$ (22,595)	$ (10,666)	$ 141,312