



GRPN Investor Presentation 3Q21

November 5, 2021

Forward-looking statements and other information

The statements contained in this presentation that refer to plans and expectations for the next quarter, the full year or the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations. The words "may," "will," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "continue" and other similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, but are not limited to, effects of the ongoing COVID-19 pandemic or other pandemics or disease outbreaks on our business; our ability to execute, and achieve the expected benefits of, our go-forward strategy; execution of our business and marketing strategies; volatility in our operating results; challenges arising from our international operations, including fluctuations in currency exchange rates, legal and regulatory developments in the jurisdictions in which we operate; global economic uncertainty; retaining and adding high quality merchants; retaining existing customers and adding new customers; competing successfully in our industry; providing a compelling mobile experience for our customers; managing refund risks; retaining and attracting members of our executive team and other qualified personnel; customer and merchant fraud; payment-related risks; our reliance on email, internet search engines and mobile application marketplaces to drive traffic to our marketplace; cybersecurity breaches; maintaining and improving our information technology infrastructure; reliance on cloud-based computing platforms; completing and realizing the anticipated benefits from acquisitions, dispositions, joint ventures and strategic investments; lack of control over minority investments; managing inventory and order fulfillment risks; claims related to product and service offerings; protecting our intellectual property; maintaining a strong brand; the impact of future and pending litigation; compliance with domestic and foreign laws and regulations, including the CARD Act, GDPR and regulation of the Internet and e-commerce; classification of our independent contractors or employees; exposure to greater than anticipated tax liabilities; adoption of tax legislation; our ability to raise capital if necessary; risks related to our access to capital and outstanding indebtedness, including our convertible senior notes; our common stock, including volatility in our stock price; our ability to realize the anticipated benefits from the capped call transactions relating to our convertible senior notes; and those risks and other factors discussed in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2020 and Part II, Item 1A. Risk Factors of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021, and our other filings with the Securities and Exchange Commission (the "SEC"), copies of which may be obtained by visiting the company's Investor Relations web site at investor.groupon.com or the SEC's web site at www.sec.gov. Groupon's actual results could differ materially from those predicted or implied and reported results should not be considered an indication of future performance.

You should not rely upon forward-looking statements as predictions of future events. Although Groupon believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither Groupon nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The forward-looking statements reflect our expectations as of November 5, 2021. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations.

This presentation contains non-GAAP financial measures. See the appendix for reconciliations of non-GAAP financial measures to the most comparable U.S. GAAP measures and our Q3 2021 earnings release press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures.

The destination for experiences.

Where customers
discover fun things to do
& local businesses thrive



Leading local marketplace with proven profitability and long-term growth opportunity



Beloved global brand that connects **millions of customers with merchants**, known for providing unbeatable value



A leader in the fragmented \$1T Local Market, **leveraging our scale and focusing on where we are most differentiated**

- Strong competitive position with Local merchants and a low/no-risk, transaction-based business model
- Executing on strategy to unlock marketplace flywheel



Strategy to **capture market share** and **drive profitable revenue growth**

- New inventory products to grow supply and make Groupon always-on sales channel
- Reimagined merchant experience to increase participation in our marketplace
- Delivering new experience customers want to drive purchase frequency



Attractive financial model

- Flexible, durable business model; growth scenario creates significant upside opportunity
- On track to realize \$225M of savings by 2022 from restructuring plan
- 1 incremental purchase from our 2020 global customer base = ~\$1B bookings opportunity



Operating progress illustrates our **strategy is resonating with merchants and customers**

Making big changes to become the destination for Local

We are making the most significant changes to our marketplace in 10+ years...

...and our new customer and merchant value propositions are beginning to resonate



Merchant Value Proposition

Pre-2021

Now

Ease



High Effort to Launch and Manage Deals



Easy to Launch and Manage Listings with **Self-Service**

Reach



No Merchant Control



Merchant Control with **Sponsored Listings**

Monetization



One Product at One Price Point



Multiple Products at Multiple Price Points — **Deals, Offers & Market Rate**



Customer Value Proposition

Pre-2021

Now

Value



Great Value on Limited Catalog



Great Value on Full Catalog with Offers

Selection



Limited by Restrictions



New Inventory with **Offers, Repeatable Deals**

Convenience



Inspiration Focused Deal Feed



Launching Additional **Modern CX** Features



Our Large Addressable Market Opportunity

A leading local marketplace with room to grow

Connecting ~24M¹ customers to our global marketplace



1 Million+

Merchants worked with to date



1.5 Billion+

Groupons sold to date



\$35 Billion+

Saved to date by NA consumers



\$25 Billion+

Pumped into local businesses to date

- Large and growing addressable market in local
- Groupon's two-sided marketplace has massive global scale
- Nearly 60% of our customer base has been shopping Groupon for 3+ years²
- Beloved brand: inspiration marketplace for Deals
- Growth strategy: leverage local offering to become **destination for experiences**

1. As of September 30, 2021

2. As of December 31, 2020

Positioned to grow wallet share with global consumers

Our customers...



have an average household
income of \$75K¹



live in a city



love new experiences and
keeping busy with nearby
activities happening now

...and there are millions of untapped consumers
who have characteristics similar to our best
customers

- We believe there are 80+ Grouponable moments in a single year...
- ...and Groupon is only capturing 4% of those experiences
- Executing on our strategic priorities creates opportunity to **increase customer purchase frequency** and **grow wallet share**

In 2020, 1 more purchase from our global customer base² was a ~\$1B opportunity³

1. North America customers

2. Active Customers are defined as unique user accounts that have made a purchase during the trailing twelve months ("TTM") either through one of our online marketplaces or directly with a merchant for which we earned a commission

3. Represents total value customers spent on our platform before refunds



Our Strategy for Growth



The destination for experiences.

- By putting our new customer and merchant value propositions front and center we believe we can **build a new destination marketplace** experience to complement our inspiration marketplace
- Strategy is laser-focused on addressing disconnect between our large market opportunity and our business performance
- To grow long-term, we need to execute on 2 strategic priorities:
 - Expand inventory
 - Modernize the marketplace by improving merchant and customer experiences
- Well positioned to deliver the **ease, reach, and monetization** our merchants need -- and the **value, selection and convenience** our customers want

Groupon can unlock a powerful marketplace flywheel





Expand Inventory

A man and a woman are sitting on a sailboat, smiling and looking out at the water. The man is wearing a white hat and a blue plaid shirt, and the woman is wearing a pink shirt. The sailboat has colorful sails (yellow, orange, green) visible in the background.

Expanding inventory is critical to our growth

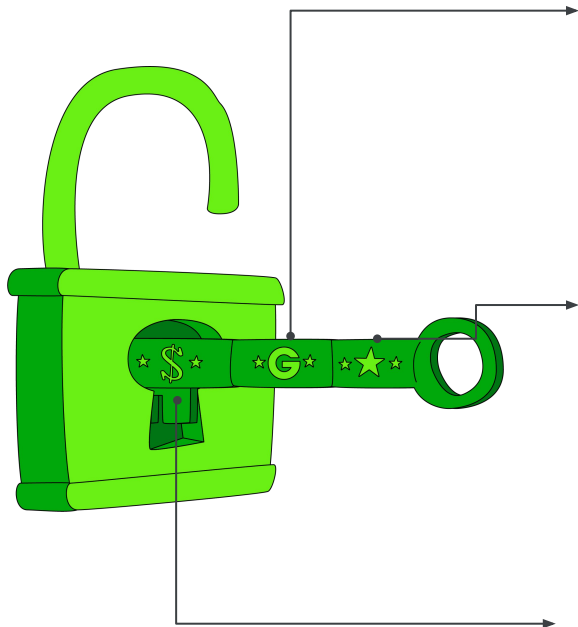
3 key inventory products: **Deals, Offers, and Market Rate**

Our goal is to provide value to merchants at any stage of their growth cycle and encourage them to list more inventory with Groupon

- **Deals:** remove restrictions on deeply-discounted inventory to drive customer acquisition, customer growth, and engagement
- **Offers:** launch new inventory product with lower discounts to improve merchant ROI, provide “always-on” inventory, and drive purchase frequency.
- **Market Rate:** position Groupon as the customer destination for high-quality, local experiences and “always-on” merchant sales channel

By providing a full catalog offering to our customers, we believe we can unlock customer purchase frequency and drive billings growth

Portfolio of complementary inventory listing options gives merchants more ways to monetize their relationship with Groupon



Deals

Deals now have fewer restrictions, broadening their consumer appeal

- **Our customers want fewer repeat restrictions so they can try a Deal more than once**
- By relaxing Deal restrictions, expect to drive **purchase frequency and billings growth over time**
- Deals should still function as an important **customer acquisition tool for merchants**

Offers

New inventory option that allows merchants to list inventory at a lower margin

- Not every merchant wants to run a deeply-discounted Deal and even for those who do, a deeply-discounted Deal may not make sense at all times
- Groupon can offer a **fuller catalog of high quality, always-on inventory**
- More inventory at lower discounts vs. Deals to **drive purchase frequency and loyalty**
- Merchants earn a higher margin and still only pay-for-performance
- Attract new merchants that are on the fence about joining our marketplace

Market Rate

Rounds out Groupon supply to give consumers access to wide inventory selection

- Helps position Groupon as the **destination for high-quality, local experiences** and an “always-on”, pay-for-performance merchant sales channel
- Driving market rate inventory growth through partnerships and product launches

Expanding Inventory: scaling in North America now

Expected to increase amount
of purchasable inventory



Remove repeat purchase restrictions on Deals in all verticals

- 2021 goal: increase the percent of Deal inventory available for repeat purchase to 80%
- Progress to-date: ~75% of Deal inventory is now repeatable

Launch Offers to Beauty & Wellness merchants

- 2021 goal: increase average listings per Beauty & Wellness merchant
- Progress to-date: listings per Beauty & Wellness merchant increased >30% since launching Offers



Improve the Merchant & Customer Experiences

Prioritize our merchants' success

Partner with our merchants to help them grow their businesses

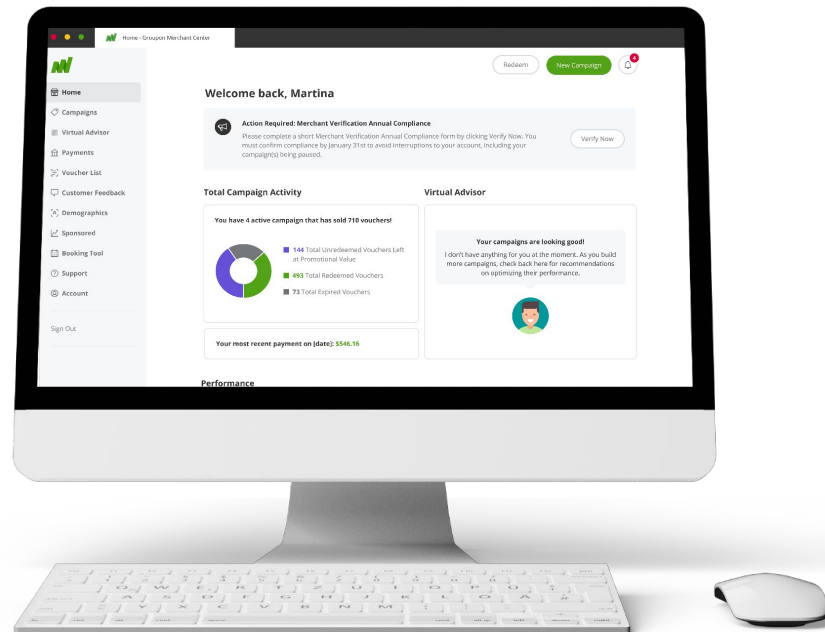
Roadmap focused on merchant tools that allow them to **build**, **grow** and **scale** their businesses on the Groupon marketplace

Shift Groupon from high-touch model to one where merchants use **proven** self-service **tools** to **grow** their businesses

Position Groupon as a **unique, valuable** always-on sales channel

Self-Service Update:

- 50%+ of the Deals launched in North America were launched via self-service in Q3
- Our smaller merchants launched ~80% of their Deals via self-service in the quarter, up 20 percentage points vs. Q2



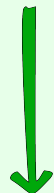
Then vs Now

Providing merchants with a full-service platform that they can leverage to build and grow their businesses



THEN

- Phone interaction required to join the marketplace
- Launching a Deal? Another labor intensive interaction required
- Just want to change content? *Another* labor intensive interaction required
- You can only sell “Deals” through Groupon; relationships between Groupon and merchants are very limited
- It’s difficult to offer a bookable Deal in the Groupon marketplace



NOW

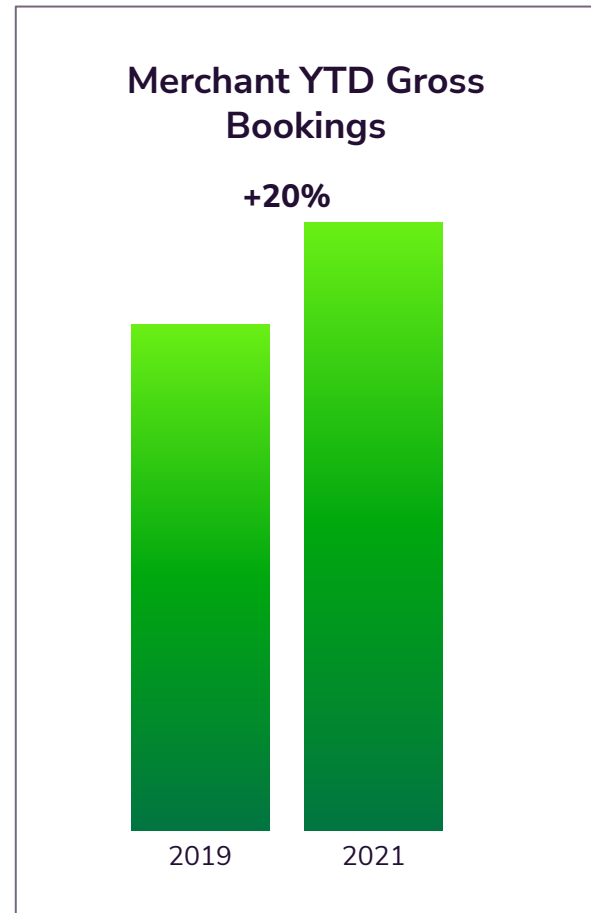
- Merchants can join Groupon via self-service
- Launching a deal? Do it in less than 24 hours via self-service Campaign Builder
- Just want to change content? You can also do this via self-service Campaign Builder
- Unsure how to improve Deal and campaign performance? Tap into our Merchant Advisor Tool
- Need more listing options? Now scaling flexible inventory and discount options
- Merchants can create a seamless customer experience by offering fully bookable inventory
- Worried about customer double booking? Use Groupon’s two-way Google calendar sync
- Want to promote your business more? We have a new Sponsored Listings marketing tool for merchants
- Striking up new partnerships with Square and Google Pay to help merchants expand their reach

Merchant Case Study: Large Theme Park

Leveraging the Groupon marketplace as an 'always on' sales channel to drive growth in 2021

Merchant YTD Growth vs. 2019 driven by:

- Additional days live
- Integrated their revenue management systems with the Groupon platform
 - Enabled merchant to dynamically price their Groupon campaigns
- Leveraging Sponsored Listings
- As a result, **gross Bookings are up 20%+**

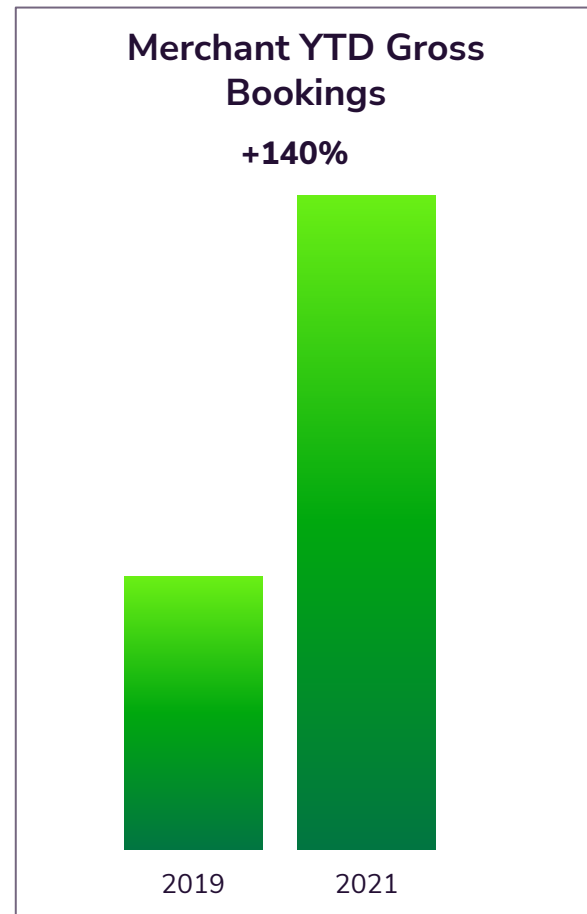


Merchant Case Study: Chain of Family Entertainment Centers

Expanding partnership with Groupon across multiple fronts to grow their business and bring new customers through their doors

Merchant YTD Growth vs. 2019 driven by:

- Increased the number of their locations working with Groupon by nearly 30% vs 2019
- Leveraging Groupon as an always-on sales channel, moving from an average listing time of about two months, to evergreen inventory that they are listing on Groupon, year-round
- As a result:
 - Groupon sales account for approximately 10% of revenue on average¹
 - ~60% of their Groupon customers are new customers
 - **Gross Bookings are up ~140%**



¹ For the locations that use Groupon

Launching new partnerships to help merchants expand their reach and grow their businesses



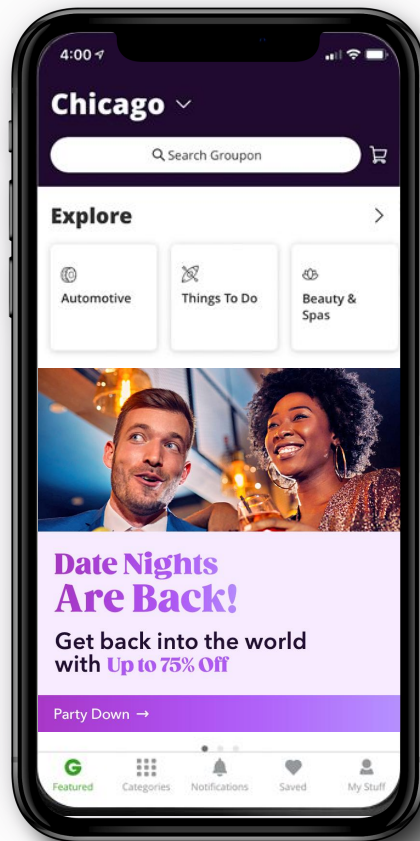
- Launched new partnership with Square in October that allows local merchants to:
 - Easily create Groupon campaigns directly from the Square App marketplace
 - Leverage the booking capabilities of Square Appointments for their Groupon campaigns
- **Benefits:**
 - Bring more high quality, bookable inventory to Groupon
 - Potential to reduce merchant acquisition costs



- Announced U.S. distribution partnership with Google
 - Google Pay mobile app users will have direct access to unique local experiences available in the Groupon marketplace
 - Expected to launch in 1H 2022
- **Benefits:**
 - Expand merchant reach to new customers
 - Make it easier for consumers to tap into all of the local experiences available on Groupon

Deliver an amazing customer experience

Improve customer journey from discovery to purchase to redemption



Product roadmap focuses on **increasing customer purchase frequency**

Leverage **machine learning** to produce rapid insights that power curation, search relevance and other UX improvements

Position Groupon as a destination where consumers go to discover fun and memorable experiences through a **frictionless customer experience**

From discovery to search to purchase to redemption, **we have to make it easier for our customers to find, buy and redeem a Groupon** and interact with our merchants

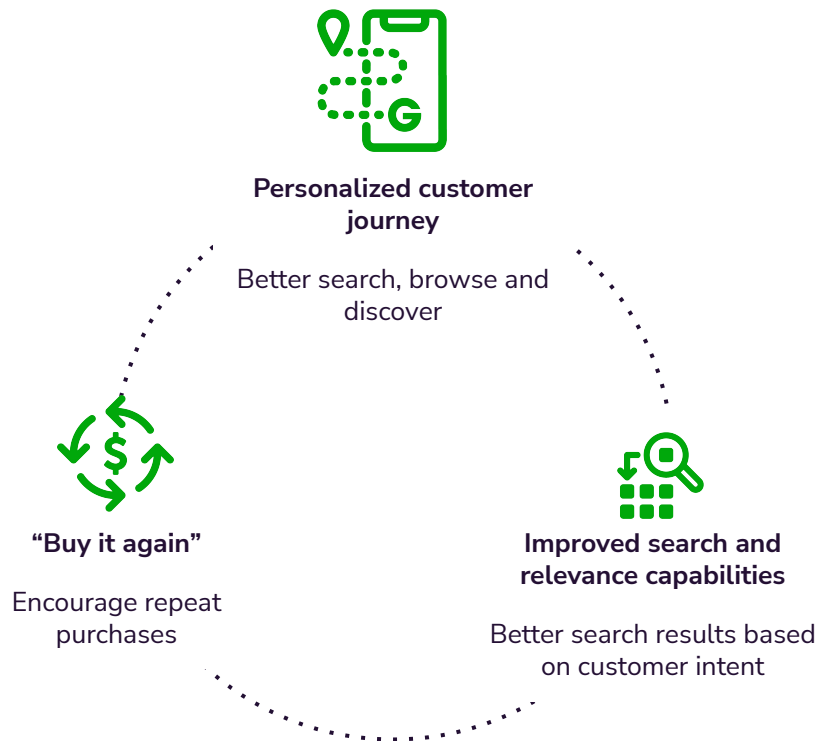
2021 Goal: Launch new customer experience that highlights new inventory and ways to use Groupon

- New CX now live for 100% of users in North America
- Changing consumer perception from an inspiration-only marketplace to a destination for Local experiences

Reimagining the customer experience

New customer experience intended to drive sell-through of our expanding inventory base, grow purchase frequency over time, and begin to bend the consumer perception of Groupon from inspiration-only to the destination for Local

Now live for 100% of users in North America

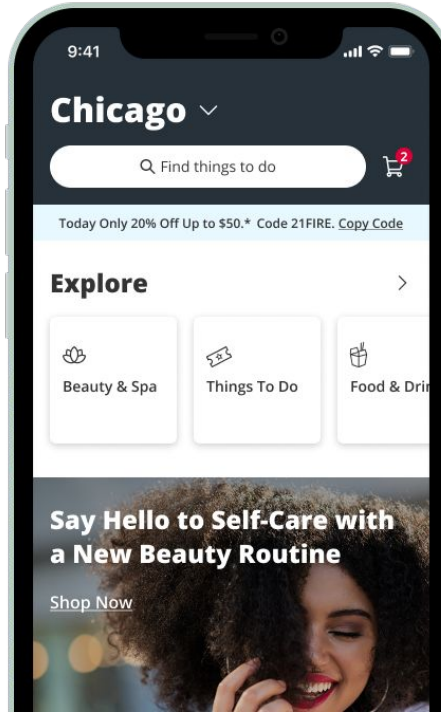


Launched and scaled a new customer experience in NA

Fundamentally changed the user experience; from concept to delivery in just six months

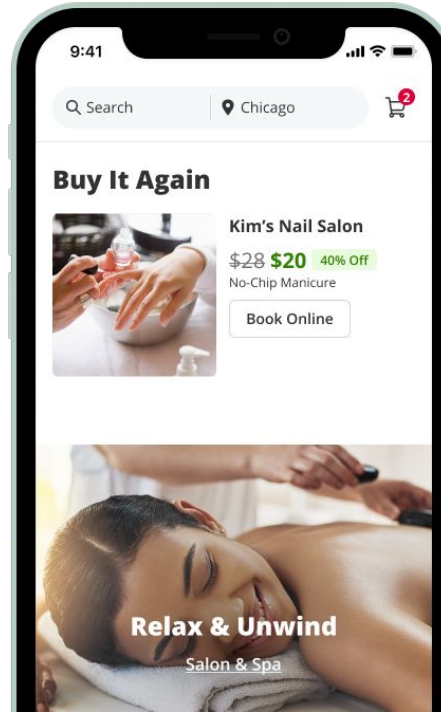
Discovery

App + mweb launched in April
Desktop launched in July



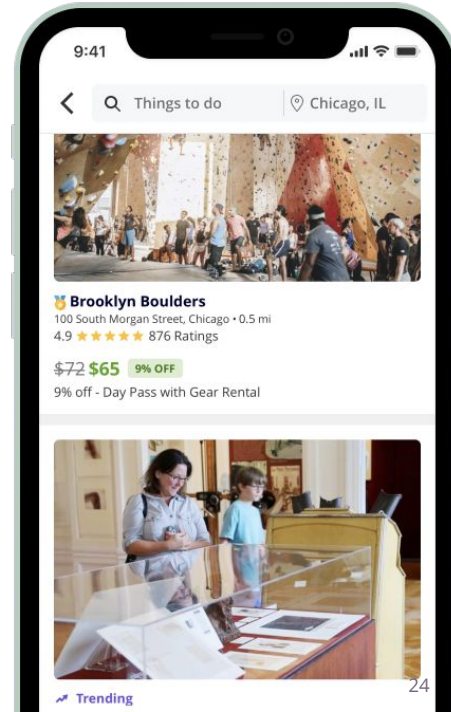
Buy it again

Launched in April



Search & Ranking

Launched in April



Product roadmap

Steady cadence of new features will improve the customer and merchant experiences

	Q1, Q2 & Q3 2021 (launched)	Q4 2021 / Early 2022
Merchant Experience	<ul style="list-style-type: none">✓ Groupon Connect for Beauty & Wellness✓ Self-service:<ul style="list-style-type: none">• Int'l expansion• Recommendations• Sponsored Listings✓ Proactive recommendations engine✓ Partner integrations✓ Onsite advertising	<ul style="list-style-type: none">• Square integration• Merchant acquisition funnel optimization• Scaling Merchant Advisor Tool in NA / Int'l• Redesign of merchant admin experience• Google Pay integration• Groupon Connect in Int'l
Customer Experience	<ul style="list-style-type: none">✓ Reimagined NA consumer experience✓ New ML-based search and relevance✓ Easy repurchase feature set✓ Booking in search and discovery✓ Live Event Pod Seating options✓ Preference Center	<ul style="list-style-type: none">• Personalization improvements• Full menu CX• Repeat purchase CX (multi-packs, 'Buy It Again' features, etc.)• New vs. repeat pricing

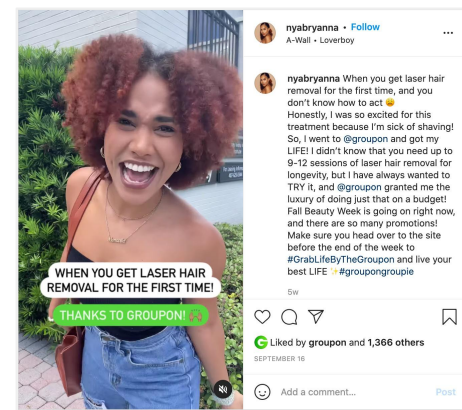
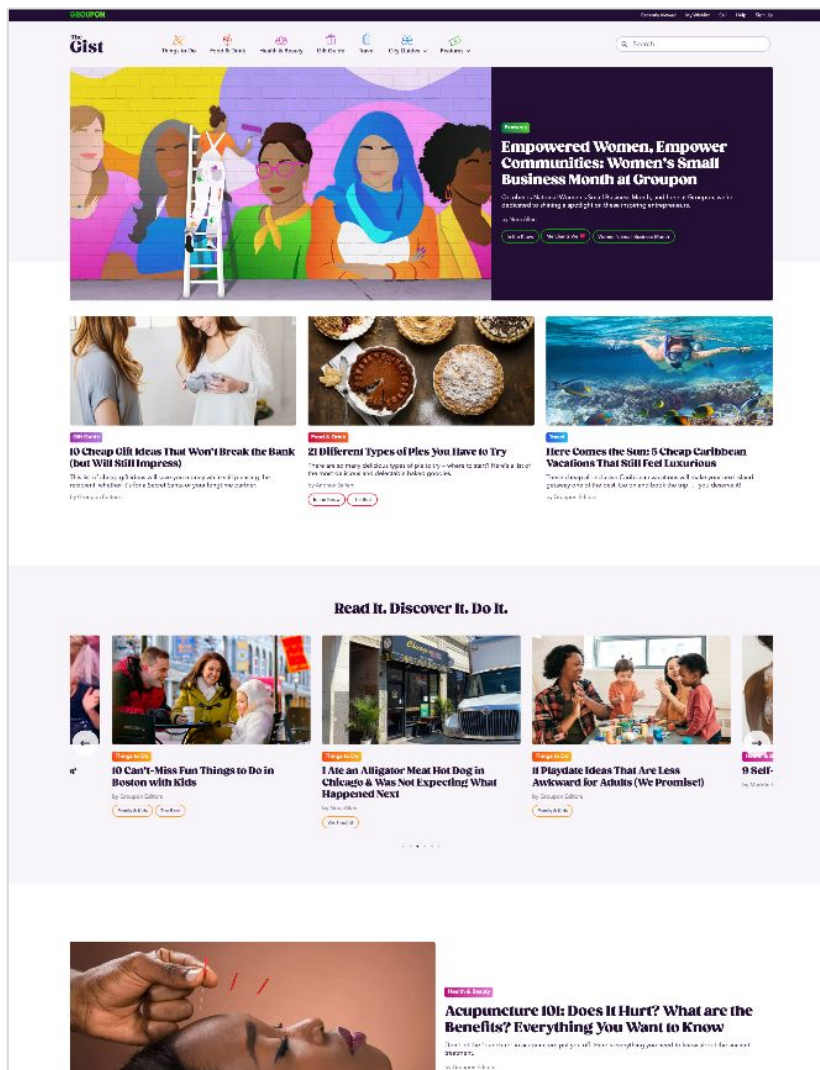
Moving to best-in-class infrastructure on the cloud and simplifying and modernizing our platform will power and accelerate innovation over the next several years



Marketing

Strategically leveraging marketing

Recently launched brand repositioning campaign, 'Grab Life by the Groupon', influencer campaigns and a new blog, The Gist, that brings our inventory and marketplace modernization work to life to help to shift our brand perception to the destination for Local





Resetting Our Cost Structure

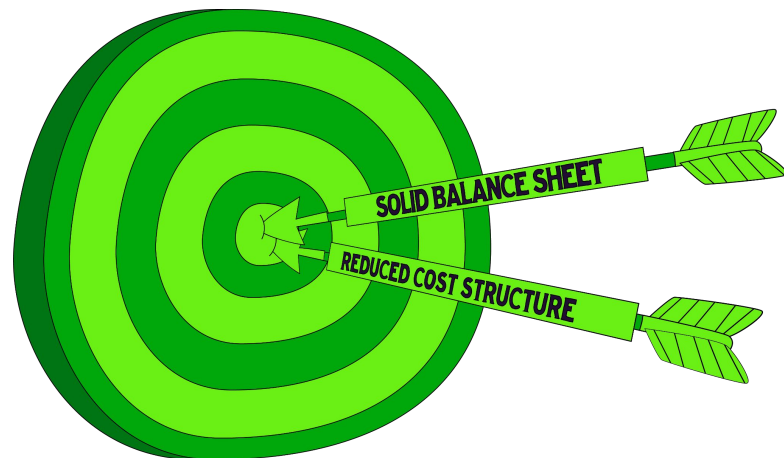
Resetting our cost structure

Committed to operational rigor: lower costs, improve speed and leverage

Multi-phase restructuring plan is now largely complete

On track to realize ~\$225M of run-rate cost savings from restructuring actions

Reduced cost structure expected to drive greater flow-through to Adjusted EBITDA





Third Quarter Results

Key third quarter results

Active Customers	24M
Units	16M
Billings	\$553M
Revenue	\$214M
Gross Profit	\$181M
Adjusted EBITDA ¹	\$35M
Cash (as of 9/30) ²	\$477M

1. Adjusted EBITDA (AEBITDA) is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Income (loss) from continuing operations"

2. Includes \$100M of outstanding borrowings under our revolving credit facility



Additional insights on third quarter results



Sold 16 million units in the third quarter, demonstrating our scale



Increased marketing investment in the quarter as we aimed to further accelerate recovery and reshape our brand perception as the destination for Local



7% lift in units per customer in NA for ~700,000 customers who have purchased Local unrestricted Deals compared to customers who purchased restricted Deals

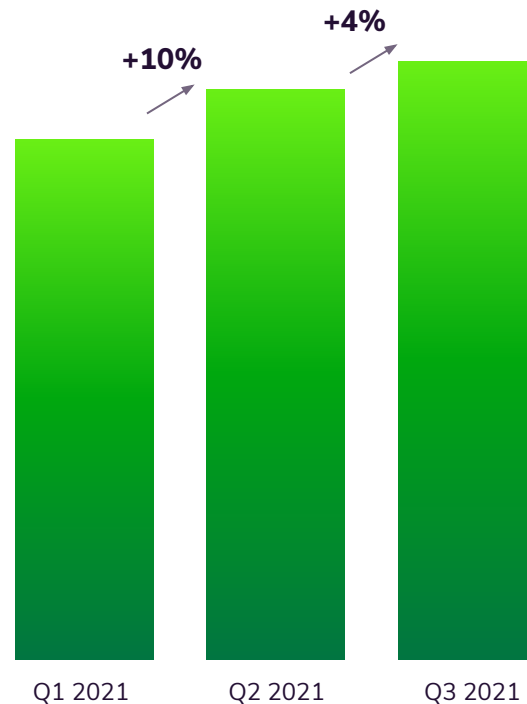


Grew our high value, active Local customer base for the second consecutive quarter in North America, improving the composition of our customer base

Improving the Composition of our Customer Base

Focused on growing our high-value Local customer base and unlocking purchase frequency to capture more customer wallet share and drive more demand to Groupon merchants

NA Active Local Customers ¹

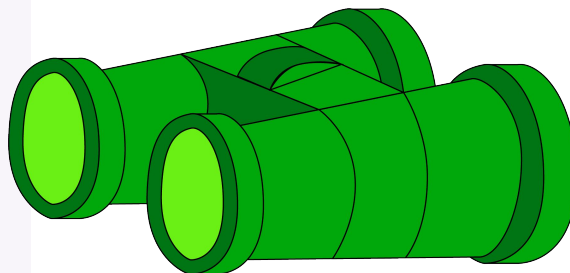


1. NA Active Local Customers are defined as unique user accounts that have made a Local purchase during the TTM either through one of our online marketplaces or directly with a merchant for which we earned a commission



4Q21 & FY21 Perspective

FY21 outlook & 4Q21 perspective



Outlook

- Revenue expected to be \$950 million to \$975 million
- Adjusted EBITDA expected to be \$130 million to \$135 million

Factors to Consider

- Expect global billings to moderately increase in Q4 vs Q3; and we may be impacted by macro-environment (e.g., level of seasonal Local demand, COVID)
- Outlook assumes Global Goods continues at Q3 performance level (~30% of 2019 Billings) and Int'l transition to 3P model completed at the end of 2021
- Marketing Expense: Expect Q4 marketing as a percent of gross profit in-line with Q3 levels
- SG&A: Expect Q4 expenses (ex SBC/D&A) to be higher than Q3 levels



Unlocking the power of our financial model

- Durable business model and solid balance sheet provide a foundation for growth
- **Improving customer and merchant value propositions** to capitalize on our large addressable market opportunity
- Executing on our priorities to **Expand Inventory** and **Modernize the Marketplace** by improving merchant and customer experiences
- Substantially reduced fixed cost base is allowing us to deliver solid Adjusted EBITDA even in a challenging operating environment
- Success means returning **Groupon to top-line growth and stronger profitability**



Appendix

Goods revenue presentation

1P vs. 3P example¹: \$100 customer purchase

	First Party Goods	Third Party Goods	
Billings	\$100	\$100	Billings don't change; this is what our customer pays to Groupon
Revenue	\$100	\$17	In 3P model, Groupon revenue is the commission from the sale (net of merchant payment)
Gross Profit	\$15	\$15	Gross Profit dollars are not impacted



- NA transition completed in 4Q 2020
- Expect Int'l transition to 3P model to be complete at the end of 2021
- 3P revenue take rate is lower because it is presented on a net basis

¹. Example is for illustrative purposes only and does not reflect any forward looking perspective on Goods margins or volume

Non-GAAP Reconciliations*

Adjusted EBITDA - Quarterly (in thousands)

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

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Income (loss) from continuing operations	\$ (16,561)	\$ 13,971	\$ 14,448	\$ (3,129)	\$ 78,701
Adjustments:					
Stock-based compensation	8,379	8,073	7,179	9,738	8,204
Depreciation and amortization	18,023	19,156	17,019	18,971	17,617
Restructuring and related charges ⁽¹⁾	20,559	3,799	7,422	14,245	12,483
Other (income) expense, net ⁽²⁾	867	(4,581)	(18,123)	2,927	(82,533)
Provision (benefit) for income taxes	(486)	(334)	2,427	(1,789)	135
Total adjustments	47,342	26,113	15,924	44,092	(44,094)
Adjusted EBITDA	<u>\$ 30,781</u>	<u>\$ 40,084</u>	<u>\$ 30,372</u>	<u>\$ 40,963</u>	<u>\$ 34,607</u>

- (1) Restructuring and related charges includes \$3.3 million, \$4.4 million and \$7.7 million of long-lived asset impairments for the three months ended September 30, 2020, December 31, 2020 and September 30, 2021. It also includes \$0.3 million of additional stock-based compensation for the three months ended September 30, 2020.
- (2) Other income (expense), net includes an \$89.1 million gain due to an upward adjustment for an observable price change of an other equity investment for the three months ended September 30, 2021.

*See Q3 2021 earnings release press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures

Non-GAAP Reconciliations*

Expected Adjusted EBITDA Range (in thousands)

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

	Year Ended December 31, 2021
Expected income (loss) from continuing operations	\$81,000 - 85,000
Expected adjustments:	
Stock-based compensation	34,000
Depreciation and amortization	72,000
Non-operating expense (income), net	(58,000)
Provision (benefit) for income taxes	1,000 - 2,000
Total expected adjustments	49,000 - 50,000
Expected Adjusted EBITDA	\$130,000 - 135,000

The outlook provided above does not reflect the potential impact of any contemplated business or asset acquisitions or dispositions, changes in the fair values of investments or deferred tax asset valuation allowances, foreign currency gains or losses or unusual or infrequently occurring items that may occur during the remainder of 2021. The outlook includes restructuring and related charges in Non-operating expense (income), net.

*See Q3 2021 earnings release press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures

Non-GAAP Reconciliations*

Free Cash Flow (in thousands)

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.

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Net cash provided by (used in) operating activities from continuing operations	\$ 4,792	\$ 80,906	\$ (46,405)	\$ (34,365)	\$ (74,176)
Purchases of property and equipment and capitalized software	(11,745)	(12,049)	(12,040)	(12,420)	(13,405)
Free cash flow	\$ (6,953)	\$ 68,857	\$ (58,445)	\$ (46,785)	\$ (87,581)
Net cash provided by (used in) investing activities from continuing operations	\$ (12,469)	\$ (12,873)	\$ (12,744)	\$ (9,223)	\$ (11,530)
Net cash provided by (used in) financing activities	\$ (3,617)	\$ (3,759)	\$ 62,618	\$ (241,039)	\$ (2,047)

*See Q3 2021 earnings release press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures