

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 403,006	\$ 498,726
Accounts receivable, net	52,229	36,755
Prepaid expenses and other current assets	53,934	52,570
Total current assets	509,169	588,051
Property, equipment and software, net	70,575	73,581
Right-of-use assets - operating leases, net	43,037	47,958
Goodwill	215,755	216,393
Intangible assets, net	22,801	24,310
Investments	119,541	119,541
Deferred income taxes	62,677	62,945
Other non-current assets	25,598	25,102
Total assets	\$ 1,069,153	\$ 1,157,881
Liabilities and equity		
Current liabilities:		
Short-term borrowings	\$ 100,000	\$ 100,000
Accounts payable	29,155	22,165
Accrued merchant and supplier payables	232,217	269,509
Accrued expenses and other current liabilities	217,909	239,313
Total current liabilities	579,281	630,987
Convertible senior notes, net	223,781	223,403
Operating lease obligations	50,666	58,747
Other non-current liabilities	30,583	34,448
Total liabilities	884,311	947,585
Commitment and contingencies		
Stockholders' equity		
Common stock, par value \$0.0001 per share, 100,500,000 shares authorized; 40,226,840 shares issued and 29,932,723 shares outstanding at March 31, 2022; 40,007,255 shares issued and 29,713,138 shares outstanding at December 31, 2021	4	4
Additional paid-in capital	2,300,558	2,294,215
Treasury stock, at cost, 10,294,117 shares at March 31, 2022 and December 31, 2021	(922,666)	(922,666)
Accumulated deficit	(1,191,720)	(1,156,868)
Accumulated other comprehensive income (loss)	(1,444)	(4,813)
Total Groupon, Inc. stockholders' equity	184,732	209,872
Noncontrolling interests	110	424
Total equity	184,842	210,296
Total liabilities and equity	\$ 1,069,153	\$ 1,157,881

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

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Service	\$ 153,320	\$ 172,624
Product	—	91,193
Total revenue	153,320	263,817
Cost of revenue:		
Service	19,319	18,425
Product	—	78,409
Total cost of revenue	19,319	96,834
Gross profit	134,001	166,983
Operating expenses:		
Marketing	39,416	33,666
Selling, general and administrative	126,420	127,143
Restructuring and related charges	312	7,422
Total operating expenses	166,148	168,231
Income (loss) from operations	(32,147)	(1,248)
Other income (expense), net	(4,880)	18,123
Income (loss) from operations before provision (benefit) for income taxes	(37,027)	16,875
Provision (benefit) for income taxes	(2,675)	2,427
Net income (loss)	(34,352)	14,448
Net (income) loss attributable to noncontrolling interests	(500)	110
Net income (loss) attributable to Groupon, Inc.	\$ (34,852)	\$ 14,558
Net income (loss) per share:		
Basic	\$ (1.17)	\$ 0.50
Diluted	\$ (1.17)	\$ 0.48
Weighted average number of shares outstanding:		
Basic	29,862,879	29,028,489
Diluted	29,862,879	30,265,563

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

	Three Months Ended March 31,	
	2022	2021
Operating activities		
Net income (loss)	\$ (34,352)	\$ 14,448
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, equipment and software	15,200	14,727
Amortization of acquired intangible assets	2,169	2,292
Stock-based compensation	7,506	7,179
Foreign currency translation adjustments reclassified into earnings	—	(32,228)
Change in assets and liabilities:		
Accounts receivable	(15,963)	(2,812)
Prepaid expenses and other current assets	(2,092)	(1,640)
Right-of-use assets - operating leases	4,609	5,122
Accounts payable	7,088	5,896
Accrued merchant and supplier payables	(35,904)	(76,884)
Accrued expenses and other current liabilities	(18,366)	9,823
Operating lease obligations	(7,648)	(6,007)
Other, net	(411)	13,679
Net cash provided by (used in) operating activities	(78,164)	(46,405)
Investing activities		
Purchases of property and equipment and capitalized software	(13,001)	(12,040)
Acquisitions of intangible assets and other investing activities	(915)	(704)
Net cash provided by (used in) investing activities	(13,916)	(12,744)
Financing activities		
Proceeds from issuance of 2026 convertible notes	—	200,000
Proceeds from (payments of) borrowings under revolving credit agreement	—	(100,000)
Issuance costs for 2026 convertible notes and revolving credit agreement	—	(6,572)
Purchase of capped call transactions	—	(23,840)
Taxes paid related to net share settlements of stock-based compensation awards	(2,523)	(4,901)
Payments of finance lease obligations	(218)	(2,061)
Other financing activities	(223)	(8)
Net cash provided by (used in) financing activities	(2,964)	62,618
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(771)	(7,466)
Net increase (decrease) in cash, cash equivalents and restricted cash	(95,815)	(3,997)
Cash, cash equivalents and restricted cash, beginning of period	499,483	851,085
Cash, cash equivalents and restricted cash, end of period	\$ 403,668	\$ 847,088

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

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q1 2022			
North America Segment:									
Gross billings ⁽¹⁾ :						Y/Y Growth			
Local	\$ 281,296	\$ 337,192	\$ 318,825	\$ 327,268	\$ 249,290	(11.4)	%		
Travel	31,460	39,232	23,519	24,304	24,014	(23.7)			
Goods	69,768	56,643	43,096	61,248	36,608	(47.5)			
Total gross billings	<u>\$ 382,524</u>	<u>\$ 433,067</u>	<u>\$ 385,440</u>	<u>\$ 412,820</u>	<u>\$ 309,912</u>	(19.0)	%		
Revenue:									
Local	\$ 125,374	\$ 139,853	\$ 129,131	\$ 136,110	\$ 96,921	(22.7)	%		
Travel	5,959	8,143	4,791	5,500	4,949	(16.9)			
Goods	15,911	12,792	9,189	14,302	8,294	(47.9)			
Total revenue	<u>\$ 147,244</u>	<u>\$ 160,788</u>	<u>\$ 143,111</u>	<u>\$ 155,912</u>	<u>\$ 110,164</u>	(25.2)	%		
Gross profit:									
Local	\$ 112,426	\$ 124,821	\$ 115,184	\$ 119,845	\$ 83,758	(25.5)	%		
Travel	4,718	6,612	3,762	4,349	3,654	(22.6)			
Goods	13,224	10,769	7,864	12,089	6,835	(48.3)			
Total gross profit	<u>\$ 130,368</u>	<u>\$ 142,202</u>	<u>\$ 126,810</u>	<u>\$ 136,283</u>	<u>\$ 94,247</u>	(27.7)	%		
Contribution profit ⁽²⁾	\$ 107,600	\$ 109,025	\$ 88,508	\$ 92,505	\$ 66,256	(38.4)	%		
International Segment:						Q1 2022			
Gross billings:						Y/Y Growth	Fx Effect	Y/Y Growth excluding FX ⁽³⁾	
Local	\$ 69,674	\$ 89,877	\$ 103,984	\$ 129,960	\$ 99,660	43.0	8.1	51.1	%
Travel	3,459	16,395	20,154	19,583	15,762	NM	32.5	NM	
Goods	98,315	68,250	43,412	58,234	35,350	(64.0)	2.6	(61.4)	
Total gross billings	<u>\$ 171,448</u>	<u>\$ 174,522</u>	<u>\$ 167,550</u>	<u>\$ 207,777</u>	<u>\$ 150,772</u>	(12.1)	5.5	(6.6)	%
Revenue:									
Local	\$ 23,189	\$ 40,329	\$ 46,071	\$ 46,277	\$ 33,150	43.0	8.2	51.2	%
Travel	847	3,464	3,915	4,797	3,227	NM	26.6	NM	
Goods	92,537	61,377	21,074	16,176	6,779	(92.7)	0.6	(92.1)	
Total revenue	<u>\$ 116,573</u>	<u>\$ 105,170</u>	<u>\$ 71,060</u>	<u>\$ 67,250</u>	<u>\$ 43,156</u>	(63.0)	2.3	(60.7)	%
Gross profit:									
Local	\$ 21,427	\$ 38,192	\$ 43,876	\$ 43,409	\$ 30,554	42.6	8.3	50.9	%
Travel	713	3,154	3,576	4,442	2,817	NM	27.6	NM	
Goods	14,475	10,395	7,177	10,617	6,383	(55.9)	3.2	(52.7)	
Total gross profit	<u>\$ 36,615</u>	<u>\$ 51,741</u>	<u>\$ 54,629</u>	<u>\$ 58,468</u>	<u>\$ 39,754</u>	8.6	6.6	15.2	%
Contribution profit	\$ 25,717	\$ 41,198	\$ 39,772	\$ 44,011	\$ 28,329	10.2	%		
Consolidated Results of Operations:									
Gross billings:									
Local	\$ 350,970	\$ 427,069	\$ 422,809	\$ 457,228	\$ 348,950	(0.6)	1.6	1.0	%
Travel	34,919	55,627	43,673	43,887	39,776	13.9	3.2	17.1	
Goods	168,083	124,893	86,508	119,482	71,958	(57.2)	1.5	(55.7)	
Total gross billings	<u>\$ 553,972</u>	<u>\$ 607,589</u>	<u>\$ 552,990</u>	<u>\$ 620,597</u>	<u>\$ 460,684</u>	(16.8)	1.6	(15.2)	%
Revenue:									
Local	\$ 148,563	\$ 180,182	\$ 175,202	\$ 182,387	\$ 130,071	(12.4)	1.2	(11.2)	%
Travel	6,806	11,607	8,706	10,297	8,176	20.1	3.3	23.4	
Goods	108,448	74,169	30,263	30,478	15,073	(86.1)	0.5	(85.6)	
Total revenue	<u>\$ 263,817</u>	<u>\$ 265,958</u>	<u>\$ 214,171</u>	<u>\$ 223,162</u>	<u>\$ 153,320</u>	(41.9)	1.0	(40.9)	%
Gross profit:									
Local	\$ 133,853	\$ 163,013	\$ 159,060	\$ 163,254	\$ 114,312	(14.6)	1.2	(13.4)	%
Travel	5,431	9,766	7,338	8,791	6,471	19.1	3.3	22.4	
Goods	27,699	21,164	15,041	22,706	13,218	(52.3)	1.6	(50.7)	
Total gross profit	<u>\$ 166,983</u>	<u>\$ 193,943</u>	<u>\$ 181,439</u>	<u>\$ 194,751</u>	<u>\$ 134,001</u>	(19.8)	1.4	(18.4)	%
Contribution profit	\$ 133,317	\$ 150,223	\$ 128,280	\$ 136,516	\$ 94,585	(29.1)	%		
Net cash provided by (used in) operating activities from continuing operations	\$ (46,405)	\$ (34,365)	\$ (74,176)	\$ 30,988	\$ (78,164)	(68.4)	%		
Free cash flow	\$ (58,445)	\$ (46,785)	\$ (87,581)	\$ 19,223	\$ (91,165)	(56.0)	%		

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Active customers: ⁽⁴⁾					
North America	15.2	15.2	15.0	14.8	14.0
International	10.6	9.7	9.0	8.5	8.2
Total active customers	25.8	24.9	24.0	23.3	22.2
North America Units:					
Local	8,266	8,873	8,196	8,811	6,181
Goods	3,081	2,330	1,849	2,631	1,450
Travel	193	191	128	130	123
Total North America units	11,540	11,394	10,173	11,572	7,754
International Units:					
Local	2,091	2,583	3,683	4,283	3,329
Goods	4,121	2,598	1,770	2,843	1,471
Travel	51	103	120	115	112
Total International units	6,263	5,284	5,573	7,241	4,912
Consolidated Units:					
Local	10,357	11,456	11,879	13,094	9,510
Goods	7,202	4,928	3,619	5,474	2,921
Travel	244	294	248	245	235
Total consolidated units	17,803	16,678	15,746	18,813	12,666
Headcount:					
Sales ⁽⁵⁾	1,207	1,094	1,104	1,079	1,028
Other	2,768	2,726	2,702	2,596	2,536
Total headcount	3,975	3,820	3,806	3,675	3,564

(1) Represents the total dollar value of customer purchases of goods and services.

(2) Represents gross profit less marketing expense.

(3) 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.

(4) 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.

(5) 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, Net income (loss):

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net income (loss)	\$ 14,448	\$ (3,129)	\$ 78,701	\$ 30,328	\$ (34,352)
Adjustments:					
Stock-based compensation	7,179	9,738	8,204	8,048	7,506
Depreciation and amortization	17,019	18,971	17,617	19,212	17,369
Restructuring and related charges ⁽¹⁾	7,422	14,245	12,483	7,745	312
Other (income) expense, net ⁽²⁾	(18,123)	2,927	(82,533)	5,049	4,880
Provision (benefit) for income taxes	2,427	(1,789)	135	(33,096)	(2,675)
Total adjustments	15,924	44,092	(44,094)	6,958	27,392
Adjusted EBITDA	<u>\$ 30,372</u>	<u>\$ 40,963</u>	<u>\$ 34,607</u>	<u>\$ 37,286</u>	<u>\$ (6,960)</u>

- (1) Restructuring and related charges includes \$7.7 million of long-lived asset impairments for the three months ended September 30, 2021.
- (2) Other income (expense), net includes a \$32.2 million cumulative foreign currency translation adjustment gain that was reclassified into earnings as a result of the substantial liquidation of our subsidiary in Japan as part our restructuring actions for the three months ended March 31, 2021 and an \$89.1 million unrealized gain due to an upward adjustment for an observable price change of an other equity investment for the three months ended September 30, 2021.

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

	Three Months Ended June 30, 2022	Year Ended December 31, 2022
Expected Net income (loss)	\$(26,000) - (18,000)	\$(53,000) - (38,000)
Expected adjustments:		
Stock-based compensation	8,000	31,000
Depreciation and amortization	16,000	65,000
Non-operating expense (income), net	2,000	10,000
Provision (benefit) for income taxes	0 - 2,000	7,000 - 12,000
Total expected adjustments	<u>26,000 - 28,000</u>	<u>113,000 - 118,000</u>
Expected Adjusted EBITDA	<u>\$0 - 10,000</u>	<u>\$60,000 - 80,000</u>

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 2022. The outlook includes restructuring and related charges in Non-operating expense (income), net.

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, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
Net income (loss) attributable to common stockholders	\$ (34,852)	\$ 14,558
Less: Net income (loss) attributable to noncontrolling interest	(500)	110
Net income (loss)	<u>(34,352)</u>	<u>14,448</u>
Less: Provision (benefit) for income taxes	(2,675)	2,427
Income (loss) before provision (benefit) for income taxes	<u>(37,027)</u>	<u>16,875</u>
Stock-based compensation	7,506	7,179
Amortization of acquired intangible assets	2,169	2,292
Restructuring and related charges	312	7,422
Intercompany foreign currency losses (gains), foreign currency translation adjustments reclassified into earnings and other	3,536	(15,233)
Non-cash interest expense on convertible senior notes and loss on extinguishment of debt	377	303
Non-GAAP income (loss) before provision (benefit) for income taxes	<u>(23,127)</u>	<u>18,838</u>
Less: Non-GAAP provision (benefit) for income taxes	307	11,429
Non-GAAP net income (loss)	<u>(23,434)</u>	<u>7,409</u>
Net (income) loss attributable to noncontrolling interest	(500)	110
Non-GAAP net income (loss) attributable to common stockholders	<u>(23,934)</u>	<u>7,519</u>
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>\$ (23,934)</u>	<u>\$ 7,519</u>
Weighted-average shares of common stock - diluted	29,862,879	30,265,563
Impact of dilutive securities	—	(195,733)
Weighted-average shares of common stock - non-GAAP	<u>29,862,879</u>	<u>30,069,830</u>
Diluted net income (loss) per share	\$ (1.17)	\$ 0.48
Impact of non-GAAP adjustments and related tax effects	0.37	(0.23)
Non-GAAP diluted net income (loss) per share	<u>\$ (0.80)</u>	<u>\$ 0.25</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.

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net cash provided by (used in) operating activities	\$ (46,405)	\$ (34,365)	\$ (74,176)	\$ 30,988	\$ (78,164)
Purchases of property and equipment and capitalized software	(12,040)	(12,420)	(13,405)	(11,765)	(13,001)
Free cash flow	<u>\$ (58,445)</u>	<u>\$ (46,785)</u>	<u>\$ (87,581)</u>	<u>\$ 19,223</u>	<u>\$ (91,165)</u>
Net cash provided by (used in) investing activities	\$ (12,744)	\$ (9,223)	\$ (11,530)	\$ (12,314)	\$ (13,916)
Net cash provided by (used in) financing activities	\$ 62,618	\$ (241,039)	\$ (2,047)	\$ (3,382)	\$ (2,964)