



GRPN Investor Presentation 1Q22

May 9, 2022

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 and geopolitical instability resulting from the conflict in Ukraine; global economic uncertainty, including as a result of the inflationary environment; retaining and adding high quality merchants and third-party business partners; retaining existing customers and adding new customers; competing successfully in our industry; providing a strong 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; risks relating to information or content published or made available on our websites or service offerings we make available; exposure to greater than anticipated tax liabilities; adoption of tax legislation; impacts if we become subject to the Bank Secrecy Act or other anti-money laundering or money transmission laws or regulations; 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, 2021 and Part II, Item 1A. Risk Factors of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, 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 May 9, 2022. 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 Q1 2022 earnings release press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures.

Trusted Local Marketplace.

Where customers go to buy services and experiences that make life less boring and deliver boundless value.



**Global, scaled,
two-sided
marketplace with
undervalued assets
and big potential**



Scaled local marketplace with room to grow

- Leading player in the large and growing addressable market for local services and experiences
- Two-sided marketplace with massive global scale
- Delivered \$1.6B+ in Local Billings in 2021
- Beloved brand: ~1.5B Groupons sold to date¹

Valuable, underutilized assets

- **Data** : Untapped data assets and feedback network in our current experience
- **Scale**: Nearly 16MM Active Local customers and nearly 100MM visitor sessions per month
- **Reach**: Scaled horizontal marketplace

Executing strategy to unlock growth

- **Reduce Cost Structure**: Streamline tech platform and automate processes throughout organization
- **Fix Core Groupon Marketplace**: Improve inventory density, customer experience and trust to drive traffic, engagement and conversion rate
- **Differentiate our Inventory**: Create uniquely curated inventory and Launch Beauty & Wellness marketplace for premium experiences

Balance sheet & financial model to support growth

- Healthy cash reserves
- Investment in SumUp
- Expect to deliver 15-20% Adjusted EBITDA margin and \$100MM of Free Cash Flow annually, beginning in 2023

New CEO with proven track record

1. As of December 31, 2021

A scaled local marketplace with room to grow

Connecting millions of local customers to our global marketplace



1 Million+
Merchant partners 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
- ~70% of our customer base started shopping with Groupon 2+ years¹ ago
- Beloved brand

1. As of December 31, 2021

Valuable, Underutilized Assets

Allow us to uniquely meet
the needs of high-intent
local customers



Global Scaled Platform

Tremendous global scale
across 13 countries

We can roll out new growth
levers at scale and monetize
quickly



Customers

Horizontal marketplace

We can drive crossover shopping
between Local sub-categories

Sub-category diversity can help
control customer acquisition costs
and increase customer lifetime
value



Information

Untapped data assets and
feedback network in our
current experience

We can infuse more data into
our marketplace experience to
improve the customer journey
and merchant partner
experience



Our Plan to Unlock Growth

Candid assessment of our businesses

While our recent performance has been disappointing, the drivers behind our performance can be fixed

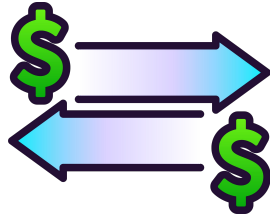
Spent last five months building a deep understanding of our business:

- Identified untapped assets that make the Groupon opportunity so attractive - a global, scaled platform, large customer base and actionable data
- Sought to understand why we have not been able to successfully translate these assets into a sustainable growth engine
- Looked for opportunities to reduce our cost structure

Identified three core areas we will address to move the business forward:

1. Lower our cost structure by **streamlining our tech platform and automating processes**
2. Fix our core marketplace by **optimizing inventory density, building a better CX and creating a circle of trust with our customers**
3. Expand our inventory by **curating unique inventory and launching a new Beauty & Wellness marketplace**

All of our focus will be applied to improving **three** key areas



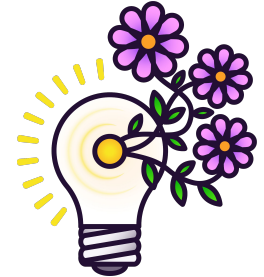
Reduce Cost Structure

- Incorporate operational excellence approach and challenge base-level assumptions
- Streamline our technology platform and overall operating processes
- Right-size our cost structure to ensure the right mix of variable and fixed costs



Fix Core Business

- Improve inventory density across markets
- Create a better customer experience
- Increase customer trust



Differentiate Inventory to Drive Growth

- **Grow** top line by expanding our inventory through differentiation
- **Create** curated inventory collections that combine Local inventory in new, unique ways
- **Launch** a premium beauty and wellness marketplace experience to better serve high-intent customers



1. Reduce our Cost Structure

Reduce our Cost Structure...

Moving quickly to substantially reduce our expense structure to save both time and money

Streamline Technology Platform

- Today, our tech platform is too complicated and big for our needs and size
- Currently makes up ~40% of our annual SG&A costs
- Streamlining tech platform to prioritize serving our current and future needs and cut any non-essential services

Automate Operating Processes

- Too many of our current processes require human touch and this is not scalable or sustainable
- Automating processes throughout entire business to improve productivity

These actions will enable us to build a financial model that has a lower fixed cost base, allowing us to be more nimble as demand ebbs and flows

...to Unlock Sustainable Financial Model

Expect improved financial results in Full Year 2023

2023 AND BEYOND

15-20%

Sustainable Annual Adjusted EBITDA margins*



\$100M

Minimum Annual Free Cash Flow*

* We do not provide a reconciliation for non-GAAP estimates on a forward-looking basis where we are unable to provide a meaningful calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that would impact the most directly comparable forward-looking U.S. GAAP financial measure that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted. Forward-looking non-GAAP financial measures provided without the most directly comparable U.S. GAAP financial measures may vary materially from the corresponding U.S. GAAP financial measures.



2. Fix our Core Business

Fixing Our Core Business

Focused on the three most important areas



Improve inventory density

- Create the optimal inventory density to satisfy the needs of high-intent customers
- High intent customers ~3x more valuable than customers who come to browse deals



Create a better customer experience

- Build the right customer journey to fulfill customer intent
- Improve curation and search; create easier purchase and redemption flow



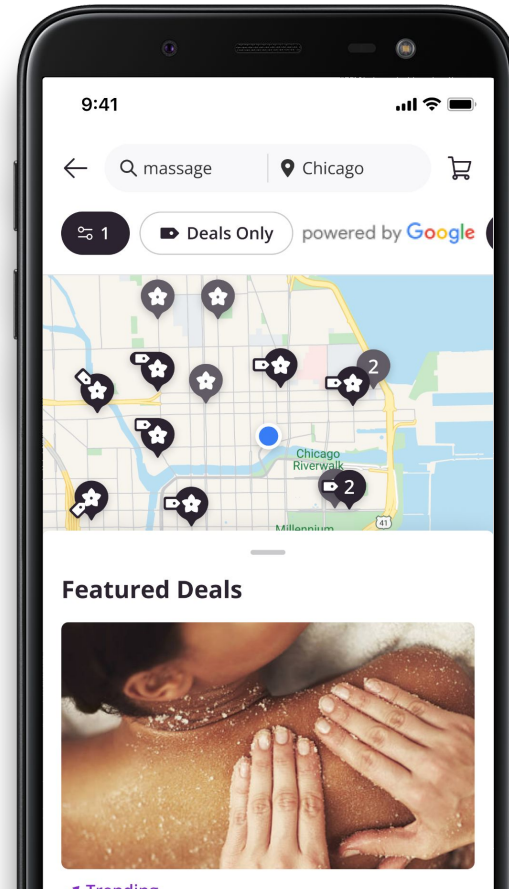
Increase customer trust

- Create circle of trust with customers and build relationships that extend beyond the current transaction
- Move beyond just a one-and-done transaction

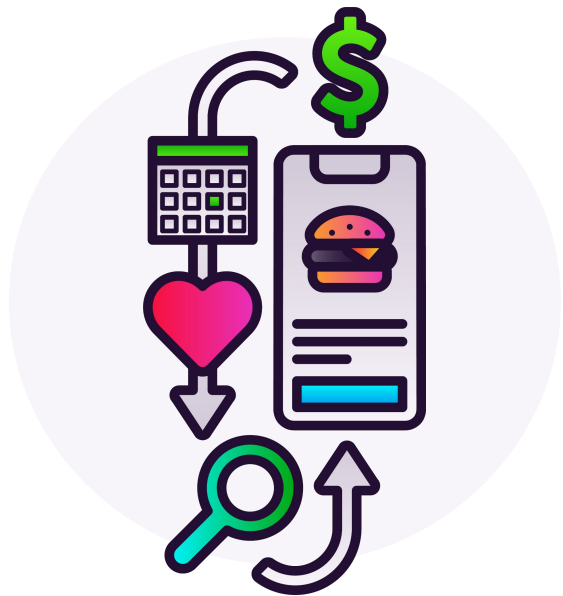
Improve Inventory Density

Build optimal inventory density that satisfies and inspires our customers based on their intent

- **Develop ideal view of inventory required to satisfy intent** by experience or service type
- **Backfill missing inventory with new, transactable listings** to satisfy intent and eliminate need to leave Groupon
- Leverage our **data feedback loop to inform inventory acquisition**



Create a Better Customer Experience

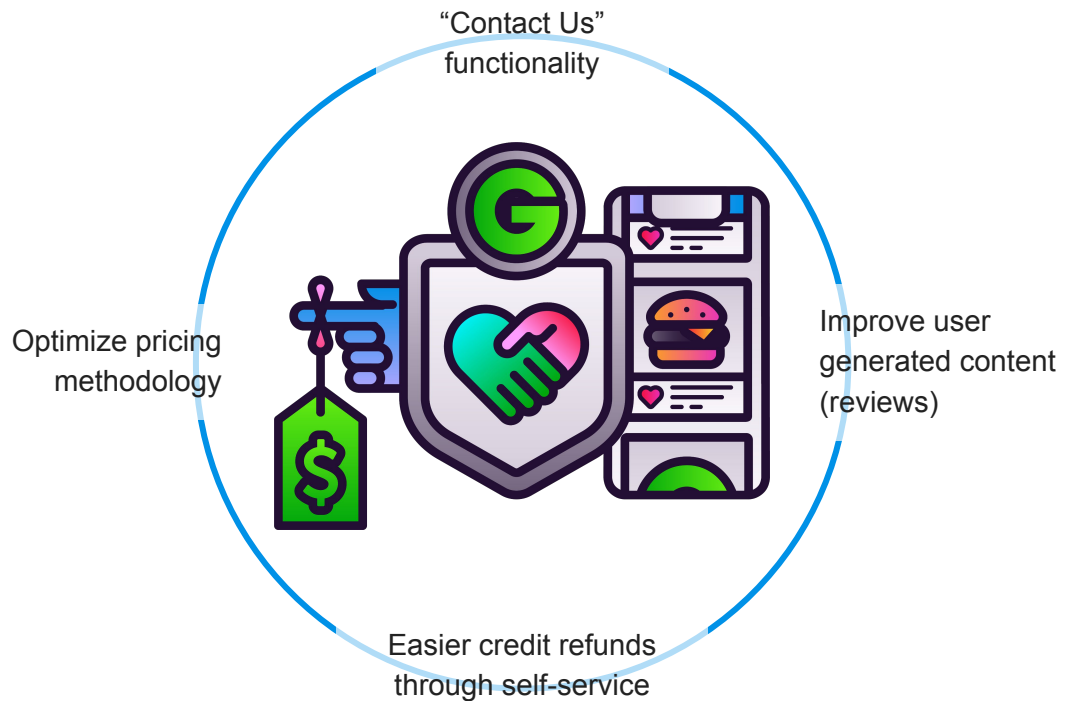


Build the right customer journey to fulfill customer intent

- Modernize the CX with better search and curation
- Encourage cross-promotion across verticals
- Launch features to make purchase to redemption cycle more seamless

Improve Customer Trust

Create a circle of trust with customers and build relationships that extend beyond the current transaction





3. Differentiate our Inventory to Drive Growth

Differentiate Inventory to Drive Growth

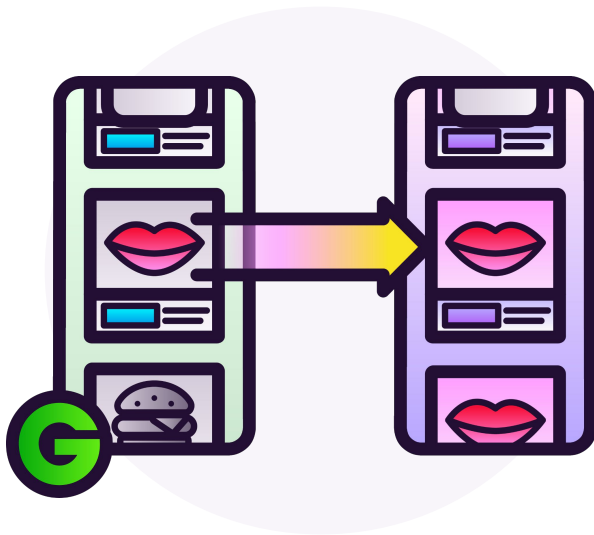
Creating **curated inventory collections** that combine Local inventory in new, unique ways to drive consumer demand



- We have a broad spectrum of Deal inventory, but our offering is not always differentiated enough to be compelling to consumers
- We intend to create packaged inventory listings that combine experiences and services in unique, new ways
- These will be **unique to Groupon** - only we have the breadth of transactable inventory to offer these packages
- Allow us to **satisfy customer intent** and **deliver the 'wow' factor** customers want

Differentiate Inventory to Drive Growth

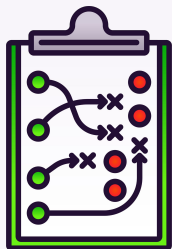
Launching **premium Beauty and Wellness marketplace** experience to better serve high-intent customers



- Taking an **innovative approach to attract top-tier inventory** and better serve high-intent customers
- Plan to launch a new **Beauty and Wellness marketplace experience** to provide a local selection of premium experiences that are **not on deep discount**
 - **Highly curated** with new standalone branding
 - **Trust** will be a cornerstone of new marketplace
- New marketplace will be **built on our improved infrastructure** and marketplace platform
- **Goal to introduce marketplace by end of 2022**

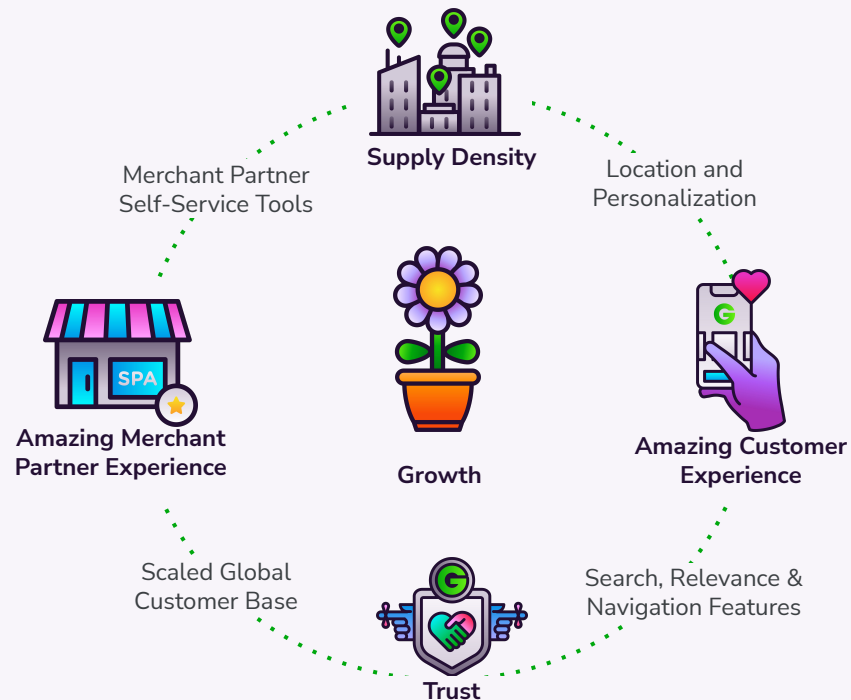
Long-Term Growth Plan

Strategy to unlock value



- **Fix our Core Business**
 - Improve Inventory Density, Customer Experience & Trust
 - Reduce our cost structure
- **Differentiate our Inventory**
 - Create unique inventory through curation
 - Expand inventory with new Beauty & Wellness marketplace

Potential to unlock marketplace flywheel and significant shareholder value





First Quarter Results

Key first quarter results

22M

Active
Customers¹

13M

Units
Sold

\$461M

Billings

\$153M

Revenue

\$134M

Gross Profit

\$(7)M

Adjusted
EBITDA²

\$403M

Cash
(as of 3/31)³



1. 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
2. Adjusted EBITDA (AEBITDA) is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss)"
3. Includes \$100M of outstanding borrowings under our revolving credit facility

Additional insights on first quarter results



Q1 Global Local Billings - NA and International Local Billings at 50% and 48% of 2019 levels, respectively, as Local performance was significantly impacted by the Omicron variant in January and February and did not rebound as expected in March



Grew our **high value, active Local customer base** in International, improving the composition of our customer base



Continued to **control fixed costs** to ensure that we have the financial flexibility we need to navigate the recovery and invest in future growth opportunities



Liquidity position remains solid; Ended first quarter with a **cash balance of \$403 million**, which includes the \$100 million drawn on the revolver

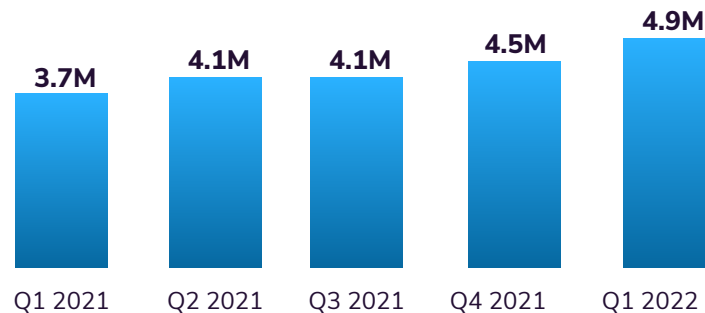
Improving the Composition of our Customer Base

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 merchant partners

NA Active Local Customers ¹



Intl Active Local Customers ¹



1. 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 partner for which we earned a commission. Excludes cross shoppers and CLO.



2Q22 & FY22 Perspective

2Q & FY22 perspective

Q2 Outlook:

- Revenue expected to be \$155 million to \$165 million
- Adjusted EBITDA* expected to be \$0 million to \$10 million

FY Outlook:

- Revenue expected to be \$670 million to \$700 million
- Adjusted EBITDA* expected to be \$60 million to \$80 million

Factors to Consider

- April Global Local Billings in-line to slightly better than Q1 as a % of 2019
- 2H Local recovery rate assumptions (as a % of 2019):
 - Low end of guidance range: Improve slightly vs. current recovery levels
 - High end of guidance range: In-line with 2H 2021
- Outlook assumes Global Goods continues at Q1 performance levels (as % of 2019)
- Global Goods fully transitioned to a 3P marketplace; Revenue recognized on a net basis
- Marketing as % of GP to be in the low 20% range
- Expect SG&A to be in-line to slightly down versus prior year despite increased costs related to wage inflation and cloud migration



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1. As of December 31, 2021



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, INTL transition completed in 4Q 2021
- 3P revenue take rate is lower because it is presented on a net basis

Minority Investments Overview

- SumUp Holdings S.a.r.l. (“SumUp”)
 - Groupon has been a passive investor in SumUp, a privately-held, global payments service provider, since 2013 and currently holds a 2.4% non-controlling ownership interest
 - There is no public market for SumUp securities at this time.
- Other Minority Investments:
 - Groupon holds non-controlling minority investments in Monster Holdings LP and Nearbuy Pte Ltd. Both of these investments had a fair value of \$0.0 million as of December 31, 2021.
 - Groupon also has non-controlling investments in various other entities.

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, 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	\$ 30,372	\$ 40,963	\$ 34,607	\$ 37,286	\$ (6,960)

- (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.

*See Q1 2022 earnings 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, 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	26,000 - 28,000	113,000 - 118,000
Expected Adjusted EBITDA	\$0 - 10,000	\$60,000 - 80,000

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

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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.

	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	\$ (58,445)	\$ (46,785)	\$ (87,581)	\$ 19,223	\$ (91,165)
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)

*See Q1 2022 earnings press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures