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Groupon, Inc. (GRPN)

Q2 2022 Earnings Call

CORPORATE PARTICIPANTS

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, everyone, and welcome to Groupon's Second Quarter 2022 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the company's formal remarks. [Operator Instructions] Today's conference call is being recorded.

For opening remarks, I would like to turn the call over to Chief Communications Officer, Jennifer Beugelmans. Please go ahead

Jennifer Beugelmans

Chief Communications Officer, Groupon, Inc.

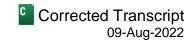
Hello, and welcome to Groupon's second quarter 2022 financial results conference call. On the call today are CEO, Kedar Deshpande; and Interim CFO, Damien Schmitz.

The following discussion and responses to your questions reflect management's views as of today, August 9, 2022 only, and will include forward-looking statements. Actual results may differ materially from those expressed or implied in our forward-looking statements. Additional information about risks and other factors that could potentially impact our financial results is included in our earnings press release and in our filings with the SEC, including our Annual Report on Form 10-K.

We encourage investors to use our Investor Relations website at investor.groupon.com as a way of easily finding information about the company. Groupon promptly makes available on this website the reports that the company files or furnishes with the SEC, corporate governance information, and select press releases and social media postings.

On the call today, we will also discuss the following non-GAAP financial measures: adjusted EBITDA, adjusted EBITDA margin, free cash flow and FX-neutral results. In our press release and our filings with the SEC, each of

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which is posted on our Investor Relations website, you will find additional disclosures regarding the non-GAAP measures, including reconciliations of these measures to the most comparable measures under US GAAP.

And with that, I'm happy to turn the call over to Kedar.

Kedar Deshpande

Chief Executive Officer & Director, Groupon, Inc.

Hello and thanks for joining us. We delivered local billings of \$361 million, up 5% from the first quarter. While we have stabilized the business, we are still not stimulating the customer engagement we need to grow the business. And as a result, our customer retention and purchase frequency metrics are not where we want them to be. Bottom line, our overall performance is not at the levels we anticipated and we know we must do better.

On the merchant side of our marketplace, macro headwinds have persisted. Labor availability is still constrained and many merchants with limited capacity have been able to raise prices. This means that these merchants have not needed discounts to bring customers through their doors. So, many merchants are not leveraging the Groupon marketplace to sell discounted inventory, as they have in the past.

On the other side of our marketplace, we haven't yet seen consumers widely trading down to discount channels. And with our purposeful pullback in marketing spend, both traffic and customer counts have been impacted. While these factors are a headwind to our performance today, we believe that Groupon should benefit if the economy continues to decelerate and merchants and customers need to lean into discount channels. And we believe we are executing a plan that will surmount all of these headwinds.

Groupon was founded in the midst of the Great Recession and we believe that we are taking the right steps to fundamentally reposition our business to grow profitably in a variety of economic cycles, including a potential recession. We believe we can do more to shake those factors that are within our control. We must lower our cost structure and build a more engaging marketplace experience.

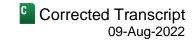
Today, you will hear us talk about the actions we are taking and how we are moving with a sense of urgency. As we have told you, our turnaround strategy is focused on two areas, reducing our cost structure and fundamentally improving our core marketplace experience. Let me walk you through the progress we are making in both of these areas.

First, with cost cutting, we have begun executing a multi-phase cost savings plan. In Phase I, we expect to reduce our cost structure by \$150 million annually. To do this, we are redesigning our cost base to better align with where our business is today. This is allowing us to reduce current cost, but even more importantly, we are creating expense leverage to drive more profitability. This means that our new cost structure should be able to support significant future growth. This will be foundational for long-term success.

As we execute on our turnaround strategy, a lower fixed cost base should provide us with significant operational leverage and support sustained positive free cash flow going forward. This redesign is based on the work that our team has been doing over the last three months to challenge our current processes and automate how we work. This will allow us to take cost out of the business and improve productivity. Our plan includes both non-payroll and payroll reductions, with about two-thirds of our Phase I savings coming from reductions in payroll. First, we are reducing the size of our North America sales force.

As we have discussed over the past year or so, we have significantly improved our self-service platform for merchants and year-to-date over 60% of our merchants in North America are using self-service. We believe we

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can leverage self-service even more broadly to both service our existing merchants and acquire new ones. And we believe we can do so while generating higher ROI. In fact, while it's still early, we have seen more than two times ROI improvement using our paid marketing channels to acquire new merchants versus our sales force.

Second, with a new CTO in charge of our tech organization, we are aggressively rightsizing our tech organization to align with our current and future business needs. We are doing this on both payroll and non-payroll side. We intend to reduce our cost by approximately \$60 million or nearly 30% of annual spend. A substantial part of our tech organization has been dedicated to our move to the cloud. So, once this project is completed later this year, we intend to reduce our tech footprint even further. We are also exploring future opportunities to reduce the number of services we support and save even more in the years ahead.

The remaining cost savings will come through a combination of process improvements and the rightsizing of our facilities' footprint to reflect our new hybrid work environment. The majority of these cost actions will happen this year. However, as I mentioned earlier, this is just a starting point. We will continue to optimize our cost footprint to ensure it is aligned with the size of our current business, particularly within our tech organization, while still giving us room to grow. Damien will walk you through the financial implications for this year and next.

The second prong of our plan is focused on improving our core marketplace to drive purchase frequency and improve customer retention. By orienting our marketplace around solving everyday customer problems rather than just focusing on discounts, I believe we can improve Groupon's everyday use case. To do this, we are testing ways to grow our inventory density quickly and improve our customer experience. This quarter, we kicked off a number of tests aimed at ensuring we have the right inventory to meet customer demand and that we have the right experience to keep customers engaged.

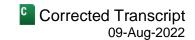
To put this opportunity into perspective, just considering our current North America local customer base, if we were able to return to the customer frequency and retention levels we saw in 2018 and 2019 timeframe, we could capture nearly \$250 million in incremental revenue and that, in our opinion, would be just a starting point, again, with our current customer base.

So let's talk about what we have accomplished so far and what we intend to do, starting with fixing our customer experience. We have made a lot of progress to ensure customers are able to trust that they will have a positive experience every time they come to Groupon marketplace. When customers come to our marketplace in search of a deal on something, they have to be able to trust that we offer the best deal. They should know that they can't find a better deal from the merchant directly or from another platform. So, we reviewed our pricing in North American and put a process in place to improve our ability to monitor pricing.

Customers should be able to trust that whenever they purchase on Groupon, they will be able to use and have great experience. We have removed high refunding merchants from our platform and are piloting a program to proactively identify and help those merchants with a degrading refund [ph] trend. (00:11:17) Our goal is to help these merchants before they become a customer problem. We want to only work with those merchant partners that we feel confident can provide our customers with a good experience. As a result of this hard work, we have been able to reduce refund rates by approximately 5% compared to the first quarter in North America local. We expect continued improvement going forward.

We have also done a lot of testing to figure out how we can increase purchase frequency by making existing customers aware of what else they can buy on Groupon. We had a big win here in North America. In our experiments to encourage cross-vertical purchases, we leveraged personalized promotions to entice customers who bought within the dining vertical to make a purchase of various Beauty & Wellness experiences and vice

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versa. Early results were exciting. In a test with 5,000 customers, we were able to grow cross-vertical purchases by more than 150% versus a controlled group. These results gave us the signal we needed to begin scaling this initiative in North America and international throughout the third quarter. We believe that the potential impact could be meaningful in the future.

Let's get into how we are improving our inventory density. We have to be able to surface inventory that is engaging and meets the needs of customers every single time they come to our marketplace. This is how we satisfy intent. How will we do this? Our current priorities include creating more opportunities for our customers to buy from Groupon by giving them a broader and better selection of everyday services and experiences that they're looking for. To do this, we are working across a few fronts.

First, we are rethinking card-linked offers. We are partnering with a leading card-linked offer provider in the food and dining space which will triple our high-frequency dining inventory in North America in the third quarter. Let me repeat, triple. Second, we are working to make sure that we have breadth and depth of inventory for our local experiences and services in any given geography, so customers know to come to Groupon first, that we will have what they want. Going forward, our supply acquisition efforts will be focused on building a supply coverage across all of our verticals.

Our inventory density efforts will be led by a focus on giving customers what they are looking for more frequently and not just generating margin growth. For example, we won't direct our sales team to add a fourth or fifth massage in any given area, but instead have them focused on acquiring inventory where we don't have adequate coverage. This may be inventory that customers use in their daily life such as haircuts, car washes, or even a trampoline park. And this is how we will round out the breadth of our inventory selection.

Finally, we are experimenting with ways to drive better conversion and monetization of market rate inventory we have through various partnerships, including inventory like movie theaters and concert tickets. We are making changes to our algorithm to surface this inventory when we know it will satisfy a customer's intent.

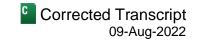
To see how our efforts on both sides of our marketplace will come together, we are running a number of these experiments I have highlighted in one test city, Atlanta. Together, we believe these efforts can supercharge unit velocity, increase customer retention and grow traffic. Our goal in Atlanta is to improve our customer purchase frequency by greater than 20%. If we are successful, we will scale as quickly as possible to other cities.

As we fix our core business, marketing will play a key role in retaining and bringing new customers to our platform. Over the past several months, we have been focused on creating and kicking off a plan to fundamentally improve our marketplace offering. And given the operational progress we have made as well as the savings we have identified, we are now in a position to increase our marketing investments to drive growth.

As part of our organization-wide efforts to increase productivity, our marketing team has identified several opportunities for reallocation and optimization across performance marketing channels to unlock incremental ROI. Since the end of July, we have more than doubled our budget for search engine marketing, and while it is incredibly early, we have seen more than 80% returns on this incremental spend.

In addition, we are also seeing a positive impact on local customer acquisitions and reactivations. And we also expect to spend to help drive improvements in marketplace awareness and traffic trends. Based on this signal, we will be investing in a new performance channel marketing strategy to improve traffic trends.

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Finally, before I turn the call over to Damien to review our second quarter financial results, I want to give you a quick update on our progress towards differentiating our inventory. As we discussed last quarter, we have two opportunities that we are pursuing. First, we are launching curated inventory collections. We are creating uniquely packaged deals that offer customers solutions for everyday occasions and will drive engagement, encourage cross-vertical shopping, and remove friction for customers looking for complementary services and experiences.

In late July, we started with two small tests of this concept in the Chicago and UK markets. We have launched several date night and weekend adventure deal duos. The goal of this test is to learn how users engage with this inventory and, going forward, we will continue to refine and begin marketing these collections.

As we discussed last quarter, we are also planning to launch a stand-alone marketplace for Beauty & Wellness experience to extend our competitive position as a destination for local experiences. We intend to launch a test of this concept by the end of 2022.

All of this work, including the redesign of our cost structure, should position us to begin capturing new growth opportunities as we exit 2022 and allow us to grow in a variety of economic cycles. We expect to return to cash flow generation in the fourth quarter of this year and to be able to deliver a sustained 15% to 20% adjusted EBITDA margin and a minimum of \$100 million in free cash flow in full year of 2023.

With that, I will turn it over to Damien to walk you through our Q2 results.

Damien Schmitz

Interim Chief Financial Officer, Groupon, Inc.

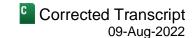
Thanks. Kedar, and thanks to everyone who is joining us today. I'll use my time today to provide further insights into our second quarter operating financial results, factors to consider for the third quarter, and details on our plan for reducing our cost structure. In addition to my prepared remarks, I encourage you to review our slides, press release and 10-Q, which contain more detail on our Q2 results.

Starting with our consolidated second quarter results, we delivered \$460 million of gross billings, \$153 million of revenue, \$134 million of gross profit and \$6 million of adjusted EBITDA. We ended the quarter with \$316 million in cash, including \$16 million drawn on the revolver. As Kedar mentioned, we are beginning to see some stability in our local category. However, we're not happy with where our business is today and we're taking decisive steps to address our challenges.

So let me walk you through our second quarter results, business drivers and trends, starting with our local category. During the quarter, local billings recovery rates were up 3 percentage points versus the first quarter and were at 52% of 2019 level. Additionally, refund levels were down sequentially versus the first quarter due in part to our proactive outreach efforts to our merchant partners with higher than average refund levels. We expect to see further improvement in refund levels going forward.

We ended the quarter with approximately 21 million active customers worldwide. Within our North America customer base, we had 10.5 million active local customers in the second quarter, up 1% year-over-year. And within our international markets, we had 5 million active local customers in the second quarter, which represent a growth of 22% year-over-year. This growth in local customers partially offset the decline in our lower value Goods customers during the quarter.

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Moving to our Goods category, in the second quarter, billings were \$61 million, down 15% compared with the first quarter and below our expectations. As a reminder, we completed the international Goods transition to the third-party marketplace in the fourth quarter 2021, which means we recognize Goods revenue on a net basis.

Turning to operating expenses, SG&A was \$124 million, down 10% compared with the prior year, primarily driven by lower payroll costs, which was partially offset by higher cloud costs as we continue to migrate our on-premise data center to the cloud.

Marketing expense was \$29 million in the second quarter or 22% of gross profit, a decline compared with prior quarter levels. You heard Kedar talk about our plan to lean into marketing to stimulate customer reengagement consideration. This will translate into an increase in marketing as a percent of gross profit for the remainder of 2022. And when we begin to see results from our work to fix our core marketplace, we expect to lean further into marketplace to amplify our organic traction.

Turning to our cash position, in the second quarter, we saw cash outflow of \$87 million, which includes \$40 million repayment on our revolving credit facility. As a result, we ended the quarter with a cash balance of \$316 million, which includes \$16 million drawn on the revolver. Additionally, during the third quarter, SumUp successfully completed a funding round, and as a result, Groupon now holds a 2.29% equity stake in the privately held global payments provider. Keep in mind that while there is no public market for SumUp securities at this time, if an opportunity arises to monetize this asset, we will consider actions that we believe would unlock shareholder value.

As you've heard from us today, we are aggressively cutting costs, which will strengthen our balance sheet. Between our assets and the more flexible and streamlined cost structure we're creating, we believe we have the resources we need to execute our turnaround strategy and sustainably deliver free cash flow beginning in the fourth quarter of 2022.

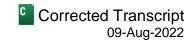
To help with your models, we've put together a slide in the earnings presentation to show how savings from our cost program are expected to translate to our P&L over the next several quarters. Let me walk you through some of the highlights. Our plan is to achieve approximately \$115 million run rate savings by the end of 2023 and we are moving fast to unlock nearly \$100 million in annual run rate savings by the end of 2022. These savings will start showing up in the fourth quarter, but will be partially offset by cloud and other transition expenses.

In addition, we'll also incur \$10 million to \$20 million of pre-tax charges in the third quarter in connection with our savings plan, which will be adjusted out from EBITDA. Net-net, our SG&A in the second half of 2022 will be lower than the first half of the year by approximately \$10 million. So, you should anticipate the balance of the savings will show up in 2023 P&L and cash flow.

Given we are in the midst of executing our turnaround strategy, combined with an uncertain macroeconomic environment, we are withdrawing our previously issued full-year 2022 revenue and adjusted EBITDA guidance. In light of this, we are providing more details on anticipated drivers of our third quarter performance.

Here some of the factors to consider for the third quarter of 2022. July local billings were approximately 50% of 2019 levels, as they were impacted by the lack of seasonal inventory. However, since we began leaning into marketing at the end of July, we've seen North America local billings pick up a few points as a percent of 2019. Keep in mind that this data point is very early.

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We expect third quarter adjusted EBITDA to be lower than the second quarter, given the timing to execute our cost actions and additional marketing spend. And we expect to see typical seasonal cash flow patterns play out in the third quarter, which means we expect to be in a cash burn position in the third quarter.

Beyond 2022, we will continue to focus on creating shareholder value and believe that we're taking the right steps now to position Groupon for the long-term. We are reiterating our targets for the full-year 2023, which include \$100 million in annual free cash flow and 15% to 20% adjusted EBITDA margin. Our goal is to generate positive free cash flow every quarter, starting in Q4, and we believe that the business model we are creating will allow us to do so.

Finally, while we are still evaluating savings that we can potentially capture beyond the first phase reductions, we believe there is additional opportunity to further reduce our cost structure by approximately \$15 million in cash savings over time. We intend to identify the plan to capture these savings by the end of next year. We believe this improved cost structure will allow us to drive long-term profitable growth and allow us to deliver financial model that puts us in the same league as other successful tech companies.

With that, I'll turn it back over to Kedar for a few final prepared comments.

Kedar Deshpande

Chief Executive Officer & Director, Groupon, Inc.

Thanks, Damien. Last quarter, we told you that our priorities were to reduce cost with an eye towards creating expense leverage and to improve our marketplace offering by both fixing our core and creating new growth opportunities through differentiated inventory.

Over the past three months, we have made important progress. We kicked off a plan to reduce our cost structure by \$150 million, which we believe will create a much more flexible foundation to support sustainable profitable growth.

We made a substantial progress fixing our core marketplace by improving the customer experience. We launched new targeted promotional programs to encourage cross-shopping across multiple inventory verticals. And we are ensuring that customers are able to trust that we are offering them the best deal and that they will have a positive experience every time they come to the Groupon marketplace. We also launched curated inventory collections and have plans to launch a test of our new Beauty & Wellness marketplace by the end of the year. And now, with these fundamental improvements to our marketplace deployed, we have begun leaning into marketing to drive growth.

Finally, I'm so grateful to our entire organization that is continuing to move forward with a sense of urgency to deliver on our most important work. The actions we announced today are a difficult message to communicate to those teammates we are saying goodbye to, but they were necessary to our ability to make the progress and live up to our potential. So, a big thank you to the entire team here at Groupon. We believe the turnaround strategy we have in place will allow us to fundamentally reposition our business to grow profitably in a variety of economic cycles.

With that, I will turn it over to the operator for your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question will come from Trevor Young with Barclays. Please go ahead.

Trevor Young

Analyst, Barclays Capital, Inc.

Great. Thanks. A few, if I may. Kedar, you flagged efforts to unlock inventory, some big unlock with the dining card-linked offer, but it sounds like maybe more work to be done to get the right inventory in the right categories and the right geos. Meanwhile, you're beginning to lean in on that performance marketing to get the customer flywheel going. Which is really the gating factor here to get that flywheel going? Is it the customers, or inventory, or is it both? That's my first question.

Kedar Deshpande

Chief Executive Officer & Director, Groupon, Inc.

Good morning, Trevor. Thanks for the question. I think the first factor is always which one is the first, right, like customers or inventory. In my mind, right now, we have sufficient inventory for our existing customers and we have fixed some of those particular gaps we have in our marketplace from an experience perspective, like we talked about refunds being decreasing. That was one of the major headwinds for us. If customers could not utilize, then they would not come back, no matter how good of an inventory we have in our marketplace. And so we fixed some of the core experience issues. And to drive the repeat engagement, we need to have more inventory of daily use case, and that's what we are focused on.

So, I would say, we are leaning into marketing. With our existing inventory, we will have much better customer response, but that particular customer response, to continue that engagement in our marketplace, we need more everyday selection. Card-linked offers is one set of that. We are trying to drive lot of third-party inventory that we typically earlier only surfaced in our search experience, now we are surfacing in different parts of our engagement funnel. And so, overall, we believe that not only just acquiring is only part of this equation, but also surfacing that inventory in our right customer experience is part of this particular strategy.

Trevor Young

Analyst, Barclays Capital, Inc.

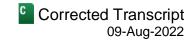
That's really clear. Thanks for that. Damien, just more of a housekeeping one. On SumUp, the updated ownership at \$8.5 billion EV would imply the stake's worth about \$195 million. But in the 10-Q, it looks like the carry value of other equity investments remain static. Maybe there's some debt at SumUp that's kind of impacting the equity value. But just trying to reconcile that carry value versus the new stamp on SumUp.

Damien Schmitz

Interim Chief Financial Officer, Groupon, Inc.

Yeah, Trevor. Thanks for the question. And I'll get to that, but first, congratulations to the SumUp team there for raising capital on this landscape. It's really a testament to the strength of their business and the operating progress that they're seeing. So, it's a great investment here for Groupon.

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Post morning, we now hold a 2.29% equity stake, but given the nature of the way that that transaction was structured in their fundraising round under the applicable accounting rules, it didn't qualify observable price change, which is why you see us keep it at the same level on the balance sheet today.

Trevor Young

Analyst, Barclays Capital, Inc.

Okay. Got it. And then just the last one, if I may. Just on paying down the \$14 million on the revolver, just given current cash flow and the uncertain macro, what was the rationale there? And post quarter, that \$225 million revolver, is all that still available to you or any changes there?

Damien Schmitz

Interim Chief Financial Officer, Groupon, Inc.

Yeah. So, a couple of factors that play there, Trevor. One, we're effectively paying interest on a liquidity resource we weren't really using. And number two, given our EBITDA performance, we don't have full access to the revolver. That being said, you heard us today talk a lot about our cost reductions and how we're moving fast on that implementation plan to transform our marketplace. And we believe we're going to be in a sustainable – generate positive free cash flow in the fourth quarter going forward. So, we'll be throwing off cash from our organic core business.

Trevor Young

Analyst, Barclays Capital, Inc.

Great. Thank you, both.

Operator: Our next question will come from Eric Sheridan with Goldman Sachs. Please go ahead.

Eric J. Sheridan

Analyst, Goldman Sachs & Co. LLC

Thanks so much for taking the question. If we can go back to slide 13 where you sort of introduced a marketplace experience improvement idea in the earnings deck, is it a little bit – can you take a step back and give us a sense of – on customer experience, the inventory density and differentiating inventory, how should we be thinking about the timing of these initiatives? Will they all sort of be operating in parallel with each other? How we should be thinking about dollars being put into the operations to sort of execute on all these changes in marketplace experience? And when does it all sort of come together to better produce sort of the output, which is sort of purchasing frequency, customer retention? Like, when will we be seeing that rolling out into the business model? Is that second half of 2023, exiting 2023? How should we think about the framework of aligning these initiatives against the timing or the exit velocity on them? That would be number one.

And then on the SumUp stake, is there any extension you can give us of what would be the priority of the capital if you were to sort of monetize that stake? How do you think about either returning capital to shareholders or investing more aggressively in the business or maybe even executing on some inorganic growth via M&A? Thanks so much.

Kedar Deshpande

Chief Executive Officer & Director, Groupon, Inc.

Thanks, Eric. I will take the first one and Damien will handle the next one. So, let me first walk you through regarding improving – I mean, our marketplace. Essentially, if you see, the vision here is to make sure that we

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drive everyday services – bring the everyday services destination for our customers. Right now, what is happening is that customers are coming in, they are having great experience, we just talked about making sure that we have the fundamentals in place in terms of refund rate and in terms of pricing confidence everything from cross-awareness. Those things have already happened, are in the motion.

Now talking about getting the inventory density, that is work in progress and that work we are trying to start from one single city. The beauty of our model is that with our marketplace, we can focus on one geographic area, see how those results come in, and then we can say, oh, this works perfectly, now we are going to scale nationally or internationally in some particular cases.

So, for example, the improving inventory density we are focused on, that's why I talked about of doing that in Atlanta. Now, we would have some results to share in Q4 call probably how that particular effort goes. And then we can say hey, we are going to scale this or there are some [ph] glitches (00:36:56) we have and we are going to improve on those ones and, again, go scale on those particular initiatives.

Leaning into marketing, we started already doing that because we believe the current marketplace experience is really, really better for our customers and so these particular customers will have that. And that differentiated inventory, also we started to do that not only in Chicago, but also in UK markets where we are seeing a great response on differentiated packages. And so, the few factors here is some of – all of these are a work in parallel, along with our ability to make customers aware of these particular differentiated experiences being in our marketplace by using the cross-selling.

What you should look at is, as we update that, the sooner we can do, the better it is. So, if the timing is 2023 second half or timing is 2023 first half, I couldn't predict that, but I can tell you the next step is to get this right in one single marketplace and that's where we're trying to go in Atlanta, and we will have update for you in Q4.

Damien Schmitz

Interim Chief Financial Officer, Groupon, Inc.

And then on your second question there on SumUp, I think what you heard from our comments today is it's a fantastic asset for Groupon to have. But it is noncore and we'll definitely be looking to monetize in the future if it were to make sense to do so. And the key there, trying to understand how we intend to deploy that capital, really going to be evaluating where we're at in this turnaround journey, whether it makes sense to deploy investments towards accelerating our growth, whether in marketing or inorganically, M&A, or returning value to shareholders. So, really going to be evaluating what is the best use of that capital from an ROI standpoint. But too early to

Eric J. Sheridan

Analyst, Goldman Sachs & Co. LLC

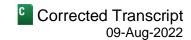
Great. Thank you.

Operator: And that will conclude today's conference. Thank you for your participation and you may now disconnect.

comment on that, but you just know that we intend to use that in the way that makes the most sense.



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