

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

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 281,279	\$ 498,726
Accounts receivable, net	44,971	36,755
Prepaid expenses and other current assets	41,101	52,570
Total current assets	367,351	588,051
Property, equipment and software, net	56,731	73,581
Right-of-use assets - operating leases, net	12,127	47,958
Goodwill	178,685	216,393
Intangible assets, net	17,641	24,310
Investments	119,541	119,541
Deferred income taxes	13,550	62,945
Other non-current assets	27,491	25,102
Total assets	\$ 793,117	\$ 1,157,881
Liabilities and equity		
Current liabilities:		
Short-term borrowings	\$ 75,000	\$ 100,000
Accounts payable	59,568	22,165
Accrued merchant and supplier payables	225,420	269,509
Accrued expenses and other current liabilities	171,452	239,313
Total current liabilities	531,440	630,987
Convertible senior notes, net	224,923	223,403
Operating lease obligations	9,310	58,747
Other non-current liabilities	18,586	34,448
Total liabilities	784,259	947,585
Commitment and contingencies		
Stockholders' equity		
Common stock, par value \$0.0001 per share, 100,500,000 shares authorized; 40,786,996 shares issued and 30,492,879 shares outstanding at December 31, 2022; 40,007,255 shares issued and 29,713,138 shares outstanding at December 31, 2021	4	4
Additional paid-in capital	2,322,672	2,294,215
Treasury stock, at cost, 10,294,117 shares at December 31, 2022 and December 31, 2021	(922,666)	(922,666)
Accumulated deficit	(1,394,477)	(1,156,868)
Accumulated other comprehensive income (loss)	2,942	(4,813)
Total Groupon, Inc. stockholders' equity	8,475	209,872
Noncontrolling interests	383	424
Total equity	8,858	210,296
Total liabilities and equity	\$ 793,117	\$ 1,157,881

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenue:				
Service	\$ 148,159	\$ 217,034	\$ 599,085	\$ 794,795
Product	—	6,128	—	172,313
Total revenue	148,159	223,162	599,085	967,108
Cost of revenue:				
Service	19,030	23,301	76,261	82,020
Product	—	5,110	—	147,972
Total cost of revenue	19,030	28,411	76,261	229,992
Gross profit	129,129	194,751	522,824	737,116
Operating expenses:				
Marketing	42,546	58,235	149,231	188,780
Selling, general and administrative	111,774	126,490	481,375	511,096
Goodwill impairment	—	—	35,424	—
Long-lived asset impairment	3,448	—	12,259	—
Restructuring and related charges	4,187	7,745	12,350	41,895
Total operating expenses	161,955	192,470	690,639	741,771
Income (loss) from operations	(32,826)	2,281	(167,815)	(4,655)
Other income (expense), net	25,606	(5,049)	(24,155)	92,680
Income (loss) from operations before provision (benefit) for income taxes	(7,220)	(2,768)	(191,970)	88,025
Provision (benefit) for income taxes	47,015	(33,096)	42,410	(32,323)
Net income (loss)	(54,235)	30,328	(234,380)	120,348
Net (income) loss attributable to noncontrolling interests	(1,072)	(943)	(3,229)	(1,680)
Net income (loss) attributable to Groupon, Inc.	\$ (55,307)	\$ 29,385	\$ (237,609)	\$ 118,668
Net income (loss) per share:				
Basic	\$ (1.82)	\$ 0.99	\$ (7.88)	\$ 4.04
Diluted	\$ (1.82)	\$ 0.90	\$ (7.88)	\$ 3.68
Weighted average number of shares outstanding				
Basic	30,351,523	29,601,802	30,166,100	29,365,880
Diluted	30,351,523	33,386,996	30,166,100	33,513,440

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Operating activities				
Net income (loss)	\$ (54,235)	\$ 30,328	\$ (234,380)	\$ 120,348
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization of property, equipment and software	11,998	17,046	54,170	63,925
Amortization of acquired intangible assets	2,096	2,166	8,493	8,894
Impairment of goodwill	—	—	35,424	—
Impairment of long-lived assets	3,448	—	12,259	—
Restructuring-related impairment	—	—	2,949	7,651
Stock-based compensation	5,812	8,048	30,006	33,169
Changes in fair value of investments	—	(90)	—	(95,623)
Deferred income taxes	49,099	(33,985)	49,099	(33,985)
Amortization of debt discount on convertible senior notes	1,520	375	1,520	1,601
(Gain) loss on early lease termination	—	—	(4,471)	—
Foreign currency translation adjustments reclassified into earnings	—	(5)	—	(32,273)
Foreign currency (gains) losses, net	(28,945)	7,909	10,934	26,730
Change in assets and liabilities:				
Accounts receivable	(767)	(2,553)	(10,088)	5,432
Prepaid expenses and other current assets	13,898	(2,317)	9,812	(13,472)
Right-of-use assets - operating leases	(5,910)	3,903	16,986	19,919
Accounts payable	24,318	(14,298)	37,540	(10,302)
Accrued merchant and supplier payables	41,008	41,230	(39,428)	(133,849)
Accrued expenses and other current liabilities	(31,473)	(1,361)	(71,804)	(45,015)
Operating lease obligations	6,376	(7,187)	(30,295)	(31,801)
Other, net	(22,380)	(18,221)	(14,713)	(15,307)
Net cash provided by (used in) operating activities	15,863	30,988	(135,987)	(123,958)
Investing activities				
Purchases of property and equipment and capitalized software	(5,673)	(11,765)	(36,168)	(49,630)
Proceeds from sale or divestment of investment	—	91	—	6,950
Acquisitions of intangible assets and other investing activities	(600)	(640)	(2,677)	(3,131)
Net cash provided by (used in) investing activities	(6,273)	(12,314)	(38,845)	(45,811)
Financing activities				
Proceeds from borrowings under revolving credit agreement	—	—	40,000	—
Payments of borrowings under revolving credit agreement	(35,000)	—	(65,000)	(100,000)
Proceeds from issuance of 2026 convertible notes	—	—	—	230,000
Issuance costs for 2026 convertible notes and revolving credit agreement	(490)	—	(490)	(7,747)
Purchase of capped call transactions	—	—	—	(27,416)
Payments for the repurchase of Atairos convertible notes	—	—	—	(254,000)
Proceeds from the settlement of convertible note hedges	—	—	—	2,315
Payments for the settlement of warrants	—	—	—	(1,345)
Taxes paid related to net share settlements of stock-based compensation awards	(464)	(2,243)	(6,065)	(19,834)
Payments of finance lease obligations	(34)	(415)	(687)	(5,302)
Other financing activities	(927)	(724)	(2,165)	(521)
Net cash provided by (used in) financing activities	(36,915)	(3,382)	(34,407)	(183,850)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	692	6,911	(8,548)	2,017
Net increase (decrease) in cash, cash equivalents and restricted cash	(26,633)	22,203	(217,787)	(351,602)
Cash, cash equivalents and restricted cash, beginning of period	308,329	477,280	499,483	851,085
Cash, cash equivalents and restricted cash, end of period	\$ 281,696	\$ 499,483	\$ 281,696	\$ 499,483

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

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022				
North America Segment:						Q4 2022			
Gross billings ⁽¹⁾ :						Y/Y Growth			
Local	\$ 327,268	\$ 249,290	\$ 265,114	\$ 248,929	\$ 256,627	(21.6)	%		
Travel	24,304	24,014	21,692	21,118	18,164	(25.3)			
Goods	61,248	36,608	30,462	28,334	37,858	(38.2)			
Total gross billings	<u>\$ 412,820</u>	<u>\$ 309,912</u>	<u>\$ 317,268</u>	<u>\$ 298,381</u>	<u>\$ 312,649</u>	(24.3)	%		
Revenue:									
Local	\$ 136,110	\$ 96,921	\$ 101,469	\$ 97,843	\$ 94,216	(30.8)	%		
Travel	5,500	4,949	4,451	4,065	3,570	(35.1)			
Goods	14,302	8,294	6,204	5,978	8,309	(41.9)			
Total revenue	<u>\$ 155,912</u>	<u>\$ 110,164</u>	<u>\$ 112,124</u>	<u>\$ 107,886</u>	<u>\$ 106,095</u>	(32.0)	%		
Gross profit:									
Local	\$ 119,845	\$ 83,758	\$ 87,592	\$ 84,455	\$ 81,951	(31.6)	%		
Travel	4,349	3,654	3,355	3,057	2,796	(35.7)			
Goods	12,089	6,835	4,956	4,836	6,909	(42.8)			
Total gross profit	<u>\$ 136,283</u>	<u>\$ 94,247</u>	<u>\$ 95,903</u>	<u>\$ 92,348</u>	<u>\$ 91,656</u>	(32.7)	%		
Contribution profit ⁽²⁾	\$ 92,505	\$ 66,256	\$ 76,274	\$ 65,972	\$ 61,790	(33.2)	%		
International Segment:						Q4 2022			
Gross billings:						Y/Y Growth	FX Effect	Y/Y Growth excluding FX ⁽³⁾	
Local	\$ 129,960	\$ 99,660	\$ 96,784	\$ 96,592	\$ 109,156	(16.0)	9.8	(6.2)	%
Travel	19,583	15,762	15,252	13,374	14,249	(27.2)	8.4	(18.8)	
Goods	58,234	35,350	30,861	25,509	32,143	(44.8)	6.6	(38.2)	
Total gross billings	<u>\$ 207,777</u>	<u>\$ 150,772</u>	<u>\$ 142,897</u>	<u>\$ 135,475</u>	<u>\$ 155,548</u>	(25.1)	8.8	(16.3)	%
Revenue:									
Local	\$ 46,277	\$ 33,150	\$ 32,111	\$ 30,089	\$ 32,945	(28.8)	8.7	(20.1)	%
Travel	4,797	3,227	3,233	1,956	2,363	(50.7)	6.0	(44.7)	
Goods	16,176	6,779	5,748	4,459	6,756	(58.2)	4.7	(53.5)	
Total revenue	<u>\$ 67,250</u>	<u>\$ 43,156</u>	<u>\$ 41,092</u>	<u>\$ 36,504</u>	<u>\$ 42,064</u>	(37.5)	7.6	(29.9)	%
Gross profit:									
Local	\$ 43,409	\$ 30,554	\$ 29,435	\$ 27,415	\$ 30,244	(30.3)	8.6	(21.7)	%
Travel	4,442	2,817	2,886	1,625	2,032	(54.3)	5.7	(48.6)	
Goods	10,617	6,383	5,748	4,334	5,197	(51.1)	5.8	(45.3)	
Total gross profit	<u>\$ 58,468</u>	<u>\$ 39,754</u>	<u>\$ 38,069</u>	<u>\$ 33,374</u>	<u>\$ 37,473</u>	(35.9)	7.9	(28.0)	%
Contribution profit	\$ 44,011	\$ 28,329	\$ 28,326	\$ 21,853	\$ 24,793	(43.7)	%		
Consolidated Results of Operations:									
Gross billings:									
Local	\$ 457,228	\$ 348,950	\$ 361,898	\$ 345,521	\$ 365,783	(20.0)	2.8	(17.2)	%
Travel	43,887	39,776	36,944	34,492	32,413	(26.1)	3.7	(22.4)	
Goods	119,482	71,958	61,323	53,843	70,001	(41.4)	3.2	(38.2)	
Total gross billings	<u>\$ 620,597</u>	<u>\$ 460,684</u>	<u>\$ 460,165</u>	<u>\$ 433,856</u>	<u>\$ 468,197</u>	(24.6)	3.0	(21.6)	%
Revenue:									
Local	\$ 182,387	\$ 130,071	\$ 133,580	\$ 127,932	\$ 127,161	(30.3)	2.2	(28.1)	%
Travel	10,297	8,176	7,684	6,021	5,933	(42.4)	2.8	(39.6)	
Goods	30,478	15,073	11,952	10,437	15,065	(50.6)	2.5	(48.1)	
Total revenue	<u>\$ 223,162</u>	<u>\$ 153,320</u>	<u>\$ 153,216</u>	<u>\$ 144,390</u>	<u>\$ 148,159</u>	(33.6)	2.3	(31.3)	%
Gross profit:									
Local	\$ 163,254	\$ 114,312	\$ 117,027	\$ 111,870	\$ 112,195	(31.3)	2.3	(29.0)	%
Travel	8,791	6,471	6,241	4,682	4,828	(45.1)	2.9	(42.2)	
Goods	22,706	13,218	10,704	9,170	12,106	(46.7)	2.7	(44.0)	
Total gross profit	<u>\$ 194,751</u>	<u>\$ 134,001</u>	<u>\$ 133,972</u>	<u>\$ 125,722</u>	<u>\$ 129,129</u>	(33.7)	2.4	(31.3)	%
Contribution profit	\$ 136,516	\$ 94,585	\$ 104,600	\$ 87,825	\$ 86,583	(36.6)	%		
Net cash provided by (used in) operating activities	\$ 30,988	\$ (78,164)	\$ (30,192)	\$ (43,494)	\$ 15,863	(48.8)	%		
Free cash flow	\$ 19,223	\$ (91,165)	\$ (39,340)	\$ (51,840)	\$ 10,190	(47.0)	%		

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Active customers ⁽⁴⁾					
North America	14.8	14.0	13.1	12.3	11.3
International	8.5	8.2	8.0	7.9	7.5
Total active customers	23.3	22.2	21.1	20.2	18.8
North America units					
Local	8,811	6,181	6,355	6,043	6,407
Goods	2,631	1,450	1,141	1,119	1,579
Travel	130	123	91	91	82
Total North America units	11,572	7,754	7,587	7,253	8,068
International units					
Local	4,283	3,329	3,181	3,900	3,971
Goods	2,843	1,471	1,205	1,046	1,488
Travel	115	112	79	79	91
Total International units	7,241	4,912	4,465	5,025	5,550
Consolidated units					
Local	13,094	9,510	9,536	9,943	10,378
Goods	5,474	2,921	2,346	2,165	3,067
Travel	245	235	170	170	173
Total consolidated units	18,813	12,666	12,052	12,278	13,618
Headcount					
Sales ⁽⁵⁾	1,079	1,028	974	799	783
Other	2,596	2,536	2,442	2,278	2,121
Total headcount ⁽⁶⁾	3,675	3,564	3,416	3,077	2,904

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

(2) Represents gross profit less marketing.

(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.

(6) Includes 16 employees terminated under the first phase of the 2022 Restructuring Plan who were completing their notice period as of December 31, 2022.

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).

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net income (loss)	\$ 30,328	\$ (34,352)	\$ (90,250)	\$ (55,543)	\$ (54,235)
Adjustments:					
Stock-based compensation	8,048	7,506	8,572	8,116	5,812
Depreciation and amortization	19,212	17,369	16,494	14,706	14,094
Goodwill impairment	—	—	35,424	—	—
Long-lived asset impairment	—	—	8,811	—	3,448
Restructuring and related charges ⁽¹⁾	7,745	312	2,939	4,912	4,187
Other (income) expense, net	5,049	4,880	21,340	23,541	(25,606)
Provision (benefit) for income taxes	(33,096)	(2,675)	2,398	(4,328)	47,015
Total adjustments	6,958	27,392	95,978	46,947	48,950
Adjusted EBITDA	\$ 37,286	\$ (6,960)	\$ 5,728	\$ (8,596)	\$ (5,285)

- (1) Restructuring and related charges includes \$1.2 million of long-lived asset impairment for the three months ended June 30, 2022 and \$1.8 million for the three months ended September 30, 2022.

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 diluted net income (loss) per share to Diluted net income (loss) per share for the three months and years ended December 31, 2022 and 2021.

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income (loss) attributable to common stockholders	\$ (55,307)	\$ 29,385	\$ (237,609)	\$ 118,668
Less: Net income (loss) attributable to noncontrolling interest	(1,072)	(943)	(3,229)	(1,680)
Net income (loss)	(54,235)	30,328	(234,380)	120,348
Less: Provision (benefit) for income taxes	47,015	(33,096)	42,410	(32,323)
Income (loss) before provision (benefit) for income taxes	(7,220)	(2,768)	(191,970)	88,025
Stock-based compensation	5,812	8,048	30,006	33,169
Amortization of acquired intangible assets	2,096	2,166	8,493	8,894
Goodwill impairment	—	—	35,424	—
Long-lived asset impairment	3,448	—	12,259	—
Restructuring and related charges	4,187	7,745	12,350	41,895
Changes in fair value of investments	—	(90)	—	(95,623)
Intercompany foreign currency losses (gains), foreign currency translation adjustments reclassified into earnings and other	(33,637)	987	16,186	(12,368)
Non-cash interest expense on convertible senior notes and loss on extinguishment of debt	383	376	1,520	6,692
Non-GAAP income (loss) before provision (benefit) for income taxes	(24,931)	16,464	(75,732)	70,684
Less: Non-GAAP provision (benefit) for income taxes	(14,333)	10,026	(12,574)	33,243
Non-GAAP net income (loss)	(10,598)	6,438	(63,158)	37,441
Net (income) loss attributable to noncontrolling interest	(1,072)	(943)	(3,229)	(1,680)
Non-GAAP net income (loss) attributable to common stockholders	(11,670)	5,495	(66,387)	35,761
Plus: Cash interest expense from assumed conversion of convertible senior notes ⁽¹⁾	—	466	—	1,291
Non-GAAP net income (loss) attributable to common stockholders plus assumed conversions	\$ (11,670)	\$ 5,961	\$ (66,387)	\$ 37,052
Weighted-average shares of common stock - diluted	30,351,523	33,386,996	30,166,100	33,513,440
Impact of dilutive securities	—	—	—	(858,518)
Weighted-average shares of common stock - non-GAAP	<u>30,351,523</u>	<u>33,386,996</u>	<u>30,166,100</u>	<u>32,654,922</u>
Diluted net income (loss) per share	\$ (1.82)	\$ 0.90	\$ (7.88)	\$ 3.68
Impact of non-GAAP adjustments and related tax effects	1.44	(0.72)	5.68	(2.55)
Non-GAAP diluted net income (loss) per share	\$ (0.38)	\$ 0.18	\$ (2.20)	\$ 1.13

- (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.

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net cash provided by (used in) operating activities	\$ 30,988	\$ (78,164)	\$ (30,192)	\$ (43,494)	\$ 15,863
Purchases of property and equipment and capitalized software	(11,765)	(13,001)	(9,148)	(8,346)	(5,673)
Free cash flow	\$ 19,223	\$ (91,165)	\$ (39,340)	\$ (51,840)	\$ 10,190
Net cash provided by (used in) investing activities	\$ (12,314)	\$ (13,916)	\$ (9,779)	\$ (8,877)	\$ (6,273)
Net cash provided by (used in) financing activities	\$ (3,382)	\$ (2,964)	\$ (43,340)	\$ 48,811	\$ (36,915)

The following is a reconciliation of Non-GAAP selling, general and administrative to the most comparable U.S. GAAP measure, Selling, general and administrative:

	Year Ended December 31,	
	2019	2022
Selling, general and administrative	\$ 806,945	\$ 481,375
Less: Stock-based compensation	(56,027)	(21,616)
Less: Depreciation and amortization	(74,324)	(28,557)
Non-GAAP selling, general and administrative	\$ 676,594	\$ 431,202