

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

	March 31, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 163,757	\$ 281,279
Accounts receivable, net	37,263	44,971
Prepaid expenses and other current assets	40,717	41,101
Total current assets	241,737	367,351
Property, equipment and software, net	49,373	56,731
Right-of-use assets - operating leases, net	8,157	12,127
Goodwill	178,685	178,685
Intangible assets, net	16,237	17,641
Investments	119,541	119,541
Deferred income taxes	13,756	13,550
Other non-current assets	23,157	27,491
Total assets	\$ 650,643	\$ 793,117
Liabilities and equity		
Current liabilities:		
Short-term borrowings	\$ 47,700	\$ 75,000
Accounts payable	27,537	59,568
Accrued merchant and supplier payables	196,890	225,420
Accrued expenses and other current liabilities	153,678	171,452
Total current liabilities	425,805	531,440
Convertible senior notes, net	225,307	224,923
Operating lease obligations	6,527	9,310
Other non-current liabilities	17,482	18,586
Total liabilities	675,121	784,259
Commitment and contingencies		
Stockholders' equity		
Common stock, par value \$0.0001 per share, 100,500,000 shares authorized; 41,100,451 shares issued and 30,806,334 shares outstanding at March 31, 2023; 40,786,996 shares issued and 30,492,879 shares outstanding at December 31, 2022	4	4
Additional paid-in capital	2,324,434	2,322,672
Treasury stock, at cost, 10,294,117 shares at March 31, 2023 and December 31, 2022	(922,666)	(922,666)
Accumulated deficit	(1,423,624)	(1,394,477)
Accumulated other comprehensive income (loss)	(2,906)	2,942
Total Groupon, Inc. stockholders' equity (deficit)	(24,758)	8,475
Noncontrolling interests	280	383
Total equity (deficit)	(24,478)	8,858
Total liabilities and equity	\$ 650,643	\$ 793,117

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

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 121,611	\$ 153,320
Cost of revenue	16,900	19,319
Gross profit	104,711	134,001
Operating expenses:		
Marketing	24,848	39,416
Selling, general and administrative	101,634	126,420
Restructuring and related charges	8,794	312
Total operating expenses	135,276	166,148
Income (loss) from operations	(30,565)	(32,147)
Other income (expense), net	3,070	(4,880)
Income (loss) before provision (benefit) for income taxes	(27,495)	(37,027)
Provision (benefit) for income taxes	1,118	(2,675)
Net income (loss)	(28,613)	(34,352)
Net (income) loss attributable to noncontrolling interests	(534)	(500)
Net income (loss) attributable to Groupon, Inc.	\$ (29,147)	\$ (34,852)
Basic and diluted net income (loss) per share:	\$ (0.95)	\$ (1.17)
Basic and diluted weighted average number of shares outstanding:	30,676,145	29,862,879

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

	Three Months Ended March 31,	
	2023	2022
Operating activities		
Net income (loss)	\$ (28,613)	\$ (34,352)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, equipment and software	12,387	15,200
Amortization of acquired intangible assets	2,118	2,169
Stock-based compensation	2,363	7,506
Foreign currency (gains) losses, net	(4,087)	3,358
Change in assets and liabilities:		
Accounts receivable	8,319	(15,963)
Prepaid expenses and other current assets	3,493	(2,092)
Right-of-use assets - operating leases	4,008	4,609
Accounts payable	(32,073)	7,088
Accrued merchant and supplier payables	(29,467)	(35,904)
Accrued expenses and other current liabilities	782	(18,366)
Operating lease obligations	(8,239)	(7,648)
Payment for early lease termination	(9,601)	—
Other, net	2,290	(3,769)
Net cash provided by (used in) operating activities	(76,320)	(78,164)
Investing activities		
Purchases of property and equipment and capitalized software	(9,544)	(13,001)
Proceeds from sale of assets	1,088	—
Acquisitions of intangible assets and other investing activities	(557)	(915)
Net cash provided by (used in) investing activities	(9,013)	(13,916)
Financing activities		
Payments of borrowings under revolving credit agreement	(27,300)	—
Taxes paid related to net share settlements of stock-based compensation awards	(1,007)	(2,523)
Other financing activities	(890)	(441)
Net cash provided by (used in) financing activities	(29,197)	(2,964)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(148)	(771)
Net increase (decrease) in cash, cash equivalents and restricted cash	(114,678)	(95,815)
Cash, cash equivalents and restricted cash, beginning of period	281,696	499,483
Cash, cash equivalents and restricted cash, end of period	\$ 167,018	\$ 403,668

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

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023				
North America Segment:						Q1 2023			
Gross billings ⁽¹⁾ :						Y/Y Growth			
Local	\$ 249,290	\$ 265,114	\$ 248,929	\$ 256,627	\$ 221,746	(11.0)	%		
Travel	24,014	21,692	21,118	18,164	20,649	(14.0)			
Goods	36,608	30,462	28,334	37,858	23,759	(35.1)			
Total gross billings	<u>\$ 309,912</u>	<u>\$ 317,268</u>	<u>\$ 298,381</u>	<u>\$ 312,649</u>	<u>\$ 266,154</u>	(14.1)	%		
Revenue:									
Local	\$ 96,921	\$ 101,469	\$ 97,843	\$ 94,216	\$ 81,379	(16.0)	%		
Travel	4,949	4,451	4,065	3,570	2,815	(43.1)			
Goods	8,294	6,204	5,978	8,309	5,065	(38.9)			
Total revenue	<u>\$ 110,164</u>	<u>\$ 112,124</u>	<u>\$ 107,886</u>	<u>\$ 106,095</u>	<u>\$ 89,259</u>	(19.0)	%		
Gross profit:									
Local	\$ 83,758	\$ 87,592	\$ 84,455	\$ 81,951	\$ 69,992	(16.4)	%		
Travel	3,654	3,355	3,057	2,796	1,830	(49.9)			
Goods	6,835	4,956	4,836	6,909	4,120	(39.7)			
Total gross profit	<u>\$ 94,247</u>	<u>\$ 95,903</u>	<u>\$ 92,348</u>	<u>\$ 91,656</u>	<u>\$ 75,942</u>	(19.4)	%		
Contribution profit ⁽²⁾	\$ 66,256	\$ 76,274	\$ 65,972	\$ 61,790	\$ 60,639	(8.5)	%		
International Segment:						Q1 2023			
						Y/Y Growth	Fx Effect	Y/Y Growth excluding FX ⁽³⁾	
Gross billings:									
Local	\$ 99,660	\$ 96,784	\$ 96,592	\$ 109,156	\$ 93,800	(5.9)	6.0	0.1	%
Travel	15,762	15,252	13,374	14,249	14,215	(9.8)	4.2	(5.6)	
Goods	35,350	30,861	25,509	32,143	22,256	(37.0)	2.9	(34.1)	
Total gross billings	<u>\$ 150,772</u>	<u>\$ 142,897</u>	<u>\$ 135,475</u>	<u>\$ 155,548</u>	<u>\$ 130,271</u>	(13.6)	5.1	(8.5)	%
Revenue:									
Local	\$ 33,150	\$ 32,111	\$ 30,089	\$ 32,945	\$ 25,265	(23.8)	4.9	(18.9)	%
Travel	3,227	3,233	1,956	2,363	2,841	(12.0)	4.1	(7.9)	
Goods	6,779	5,748	4,459	6,756	4,246	(37.4)	2.9	(34.5)	
Total revenue	<u>\$ 43,156</u>	<u>\$ 41,092</u>	<u>\$ 36,504</u>	<u>\$ 42,064</u>	<u>\$ 32,352</u>	(25.0)	4.5	(20.5)	%
Gross profit:									
Local	\$ 30,554	\$ 29,435	\$ 27,415	\$ 30,244	\$ 22,642	(25.9)	4.8	(21.1)	%
Travel	2,817	2,886	1,625	2,032	2,469	(12.4)	4.1	(8.3)	
Goods	6,383	5,748	4,334	5,197	3,658	(42.7)	2.6	(40.1)	
Total gross profit	<u>\$ 39,754</u>	<u>\$ 38,069</u>	<u>\$ 33,374</u>	<u>\$ 37,473</u>	<u>\$ 28,769</u>	(27.6)	4.4	(23.2)	%
Contribution profit									
	\$ 28,329	\$ 28,326	\$ 21,853	\$ 24,793	\$ 19,224	(32.1)	%		
Consolidated Results of Operations:									
Gross billings:									
Local	\$ 348,950	\$ 361,898	\$ 345,521	\$ 365,783	\$ 315,546	(9.6)	1.7	(7.9)	%
Travel	39,776	36,944	34,492	32,413	34,864	(12.3)	1.6	(10.7)	
Goods	71,958	61,323	53,843	70,001	46,015	(36.1)	1.4	(34.7)	
Total gross billings	<u>\$ 460,684</u>	<u>\$ 460,165</u>	<u>\$ 433,856</u>	<u>\$ 468,197</u>	<u>\$ 396,425</u>	(13.9)	1.6	(12.3)	%
Revenue:									
Local	\$ 130,071	\$ 133,580	\$ 127,932	\$ 127,161	\$ 106,644	(18.0)	1.2	(16.8)	%
Travel	8,176	7,684	6,021	5,933	5,656	(30.8)	1.6	(29.2)	
Goods	15,073	11,952	10,437	15,065	9,311	(38.2)	1.2	(37.0)	
Total revenue	<u>\$ 153,320</u>	<u>\$ 153,216</u>	<u>\$ 144,390</u>	<u>\$ 148,159</u>	<u>\$ 121,611</u>	(20.7)	1.3	(19.4)	%
Gross profit:									
Local	\$ 114,312	\$ 117,027	\$ 111,870	\$ 112,195	\$ 92,634	(19.0)	1.3	(17.7)	%
Travel	6,471	6,241	4,682	4,828	4,299	(33.6)	1.8	(31.8)	
Goods	13,218	10,704	9,170	12,106	7,778	(41.2)	1.3	(39.9)	
Total gross profit	<u>\$ 134,001</u>	<u>\$ 133,972</u>	<u>\$ 125,722</u>	<u>\$ 129,129</u>	<u>\$ 104,711</u>	(21.9)	1.4	(20.5)	%
Contribution profit	\$ 94,585	\$ 104,600	\$ 87,825	\$ 86,583	\$ 79,863	(15.6)	%		
Net cash provided by (used in) operating activities									
	\$ (78,164)	\$ (30,192)	\$ (43,494)	\$ 15,863	\$ (76,320)	2.4	%		
Free cash flow									
	\$ (91,165)	\$ (39,340)	\$ (51,840)	\$ 10,190	\$ (85,864)	5.8	%		

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Active customers: ⁽⁴⁾					
North America	14.0	13.1	12.3	11.3	10.9
International	8.2	8.0	7.9	7.5	7.3
Total active customers	22.2	21.1	20.2	18.8	18.2
North America Units:					
Local	6,181	6,355	6,043	6,407	5,142
Goods	1,450	1,141	1,119	1,579	933
Travel	123	91	91	82	86
Total North America units	7,754	7,587	7,253	8,068	6,161
International Units:					
Local	3,329	3,181	3,900	3,971	3,328
Goods	1,471	1,205	1,046	1,488	886
Travel	112	79	79	91	84
Total International units	4,912	4,465	5,025	5,550	4,298
Consolidated Units:					
Local	9,510	9,536	9,943	10,378	8,470
Goods	2,921	2,346	2,165	3,067	1,819
Travel	235	170	170	173	170
Total consolidated units	12,666	12,052	12,278	13,618	10,459
Headcount:					
Sales ⁽⁵⁾	1,028	974	799	783	746
Other	2,536	2,442	2,278	2,121	2,032
Total headcount	3,564	3,416	3,077	2,904	2,778

(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 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net income (loss)	\$ (34,352)	\$ (90,250)	\$ (55,543)	\$ (54,235)	\$ (28,613)
Adjustments:					
Stock-based compensation	7,506	8,572	8,116	5,812	2,363
Depreciation and amortization	17,369	16,494	14,706	14,094	14,505
Goodwill impairment	—	35,424	—	—	—
Long-lived asset impairment	—	8,811	—	3,448	—
Restructuring and related charges ⁽¹⁾	312	2,939	4,912	4,187	8,794
Other (income) expense, net	4,880	21,340	23,541	(25,606)	(3,070)
Provision (benefit) for income taxes	(2,675)	2,398	(4,328)	47,015	1,118
Total adjustments	27,392	95,978	46,947	48,950	23,710
Adjusted EBITDA	<u>\$ (6,960)</u>	<u>\$ 5,728</u>	<u>\$ (8,596)</u>	<u>\$ (5,285)</u>	<u>\$ (4,903)</u>

- (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 net income (loss) per share to Diluted net income (loss) per share for the three months ended March 31, 2023 and 2022.

	Three Months Ended March 31,	
	2023	2022
Net income (loss) attributable to common stockholders	\$ (29,147)	\$ (34,852)
Less: Net income (loss) attributable to noncontrolling interest	(534)	(500)
Net income (loss)	(28,613)	(34,352)
Less: Provision (benefit) for income taxes	1,118	(2,675)
Income (loss) before provision (benefit) for income taxes	(27,495)	(37,027)
Stock-based compensation	2,363	7,506
Amortization of acquired intangible assets	2,118	2,169
Restructuring and related charges	8,794	312
Intercompany foreign currency losses (gains), foreign currency translation adjustments reclassified into earnings and other	(4,532)	3,536
Non-cash interest expense on convertible senior notes	384	377
Non-GAAP income (loss) before provision (benefit) for income taxes	(18,368)	(23,127)
Less: Non-GAAP provision (benefit) for income taxes	977	307
Non-GAAP net income (loss)	(19,345)	(23,434)
Net (income) loss attributable to noncontrolling interest	(534)	(500)
Non-GAAP net income (loss) attributable to common stockholders	<u>(19,879)</u>	<u>(23,934)</u>
Weighted-average shares of common stock - diluted	30,676,145	29,862,879
Impact of dilutive securities	—	—
Weighted-average shares of common stock - non-GAAP	<u>30,676,145</u>	<u>29,862,879</u>
Diluted net income (loss) per share	\$ (0.95)	\$ (1.17)
Impact of non-GAAP adjustments and related tax effects	0.30	0.37
Non-GAAP diluted net income (loss) per share	<u>\$ (0.65)</u>	<u>\$ (0.80)</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.

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net cash provided by (used in) operating activities	\$ (78,164)	\$ (30,192)	\$ (43,494)	\$ 15,863	\$ (76,320)
Purchases of property and equipment and capitalized software	(13,001)	(9,148)	(8,346)	(5,673)	(9,544)
Free cash flow	\$ (91,165)	\$ (39,340)	\$ (51,840)	\$ 10,190	\$ (85,864)
Net cash provided by (used in) investing activities	\$ (13,916)	\$ (9,779)	\$ (8,877)	\$ (6,273)	\$ (9,013)
Net cash provided by (used in) financing activities	\$ (2,964)	\$ (43,340)	\$ 48,811	\$ (36,915)	\$ (29,197)

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

	Three Months Ended March 31,	
	2023	2022
Selling, general and administrative	\$ 101,634	\$ 126,420
Less: Stock-based compensation	(2,336)	(7,112)
Less: Depreciation and amortization	(7,298)	(8,682)
Non-GAAP selling, general and administrative	<u>\$ 92,000</u>	<u>\$ 110,626</u>