

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

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 86,085	\$ 281,279
Accounts receivable, net	34,886	44,971
Prepaid expenses and other current assets	48,389	41,101
Total current assets	169,360	367,351
Property, equipment and software, net	36,614	56,731
Right-of-use assets - operating leases, net	3,467	12,127
Goodwill	178,685	178,685
Intangible assets, net	12,758	17,641
Investments	93,694	119,541
Deferred income taxes	13,429	13,550
Other non-current assets	15,855	27,491
Total assets	\$ 523,862	\$ 793,117
Liabilities and equity		
Current liabilities:		
Short-term borrowings	\$ 46,700	\$ 75,000
Accounts payable	10,475	59,568
Accrued merchant and supplier payables	172,390	225,420
Accrued expenses and other current liabilities	97,855	171,452
Total current liabilities	327,420	531,440
Convertible senior notes, net	226,081	224,923
Operating lease obligations	3,061	9,310
Other non-current liabilities	16,569	18,586
Total liabilities	573,131	784,259
Commitment and contingencies		
Stockholders' equity (deficit)		
Common stock, par value \$0.0001 per share, 100,500,000 shares authorized; 42,132,235 shares issued and 31,838,118 shares outstanding at September 30, 2023; 40,786,996 shares issued and 30,492,879 shares outstanding at December 31, 2022	4	4
Additional paid-in capital	2,336,830	2,322,672
Treasury stock, at cost, 10,294,117 shares at September 30, 2023 and December 31, 2022	(922,666)	(922,666)
Accumulated deficit	(1,477,589)	(1,394,477)
Accumulated other comprehensive income (loss)	13,980	2,942
Total Groupon, Inc. stockholders' equity (deficit)	(49,441)	8,475
Noncontrolling interests	172	383
Total equity (deficit)	(49,269)	8,858
Total liabilities and equity (deficit)	\$ 523,862	\$ 793,117

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 126,474	\$ 144,390	\$ 377,194	\$ 450,926
Cost of revenue	15,796	18,668	48,840	57,231
Gross profit	110,678	125,722	328,354	393,695
Operating expenses:				
Marketing	28,898	37,897	76,013	106,685
Selling, general and administrative	80,016	119,243	277,913	369,601
Goodwill impairment	—	—	—	35,424
Long-lived asset impairment	—	—	—	8,811
Restructuring and related charges	2,228	4,912	10,333	8,163
Total operating expenses	111,142	162,052	364,259	528,684
Income (loss) from operations	(464)	(36,330)	(35,905)	(134,989)
Other income (expense), net	(39,525)	(23,541)	(41,260)	(49,761)
Income (loss) before provision (benefit) for income taxes	(39,989)	(59,871)	(77,165)	(184,750)
Provision (benefit) for income taxes	817	(4,328)	4,258	(4,605)
Net income (loss)	(40,806)	(55,543)	(81,423)	(180,145)
Net (income) loss attributable to noncontrolling interests	(552)	(680)	(1,689)	(2,157)
Net income (loss) attributable to Groupon, Inc.	<u>\$ (41,358)</u>	<u>\$ (56,223)</u>	<u>\$ (83,112)</u>	<u>\$ (182,302)</u>
Basic and diluted net income (loss) per share:	\$ (1.31)	\$ (1.86)	\$ (2.68)	\$ (6.06)
Basic and diluted weighted average number of shares outstanding:	31,500,489	30,307,734	31,039,668	30,070,598

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating activities				
Net income (loss)	\$ (40,806)	\$ (55,543)	\$ (81,423)	\$ (180,145)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization of property, equipment and software	10,550	12,614	34,110	42,172
Amortization of acquired intangible assets	2,018	2,092	6,206	6,397
Impairment of Goodwill	—	—	—	35,424
Impairment of long-lived assets	—	—	—	8,811
Restructuring-related impairment	—	1,769	—	2,949
Stock-based compensation	3,889	8,116	13,771	24,194
(Gain) loss from changes in fair value of investment	25,751	—	25,751	—
(Gain) loss on early lease termination	—	(4,471)	—	(4,471)
Foreign currency (gains) losses, net	9,687	18,370	9,528	39,879
Change in assets and liabilities:				
Accounts receivable	(238)	912	10,225	(9,321)
Prepaid expenses and other current assets	8,973	(4,676)	14,357	(4,086)
Right-of-use assets - operating leases	1,796	13,638	7,985	22,896
Accounts payable	(9,655)	7,149	(49,082)	13,222
Accrued merchant and supplier payables	(4,050)	(25,531)	(52,497)	(80,436)
Accrued expenses and other current liabilities	(14,159)	(4,264)	(44,716)	(40,331)
Operating lease obligations	(6,268)	(18,369)	(22,011)	(32,200)
Payment for early lease termination	—	—	(9,724)	—
Other, net	(1,343)	4,700	5,035	3,196
Net cash provided by (used in) operating activities	(13,855)	(43,494)	(132,485)	(151,850)
Investing activities				
Purchases of property and equipment and capitalized software	(4,120)	(8,346)	(15,917)	(30,495)
Proceeds from sale of assets	—	—	1,475	—
Acquisitions of intangible assets and other investing activities	(1,349)	(531)	(2,523)	(2,077)
Net cash provided by (used in) investing activities	(5,469)	(8,877)	(16,965)	(32,572)
Financing activities				
Proceeds from borrowings under revolving credit agreement	—	50,000	—	50,000
Payments of borrowings under revolving credit agreement	—	—	(28,300)	(40,000)
Taxes paid related to net share settlements of stock-based compensation awards	(932)	(898)	(3,126)	(5,601)
Proceeds from stock option exercises and employee stock purchase plan	2,932	514	2,932	1,105
Other financing activities	(817)	(805)	(2,459)	(2,996)
Net cash provided by (used in) financing activities	1,183	48,811	(30,953)	2,508
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,933)	(4,532)	34	(9,240)
Net increase (decrease) in cash, cash equivalents and restricted cash	(20,074)	(8,092)	(180,369)	(191,154)
Cash, cash equivalents and restricted cash, beginning of period	121,401	316,421	281,696	499,483
Cash, cash equivalents and restricted cash, end of period ⁽¹⁾	<u>\$ 101,327</u>	<u>\$ 308,329</u>	<u>\$ 101,327</u>	<u>\$ 308,329</u>

(1) The following table provides a reconciliation of Cash, cash equivalents and restricted cash shown above to amounts reported within the Condensed Consolidated Balance Sheets as of September 30, 2023, December 31, 2022 and September 30, 2022 (in thousands):

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 86,085	\$ 281,279	\$ 307,998
Restricted cash included in prepaid expenses and other current assets	15,242	417	331
Cash, cash equivalents and restricted cash	<u>\$ 101,327</u>	<u>\$ 281,696</u>	<u>\$ 308,329</u>

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

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023			
North America Segment:						Q3 2023		
Gross billings ⁽¹⁾ :						Y/Y Growth		
Local	\$ 248,929	\$ 256,627	\$ 221,746	\$ 231,950	\$ 260,425	4.6	%	
Travel	21,118	18,164	20,649	21,630	19,811	(6.2)		
Goods	28,334	37,858	23,759	22,256	18,749	(33.8)		
Total gross billings	<u>\$ 298,381</u>	<u>\$ 312,649</u>	<u>\$ 266,154</u>	<u>\$ 275,836</u>	<u>\$ 298,985</u>	0.2	%	
Revenue:								
Local	\$ 97,843	\$ 94,216	\$ 81,379	\$ 85,475	\$ 88,558	(9.5)	%	
Travel	4,065	3,570	2,815	5,579	2,577	(36.6)		
Goods	5,978	8,309	5,065	4,780	3,801	(36.4)		
Total revenue	<u>\$ 107,886</u>	<u>\$ 106,095</u>	<u>\$ 89,259</u>	<u>\$ 95,834</u>	<u>\$ 94,936</u>	(12.0)	%	
Gross profit:								
Local	\$ 84,455	\$ 81,951	\$ 69,992	\$ 74,463	\$ 77,588	(8.1)	%	
Travel	3,057	2,796	1,830	4,647	1,763	(42.3)		
Goods	4,836	6,909	4,120	3,983	3,123	(35.4)		
Total gross profit	<u>\$ 92,348</u>	<u>\$ 91,656</u>	<u>\$ 75,942</u>	<u>\$ 83,093</u>	<u>\$ 82,474</u>	(10.7)	%	
Contribution profit ⁽²⁾	\$ 65,972	\$ 61,790	\$ 60,639	\$ 68,646	\$ 63,484	(3.8)	%	
International Segment:						Q3 2023		
						Y/Y Growth	Fx Effect	Y/Y Growth excluding FX ⁽³⁾
Gross billings:								
Local	\$ 96,592	\$ 109,156	\$ 93,800	\$ 87,688	\$ 93,645	(3.1)	(6.2)	(9.3) %
Travel	13,374	14,249	14,215	9,934	9,294	(30.5)	(4.3)	(34.8)
Goods	25,509	32,143	22,256	20,000	16,923	(33.7)	(4.9)	(38.6)
Total gross billings	<u>\$ 135,475</u>	<u>\$ 155,548</u>	<u>\$ 130,271</u>	<u>\$ 117,622</u>	<u>\$ 119,862</u>	(11.5)	(5.8)	(17.3) %
Revenue:								
Local	\$ 30,089	\$ 32,945	\$ 25,265	\$ 27,374	\$ 26,900	(10.6)	(5.8)	(16.4) %
Travel	1,956	2,363	2,841	2,172	1,584	(19.0)	(4.9)	(23.9)
Goods	4,459	6,756	4,246	3,729	3,054	(31.5)	(5.1)	(36.6)
Total revenue	<u>\$ 36,504</u>	<u>\$ 42,064</u>	<u>\$ 32,352</u>	<u>\$ 33,275</u>	<u>\$ 31,538</u>	(13.6)	(5.7)	(19.3) %
Gross profit:								
Local	\$ 27,415	\$ 30,244	\$ 22,642	\$ 24,959	\$ 24,367	(11.1)	(5.8)	(16.9) %
Travel	1,625	2,032	2,469	1,916	1,346	(17.2)	(4.8)	(22.0)
Goods	4,334	5,197	3,658	2,997	2,491	(42.5)	(4.3)	(46.8)
Total gross profit	<u>\$ 33,374</u>	<u>\$ 37,473</u>	<u>\$ 28,769</u>	<u>\$ 29,872</u>	<u>\$ 28,204</u>	(15.5)	(5.5)	(21.0) %
Contribution profit	\$ 21,853	\$ 24,793	\$ 19,224	\$ 22,052	\$ 18,296	(16.3)	%	
Consolidated Results of Operations:								
Gross billings:								
Local	\$ 345,521	\$ 365,783	\$ 315,546	\$ 319,638	\$ 354,070	2.5	(1.7)	0.8 %
Travel	34,492	32,413	34,864	31,564	29,105	(15.6)	(1.7)	(17.3)
Goods	53,843	70,001	46,015	42,256	35,672	(33.7)	(2.4)	(36.1)
Total gross billings	<u>\$ 433,856</u>	<u>\$ 468,197</u>	<u>\$ 396,425</u>	<u>\$ 393,458</u>	<u>\$ 418,847</u>	(3.5)	(1.8)	(5.3) %
Revenue:								
Local	\$ 127,932	\$ 127,161	\$ 106,644	\$ 112,849	\$ 115,458	(9.8)	(1.3)	(11.1) %
Travel	6,021	5,933	5,656	7,751	4,161	(30.9)	(1.6)	(32.5)
Goods	10,437	15,065	9,311	8,509	6,855	(34.3)	(2.2)	(36.5)
Total revenue	<u>\$ 144,390</u>	<u>\$ 148,159</u>	<u>\$ 121,611</u>	<u>\$ 129,109</u>	<u>\$ 126,474</u>	(12.4)	(1.4)	(13.8) %
Gross profit:								
Local	\$ 111,870	\$ 112,195	\$ 92,634	\$ 99,422	\$ 101,955	(8.9)	(1.4)	(10.3) %
Travel	4,682	4,828	4,299	6,563	3,109	(33.6)	(1.7)	(35.3)
Goods	9,170	12,106	7,778	6,980	5,614	(38.8)	(2.0)	(40.8)
Total gross profit	<u>\$ 125,722</u>	<u>\$ 129,129</u>	<u>\$ 104,711</u>	<u>\$ 112,965</u>	<u>\$ 110,678</u>	(12.0)	(1.4)	(13.4) %
Contribution profit	\$ 87,825	\$ 86,583	\$ 79,863	\$ 90,698	\$ 81,780	(6.9)	%	
Net cash provided by (used in) operating activities	\$ (43,494)	\$ 15,863	\$ (76,320)	\$ (42,310)	\$ (13,855)	68.1	%	
Free cash flow	\$ (51,840)	\$ 10,190	\$ (85,864)	\$ (44,563)	\$ (17,975)	65.3	%	

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Active customers: ⁽⁴⁾					
North America	12.3	11.3	10.9	10.6	10.4
International	7.9	7.5	7.3	6.9	6.6
Total active customers	20.2	18.8	18.2	17.5	17.0
North America Units:					
Local	6,043	6,407	5,142	5,083	5,426
Goods	1,119	1,579	933	807	706
Travel	91	82	86	84	79
Total North America units	7,253	8,068	6,161	5,974	6,211
International Units:					
Local	3,900	3,971	3,328	2,862	3,306
Goods	1,046	1,488	886	746	550
Travel	79	91	84	53	49
Total International units	5,025	5,550	4,298	3,661	3,905
Consolidated Units:					
Local	9,943	10,378	8,470	7,945	8,732
Goods	2,165	3,067	1,819	1,553	1,256
Travel	170	173	170	137	128
Total consolidated units	12,278	13,618	10,459	9,635	10,116
Headcount:					
Sales ⁽⁵⁾	799	783	746	706	659
Other	2,278	2,121	2,032	1,945	1,763
Total headcount	3,077	2,904	2,778	2,651	2,422

(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):

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net income (loss)	\$ (55,543)	\$ (54,235)	\$ (28,613)	\$ (12,004)	\$ (40,806)
Adjustments:					
Stock-based compensation	8,116	5,812	2,363	7,519	3,889
Depreciation and amortization	14,706	14,094	14,505	13,243	12,568
Goodwill impairment	—	—	—	—	—
Long-lived asset impairment	—	3,448	—	—	—
Restructuring and related charges ⁽¹⁾	4,912	4,187	8,794	(689)	2,228
Other (income) expense, net ⁽²⁾	23,541	(25,606)	(3,070)	4,805	39,525
Provision (benefit) for income taxes	(4,328)	47,015	1,118	2,323	817
Total adjustments	46,947	48,950	23,710	27,201	59,027
Adjusted EBITDA	<u>\$ (8,596)</u>	<u>\$ (5,285)</u>	<u>\$ (4,903)</u>	<u>\$ 15,197</u>	<u>\$ 18,221</u>

- (1) Restructuring and related charges includes \$1.8 million of long-lived asset impairment for the three months ended September 30, 2022.
- (2) Includes a \$25.8 million remeasurement of our investment in SumUp during the three months ended September 30, 2023.

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 and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss) attributable to common stockholders	\$ (41,358)	\$ (56,223)	\$ (83,112)	\$ (182,302)
Less: Net income (loss) attributable to noncontrolling interest	(552)	(680)	(1,689)	(2,157)
Net income (loss)	(40,806)	(55,543)	(81,423)	(180,145)
Less: Provision (benefit) for income taxes	817	(4,328)	4,258	(4,605)
Income (loss) before provision (benefit) for income taxes	(39,989)	(59,871)	(77,165)	(184,750)
Stock-based compensation	3,889	8,116	13,771	24,194
Amortization of acquired intangible assets	2,018	2,092	6,206	6,397
Goodwill impairment	—	—	—	35,424
Long-lived asset impairment	—	—	—	8,811
Restructuring and related charges	2,228	4,912	10,333	8,163
(Gain) loss from changes in fair value of investment	25,751	—	25,751	—
Intercompany foreign currency losses (gains), foreign currency translation adjustments reclassified into earnings and other	11,320	24,047	10,647	49,823
Non-cash interest expense on convertible senior notes	388	380	1,158	1,137
Non-GAAP income (loss) before provision (benefit) for income taxes	5,605	(20,324)	(9,299)	(50,801)
Less: Non-GAAP provision (benefit) for income taxes	8,922	(364)	15,864	1,759
Non-GAAP net income (loss)	(3,317)	(19,960)	(25,163)	(52,560)
Net (income) loss attributable to noncontrolling interest	(552)	(680)	(1,689)	(2,157)
Non-GAAP net income (loss) attributable to common stockholders	<u>(3,869)</u>	<u>(20,640)</u>	<u>(26,852)</u>	<u>(54,717)</u>
Weighted-average shares of common stock - diluted	31,500,489	30,307,734	31,039,668	30,070,598
Impact of dilutive securities	—	—	—	—
Weighted-average shares of common stock - non-GAAP	<u>31,500,489</u>	<u>30,307,734</u>	<u>31,039,668</u>	<u>30,070,598</u>
Diluted net income (loss) per share	\$ (1.31)	\$ (1.86)	\$ (2.68)	\$ (6.06)
Impact of non-GAAP adjustments and related tax effects	1.19	1.18	1.81	4.24
Non-GAAP diluted net income (loss) per share	<u>\$ (0.12)</u>	<u>\$ (0.68)</u>	<u>\$ (0.87)</u>	<u>\$ (1.82)</u>

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.

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net cash provided by (used in) operating activities	\$ (43,494)	\$ 15,863	\$ (76,320)	\$ (42,310)	\$ (13,855)
Purchases of property and equipment and capitalized software	(8,346)	(5,673)	(9,544)	(2,253)	(4,120)
Free cash flow	\$ (51,840)	\$ 10,190	\$ (85,864)	\$ (44,563)	\$ (17,975)
Net cash provided by (used in) investing activities	\$ (8,877)	\$ (6,273)	\$ (9,013)	\$ (2,483)	\$ (5,469)
Net cash provided by (used in) financing activities	\$ 48,811	\$ (36,915)	\$ (29,197)	\$ (2,939)	\$ 1,183