



Groupon 4th Quarter Earnings

March 15th, 2024

GROUPON



Agenda

Dusan Senkypl
Interim CEO

Jiri Ponrt
CFO

Rana Kashyap
SVP, Corp Dev & IR

- CEO Commentary
- Financial Overview
- Guidance
- Q&A

Forward-looking statements and other information

The statements contained in this release 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 ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations and future liquidity. 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, 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, tax, legal and regulatory developments in the jurisdictions in which we operate and geopolitical instability resulting from the conflicts in Ukraine and the Middle East; global economic uncertainty, including as a result of inflationary pressures; 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 and management teams and other qualified employees and 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, CPRA, and other privacy-related laws and regulations of the Internet and e-commerce; classification of our independent contractors, agency workers, or employees; our ability to remediate our material weakness over internal control over financial reporting; 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 laws; our ability to use our tax attributes; 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; our ability to continue as a going concern; risks related to our access to capital and outstanding indebtedness, including our 1.125% Convertible Senior Notes due 2026 ("the 2026 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 2026 Notes; difficulties, delays or our inability to successfully complete all or part of the announced restructuring actions or to realize the operating efficiencies and other benefits of such restructuring actions; higher than anticipated restructuring charges or changes in the timing of such restructuring charges; 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, 2023 and our other filings with the Securities and Exchange Commission (the "SEC")

Moreover, neither Groupon nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. 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 4Q 2023 earnings release press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures.



CEO Commentary

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Fourth Quarter Key Takeaways

4Q23 Financial Metrics

- Revenue -7% vs last year
- 3rd consecutive quarter of positive Adjusted EBITDA
- Positive \$51M Free Cash Flow

Balance Sheet Updates

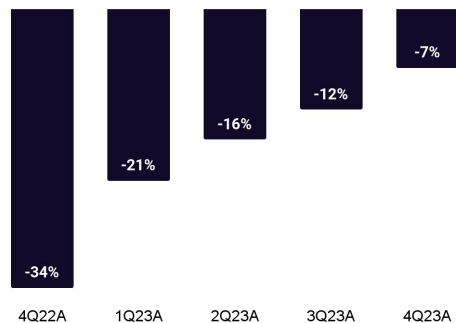
- Increased liquidity resolves going concern issue
- Closed previously announced plan to raise ~\$100M
- Terminated credit facility

Key Projects

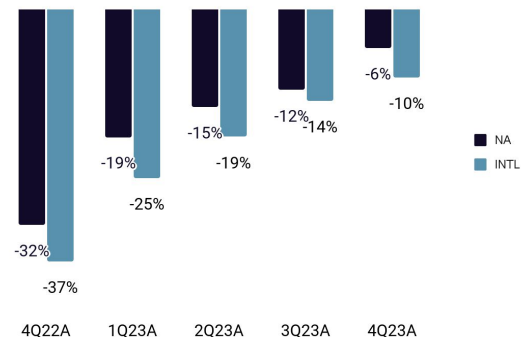
- New consumer front-end
- Gifting v1.0

4Q23 Financial Snapshot

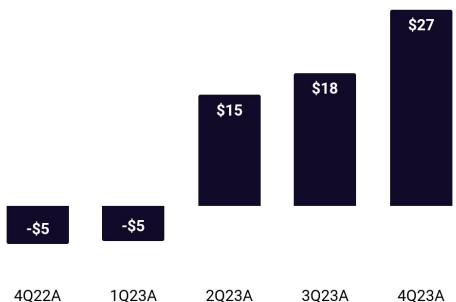
Total Revenue (YoY % Change)



Revenue by Geography (YoY % Change)



Adjusted EBITDA¹ (\$M)



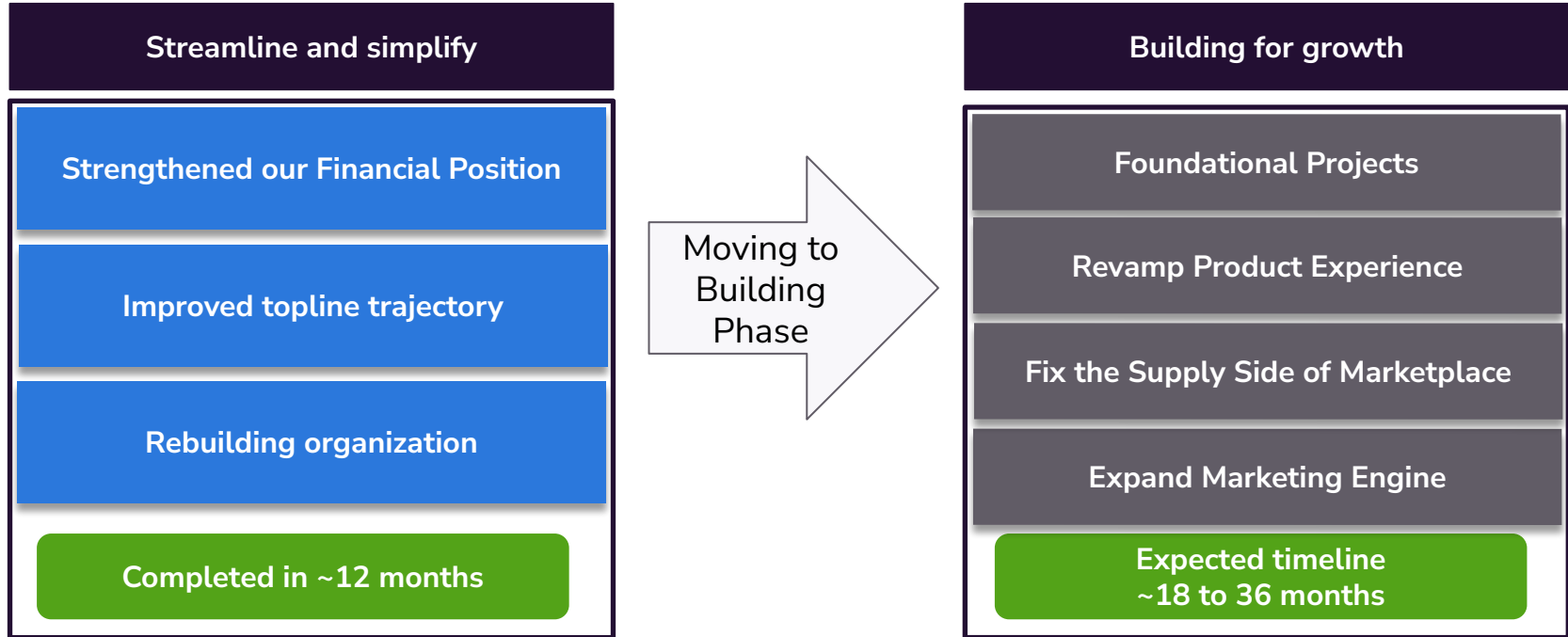
Free Cash Flow¹ (\$M)



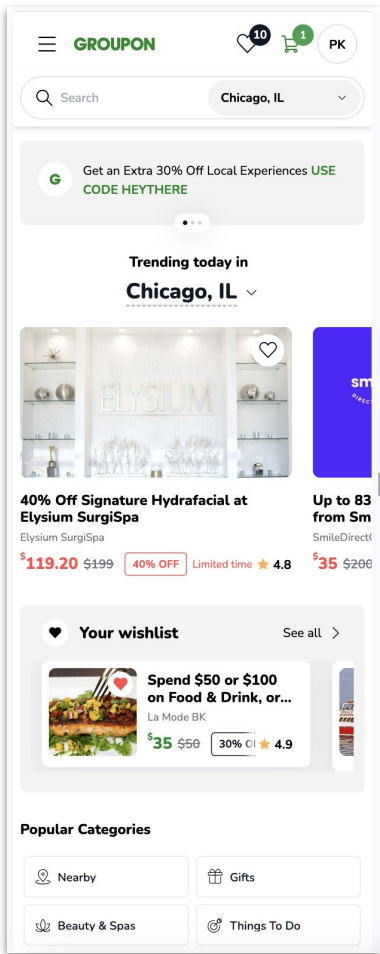
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Update on Transformation Plan

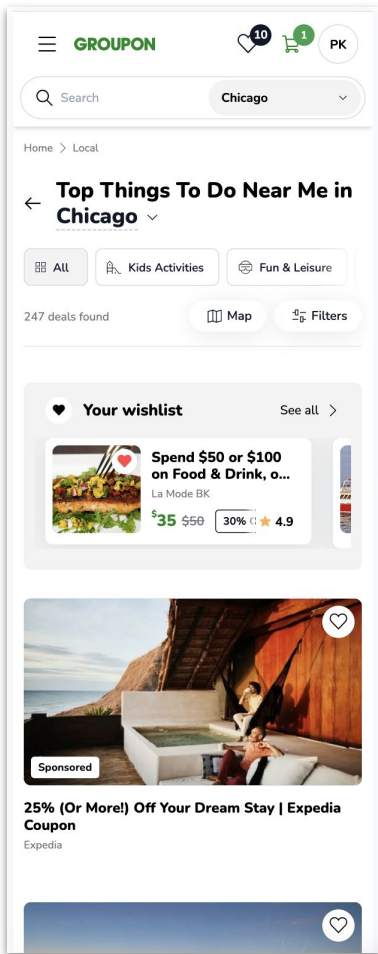
We are moving to building phase of our transformation plan



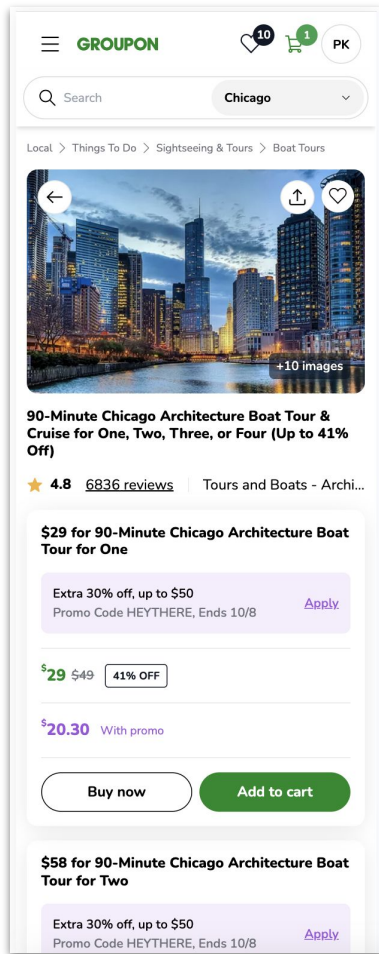
During our transformation, we expect to show improvements in our financial performance



Home



Browse



Deal

New front-end

Goal: Redesign and reengineer the whole consumer experience (web + app)

Feature Highlights:

- Redesigned Home, Browse, Deal, Checkout, Cart, and more
- Responsive (no more separate web and touch experience)
- Modern technology and faster response times

Current status:

- New front-end currently running at 3% of North America ("NA") Web & Touch

Future roll out details:

- Expect to ramp up traffic significantly for Web & Touch in NA in the coming weeks
- Once NA Web & Touch is fully ramped, NA app will launch shortly after
- After NA App, we will turn to rolling out the new front-end in International markets




Marie says: Thank you for your hard work and dedication in building all of this within such a tight deadline.

Redeem at 2825 J.F. Mahoney Drive, Hammond, IN 46323


Scan the QR code to view all voucher details

The best way to redeem your voucher and see all the details is to add it to your Groupon account.




Prefer to redeem with this paper voucher?

We highly recommend you add this gift voucher to your Groupons, and check merchant requirements for redemption, before attempting to redeem onsite with merchant. Merchant's redemption requirements subject to change without notice.




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Gifting

Valentine's Day Gift




60- or 90-Minute Deep-Tissue or Swedish Massage with Co...
1136 West Avenue, Chicago • 3.4.8 ★★★★★ 3946 Ratings

~~\$110 \$89~~
From \$80.10 Limited Time
\$76.10 with code **PROMO**
Pure Serenity Spa
1190 • bought




Up to 45% Off on Foot Reflexology Massage at Foot Smile...
513 West Fullerton Avenue, Chicago • 3.4.6 ★★★★★ 2383 Ratings

~~\$90 \$49~~ **From \$44.10** Limited Time
\$41.90 with code **PROMO**
Foot Smile Spa - Chicago
10980 • bought




Up to 64% Off on Couples Massage at Massage House
2400 North California Avenue, Chicago • 3.4.6 ★★★★★ 2684 Ratings

~~\$110 \$39~~
From \$116.10 Limited Time
\$110.30 with code **PROMO**
Massage House
1190 • bought



65-Minute Body Massage, or 65-Minute Couples Reflexology...
2000 West Belmont Avenue, Chicago • 5 mi 4.7 ★★★★★ 2247 Ratings

~~\$90 \$45~~ **From \$40.50** Limited Time
\$38.48 with code **PROMO**
Top Feet Spa
6030 • bought



You Received a Gift!

Add your gift voucher to your Groupons, and follow instructions in app to redeem at merchant

How To Buy a Gift?

- Choose the offer you want to give as a gift
[View a Gift](#)
- Use this button at your Groupon
[Create and send gift voucher](#)
- Customize the voucher
[View](#) [Cancel](#) [Redeem](#)
- Choose the way to deliver the gift
[Send via Email](#) [Download](#)
- Congratulations! Your voucher is ready to be sent or printed**

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Gift Memories, Not Things



Gifting v 1.0

Goal: build a brand new gifting proposition (web + app) to seize the Last-Minute Gifting Opportunity

What was delivered in Q4:

- New Gift page
- Customizable & printable gift voucher
- Giftees can add voucher to their account
- Seamless gift voucher exchanges
- Groupon bucks Gift cards
- Paid traffic channel promotions
- Created a Holiday calendar, dedicated Trending Gift carousels, special educational banners, and videos

Results:

- Dec 2023 Gift Orders increased
 - +67% vs Dec 2022
 - +30% vs Dec 2021
- While gifting still represents a small % of our total business, the December performance is a positive signal for our thesis that last-minute gifting is a growth opportunity for Groupon

Marketplace management

Demand side

Q4 traffic trends

- Continued positive growth in paid traffic
- Improving trajectory of direct traffic
- Managed channels still lagging

Paid Marketing

- Delivered desired ROI targets
- Continued growth in SEM & Display
- Early successes in new affiliate channels

Search & Relevance

- Improved reliability and latency
- Active optimization of impression distribution
- Implemented distance based conversions

Promotions

- Reducing promotional spend continues
- Purple Prices (almost) everywhere

Supply side

Strong performers

- Micro markets
- Things to do
- Enterprise

Launching Regionalisation

- Assortment Strategy
- Driving Deal Quality
- City dedicated sales reps

Existing account management

- Expanded 1:1 account management
- From reactive service support to proactive partner success

Groupon Investment Thesis

Groupon is a 15 year old Company, but we see ourselves at Day Zero

Large & Secular Growth
Market Opportunity

Internet Marketplace
Business Model

Global Scale & Brand

Transformation Playbook

High Performance Management
Team with Execution Excellence
and Strong Alignment with
Shareholders

Performance in a variety of
economic conditions

Strengthened Balance Sheet

Attractive value creation opportunity through successful transformation



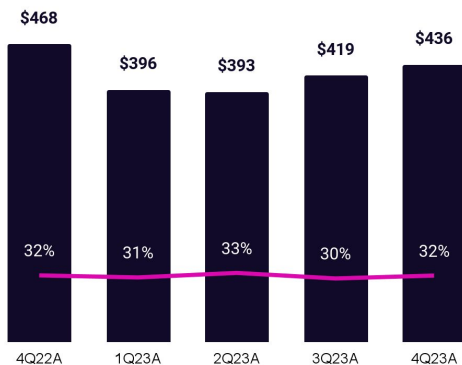
Financial Overview

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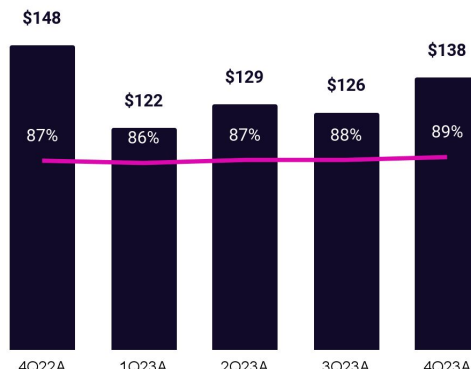
4Q23 Summary Financial Results

Gross Billings (\$M)



Revenue as % of Gross Billings

Revenue (\$M)



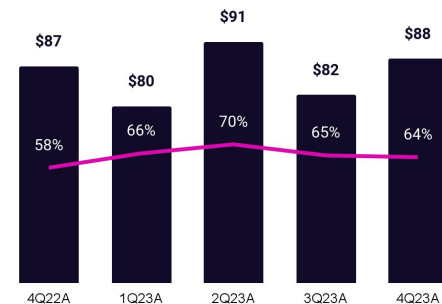
Gross Profit as % of Revenue

Marketing (\$M)



Marketing as % of Gross Profit

Contribution Profit (\$M)



Contribution Profit as % of Revenue

Adjusted EBITDA¹ (\$M)



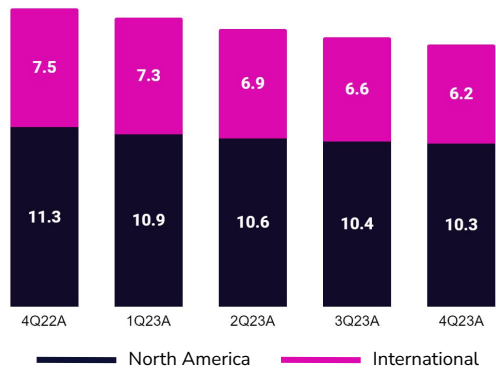
Free Cash Flow¹ (\$M)



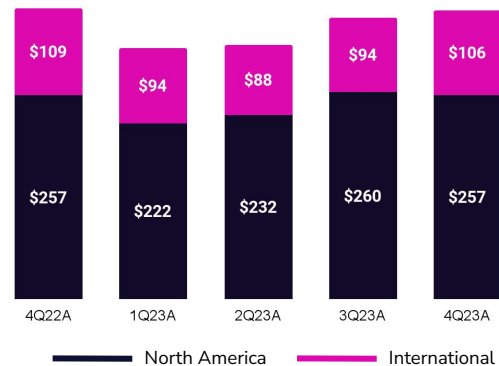
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4Q23 Key Operating Metrics

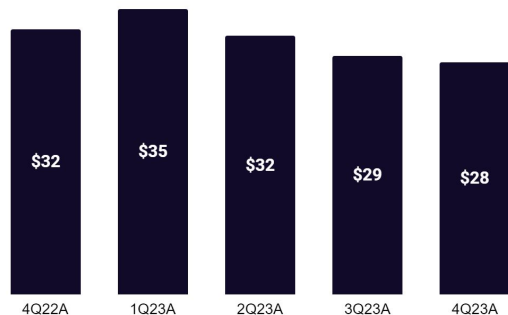
Active Customers¹ (Million)



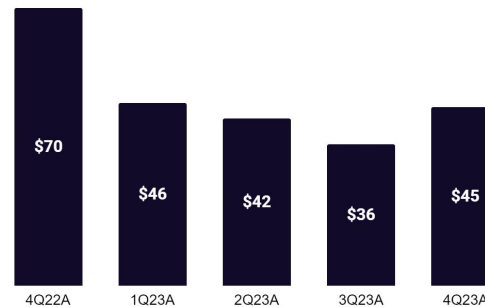
Local Gross Billings (\$M)



Travel Gross Billings (\$M)



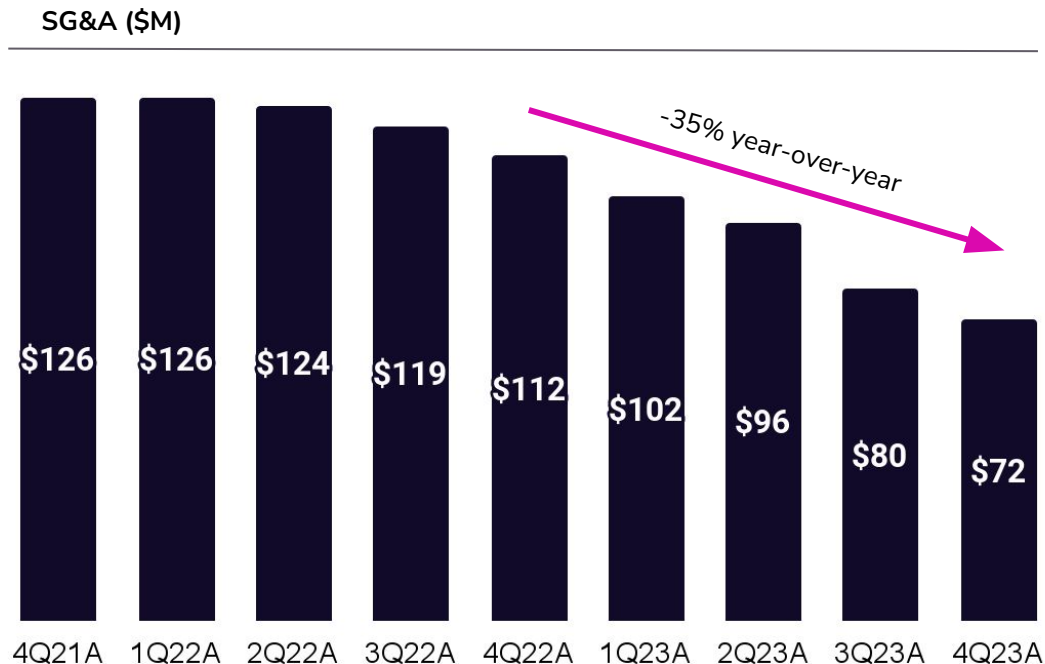
Goods Gross Billings (\$M)



1)

Reflects the total number of unique user accounts that have made a purchase during the IIM either through one of our online marketplaces or directly with a merchant for which we earned a commission.

Creating an Efficient Cost Structure



New Mindset Of Frugality



Increasing Efficiency Through Automation Of Business Processes



Director-Level Headcount Reductions, Reducing Redundant Spend



Decreasing Software / Cloud Spend



Reducing Facilities Footprint

4Q 2023 Adjusted EBITDA⁽¹⁾ to FCF⁽¹⁾ Reconciliation

	4Q23A	3Q23A	2Q23A	1Q23A	2023
Adjusted EBITDA¹	26.9	18.2	15.2	-4.9	55.5
1 (-) Capex	-3.4	-4.1	-2.3	-9.5	-19.3
(-) Interest & Taxes	-4.0	-4.4	-2.1	-4.1	-14.5
(+/-) Restructuring ²	2.9	-1.3	-3.7	-5.9	-8.1
(+/-) Change in Net Working Capital	28.7	-26.4	-51.7	-61.5	-111.0
Free Cash Flow¹	51.1	-18.0	-44.5	-86.0	-97.4
<u>Detail on Change in Net Working Capital</u>					
2 (+/-) Acc. Merchant & Supplier Payables	34.2	-4.1	-19.0	-29.5	-18.3
3 (+/-) Accounts payable	4.5	-9.7	-7.4	-32.1	-44.6
4 (+/-) Acc. expenses & other current liabilities	6.9	-14.2	-31.3	0.8	-37.9
5 (+/-) Operating lease obligations ²	-3.4	-4.5	-5.4	-13.8	-27.1
(+/-) Other Net Working Capital Changes	-13.6	5.9	11.4	13.1	16.9
Subtotal: Change in Net Working Capital	28.7	-26.4	-51.7	-61.5	-111.0

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2) 4Q23 includes \$4.25M settlement related to Uptake

3) 1Q23 Includes \$9.6M early termination payment associated with our 600 W. Chicago lease

Balance Sheet Update

Completed Transactions

- \$19M partial sale of SumUp investment
- \$80M Rights Offering
- \$43M prepayment and termination of Credit Facility

Potential Future Transactions¹

- ~\$100M Potential Future Non-Core Asset Sales, including
- Remaining stake in SumUp
 - GiftCloud
 - Intellectual property

A combination of improved financial performance and increased liquidity resolves our going concern issue

1) There can be no assurances as to whether or when a sale of these non-core assets will be consummated

Guidance

Preliminary view	1Q24 Guidance (\$ Millions)		2024 Guide (\$ Millions)	
	Low-end	High-end	Low-end	High-end
Revenue	\$113 (-7% year-over-year)	\$118 (-3% year-over-year)	\$489 (-5% year-over-year)	\$515 (0% year-over-year)
Adjusted EBITDA*	\$7	\$12	\$80	\$100
Free Cash Flow*	Negative	Negative	Positive	Positive

* 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.



Q&A

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Appendix

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).

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net income (loss)	\$ (54,235)	\$ (28,613)	\$ (12,004)	\$ (40,806)	\$ 28,489
Adjustments:					
Stock-based compensation	5,812	2,363	7,519	3,889	710
Depreciation and amortization	14,094	14,505	13,243	12,568	10,902
Long-lived asset impairment	3,448	—	—	—	—
Restructuring and related charges ⁽¹⁾	4,187	8,794	(689)	2,228	(2,327)
Other (income) expense, net ⁽²⁾	(25,606)	(3,070)	4,805	39,525	(16,086)
Provision (benefit) for income taxes	47,015	1,118	2,323	817	5,250
Total adjustments	48,950	23,710	27,201	59,027	(1,551)
Adjusted EBITDA	\$ (5,285)	\$ (4,903)	\$ 15,197	\$ 18,221	\$ 26,938

(1) Includes a settlement of \$4.25 million related to Uptake for the three months ended December 31, 2023.

(2) Includes a \$25.8 million remeasurement of our investment in SumUp during the three months ended September 30, 2023.

*See Q4 2023 earnings press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures

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.

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net cash provided by (used in) operating activities	\$ 15,863	\$ (76,320)	\$ (42,310)	\$ (13,855)	\$ 54,500
Purchases of property and equipment and capitalized software	(5,673)	(9,544)	(2,253)	(4,120)	(3,368)
Free cash flow	\$ 10,190	\$ (85,864)	\$ (44,563)	\$ (17,975)	\$ 51,132
Net cash provided by (used in) investing activities	\$ (6,273)	\$ (9,013)	\$ (2,483)	\$ (5,469)	\$ 15,568
Net cash provided by (used in) financing activities	\$ (36,915)	\$ (29,197)	\$ (2,939)	\$ 1,183	\$ (4,737)

*See Q4 2023 earnings press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures

Supplemental Information

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Selling, general, and administrative	\$ 101,634	\$ 96,263	\$ 80,016	\$ 72,492
Stock-based compensation in SG&A	2,336	7,464	3,845	664
Depreciation and amortization in SG&A	7,298	6,560	6,437	5,900

Dusan self evaluation

To give stakeholders insight into the culture and performance bar we are setting for our people, find below Dusan's 2023 self review. This was shared internally with all staff in March 2024 and is based on the Company's year end performance rating methodology. It was shared with Groupon's team to help drive alignment across the business on what high performance means and lead from the top on building an environment where truth seeking, self reflection and a growth mindset are things to be valued.

Domain Knowledge: 4 - I believe I have a very broad understanding of most areas of our operations. I have gaps in legal and finance (where I am learning by seeing how our leaders are handling it and I am using common sense to push back if I see decisions which are not aligned with the business). My approach my whole life is very generalist - spend 20% of time to understand 80% of the area.

Problem Solving: 4 I believe I am above average here - using my generalist approach I can connect dots and create solutions which make sense and are not overly complicated (on other hand I need support from others as I can sometimes over simplify things). My superpower is the ability to zoom out and zoom in and understand core principles very quickly which I consider key to my success, coupled with a generalist approach.

Decision Making: 4 I doubt many of you would disagree that I am able to make fast decisions and that I am comfortable taking calculated risks. What's important here is that I do understand that no one is perfect and I have made incorrect decisions. I can see that some of these stem from not taking enough time to listen to colleagues, but overall, I am not a blocker or slowing the company down.

Communication: 2 This is an area I need to improve. The amount of work is huge and I am doing too much in Asana and through instant message communication in situations that would benefit from in-person engagement. This is the area of my focus. Also I know that I sometimes do not control my emotions enough - I have huge motivation to grow and develop - not just myself, others and the company as a whole. I believe a performance culture cannot have one eye in the rear view mirror, so I am focused on what needs to be different moving forward. For those who do not know me, I am aware this may make them feel under the microscope and criticised - this is not my aim, I want to challenge ourselves and the status quo to do better. For those in that camp, know I don't linger on past errors, only what we will do going forward. But, I need to continue to show my appreciation to what we accomplished (which is truly amazing).

Teamwork: 2 Another area I need to improve on and one closely related to communication. Last year I supported a lot of projects and tasks, but sometimes, due to not knowing the team or due to my communication not being comprehensive or clear enough, I was not able to deliver the intended impact. In general all of leadership, myself included, need to empower teammates to challenge us more. This is my '24 goal: get rid of the "Dusan said" element of a project - empower everyone to challenge or ask for clarification if what I (or other steam members) ask for has not made sense or you feel is not the correct path for the project or company. When trust and psychological safety are high, team members feel a greater sense of empowerment and autonomy, with that will come better results, so I need to create a safe space to speak and be heard.

Initiative & Drive: 4 I have a lot of internal motivation to make an impact on several fronts. My goal is to see people grow, which is very satisfying, and my drive is to make Groupon successful. I also want to make an impact in my country - together with other Pale Fire Capital partners, our ambition is to be the biggest philanthropists in CZ. When I see the emotional attachment our staff have to the Groupon brand, how deep that connection is, I feel a lot of admiration and I want to build on this heritage and develop Groupon into something we can all be proud of.

Reliability / Ownership: 3 Rated this way as I am averaging my performance between the two different elements. I believe I have ownership at (my only) **5**: I was raised in a way that I just can't look away if something is not working. For reliability I gave myself a **2** - I have a very German understanding of reliability (which is both a blessing and curse) and I missed several meetings last year or joined them late - for me if the meeting starts at 2pm it means 2pm - and joining 1 second late is, for me personally, a sign of disrespect towards others who are waiting, so I am sorry to those I have left hanging about.

Adaptability: 4 Groupon is a public company with global operations and a diverse culture. We are solving problems I have never been faced with before. I believe I am doing a good job on this front.

Asana/Jira: 2 I see this related to communication and team work. In general I am still not happy with how we are using Asana. We are asking people for work in comments (which makes no sense - the Assignee should always be the one who should take the next step). I see too many tasks without clear descriptions and I was not able to educate the organisation enough. This makes life for all of us more complex - because I can't now filter tasks just by seeing where I am assigned. I need to lead the organisation better (and be a better example here) in this respect and I need to push more against mediocrity. At the same time I need to improve in the communication part of Asana - when I see a lot of comments I don't always stop them and initiate a meeting to resolve it - we have far too many endless Asanas which are not leading to effective delivery (which is what matters). I also need to improve the clarity of my comments - sometime I am not adjusting my comments to the audience - and if I have different information vs the audience it can cause miscommunication. I see this an overall problem, that we are in not challenging senior management enough and that team members have insights that need to be heard and taken into account for better decision making).

Quality of Output: 3 I measured this by Groupon's results last year. We pretty much delivered what we promised - it was much tougher than I expected but I don't see that as a reason for 4. It's simple - if all the areas I am not only responsible for but am participating in are on target then I have 3. If I overdeliver I can think about a higher rating.

Ability to Coach Others: 2 This is another area of focus. Filip Popovic gives me daily inspiration, as he is supporting and growing the people around him. For me, a 3 here means that the person was able to grow their team and show examples of subordinates who grew in the last quarter. Ideally, that person can go on a 1-month leave without a worry that the team will be working fine.

Ability to Delegate and Manage: 3 I was thinking about 2 and 3 here but decided on 3. The overall output and result is fine - I am just sometimes using brute force (which means a lot of my time) on areas where I should focus on the high level, delegating, growing and developing the right team. This is not only my issue - we have many people working 16 hours a day and then some who are capped at 8 hours. While it is normal to have both groups in the company I need to make sure that the first group gets maximum support (and reward and appreciation) to improve their teams and management techniques to switch into a more sustainable work regime.

Ability to Build and Maintain Relationships: 2 I was thinking about 2 and 3 here. This area is tough for me as I am strongly introverted making Asana or email a more natural communication tool - but they are not tools for building trust and relationships. After participating in S-Team and Departmental summits this past year, I see the clear value in face to face interaction. This is part of the reason why I don't believe fully remote organisations can really work (without very rigid structures - e.g. multiple standups daily, spending a week together every 2 or 3 months, etc). I need to improve in this area by having more in person touch points across the organisation.

Overall: 3 - Meets Expectations

I believe this is a true reflection of my rating, as I can't see that I would be 4 until the company returns to growth: and a 5 would mean strong growth! To me, this 3 means that I believe I do the job well enough to feel safe and appreciated, and it gives me motivation to figure out how to get to 5 next year 😊. In short - I see plenty of space for my personal growth and improvement, however at the same time I believe that I am an important part of one of the most astonishing turnarounds in history. I know I have mentioned this several times - I am convinced that Groupon would not be here without the hard work of many people and for me personally I consider last year as a year where I was able to deliver probably most value in my life and I will be always proud about it.