



# Groupon 1st Quarter Earnings

May 9th, 2024

**GROUPON**



# Agenda

**Dusan Senkypl**  
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 presentation 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 the Company’s future results of operations and financial position, business strategy and plans and the Company’s 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 the Company’s 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 the Company actual results to differ materially from those expressed or implied in the Company’s forward-looking statements. Such risks and uncertainties include, but are not limited to, the Company’s ability to execute and achieve the expected benefits of the Company’s go-forward strategy; execution of the Company’s business and marketing strategies; volatility in the Company’s operating results; challenges arising from the Company’s international operations, including fluctuations in currency exchange rates, legal and regulatory developments in the jurisdictions in which the Company operates 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 the Company’s industry; providing a strong mobile experience for the Company’s customers; managing refund risks; retaining and attracting members of the Company’s executive and management teams and other qualified employees and personnel; customer and merchant fraud; payment-related risks; the Company’s reliance on email, Internet search engines and mobile application marketplaces to drive traffic to the Company’s marketplace; cybersecurity breaches; maintaining and improving the Company’s 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 the Company’s 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 the Company’s independent contractors, agency workers, or employees; the Company’s ability to remediate the Company’s material weakness over internal control over financial reporting; risks relating to information or content published or made available on the Company’s websites or service offerings we make available; exposure to greater than anticipated tax liabilities; adoption of tax laws; the Company’s ability to use the Company’s tax attributes; impacts if we become subject to the Bank Secrecy Act or other anti-money laundering or money transmission laws or regulations; the Company’s ability to raise capital if necessary; risks related to the Company’s access to capital and outstanding indebtedness, including the Company’s 1.125% Convertible Senior Notes due 2026 (the “2026 Notes”); the Company’s Common Stock, including volatility in the Company’s stock price; the Company’s ability to realize the anticipated benefits from the capped call transactions relating to the Company’s 2026 Convertible Notes; 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, as well as in our condensed consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission (the “SEC”). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements for any reason after the date of this report to conform these statements to actual results or to future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, “Groupon,” “the Company,” “we,” “our,” “us” and similar terms include Groupon, Inc. and its subsidiaries, unless the context indicates otherwise.



# CEO Commentary

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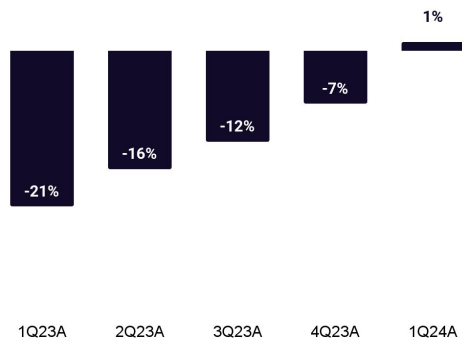
# First Quarter Key Takeaways

## 1Q24 Financial Metrics

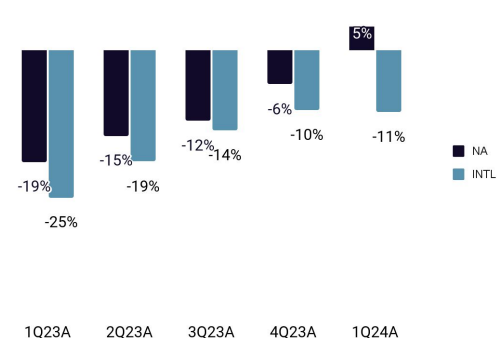
- Revenue +1% vs last year
  - 2016 is the last time revenue grew on a consolidated basis
- Ex Goods, North America +8% vs last year
  - Sequential growth in North America Local & Travel active customers<sup>1</sup>
- 4th consecutive quarter of positive Adjusted EBITDA
  - Last twelve months Adjusted EBITDA = \$80 million
- Free Cash Flow = -\$14 million
  - +\$72 million improvement vs last year

## 1Q24 Financial Snapshot

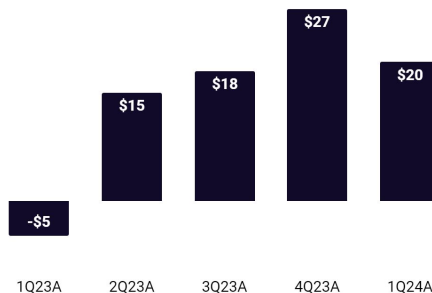
### Total Revenue (YoY % Change)



### Revenue by Geography (YoY % Change)



### Adjusted EBITDA<sup>2</sup> (\$M)



### Free Cash Flow<sup>2</sup> (\$M)



1) Reflects the total number of unique user accounts that have made a purchase during the trailing twelve months ("TTM") either through one of our online marketplaces or directly with a merchant for which we earned a commission.  
 2) Adjusted EBITDA (AEBITDA) and Free Cash Flow are non-GAAP financial measures. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss)" and "Net cash provided by (used in) operating activities"

# Marketplace management

## Demand side

### Q1 traffic trends

- Continued positive growth in paid traffic
- Improving trajectory of direct traffic and managed channels

### Paid Marketing

- Delivered desired ROI targets
- Continued growth in SEM & Display

## Supply side

### Strong performers

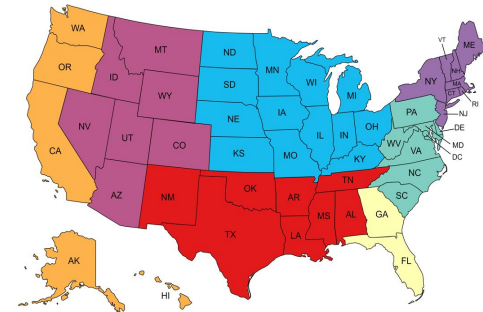
- Things to do
- Enterprise
- North America Travel

### Launching Regionalisation

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

### Regions

- Pacific
- Mountain
- South Central
- Southeast
- Northeast
- East/Mid Central
- East

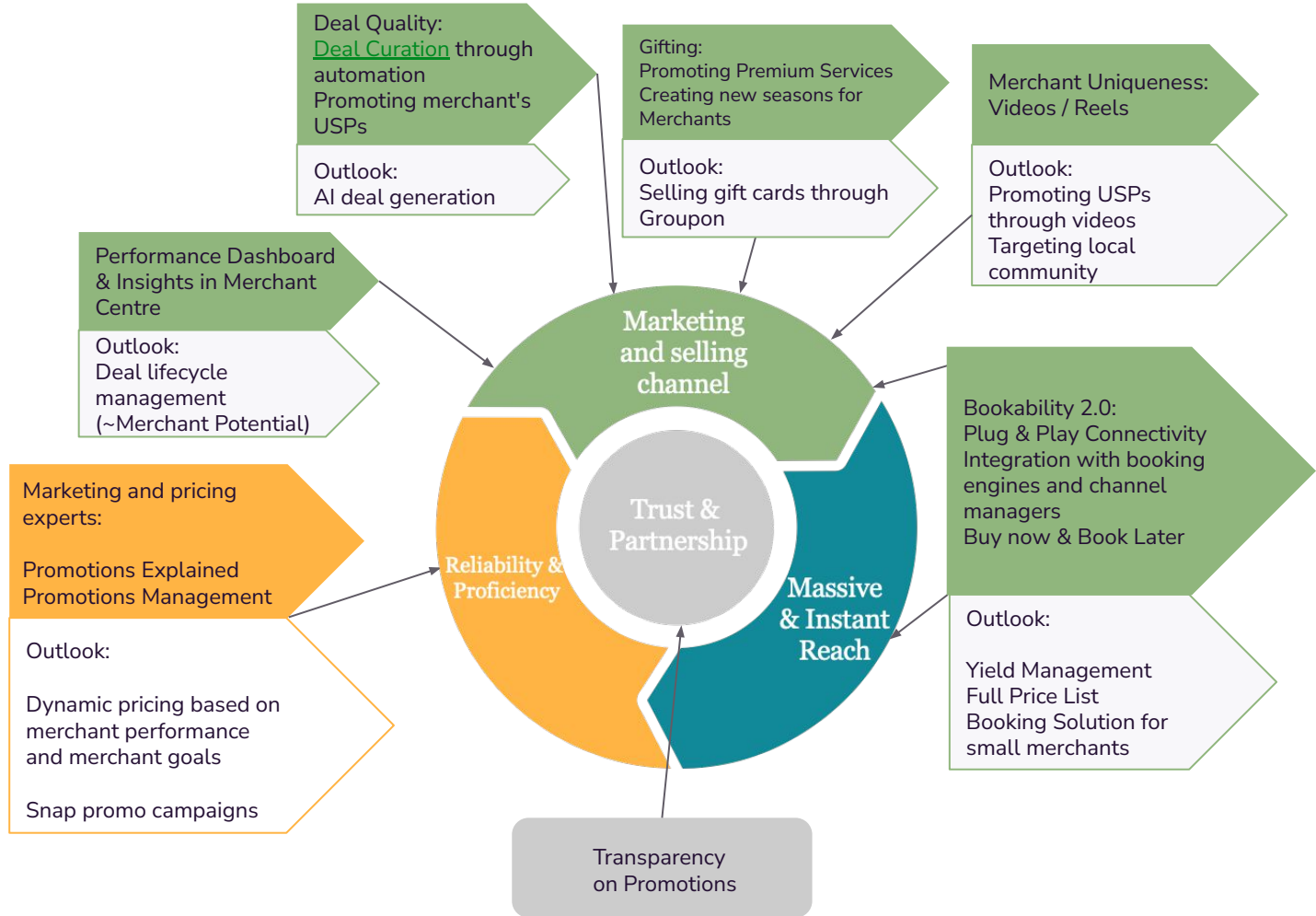


## Product Update - Performance drop investigation

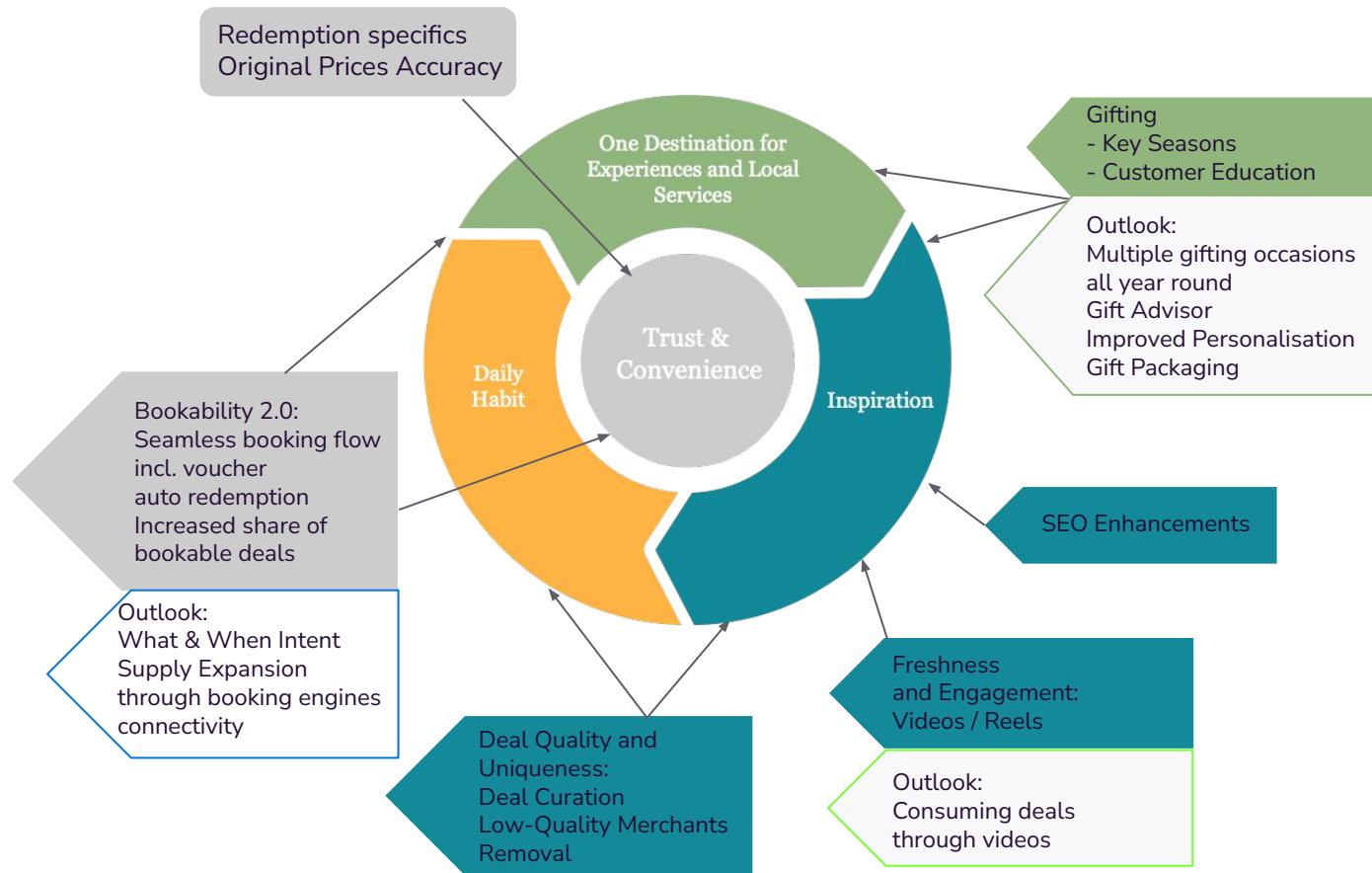
- Performance issue starting mid-March: impressions ok, conversion drop
- Multiple issues detected and in process of being fixed
  - Fraud platform migration
  - Legacy search & relevance algorithm
- Priority #1 project for entire product & engineering team
- New front-end ramp-up pulled back to 3% of North America web traffic and expect to ramp up later this quarter
- As of today, we have recovered majority of performance drop but it will impact Q2 results

# Strategy - Short Term Focus & Outlook:

## Merchant Flywheel



**Strategy  
- Short Term  
Focus & Outlook:  
Customer Flywheel**





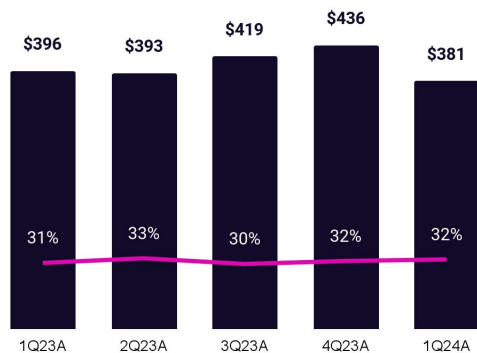
# Financial Overview

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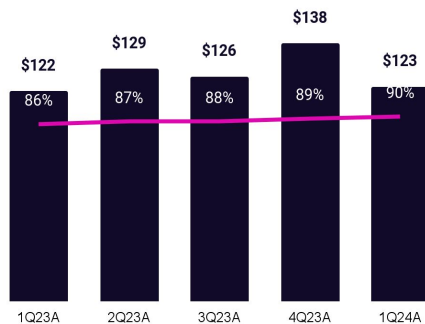
# 1Q24 Summary Financial Results

## Gross Billings (\$M)



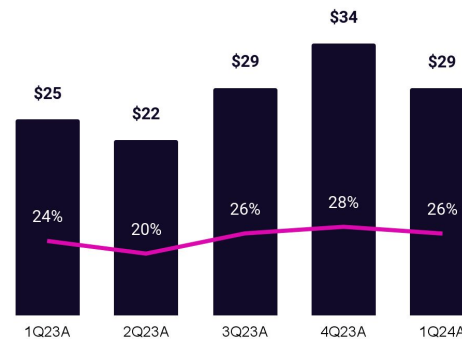
Revenue as % of Gross Billings

## Revenue (\$M)



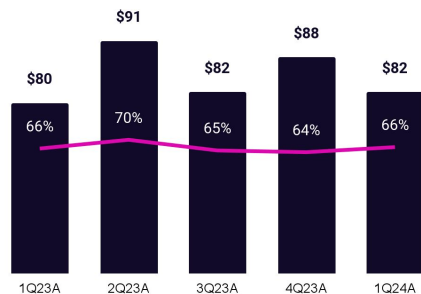
Gross Profit as % of Revenue

## Marketing (\$M)



Marketing as % of Gross Profit

## Contribution Profit (\$M)

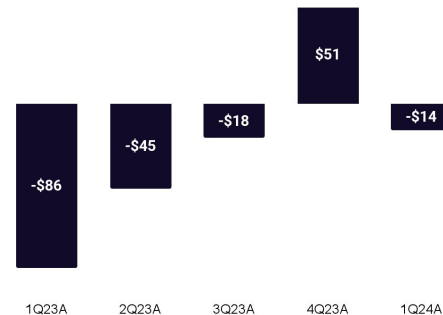


Contribution Profit as % of Revenue

## Adjusted EBITDA<sup>1</sup> (\$M)



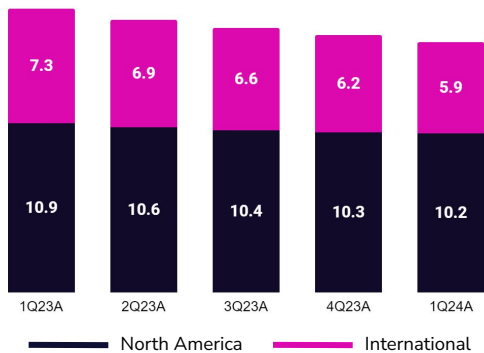
## Free Cash Flow<sup>1</sup> (\$M)



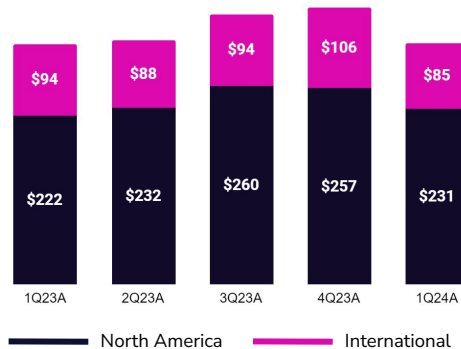
1) Adjusted EBITDA (AEBITDA) and Free Cash Flow are non-GAAP financial measures. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss)" and "Net cash provided by (used in) operating activities"

# 1Q24 Key Operating Metrics

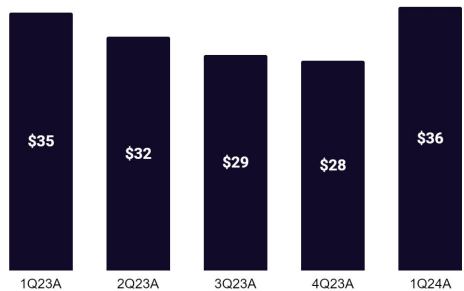
## Active Customers<sup>1</sup> (Million)



## 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 trailing twelve months ("TTM") 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*

# 1Q 2024 Adjusted EBITDA<sup>(1)</sup> to FCF<sup>(1)</sup> Reconciliation

	1Q24	4Q23A	3Q23A	2Q23A	1Q23A
1 <b>Adjusted EBITDA<sup>1</sup></b>	<b>19.5</b>	<b>26.9</b>	<b>18.2</b>	<b>15.2</b>	<b>-4.9</b>
(-) Capex	-3.7	-3.4	-4.1	-2.3	-9.5
(-) Interest & Taxes	-2.9	-4.0	-4.4	-2.1	-4.1
(+/-) Restructuring <sup>2</sup>	-0.5	2.9	-1.3	-3.7	-5.9
(+/-) Change in Net Working Capital	-26.2	28.7	-26.4	-51.7	-61.5
2 <b>Free Cash Flow<sup>1</sup></b>	<b>-13.8</b>	<b>51.1</b>	<b>-18.0</b>	<b>-44.5</b>	<b>-86.0</b>
<u>Detail on Change in Net Working Capital</u>					
3 (+/-) Acc. Merchant & Supplier Payables	-16.1	34.2	-4.1	-19.0	-29.5
(+/-) Accounts payable	-6.1	4.5	-9.7	-7.4	-32.1
(+/-) Acc. expenses & other current liabilities	-2.3	6.9	-14.2	-31.3	0.8
(+/-) Operating lease obligations <sup>3</sup>	-3.5	-3.4	-4.5	-5.4	-13.8
(+/-) Other Net Working Capital Changes	1.8	-13.6	5.9	11.4	13.1
<b>Subtotal: Change in Net Working Capital</b>	<b>-26.2</b>	<b>28.7</b>	<b>-26.4</b>	<b>-51.7</b>	<b>-61.5</b>

1) Adjusted EBITDA (AEBITDA) and Free Cash Flow are non-GAAP financial measures. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss)" and "Net cash provided by (used in) operating activities"

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

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

# Other Business Updates

## Balance Sheet Updates

### Completed transactions

- \$19M partial sale of SumUp investment
- \$80M Rights Offering
- \$43M prepayment and termination of Credit Facility
- Sale of non-core intangible assets

### ~\$90M Potential Future Non-Core Asset Sales<sup>1</sup>, including

- Remaining stake in SumUp
- GiftCloud

## Italian tax case

- Groupon S.r.l. subject to 2012 tax assessment of \$119.3 million relating to 2011 transfer pricing
- We believe that the tax assessment is without merit and believe Groupon S.r.l. will prevail on the merits of the case
- Italy Local voucher sales = ~€1 million per month
- Expect exposure not to exceed the assets of Groupon S.r.l (€48 million as of December 31, 2023)

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

## Guidance

As of May 9th, 2024	2Q24 Guidance (\$ Millions)		2024 Guidance (\$ Millions)	
	Low-end	High-end	Low-end	High-end
Revenue	\$116 (-10% year-over-year)	\$122 (-5% year-over-year)	\$489 (-5% year-over-year)	\$515 (0% year-over-year)
Adjusted EBITDA*	\$12	\$17	\$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):

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
<b>Net income (loss)</b>	\$ (28,613)	\$ (12,004)	\$ (40,806)	\$ 28,489	\$ (11,506)
Adjustments:					
Stock-based compensation	2,363	7,519	3,889	710	2,374
Depreciation and amortization	14,505	13,243	12,568	10,902	9,677
Restructuring and related charges <sup>(1)</sup>	8,794	(689)	2,228	(2,327)	96
Other (income) expense, net <sup>(2)</sup>	(3,070)	4,805	39,525	(16,086)	12,682
Provision (benefit) for income taxes	1,118	2,323	817	5,250	6,194
Total adjustments	23,710	27,201	59,027	(1,551)	31,023
<b>Adjusted EBITDA</b>	<b>\$ (4,903)</b>	<b>\$ 15,197</b>	<b>\$ 18,221</b>	<b>\$ 26,938</b>	<b>\$ 19,517</b>

(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 Q1 2024 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.

	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>
Net cash provided by (used in) operating activities	\$ (76,320)	\$ (42,310)	\$ (13,855)	\$ 54,500	\$ (10,111)
Purchases of property and equipment and capitalized software	(9,544)	(2,253)	(4,120)	(3,368)	(3,709)
Free cash flow	\$ (85,864)	\$ (44,563)	\$ (17,975)	\$ 51,132	\$ (13,820)
Net cash provided by (used in) investing activities	\$ (9,013)	\$ (2,483)	\$ (5,469)	\$ 15,568	\$ (3,931)
Net cash provided by (used in) financing activities	\$ (29,197)	\$ (2,939)	\$ 1,183	\$ (4,737)	\$ 35,341

\*See Q1 2024 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	Q1 2024
Selling, general, and administrative	\$ 101,634	\$ 96,263	\$ 80,016	\$ 72,492	\$ 74,282
Stock-based compensation in SG&A	2,336	7,464	3,845	664	2,326
Depreciation and amortization in SG&A	7,298	6,560	6,437	5,900	5,279