

Groupon 4th Quarter & Fiscal Year 2024 Earnings

March 11, 2025

GROUPON

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, 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,” “confident,” “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’s 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, tax, 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; any impact from U.S. and international financial reform legislation and regulations, and any potential trade protection measures, such as new or incremental tariffs; 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; our ability to remediate our 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”) and the Company’s 6.250% Convertible Senior Secured Notes due March 2027 (the “2027 Notes”); the Company’s Common Stock, including volatility in the Company’s stock price and financial markets; the Company’s ability to realize the anticipated benefits from the capped call transactions relating to the 2026 Notes; and those risks and other factors discussed in Part I, Item 1A. Risk Factors of this Annual Report on Form 10-K for the year-ended December 31, 2024, as well as in our 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 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.



Business Update

Dusan Senkypl, CEO

GROUPON



Groupon is a leading experience marketplace

Our Mission

To be the trusted destination for discovering high-quality local experiences at unbeatable value

Transformation Scorecard

2022



2024

Marketplace Health		
NA Local Billings (YoY):	-19%	+8% in Q4
NA Local Active Customers (YoY):	-20%	+6%
Customer Focus:	Deal-centric	Experience-centric
Supply Strategy:	Volume-driven	Quality-curated
Platform Modernization		
Tech Stack:	Legacy Fragmented	Unifying front-end
Marketing:	Promotion-heavy	Performance-driven
Geography:	Broad coverage	Hyperlocal focus
Financial Strength		
Adjusted EBITDA ² :	-\$15M	+\$69M
Free Cash Flow ² :	-\$172M	+\$41M
Balance Sheet:	Constrained	\$229M Cash



1) Active Customers are defined as 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"

Key Business Highlights

2024 Highlights

Key Financials

- \$1.6B in Billings, -5% YoY
 - \$1.0B NA Local Billing, +3% YoY
- \$493M in Revenues, -4% YoY
 - \$351M NA Local Revenues, +1% YoY
- \$69M in Adjusted EBITDA and \$41M Free Cash Flow

Key Projects

- Scaling efficient marketing engine for new customer acquisition
- Returning several core markets to growth through our transformation playbook
- Completed several migrations (new website in North America, fraud detection tool, ERP and North America Cloud)

4Q24 Highlights

Growth Momentum

- North America Local +8% Billing growth
- International Local ex Italy +2% Billings growth
- Exiting Q4 with several areas growing double-digits
- Entering 2025 with solid momentum

Operating Environment

- Stable tech platform
- Improving efficiency of marketing spend
- Successful Q4 Holiday & Gifting season

North America Local Q4 Performance (70% of Total Revenues)

North America Local returned to +8% Billings growth in Q4 and +3% Units growth

Customer Count & Purchase Frequency

- Active Customers¹ = +6% YoY
- Purchase frequency down
- Continued success in new customer acquisition
- Customer Lifecycle a key priority for 2025

Geographic Coverage

- Double-digit growth in top 5 metro areas
- Focused and growing sales resources
- Tailored shopping list assortment strategy
- Hyperlocalization

Traffic & Conversion

- Continued traffic headwinds post tech migrations
- Significant improvement in conversion post mid-November

Verticals Coverage

- Double-digit growth in things to do (TTD)
- Double-digit growth in Enterprise brands
- Double-digit growth in seasonal offerings and gifting

International Local excluding Italy Q4 Performance (22% of Total Revenues)

International Local excluding Italy returned to +2% Billings growth in Q4

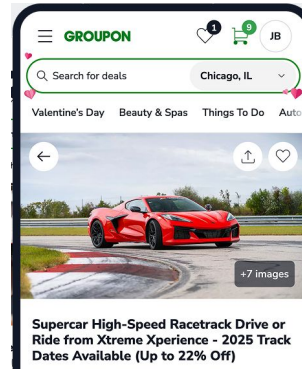
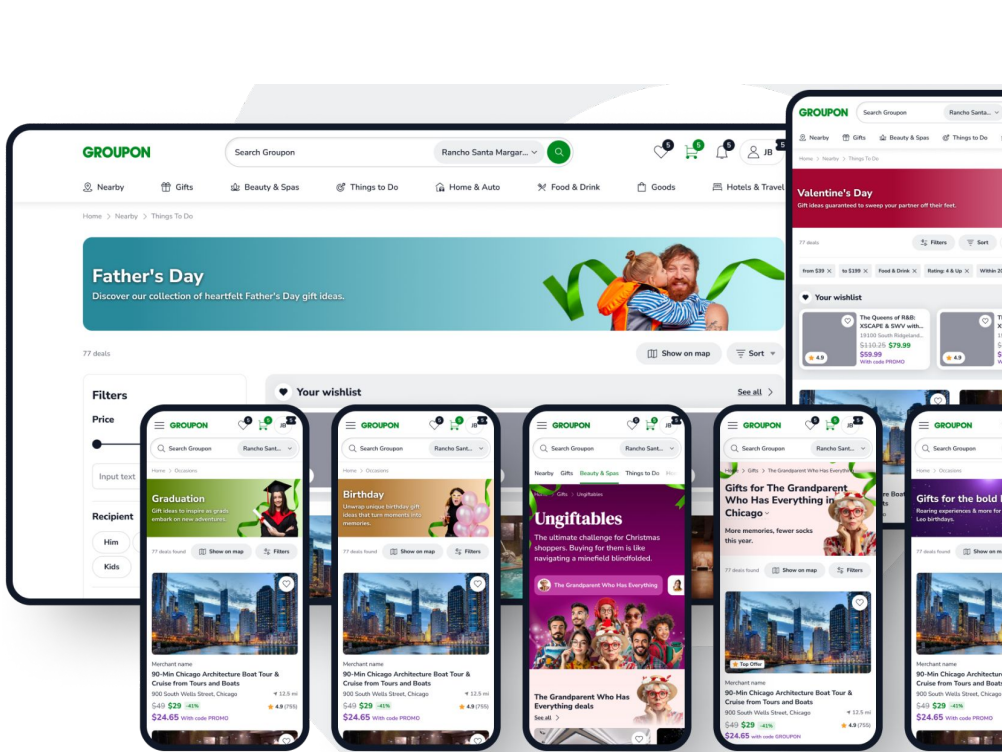
Customer Count

- International local (excluding Italy) active customers¹ = +1% QoQ

Geographic Coverage

- All 4 major countries (UK, Germany, France, Spain) saw positive momentum in Q4
- Double-digit growth in Spain
- Some major cities in Spain are passing 2019 levels

Growing Gifting & Seasonal Focus



Q4 Gifting
+35% YoY



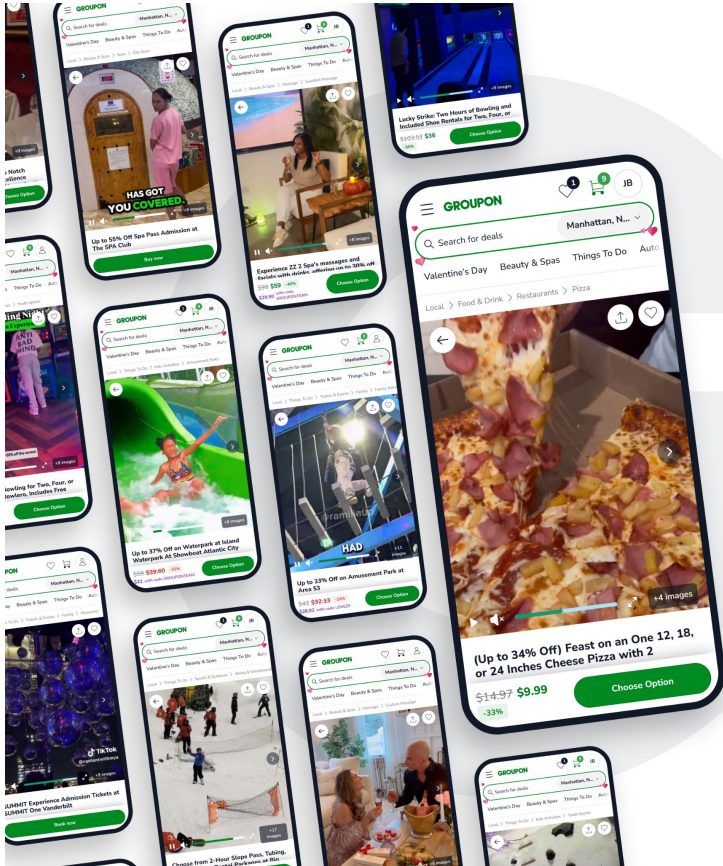
Holiday Activities
+17% YoY



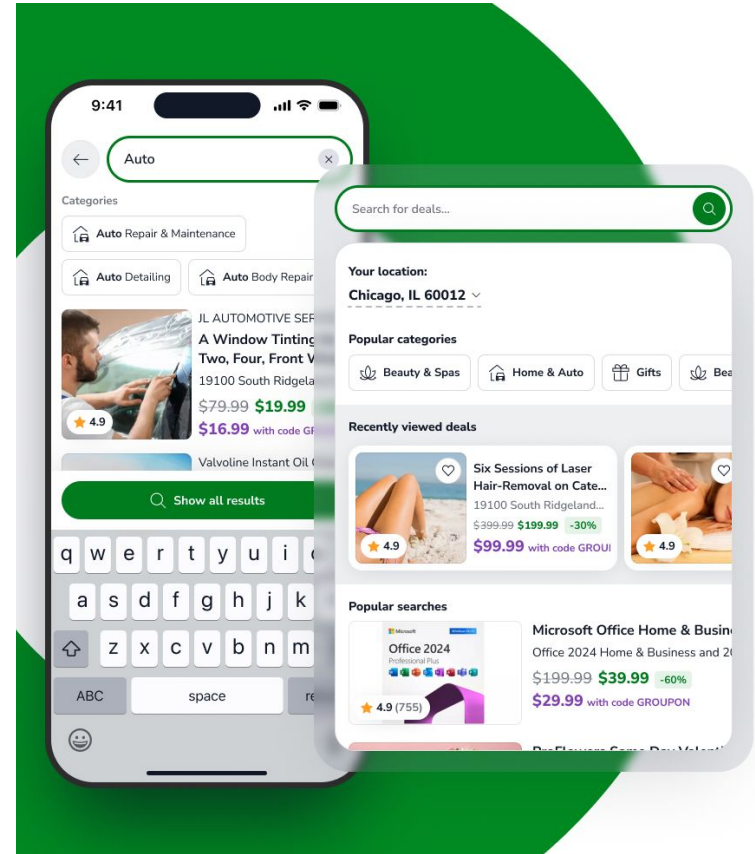
Fall/Halloween
Activities
+49% YoY

Product enhancements on our new platform

Video & Stories



Search



Progress on our tech migrations

Migration	Go Live	Initial disruption	Benefits
Fraud detection platform	March 2024	Yes	Conversion (Revenue) + Customer Satisfaction
Cloud - North America	July 2024	Yes	Lower cost + greater agility/speed of development
Website - North America	July-Sept 2024	Yes	Conversion + lower cost + greater agility/speed of development
ERP	Dec 2024	No	Simplification + enhanced control
Application - North America	Expected 2Q 2025		Conversion + lower cost + greater agility/speed of development
Cloud - International	Expected 2025		Lower cost + greater agility/speed of development
Website & Application - International	Expected 2H 2025 / 2026		Conversion + lower cost + greater agility/speed of development



Financial Update

Jiri Ponrt, CFO

GROUPON



2024 Financial Highlights

	2024	% YoY	vs 2023	vs 2022
			<i>Growth rate improvement</i>	
Billings	\$1.6B	-5%	+450bps	+1670bps
Revenue	\$493M	-4%	+970bps	+3370bps
Gross Profit	\$444M	-1%	+1240bps	+2770bps
			<i>Margin expansion</i>	
Revenue as a % of Billings	31.6%		+30bps	-130bps
Gross Profit as a % of revenue	90.2%		+270bps	+290bps
Adjusted EBITDA ¹ margin	14.1%		+330bps	+1660bps
			<i>Absolute \$ improvement</i>	
Adjusted EBITDA ¹	\$69M	+25%	+\$14M	+\$84M
Free Cash Flow ¹	\$41M		+\$138M	+\$213M

1) Adjusted EBITDA 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".

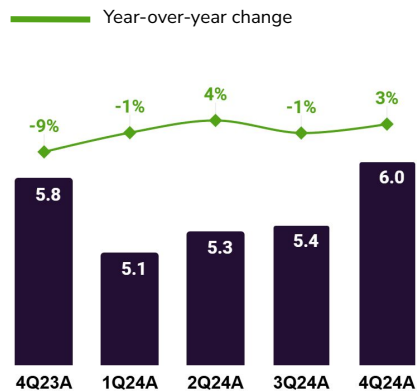
Q4 2024 Financial Highlights

	4Q24	% YoY	vs. Guidance
Billings	\$430M	-1%	
Revenue	\$130M	-5%	<i>High-end</i>
<i>Revenue as a % of Billings</i>	30.3%		
Gross Profit	\$118M	-3%	
<i>Gross Profit as a % of revenue</i>	90.6%		
Adjusted EBITDA ¹	\$19M	-31%	<i>High-end</i>
<i>Adjusted EBITDA¹ margin</i>	14.3%		
Free Cash Flow ¹	\$63M	+23%	

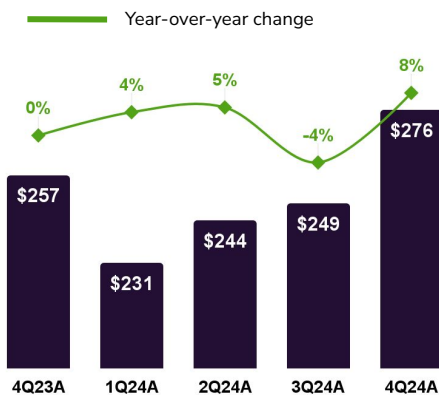
- 1) Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss)" and "Net cash provided by (used in) operating activities". We do not provide a reconciliation for non-GAAP estimates on 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.

North America Local

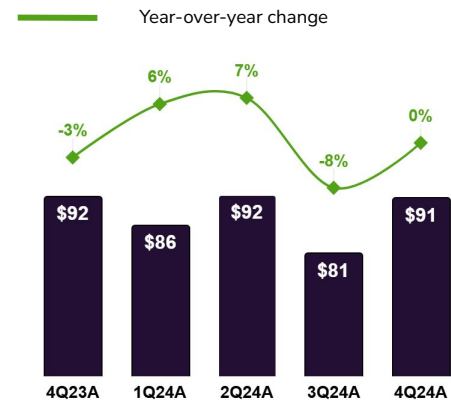
Units (M)



Billings (\$M)



Revenues (\$M)

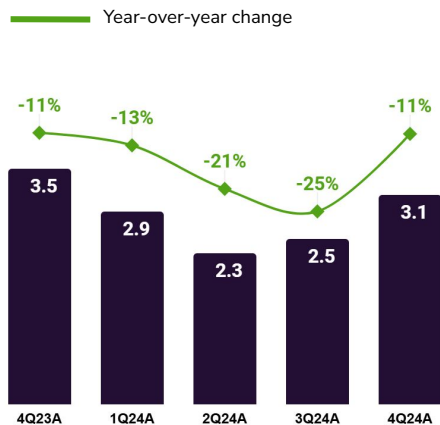


Revenue as a %
of Billings

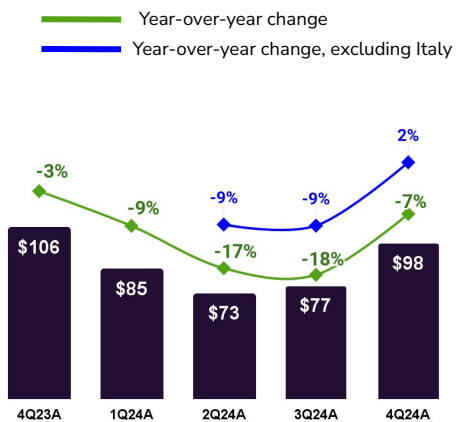
35.6% 37.4% 37.6% 32.8% 33.0%

International Local

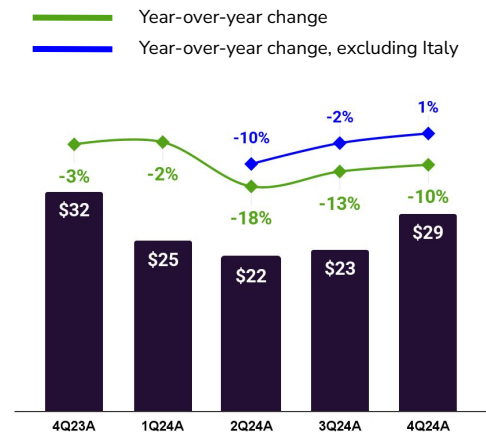
Units (M)



Billings (\$M)



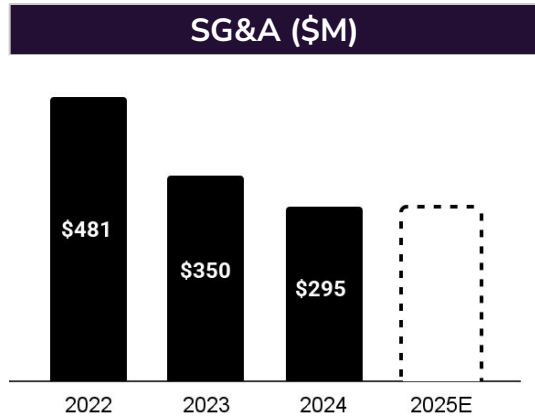
Revenues (\$M)



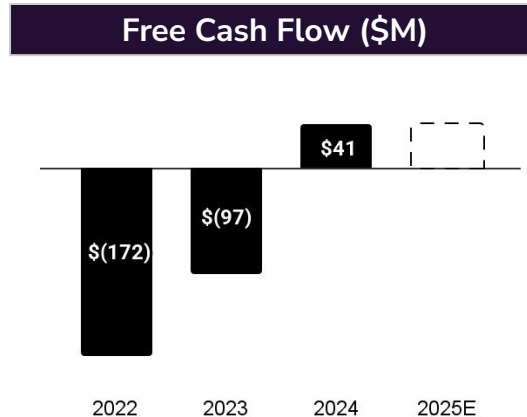
Revenue as a %
of Billings

30.3% 29.1% 30.7% 30.6% 29.3%

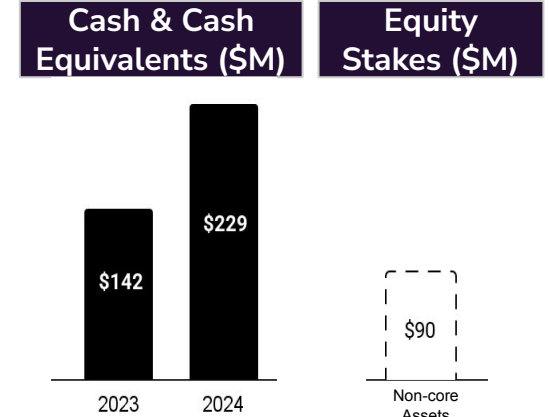
Strong and flexible financial position supports our transformation



Expect stable fixed costs as we continue to reallocate inefficient spend towards higher productive uses



Returned the business to positive free cash flow generation



Growing cash position with upside from potential monetization of non-core assets

Guidance

As of March 11th, 2025	1Q25 Guidance (\$ Millions)		2025 Guidance (\$ Millions)	
	Low-end	High-end	Low-end	High-end
Billings	-5% YoY	-2.5% YoY	+2% YoY	+4% YoY
Revenue	\$114 -7.5% YoY	\$117 -5% YoY	\$493 0% YoY	\$500 +2% YoY
Adjusted EBITDA*	\$7	\$10	\$70	\$75
Free Cash Flow*	Negative	Negative	At least \$41M	

* 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.

Groupon Investment Thesis

Groupon is a 16 year old Company, but we see ourselves at Day Zero

Large Addressable Market

Proven
Business Model

Transformation Progress

Strong Competitive Position

Aligned Management

Flexible Financial Position

Attractive value creation opportunity through successful transformation



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 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Net income (loss)	\$ 28,489	\$ (11,506)	\$ (9,412)	\$ 14,522	\$ (50,118)
Adjustments:					
Stock-based compensation ⁽¹⁾	710	2,374	6,418	8,890	9,052
Depreciation and amortization	10,902	9,677	7,824	6,895	6,504
Restructuring and related charges ⁽²⁾	(2,327)	96	(379)	896	453
(Gain) on sale of assets	—	(116)	(5,044)	—	—
Foreign VAT assessments ⁽³⁾	—	—	3,302	3,672	—
Other (income) expense, net ⁽⁴⁾	(16,086)	12,682	4,483	(22,429)	44,449
Provision (benefit) for income taxes	5,250	6,194	9,287	2,321	8,321
Total adjustments	(1,551)	30,907	25,891	245	68,779
Adjusted EBITDA	\$ 26,938	\$ 19,401	\$ 16,479	\$ 14,767	\$ 18,661

- (1) Stock-based compensation excludes expense related to the 2024 Executive PSUs that are required to be settled in cash for the three months ended December 31, 2024.
- (2) Includes a settlement of \$4.25 million related to our sublease to Uptake for the three months ended December 31, 2023
- (3) The Foreign VAT assessments adjustment excludes related interest expense of \$0.1 million for the three months ended December 31, 2024, \$0.9 million for the three months ended September 30 2024 and \$0.8 million for the three months ended June 30, 2024 as the interest expense is included within Other (income) expense, net.
- (4) Includes \$1.6 million related to a loss on extinguishment of exchanged debt in connection with the Exchange and Subscription agreements for the year ended December 31, 2024. Includes a \$25.8 million remeasurement of our investment in SumUp during the year ended December 31, 2023.

*See Q4 2024 earnings press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures

Non-GAAP Reconciliations*

Free Cash Flow - Quarterly (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>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>
Net cash provided by (used in) operating activities	\$ 54,500	\$ (10,111)	\$ 15,300	\$ (16,258)	\$ 66,963
Purchases of property and equipment and capitalized software	(3,368)	(3,709)	(4,474)	(3,408)	(3,742)
Free cash flow	\$ 51,132	\$ (13,820)	\$ 10,826	\$ (19,666)	\$ 63,221
Net cash provided by (used in) investing activities	\$ 15,568	\$ (3,931)	\$ 4,303	\$ (3,442)	\$ (3,742)
Net cash provided by (used in) financing activities	\$ (4,737)	\$ 35,341	\$ (1,721)	\$ (691)	\$ 14,861

*See Q4 2024 earnings press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures

Supplemental Information

	Q4 2023		Q1 2024		Q2 2024		Q3 2024		Q4 2024	
Selling, general, and administrative	\$	72,492	\$	74,282	\$	77,212	\$	71,327	\$	72,462
Stock-based compensation in SG&A		664		2,326		6,373		8,847		9,014
Depreciation and amortization in SG&A		5,900		5,279		4,048		3,837		3,859