1Q20 Earnings

June 16, 2020
Forward-looking statements

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, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations. 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, including the planned phase down of the Goods category; volatility in our operating results; effects of pandemics or disease outbreaks, including Covid-19, on our business; execution of our business and marketing strategies; retaining existing customers and adding new customers; challenges arising from our international operations, including fluctuations in currency exchange rates, legal and regulatory developments and any potential adverse impact from the United Kingdom's exit from the European Union; retaining and adding high quality merchants; our reliance on email, internet search engines and mobile application marketplaces to drive traffic to our marketplace; cybersecurity breaches; reliance on cloud-based computing platforms; competing successfully in our industry; providing a strong mobile experience for our customers; maintaining and improving our information technology infrastructure; our voucherless offerings; claims related to product and service offerings; managing inventory and order fulfillment risks; litigation; managing refund risks; retaining and attracting members of our executive team; completing and realizing the anticipated benefits from acquisitions, dispositions, joint ventures and strategic investments; lack of control over minority investments; compliance with domestic and foreign laws and regulations, including the CARD Act, GDPR and regulation of the Internet and e-commerce; classification of our independent contractors or employees; tax liabilities; tax legislation; protecting our intellectual property; maintaining a strong brand; customer and merchant fraud; payment-related risks; our ability to effectuate an amendment of our credit agreement on a timely basis or at all; our ability to raise capital if necessary and our outstanding indebtedness; global economic uncertainty; our common stock, including volatility in our stock price; our convertible senior notes; our ability to realize the anticipated benefits from the hedge and warrant transactions; and those risks and other factors included under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Annual Report on Form 10-K for the year ended December 31, 2019 and Part II, Item 1A. Risk Factors of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and our other filings with the Securities and Exchange Commission (the "SEC"), copies of which may be obtained by visiting the company's Investor Relations web site at investor.groupon.com or the SEC's web site at www.sec.gov. Groupon's actual results could differ materially from those predicted or implied and reported results should not be considered an indication of future performance.

You should not rely upon forward-looking statements as predictions of future events. Although Groupon believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither Groupon nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The forward-looking statements reflect our expectations as of June 16, 2020. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this release to conform these statements to actual results or to changes in our expectations.

Additional information relating to certain of our financial measures contained herein, including non-GAAP financial measures, is available in our most recent earnings release and at our website at investor.groupon.com.
GROUPON
THE DESTINATION FOR LOCAL EXPERIENCES.
Our Large Addressable Market Opportunity
Groupon is a leader in local e-commerce
Connecting ~42M\(^1\) customers to hundreds of thousands of merchants

**Top 5**

E-commerce brand \(^2\)

**1 in 5**

U.S. internet users come to Groupon every month \(^3\)

**5-star**

App with 200+ million downloads \(^4\)

**Over 75%**

Of transactions on mobile \(^4\)

- Beloved brand known for deals; opportunity to leverage Local offering and grow brand equity
- Two-sided marketplace with massive global scale
- More than 1.5B Groupons sold across 1M+ merchants to date
- ~50% of our customer base has been shopping Groupon for 3+ years\(^4\)
- Large and growing addressable market in local

---

(1) As of March 31, 2020
(2) Verto Analytics, “E-commerce Properties, December 2018,” U.S. Adults, age 18+
(3) Comscore Media Metrix® Multi-Platform, Percent Reach, Total Audience, April 2019, U.S.
(4) As of December 31, 2019
In 2019 our best NA customers were ~8M strong

Our best customer...

- has household income of $75K to $100K
- lives in a city
- loves new experiences and keeping busy with nearby activities happening now

...and there are millions of untapped consumers who look like our best customers

- Our best NA customers purchased ~58% of total units sold in 2019 and spent ~$2.1B
- They purchased from us ~7x in 2019 on average
- 1 more purchase from these best customers per year is ~$300M opportunity
- We also have 18 million active customers who have similar characteristics and 1 more purchase from them is worth ~$450M

(1) Represents total value a customer has spent on our platform before refunds
(2) 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
We are a leader in a $1T+ market...
...yet we are capturing only a fraction of the market opportunity

$1T+ TAM
for local experiences where we have a right to win

Top player...
< 1% share

Groupon 2019 Billings

$3.4B in Local Experiences¹

- Things to Do
  - $1B+ in 2019 Billings
  - Concerts
  - Sporting Events
  - Date Night & Family Night

- Beauty & Wellness
  - $900M+ in 2019 Billings
  - Massage
  - Cosmetic Treatments
  - Yoga Classes

- Dining
  - $350M+ in 2019 Billings
  - Restaurants
  - Bars
  - Fine Dining

$1T+ addressable market

Total captured market²
Groupon 2019 share

(1) Global Local and Travel Billings as of December 31, 2019
(2) Estimated market share of top competitors as of December 31, 2019
Driving purchase frequency among our best customers... can unlock a powerful flywheel

- Quality, Bookable Inventory
- Merchant Self Service Tools
- Location and Personalization
- Quality Merchants
- Growth
- Amazing Mobile CX
- Customer and Traffic Scale
- New App
- Frictionless Booking
Our COVID-19 Response
Immediately created a COVID-19 response plan
Priorities focused on helping us navigate the changing business landscape and stabilizing the company

With a change in leadership, a global pandemic, and underlying business challenges, our plan had to be highly targeted and able to deliver results quickly while still positioning Groupon for future growth.

Since the end of March, we have made progress on three near-term priorities:

- **Preserving cash and reducing our cost structure;**
- **Supporting our merchants with a refreshed approach to merchandising;** and
- **Leveraging our Goods inventory to respond to changing consumer demand.**
Pre COVID-19 results
We saw a Local unit benefit from shifting impressions to Local from Goods

NA Local units: up 9% and 5% y/y in January and February 2020 vs. 11% y/y decline in 4Q 2019

Int’l. Local units: up 4% and 10% y/y in January and February 2020 vs. 4% y/y growth in 4Q 2019

Consolidated Local units: up 7% y/y in January and February 2020 vs. 6% y/y decline in 4Q 2019

Consolidated Goods units: down 42% y/y in January and down 34% y/y in February 2020 vs. 27% y/y decline in 4Q 2019
In March, COVID-19 began to impact our marketplace
Performance deteriorated throughout March and into April

NA Local units declined 49% y/y in March 2020

Int'l. Local units declined 52% y/y in March 2020

Consolidated Local units declined 79% in the last 10 days of March

Performance was exacerbated by significant increase in refunds
3 Near-Term Priorities

● Preserve cash and reduce our cost structure

● Support our merchants with a refreshed approach to merchandising

● Leverage our Goods inventory to respond to consumer demand
We moved quickly to preserve cash & reduce costs
Tough decisions have enabled us to preserve cash and support initiatives focused on future growth

- Executed phase one of our restructuring plan
- Reduced payroll costs further through furloughs and other measures
- Furloughed or initiated exits with approximately 2,700 employees
- Continued to sell Goods and began shift to 3rd-party marketplace, instead of fully exiting the category
- Reduced marketing expense by shortening payback thresholds and delaying brand investments
- Accelerated transition of merchants to redemption payment terms
- Drew down $150M on our revolver in March; $50M in April
  - Ongoing discussions with credit agreement lenders to obtain covenant relief

Results:

$667M in cash on balance sheet at March 31; we grew cash balance to $767M at May 31

Reduced & reset cost structure: ~$100M of in-year cost savings in 2020 through layoffs & furloughs
Phase one layoffs alone expected to result in $125M+ of run-rate savings annually, beginning in 2021

Once fully implemented, multi-phase restructuring expected to reduce costs by ~$225M
We moved quickly to support our merchants

Addressing changes in consumer demand and working with merchants to help adapt their businesses...

- New merchandising strategy to reflect consumer tastes during lockdown
- New merchandising initiative: “Deal of the Day”
- Refreshed approach to email and social media marketing; increased open rates for our NA and Int’l emails in April 2020 by ~40bps and ~100bps respectively, compared with pre-COVID¹

...as the world continues to change

- Using data to tailor go-to-market “re-opening” sales strategies by region
- Targeted, market-by-market on site merchandising and email campaigns
- Launched For What’s Next marketing campaign
- Launched product that will allow merchants to label their businesses as compliant with COVID-19 safety precautions

¹ Jan/Feb 2020 vs. April 2020
We moved quickly to leverage Goods
Goods has been a key contributor to cash flow in April and May

- Continued to sell Goods to adapt to changing consumer demand
- Sourced relevant supply such as face masks, gloves, and hand sanitizer
- Shifting sales of Goods to a third-party marketplace model over the next few quarters
- Balancing solid cash flow generation with move to third-party marketplace
- Phasing down Goods and prioritizing Local, where we are most differentiated
April & May: sequential improvements

Trends indicate our business is recovering more quickly than we expected

Unit performance has improved from late March trough levels

NA Local units were down 77% y/y in last 10 days of March, but improved to down 68% y/y in April

Globally, Local unit performance improved sequentially throughout May

- In NA, Beauty & Wellness units increased 40% in the 2H of May vs. 1H of May

We grew our cash position to $767M at May 31 vs. $667M at March 31

- Generated free cash flow, reflecting the impact of our cash preservation actions and operating performance improvements
- Ongoing discussions with credit agreement lenders to obtain relief on certain covenants
- $383 million in merchant and supplier payables at May 31
Unit trends
We leveraged Goods throughout COVID to drive cash flow and customer engagement

Impact of shifting impressions from Goods to Local

Shifting impressions to Goods allowed us to drive unit velocity & generate cash

Consolidated Local unit performance was down 79% in last 10 days of March

Local units recovering more quickly than expected

- Consolidated Local Units Year-Over-Year %
- Consolidated Goods Units Year-Over-Year %
A Different Approach to Execution
A different approach to execution
Powering our teams for success

Empowering our teams

- Focused on the most important business opportunities
- Iterating faster to launch innovative products
- New approach expected to lead to better business decisions and outcomes

Moving faster

- Restructuring to become a leaner organization
- Clear lines of leadership roles and responsibility, and fewer layers
- New structure should help us move faster and focus on execution

Focused on growth

- Prioritizing work with the highest potential to drive top-line growth; preserving our balance sheet
## Key First Quarter Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>30M</td>
</tr>
<tr>
<td>Billings</td>
<td>$806M</td>
</tr>
<tr>
<td>Revenue</td>
<td>$374M</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$201M</td>
</tr>
<tr>
<td>Adjusted EBITDA Loss</td>
<td>$(22M)</td>
</tr>
<tr>
<td>Cash (as of 3/31)</td>
<td>$667M</td>
</tr>
</tbody>
</table>
Second Quarter 2020 Outlook
Second Quarter Outlook

AEBITDA loss between $(45)M and $(20)M

Second Quarter Assumptions

- Decline in gross billings and gross profit vs. 1Q 2020 due to full quarter of lower demand and elevated refunds resulting from COVID-19
- Range reflects estimates and assumptions regarding reserves, particularly the refund reserve
- Reduced marketing expense vs. 1Q 2020 due to full quarter of lower demand, shortened payback thresholds and very minimal brand marketing investments
- Lower SG&A expense due to savings from layoffs and furloughs
- Laying foundation in 2Q for transitioning Goods to 3rd party marketplace model

For 2020 Modeling Purposes

- Won’t see the full financial benefit of our phase one restructuring actions in 2020
- Expect combination of phase one layoffs and furloughs to deliver ~$100 million of in-year savings
- No longer expect to recognize 1x working capital step down in 2020, as we will continue to sell Goods
- Expect to make meaningful progress shifting Goods to 3rd party marketplace model starting in 3Q 20
  - Expect to complete NA by EOY 2020
  - Int’l expected to follow in 2021
Appendix
Non-GAAP Reconciliations
Adjusted EBITDA - Quarterly

The following is a quarterly reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP performance measure, Income (loss) from continuing operations.

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (loss) from continuing operations</td>
<td>$ (41,170)</td>
<td>$ (37,645)</td>
<td>$ (14,685)</td>
<td>$ 79,208</td>
<td>$ (210,860)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation (1)</td>
<td>16,411</td>
<td>26,563</td>
<td>19,543</td>
<td>19,098</td>
<td>14,015</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>28,416</td>
<td>27,116</td>
<td>25,873</td>
<td>24,360</td>
<td>25,909</td>
</tr>
<tr>
<td>Acquisition-related expense (benefit), net</td>
<td>—</td>
<td>28</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>(67)</td>
<td>(47)</td>
<td>(61)</td>
<td>206</td>
<td>6</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>109,486</td>
</tr>
<tr>
<td>Long-lived asset impairment</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>22,351</td>
</tr>
<tr>
<td>Strategic advisor costs</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,626</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>46,855</td>
<td>28,494</td>
<td>17,253</td>
<td>(39,273)</td>
<td>18,987</td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>(3,490)</td>
<td>2,012</td>
<td>2,069</td>
<td>170</td>
<td>(5,988)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>88,125</td>
<td>84,166</td>
<td>64,662</td>
<td>4,567</td>
<td>186,396</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 46,955</td>
<td>$ 46,521</td>
<td>$ 49,997</td>
<td>$ 83,775</td>
<td>$ (22,464)</td>
</tr>
</tbody>
</table>

(1) Represents stock-based compensation expense recorded within Selling, general and administrative, Cost of revenue and Marketing.
Non-GAAP Reconciliations

Free Cash Flow

Free cash flow is a non-GAAP liquidity measure. The following is a reconciliation of free cash flow and free cash flow to the most comparable U.S. GAAP liquidity measure, Net cash provided by (used in) operating activities from continuing operations.

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in) operating activities from continuing operations</td>
<td>$ (147,483)</td>
<td>$ (1,219)</td>
<td>$ 18,584</td>
<td>$ 201,401</td>
<td>$ (236,408)</td>
</tr>
<tr>
<td>Purchases of property and equipment and capitalized software from continuing operations</td>
<td>(17,477)</td>
<td>(16,684)</td>
<td>(17,693)</td>
<td>(15,474)</td>
<td>(10,596)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$ (164,960)</td>
<td>$ (17,903)</td>
<td>$ 891</td>
<td>$ 185,927</td>
<td>$ (247,004)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities from continuing operations</td>
<td>$ (18,115)</td>
<td>$ (17,235)</td>
<td>$ (19,541)</td>
<td>$ (12,700)</td>
<td>$ 19,564</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>$ (27,777)</td>
<td>$ (31,581)</td>
<td>$ (22,595)</td>
<td>$ (10,666)</td>
<td>$ 141,312</td>
</tr>
</tbody>
</table>