

GRPN 2Q20 Earnings

August 6, 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, execution of the 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 and other qualified personnel; 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 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 discussed in Part I, Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2019, Part II, Item 1A, Risk Factors of our Quarterly Reports on Form 10-Q, for the three months ended March 31, 2020 and June 30, 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 August 6, 2020. 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.

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.

Resilient business model and operating leverage create strong foundation for growth



- **COVID-19 has deeply impacted our business**
 - Local units were down nearly 80% in late March
 - We were in a cash burn position
- We **moved quickly to stabilize the business** in the midst of the pandemic
 - **Created significant operating leverage:** Restructuring, other cost preservation measures
 - Expect **~\$140M in 2020 cost savings; ~\$225M run-rate** when restructuring is complete
 - Leveraged Goods and other inventory to engage customers and **generate free cash flow**
- We believe we have a **durable business model and foundation for growth and profitability**
 - Q2 results: **positive** Adj. EBITDA, **~\$800M¹** of cash and **\$70+ million** of free cash flow²
 - Can deliver strong Adjusted EBITDA even in challenging top-line environment
 - If GP returns to 80% of pre-COVID-19 levels, with our lower fixed cost base, **we can deliver \$250M of Adjusted EBITDA in 2022, +10% growth vs. 2019**
 - Nimble organization with a relentless focus on executing our growth strategy

(1) As of 6/30/20, includes \$200M of outstanding borrowings under our revolving credit facility

(2) Free Cash Flow is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities from continuing operations."

Our Large Addressable Market Opportunity

Groupon is a leading local marketplace

Connecting ~38M¹ 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 ¹



Over 75%

Of transactions on mobile ¹

- 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+ years⁴
- Large and growing addressable market in local

(1) As of June 30, 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

Pre-COVID, 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

wants a local experiences destination...

- Our best NA customers purchased ~58% of total units sold in 2019 and spent ~\$2.1B¹
- They purchased from us ~7x in 2019 on average vs. customer average of 3-4x per year
- In 2019, 1 more purchase from our entire 27M NA customer base represented a **\$750M¹⁺ opportunity**

...and there are millions of untapped consumers who have characteristics similar to our best customers

(1) Represents total value customers 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



(1) Global Local and Travel Billings as of December 31, 2019
(2) Estimated market share of top competitors as of December 31, 2019

A man and a woman are kayaking on a calm body of water. The man, in the back, is wearing a grey bucket hat, sunglasses, and an orange shirt. The woman, in the front, is wearing a black visor, a blue shirt, and a red life vest. Both are smiling and holding yellow paddles. The kayak is blue and white. The background shows a hazy shoreline with trees.

GROUPON

THE DESTINATION FOR EXPERIENCES

WHERE CUSTOMERS DISCOVER FUN THINGS TO DO
& LOCAL BUSINESSES THRIVE

Our Strategy for Growth

Groupon: the destination for experiences

- Over the past four months, we've created robust merchant and customer value propositions and a targeted strategy rooted in strengthening our marketplace offering
- We're rebuilding our marketplace offering with our new customer and merchant value propositions front and center
- To return Groupon to growth we need to execute in 2 strategic areas exceptionally well:
 - Expand inventory
 - Modernize the marketplace by improving merchant and customer experiences
- Strategy is laser-focused on addressing disconnect between our large market opportunity and our business performance, and we believe **the biggest disconnect is our inventory**
- **Building the right inventory in key markets and experiences is critical above all else;** majority of efforts and resources will be focused here

Expanding inventory can unlock a powerful flywheel...



Expand Inventory

Growing high-quality inventory is our #1 priority

Launching inventory products to drive growth

Expanding inventory is our critical path to growth; can unlock customer **purchase frequency** and drive **billings growth**

Inventory strategy is focused on 3 key inventory initiatives:
Deals, Offers, and Market Rate

Our goal is provide value to merchants at any stage of their growth cycle...

- **Deals:** remove restrictions on deeply-discounted inventory to drive customer growth and engagement
- **Offers:** launch new inventory product with lower discounts to improve merchant ROI and drive purchase frequency
- **Market Rate:** position Groupon as the customer destination for high-quality, local experiences and “always-on” merchant sales channel

...And provide a full catalog offering to our customers



Deals: removing restrictions to drive customer engagement

Groupon is known for great deals, which is part of the core customer value proposition

By relaxing restrictions on Deals we expect to drive **purchase frequency and billings growth**

We know our customers want to...

- Purchase the same Deal more than once
- Redeem when they want
- Use their Groupons with friends or family

...and our current Deals have too many restrictions

Deals should function as an important **customer acquisition tool for merchants**

Offers: launching new product to drive purchase frequency

Offers will provide customers with a ~15% discount and merchants with a lower cost listing option

Why Offers? Not every merchant wants to run a deeply-discounted Deal and even for those who do, a deeply-discounted Deal may not make sense at all times

We believe Offers provide value for all stakeholders

- Groupon can offer a fuller catalog of always-available inventory
- More inventory for customers, albeit at lower discounts vs. Deals, to drive purchase frequency
- Merchants earn a higher margin
- Deeper partnership with our existing merchants
- Attract new merchants that are on the fence about joining our marketplace

Market Rate: accelerate quality inventory growth

A background image showing a man and a woman sitting at a table, smiling and talking. The man is wearing glasses and a dark suit jacket over a white shirt. The woman is wearing a dark top. They are both looking at each other and smiling. There is a plate of food on the table in front of them.

Market rate inventory will give customers access to a broader variety of merchants

Will help position Groupon as **the** customer destination for high-quality, local experiences and an “**always-on**” merchant sales channel

Will continue to acquire new Market Rate inventory through partnerships as well as future new products

We are accelerating 3rd-party partner integrations with our **new self-service API tool**

- Launched in 2Q, allows partners to join our marketplace up to 50% faster
- Integrated first two partners in July, giving customers access to new quality inventory
- Integrations with high-quality partners reduce purchase friction and improve customer experience
- Partnerships can further accelerate growth of bookable hyper-local supply

Since 2017, third-party inventory has contributed to total inventory growth

Expanding Inventory: test for signal before we scale

Goal: Scale inventory, market by market, in the most important Local categories -- Things To Do and Beauty & Wellness -- focusing on growing across Deals and Offers

How the inventory test will work

- ✓ Clearly define success signals (inventory growth, unit & billings targets)
- ❑ Conduct a test over the next 6 months in four target cities and compare to control cities
- ❑ Once proven, scale to more US cities, then key international markets

Once scaled, leverage our suite of inventory products to reach an inventory tipping point and turn on proven marketplace monetization strategies

Expanding Inventory: our scorecard for success



We will test and iterate quickly

These targets refer only to the test markets and represent a starting point for growth

| INITIAL KPIs | ASAP | 6 MONTHS | 6 MONTHS+ |
|--------------|--|---|---|
| Inventory | 25-50% increase in key zip codes & verticals | continued growth | continued growth |
| Units | NA | low single-digit percentage point improvement | low double-digit percentage point improvement |
| Billings | NA | low single-digit percentage point improvement | low double-digit percentage point improvement |

Portfolio of complementary, inventory listing options





Improve the Merchant & Customer Experiences

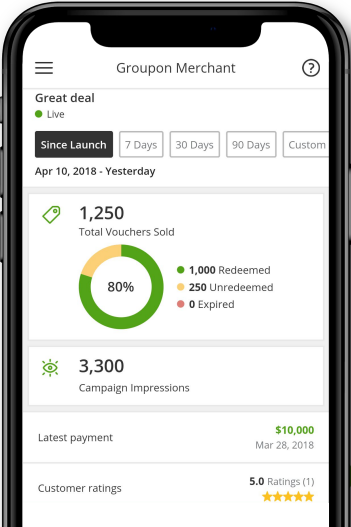
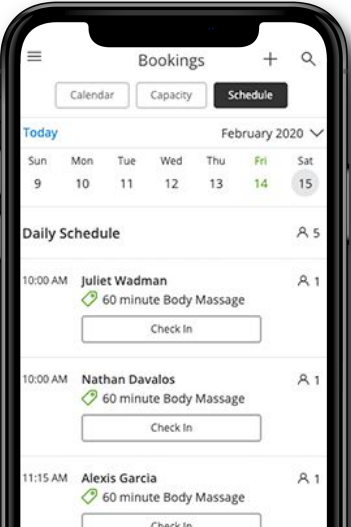
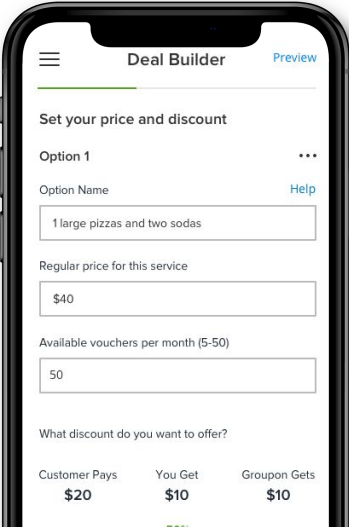
Prioritize our merchants' success

Partner with our merchants to help them grow their businesses

Roadmap focused on self-service tools that allow merchants to **build, grow** and **scale** their businesses on the Groupon marketplace

Position Groupon as a **unique, valuable always-on sales channel**

Shift Groupon from high-touch, costly model to one where merchants self-serve **using proven tools to grow their businesses**



Deliver an amazing customer experience

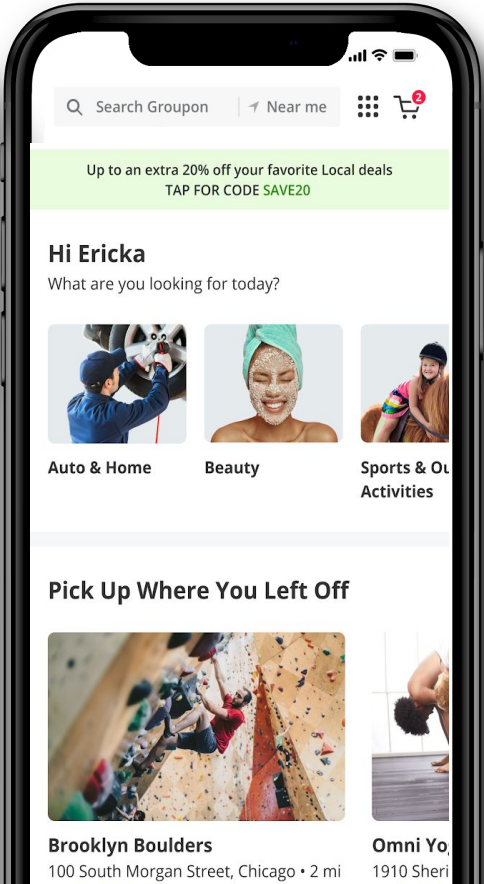
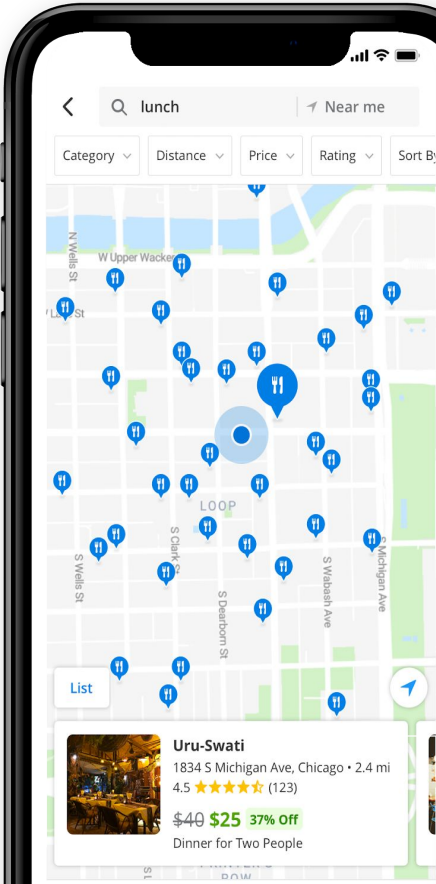
Improve customer journey from discovery to purchase to redemption

Product roadmap prioritizes bookability, search, inspiration, and curation to **increase customer purchase frequency**

Leverage **machine learning to produce rapid insights** that power curation, search relevance and other UX improvements

Position Groupon as a destination where consumers go to discover fun and memorable experiences through a **frictionless customer experience**

From discovery to search to purchase to redemption, **we have to make it easier for our customers to find, buy and redeem a Groupon** and interact with our merchants



Product roadmap

Leveraging data to launch innovative products

Steady cadence of new features will improve the customer and merchant experiences

Curation • Bookable • Search • Discovery • Personalization

Q1 & Q2 2020 (launched)

Customer Experience

- ✓ Map-based search
- ✓ Curated Results
- ✓ Search improvements
- ✓ Add to Cart vs Buy Now

Merchant Experience

- ✓ COVID-19 safety program
- ✓ Self-service offer creation
- ✓ Self-service support revamp
- ✓ Self-service API for booking partnerships
- ✓ Multi-location booking
- ✓ Mindbody wellness services

Q3 2020

Customer Experience

- Collections and Categories

Merchant Experience

- Self-service, partner integrations, booking MX, exposure controls

Q4 2020

Customer Experience

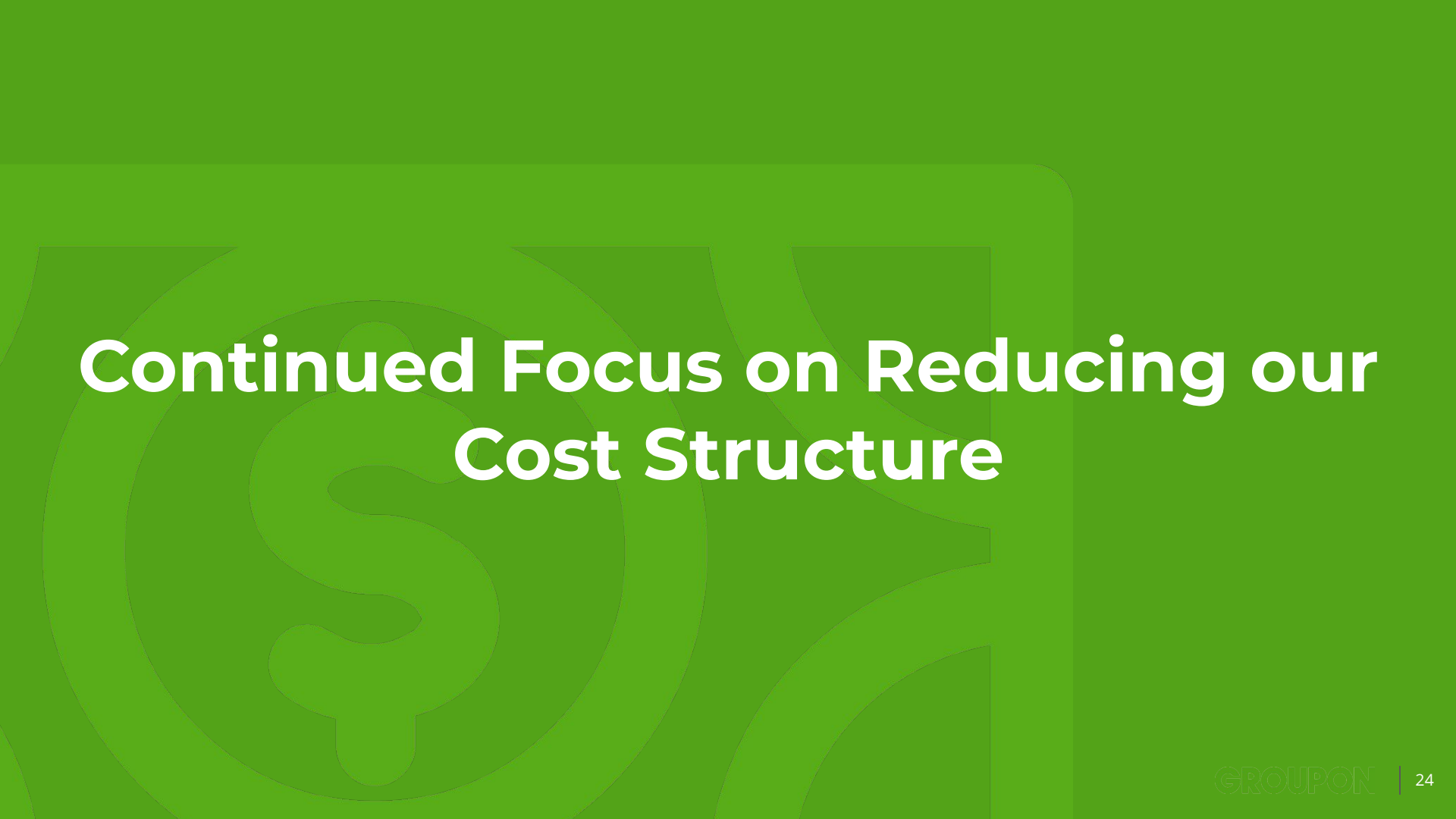
- Personalization of content and related deals

Merchant Experience

- Self-service, partner integrations, booking MX, exposure controls



Moving to best-in-class infrastructure on the cloud and simplifying and modernizing our platform will power and accelerate innovation over the next several years



Continued Focus on Reducing our Cost Structure

Resetting our cost structure

Committed to operational rigor: lower costs, improve speed and leverage

Initiated phase one of our restructuring plan in April and implemented other cost savings and liquidity preservation measures

Will begin executing phase two of our restructuring plan in August, which includes additional layoffs

- In 2020, expect to realize ~\$140 million in savings from multi-phase restructuring actions and furloughs
- In 2021, expect to realize ~\$200 million in savings from our restructuring actions
- Once fully implemented, multi-phase restructuring plan expected to deliver ~\$225 million in run rate savings
- Intend to sustain substantially reduced cost structure to drive greater flow-through to Adjusted EBITDA





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

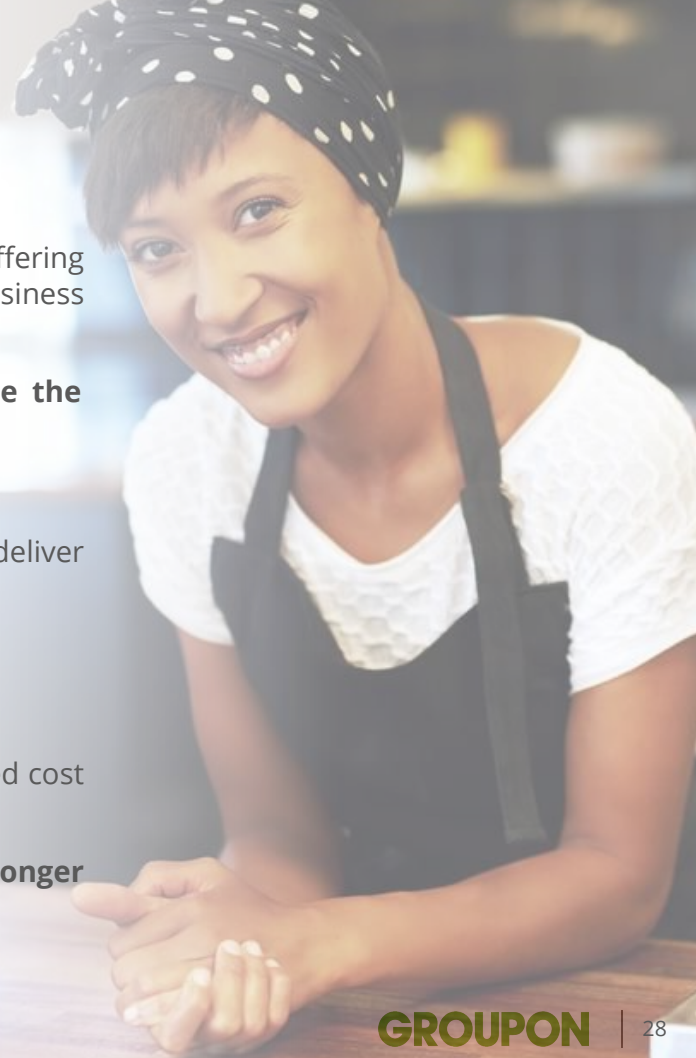


Focused on growth

- Prioritizing work with the highest potential to drive top-line growth; preserving our balance sheet

Unlocking the power of our financial model

- We are executing a targeted strategy rooted in strengthening our marketplace offering and the disconnect between our large market opportunity and our business performance
- We intend to execute exceptionally well to **Expand Inventory** and **Modernize the Merchant and Customer Experiences**
- We are building an execution culture that empowers our teams
- We have substantially reduced our fixed cost base which should allow us to deliver strong Adjusted EBITDA even in a challenging operating environment
 - We have initiated actions to reduce SG&A by ~30%
 - We believe we can grow while sustaining our reduced cost structure
 - If we grow GP to 90% of pre-COVID levels while maintaining our lower fixed cost base, we believe we can deliver ~\$300 million of Adjusted EBITDA in 2022
- Success with our strategy means returning **Groupon to top-line growth and stronger profitability**



Second Quarter Results

Key second quarter results

| | |
|-------------------------------|---------------------|
| Active Customers ¹ | 38M |
| Units | 23M |
| Billings | \$583M |
| Revenue | \$396M |
| Gross Profit | \$137M |
| Adjusted EBITDA ² | \$1M |
| Cash (as of 6/30) | \$785M ³ |



(1) Second quarter purchasers declined at a faster rate y/y than active customers; purchasers down 47% & 34% in NA and Int'l, respectively
(2) Adjusted EBITDA (AEBITDA) is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss) from continuing operations."
(3) Includes \$200M of outstanding borrowings under our revolving credit facility



Third Quarter 2020 Perspective

Third Quarter 2020 Perspective

Third Quarter Factors to Consider

- Goods transition to 3rd party marketplace model in NA to happen throughout 3Q20; largely complete by end of 3Q20
- Expect macroeconomic volatility to continue to impact Adjusted EBITDA
- Expect variability around refund levels
- Expect ~\$10 million of incremental SG&A savings in Q3 compared to Q2
- If performance in August and September reverts back to **April** levels, we expect Adjusted EBITDA to be a loss of \$10 million
- If performance trends remain in line with **July** levels for the entire quarter, we expect to deliver Adjusted EBITDA of \$10 million

For 2020 Modeling Purposes

- Expect Goods shift to 3rd party marketplace model to be largely complete for North America in 3Q20; International Goods shift to begin in 4Q20
- Expect combination of layoffs and furloughs to deliver ~\$140 million of in-year savings
- No longer expect to recognize 1x working capital step down in 2020, as we will continue to sell Goods

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.

| | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 |
|--|------------------|------------------|------------------|--------------------|-----------------|
| Income (loss) from continuing operations | \$ (37,645) | \$ (14,685) | \$ 79,208 | \$ (210,860) | \$ (73,112) |
| Adjustments: | | | | | |
| Stock-based compensation | 26,563 | 19,543 | 19,098 | 14,015 | 8,543 |
| Depreciation and amortization | 27,116 | 25,873 | 24,360 | 25,909 | 24,434 |
| Acquisition-related expense (benefit), net | 28 | 5 | 6 | 4 | 2 |
| Restructuring and related charges ⁽¹⁾ | (47) | (61) | 206 | — | 40,478 |
| Goodwill impairment | — | — | — | 109,486 | — |
| Long-lived asset impairment | — | — | — | 22,351 | — |
| Strategic advisor costs | — | — | — | 3,626 | — |
| Other (income) expense, net | 28,494 | 17,253 | (39,273) | 18,987 | 1,695 |
| Provision (benefit) for income taxes | 2,012 | 2,069 | 170 | (5,988) | (696) |
| Total adjustments | 84,166 | 64,682 | 4,567 | 188,390 | 74,456 |
| Adjusted EBITDA | \$ 46,521 | \$ 49,997 | \$ 83,775 | \$ (22,470) | \$ 1,344 |

- (1) Restructuring and related charges includes \$13.9 million of long-lived asset impairments for both the three months ended June 30, 2020 and six months ended June 30, 2020 and \$1.4 million of additional stock-based compensation for both the three and six months ended June 30, 2020.

Non-GAAP Reconciliations

Free Cash Flow

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 from continuing operations.

| | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 |
|---|-------------|-------------|-------------|--------------|-------------|
| Net cash provided by (used in) operating activities from continuing operations | \$ (1,219) | \$ 18,584 | \$ 201,401 | \$ (236,408) | \$ 87,112 |
| Purchases of property and equipment and capitalized software from continuing operations | (16,684) | (17,693) | (15,474) | (10,596) | (14,321) |
| Free cash flow | \$ (17,903) | \$ 891 | \$ 185,927 | \$ (247,004) | \$ 72,791 |
| | | | | | |
| Net cash provided by (used in) investing activities from continuing operations | \$ (17,235) | \$ (19,541) | \$ (12,700) | \$ 19,564 | \$ (15,568) |
| Net cash provided by (used in) financing activities | \$ (31,581) | \$ (22,595) | \$ (10,666) | \$ 141,312 | \$ 42,862 |