UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission File Number: **1-35335**

Groupon, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-0903295**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
35 West Wacker Drive	**60601**
25th Floor	(Zip Code)
Chicago	
Illinois	**(773) 945-6801**
(Address of principal executive offices)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**GRPN**	**NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 7, 2024, there were 39,767,842 shares of the registrant's Common Stock outstanding.

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GLOSSARY OF DEFINED TERMS AND ABBREVIATIONS

Groupon, Inc. (the "Company," "we," "our," "us," and similar terms include Groupon, Inc. and it subsidiaries, unless the context indicates otherwise. The Company also uses several other terms in this Quarterly Report on Form 10-Q, which are defined in the list below (the "Glossary"):

Abbreviation	Description
2011 Plan	The Company's 2011 Incentive Stock Plan, as amended
2020 Restructuring Plan	April 2020 Board approved multi-phase restructuring plan
2022 Cost Savings Plan	August 2022 Board approved multi-phase cost savings plan
2022 Restructuring Plan	August 2022 Board approved restructuring plan, included within the 2022 Cost Savings Plan
2024 Executive PSUs	Awards granted for our executive team under the 2024 PSU Program, which are earned based on the performance of our stock price and a service condition
2026 Notes	The Company's 1.125% convertible senior notes due March 2026
600 West Chicago	The Company's previously leased headquarters located in Chicago, Illinois
Assessment	Claims for tax assessments by foreign jurisdictions, inclusive of estimated incremental interest from the original assessment.
ASU	Accounting Standards Update
Backstop Party	Pale Fire Capital SICAV a.s.
Bank Secrecy Act	Bank Secrecy Act of 1970
Board	The Company's Board of Directors
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
Cash Collateral Agreement	Agreement dated March 2, 2023 with JPMorgan Chase Bank, N.A.
Common Stock	Company common stock, par value $0.00001 per share
Compensation Committee	Compensation Committee of the Board
CPRA	California Privacy Rights Act
Credit Agreement	Second amended and restated credit agreement JPMorgan Chase Bank, N.A., dated May 14, 2019, as amended from time to time and as terminated as of February 12, 2024
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ESPP	The Company's 2012 Employee Stock Purchase Plan
Exchange Act	Securities Exchange Act of 1934, as amended
Expiration Date	January 17, 2024, 5:00 p.m., New York City time, representing the date the subscription period for the Rights Offering expired
FASB	Financial Accounting Standards Board
GAAP	U.S. Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
Italy Restructuring Plan	July 2024 Board approved exit of the local business in Italy and the related restructuring actions associated with the exit
Payoff Amount	Payment of $43.1 million to terminate all commitments to extend further credit under the Credit Agreement
PSU	Performance Share Units
RSU	Restricted Stock Units
Rights Offering	Board approved $80 million fully backstopped rights offering to the Company's stockholders that commenced on November 20, 2023
Quarterly Report	Quarterly Report on Form 10-Q for the period ended June 30, 2024
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Share Purchase Agreement	Agreement to sell shares of SumUp
SG&A	Selling, general and administrative
SumUp	SumUp Holdings S.a.r.l, a privately-held mobile payments company
TTM	Trailing twelve months
VAT	Value added tax

PART I. FINANCIAL INFORMATION

FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the 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; 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 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; risks related to our access to capital and outstanding indebtedness, including our 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; 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 Part II, Item 1A. Risk Factors on our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2024, June 30, 2024 and September 30, 2024, 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 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.

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

GROUPON, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 159,710	$ 141,563
Accounts receivable, net	40,126	50,373
Prepaid expenses and other current assets	46,775	63,647
Total current assets	246,611	255,583
Property, equipment and software, net	20,326	30,530
Right-of-use assets - operating leases, net	2,830	2,197
Goodwill	178,685	178,685
Intangible assets, net	5,170	11,404
Investments	74,823	74,823
Deferred income taxes	11,864	11,639
Other non-current assets	7,705	6,095
Total assets	$ 548,014	$ 570,956
Liabilities and equity (deficit)		
Current liabilities:		
Short-term borrowings	$ —	$ 42,776
Accounts payable	12,749	15,016
Accrued merchant and supplier payables	152,262	209,423
Accrued expenses and other current liabilities	99,237	101,939
Total current liabilities	264,248	369,154
Convertible senior notes, net	227,650	226,470
Operating lease obligations	933	2,382
Other non-current liabilities	14,973	13,262
Total liabilities	507,804	611,268
Commitments and contingencies (see Note 6)		
Stockholders' equity (deficit)		
Common Stock, par value $0.0001 per share, 100,500,000 shares authorized; 50,057,026 shares issued and 39,762,909 shares outstanding at September 30, 2024; 42,147,266 shares issued and 31,853,149 shares outstanding at December 31, 2023	5	4
Additional paid-in capital	2,432,705	2,337,565
Treasury stock, at cost, 10,294,117 shares at September 30, 2024 and December 31, 2023	(922,666)	(922,666)
Accumulated deficit	(1,458,265)	(1,449,887)
Accumulated other comprehensive income (loss)	(11,785)	(5,647)
Total Groupon, Inc. stockholders' equity (deficit)	39,994	(40,631)
Noncontrolling interests	216	319
Total equity (deficit)	40,210	(40,312)
Total liabilities and equity (deficit)	$ 548,014	$ 570,956

See Notes to Condensed Consolidated Financial Statements.

GROUPON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 114,479	$ 126,474	$ 362,178	$ 377,194
Cost of revenue	11,584	15,796	36,059	48,840
Gross profit	102,895	110,678	326,119	328,354
Operating expenses:				
Marketing	36,258	28,898	101,587	76,013
Selling, general and administrative	71,327	80,016	222,937	277,913
Restructuring and related charges	896	2,228	613	10,333
Gain on sale of assets	—	—	(5,160)	—
Total operating expenses	108,481	111,142	319,977	364,259
Income (loss) from operations	(5,586)	(464)	6,142	(35,905)
Other income (expense), net	22,429	(39,525)	5,264	(41,260)
Income (loss) before provision (benefit) for income taxes	16,843	(39,989)	11,406	(77,165)
Provision (benefit) for income taxes	2,321	817	17,802	4,258
Net income (loss)	14,522	(40,806)	(6,396)	(81,423)
Net (income) loss attributable to noncontrolling interests	(594)	(552)	(1,982)	(1,689)
Net income (loss) attributable to Groupon, Inc.	$ 13,928	$ (41,358)	$ (8,378)	$ (83,112)
Net income (loss) per share:				
Basic	$ 0.35	$ (1.31)	$ (0.22)	$ (2.68)
Diluted	$ 0.33	$ (1.31)	$ (0.22)	$ (2.68)
Weighted average number of shares outstanding:				
Basic	39,748,268	31,500,489	38,966,238	31,039,668
Diluted	45,014,446	31,500,489	38,966,238	31,039,668
Comprehensive income (loss):				
Net income (loss)	$ 14,522	$ (40,806)	$ (6,396)	$ (81,423)
Other comprehensive income (loss):				
Net change in unrealized gain (loss) on foreign currency translation adjustments	(23,092)	11,141	(6,138)	11,038
Comprehensive income (loss)	(8,570)	(29,665)	(12,534)	(70,385)
Comprehensive (income) loss attributable to noncontrolling interest	(594)	(552)	(1,982)	(1,689)
Comprehensive income (loss) attributable to Groupon, Inc.	$ (9,164)	$ (30,217)	$ (14,516)	$ (72,074)

See Notes to Condensed Consolidated Financial Statements.

GROUPON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share amounts)
(unaudited)

	Groupon, Inc. Stockholders' Equity (Deficit)									
	Common Stock			Treasury Stock						
	Shares	Amount	Additional Paid-In Capital	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Groupon, Inc. Stockholders' Equity (Deficit)	Non-controlling Interests	Total Equity (Deficit)
Balance at December 31, 2023	42,147,266	$ 4	$ 2,337,565	(10,294,117)	$ (922,666)	$ (1,449,887)	$ (5,647)	$ (40,631)	$ 319	$ (40,312)
Comprehensive income (loss)	—	—	—	—	—	(12,271)	12,352	81	765	846
Rights Offering, net of issuance costs	7,079,646	1	79,618	—	—	—	—	79,619	—	79,619
Vesting of RSUs	55,162	—	—	—	—	—	—	—	—	—
Shares issued under ESPP	5,388	—	28	—	—	—	—	28	—	28
Tax withholdings related to net share settlements of stock-based compensation awards	(15,130)	—	(356)	—	—	—	—	(356)	—	(356)
Stock-based compensation on equity-classified awards	—	—	2,427	—	—	—	—	2,427	—	2,427
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(827)	(827)
Balance at March 31, 2024	49,272,332	$ 5	$ 2,419,282	(10,294,117)	$ (922,666)	$ (1,462,158)	$ 6,705	$ 41,168	$ 257	$ 41,425
Comprehensive income (loss)	—	—	—	—	—	(10,035)	4,602	(5,433)	623	(4,810)
Vesting of RSUs and PSUs	877,372	—	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of stock-based compensation awards	(151,446)	—	(1,967)	—	—	—	—	(1,967)	—	(1,967)
Stock-based compensation on equity-classified awards	—	—	6,465	—	—	—	—	6,465	—	6,465
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(703)	(703)
Balance at June 30, 2024	49,998,258	$ 5	$ 2,423,780	(10,294,117)	$ (922,666)	$ (1,472,193)	$ 11,307	$ 40,233	$ 177	$ 40,410
Comprehensive income (loss)	—	—	—	—	—	13,928	(23,092)	(9,164)	594	(8,570)
Vesting of RSUs and PSUs	56,513	—	—	—	—	—	—	—	—	—
Shares issued under ESPP	6,224	—	64	—	—	—	—	64	—	64
Tax withholdings related to net share settlements of stock-based compensation awards	(3,969)	—	(69)	—	—	—	—	(69)	—	(69)
Stock-based compensation on equity-classified awards	—	—	8,930	—	—	—	—	8,930	—	8,930
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(555)	(555)
Balance at September 30, 2024	50,057,026	$ 5	$ 2,432,705	(10,294,117)	$ (922,666)	$ (1,458,265)	$ (11,785)	$ 39,994	$ 216	$ 40,210

GROUPON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share amounts)
(unaudited)

	Groupon, Inc. Stockholders' Equity (Deficit)									
	Common Stock			Treasury Stock						
	Shares	Amount	Additional Paid-In Capital	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Groupon, Inc. Stockholders' Equity (Deficit)	Non-controlling Interests	Total Equity (Deficit)
Balance at December 31, 2022	40,786,996	$ 4	$ 2,322,672	(10,294,117)	$ (922,666)	$ (1,394,477)	$ 2,942	$ 8,475	$ 383	$ 8,858
Comprehensive income (loss)	—	—	—	—	—	(29,147)	(5,848)	(34,995)	534	(34,461)
Vesting of RSUs and PSUs	420,471	—	—	—	—	—	—	—	—	—
Shares issued under ESPP	33,803	—	246	—	—	—	—	246	—	246
Tax withholdings related to net share settlements of stock-based compensation awards	(140,819)	—	(1,031)	—	—	—	—	(1,031)	—	(1,031)
Stock-based compensation on equity-classified awards	—	—	2,547	—	—	—	—	2,547	—	2,547
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(637)	(637)
Balance at March 31, 2023	41,100,451	$ 4	$ 2,324,434	(10,294,117)	$ (922,666)	$ (1,423,624)	$ (2,906)	$ (24,758)	$ 280	$ (24,478)
Comprehensive income (loss)	—	—	—	—	—	(12,607)	5,745	(6,862)	603	(6,259)
Vesting of RSUs and PSUs	689,050	—	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of stock-based compensation awards	(268,367)	—	(1,207)	—	—	—	—	(1,207)	—	(1,207)
Stock-based compensation on equity-classified awards	—	—	7,809	—	—	—	—	7,809	—	7,809
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(692)	(692)
Balance at June 30, 2023	41,521,134	$ 4	$ 2,331,036	(10,294,117)	$ (922,666)	$ (1,436,231)	$ 2,839	$ (25,018)	$ 191	$ (24,827)
Comprehensive income (loss)	—	—	—	—	—	(41,358)	11,141	(30,217)	552	(29,665)
Exercise of stock options	437,500		2,625					2,625		2,625
Vesting of RSUs and PSUs	250,709	—	—	—	—	—	—	—	—	—
Shares issued under ESPP	12,076	—	61	—	—	—	—	61	—	61
Tax withholdings related to net share settlements of stock-based compensation awards	(89,184)	—	(980)	—	—	—	—	(980)	—	(980)
Stock-based compensation on equity-classified awards	—	—	4,088	—	—	—	—	4,088	—	4,088
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	(571)	(571)
Balance at September 30, 2023	42,132,235	$ 4	$ 2,336,830	(10,294,117)	$ (922,666)	$ (1,477,589)	$ 13,980	$ (49,441)	$ 172	$ (49,269)

See Notes to Condensed Consolidated Financial Statements.

GROUPON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Operating activities		
Net income (loss)	$ (6,396)	$ (81,423)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, equipment and software	21,903	34,110
Amortization of acquired intangible assets	2,609	6,206
Stock-based compensation	17,682	13,771
(Gain) loss from changes in fair value of investment	—	25,751
Foreign currency (gains) losses, net	(4,801)	9,528
Foreign VAT assessments	8,692	—
Gain on sale of assets	(5,160)	—
Change in assets and liabilities:		
Accounts receivable	10,678	10,225
Prepaid expenses and other current assets	19,294	14,357
Right-of-use assets - operating leases	1,830	7,985
Accounts payable	(2,290)	(49,082)
Accrued merchant and supplier payables	(57,749)	(52,497)
Accrued expenses and other current liabilities	(9,616)	(44,716)
Operating lease obligations	(4,618)	(22,011)
Payment for early lease termination	(1,832)	(9,724)
Other, net	(1,295)	5,035
Net cash provided by (used in) operating activities	(11,069)	(132,485)
Investing activities		
Purchases of property and equipment and capitalized software	(11,591)	(15,917)
Proceeds from sale of assets, net	9,116	1,475
Acquisitions of intangible assets and other investing activities	(595)	(2,523)
Net cash provided by (used in) investing activities	(3,070)	(16,965)
Financing activities		
Payments of borrowings under revolving credit agreement	(42,776)	(28,300)
Proceeds from Rights Offering, net of issuance costs	79,619	—
Taxes paid related to net share settlements of stock-based compensation awards	(1,457)	(3,126)
Other financing activities	(2,457)	473
Net cash provided by (used in) financing activities	32,929	(30,953)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,788	34
Net increase (decrease) in cash, cash equivalents and restricted cash	20,578	(180,369)
Cash, cash equivalents and restricted cash, beginning of period (1)	167,638	281,696
Cash, cash equivalents and restricted cash, end of period (1)	$ 188,216	$ 101,327

	Nine Months Ended September 30,	
	2024	2023
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,013	$ 5,713
Income tax payments	10,527	4,833
Increase (decrease) in liabilities related to purchases of property and equipment and capitalized software	185	(1,999)
Supplemental cash flow information on our leasing obligations		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,559	$ 21,032
Right-of-use assets obtained in exchange for operating lease liabilities	2,383	543

GROUPON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

(1) The following table provides a reconciliation of Cash, cash equivalents and restricted cash shown above to amounts reported within the Condensed Consolidated Balance Sheets as of September 30, 2024, December 31, 2023, September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 159,710	$ 141,563	$ 86,085	$ 281,279
Restricted cash included in prepaid expenses and other current assets	28,506	26,075	15,242	417
Cash, cash equivalents and restricted cash	$ 188,216	$ 167,638	$ 101,327	$ 281,696

See Notes to Condensed Consolidated Financial Statements.

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Company Information

Groupon, Inc. and its subsidiaries, which commenced operations in October 2008, is a global scaled two-sided marketplace that connects consumers to merchants by offering goods and services, generally at a discount. Consumers access those marketplaces through our mobile applications and our websites.

Our operations are organized into two segments: North America and International. See Note 13, *Segment Information*, for more information.

Unaudited Interim Financial Information

We have prepared the accompanying Condensed Consolidated Financial Statements in accordance with GAAP and applicable rules and regulations of the SEC for interim financial reporting. These Condensed Consolidated Financial Statements are unaudited and, in our opinion, include all adjustments, consisting of normal recurring adjustments and accruals, necessary for a fair presentation of the Condensed Consolidated Balance Sheets, Statements of Operations and Comprehensive Income (Loss), Cash Flows and Stockholders' Equity (Deficit) for the periods presented. These Condensed Consolidated Financial Statements and notes should be read in conjunction with the audited Consolidated Financial Statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of Groupon, Inc. and its wholly-owned subsidiaries, majority-owned subsidiaries over which we exercise control and variable interest entities for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation. Outside stockholders' interests in subsidiaries are shown on the Condensed Consolidated Financial Statements as Noncontrolling interests. Investments in entities in which we do not have a controlling financial interest are accounted for at fair value as available-for-sale securities or at cost adjusted for observable price changes and impairments, as appropriate.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Estimates in our financial statements include, but are not limited to, the following: variable consideration from unredeemed vouchers; income taxes; leases; initial valuation and subsequent impairment testing of goodwill, other intangible assets and long-lived assets; investments; receivables; customer refunds and other reserves; contingent liabilities; and the useful lives of property, equipment and software and intangible assets. Actual results could differ materially from those estimates.

Reclassifications

Certain reclassifications have been made to the Condensed Consolidated Financial Statements of prior periods to conform to the current period presentation.

Adoption of New Accounting Standards

There were no new accounting standards adopted during the three and nine months ended September 30, 2024.

Recently Issued Accounting Standards

In November 2023, the FASB issued ASU 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* which expands the annual and interim disclosure requirements for reportable segments, primarily through additional disclosures about significant segment expenses that are regularly provided to the chief operating decision maker and included in the segment measure of profit or loss. It also requires an explanation of how the chief operating decision maker uses the segment measure of profit or loss to assess segment performance and allocate resources. This ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is assessing the effect this guidance may have on our disclosures.

In December 2023, the FASB issued ASU 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* requiring the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This ASU is effective for annual periods beginning after December 15, 2024. The Company is assessing the effect this guidance may have on our disclosures.

NOTE 2. GOODWILL AND LONG-LIVED ASSETS

Goodwill

As of September 30, 2024 and December 31, 2023, the balance of our goodwill was $ 178.7 million. There was no goodwill activity during the nine months ended September 30, 2024. All goodwill is within our North America segment.

Long-Lived Assets

In March 2024, we entered into an agreement with a third party to sell the rights to certain intangible assets in exchange for cash consideration of $10.0 million, subject to license-back provisions that permit continued use of the assets in the ordinary course of our business. The sale was completed in April 2024 and resulted in a pre-tax gain of $5.0 million. The pre-tax gain is presented within Gain on sale of assets on the Condensed Consolidated Statements of Operations for the nine months ended September 30, 2024. The cash activity is presented within Proceeds from sale of assets, net in the investing section on the Condensed Consolidated Statements of Cash Flows and includes cash consideration received of $10.0 million, less $1.0 million in fees. The assets were within our North America segment.

The following table summarizes intangible assets as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024			December 31, 2023		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Merchant relationships	$ 19,823	$ 19,823	$ —	$ 18,842	$ 17,944	$ 898
Trade names	9,585	9,081	504	9,459	8,753	706
Patents (1)	1,250	945	305	13,235	7,237	5,998
Other intangible assets	10,517	6,156	4,361	9,318	5,516	3,802
Total	$ 41,175	$ 36,005	$ 5,170	$ 50,854	$ 39,450	$ 11,404

(1) The change in the net carrying value is primarily due to the sale of certain intangible assets.

Amortization of intangible assets is computed using the straight-line method over their estimated useful lives, which range from 1 to 10 years. Amortization expense related to intangible assets was $0.4 million and $2.0 million for the three months ended September 30, 2024 and 2023 and $ 2.6 million and $6.2 million for the nine months ended September 30, 2024 and 2023. As of September 30, 2024, estimated future amortization expense related to intangible assets is as follows (in thousands):

Remaining amounts in 2024	$	405
2025		1,524
2026		1,235
2027		1,069
2028		853
Thereafter		84
Total	$	5,170

NOTE 3. INVESTMENTS

As of September 30, 2024 and December 31, 2023, our carrying value in other equity investments was $ 74.8 million, which relates to our non-controlling equity interest in SumUp, and our available-for-sale securities and fair value option investments had a carrying value of zero. There were no changes in fair value of our investments for the three and nine months ended September 30, 2024.

Other equity investments represent equity investments without readily determinable fair values recorded at cost adjusted for observable price changes and impairments. During the third quarter 2023, we recorded a remeasurement of our investment in SumUp, resulting in a decline of $25.8 million based on a preliminary Share Purchase Agreement. This remeasurement represents non-cash investing activity. The loss was driven by a share price reduction on a Euro basis as well as a foreign currency depreciation of US dollars versus Euros. The loss on the remeasurement is classified within Other income (expense), net on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023.

The following table summarizes our percentage ownership in our investments as of the dates noted below:

	September 30, 2024 and December 31, 2023		
Other equity investments	1%	to	19%
Available-for-sale securities	1%	to	19%
Fair value option investments	10%	to	19%

NOTE 4. SUPPLEMENTAL CONDENSED CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF OPERATIONS INFORMATION

The following table summarizes Prepaid expenses and other current assets as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024		December 31, 2023	
Prepaid expenses	$	10,812	$	9,799
Income taxes receivable		2,582		5,349
Deferred cloud implementation costs, net (1)		389		14,627
Restricted cash (2)		28,506		26,075
Other		4,486		7,797
Total prepaid expenses and other current assets	$	46,775	$	63,647

(1) The decrease in Deferred cloud implementation costs, net relates to amortization.

(2) Primarily consists of cash collateral related to our letters of credit. See Note 5, *Financing Arrangements,* for additional information.

The following table summarizes Other non-current assets as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Deferred contract acquisition costs, net	$ 2,921	$ 2,940
Other	4,784	3,155
Total other non-current assets	$ 7,705	$ 6,095

The following table summarizes Accrued expenses and other current liabilities as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Refund reserve	$ 4,233	$ 4,445
Compensation and benefits	11,630	10,717
Accrued marketing	10,160	8,771
Customer credits	23,834	26,595
Operating lease obligations	4,173	7,121
Income taxes payable	6,164	1,072
Foreign VAT assessments (1)	8,874	—
Accrued consulting and professional fees	3,475	4,295
Other	26,694	38,923
Total accrued expenses and other current liabilities	$ 99,237	$ 101,939

(1) See Note 6, *Commitments and Contingencies*, for additional information.

The following table summarizes Other non-current liabilities as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Contingent income tax liabilities	$ 11,261	$ 9,373
Deferred income taxes	2,553	2,525
Other	1,159	1,364
Total other non-current liabilities	$ 14,973	$ 13,262

The following table summarizes Other income (expense), net for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income	$ 1,480	$ 1,002	$ 3,811	$ 9,749
Interest expense	(2,111)	(2,834)	(6,037)	(13,949)
Gain (loss) from changes in fair value of investment (1)	—	(25,847)	—	(25,847)
Foreign currency gains (losses), net and other (2)	23,060	(11,846)	7,490	(11,213)
Total other income (expense), net	$ 22,429	$ (39,525)	$ 5,264	$ (41,260)

(1) Gain (loss) from changes in fair value of investment for the three and nine months ended September 30, 2023 is due to a remeasurement of our investment in SumUp. See Note 3, *Investments,* for additional information.

(2) Foreign currency gains (losses), net and other for the three and nine months ended September 30, 2024 is primarily due to favorable foreign currency fluctuations on intercompany balances with our subsidiaries.

NOTE 5. FINANCING ARRANGEMENTS

Convertible Senior Notes due 2026

The 2026 Notes bear interest at a rate of 1.125% per annum, payable semiannually in arrears on March 15 and September 15 of each year, with an annual effective interest rate of 1.83%. The 2026 Notes will mature on March 15, 2026, subject to earlier repurchase, redemption or conversion.

The carrying amount of the 2026 Notes consisted of the following as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Principal amount	$ 230,000	$ 230,000
Less: debt discount	(2,350)	(3,530)
Net carrying amount of liability	$ 227,650	$ 226,470

We classified the fair value of the 2026 Notes as a Level 3 measurement due to the lack of observable market data over fair value inputs such as our stock price volatility over the term of the 2026 Notes and our cost of debt. The estimated fair value of the 2026 Notes as of September 30, 2024 and December 31, 2023 was $206.2 million and $141.9 million and was determined using a lattice model.

During the three and nine months ended September 30, 2024 and 2023, we recognized interest costs on the 2026 Notes as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Contractual interest	$ 539	$ 647	$ 1,916	$ 1,941
Amortization of debt discount	395	388	1,180	1,158
Total	$ 934	$ 1,035	$ 3,096	$ 3,099

Capped Call Transactions

In connection with the 2026 Notes, we entered into privately-negotiated capped call transactions. The capped call transactions cover, subject to customary adjustments, the number of shares of Common Stock initially underlying the 2026 Notes. The capped call transactions are expected generally to reduce potential dilution to our Common Stock upon any conversion of the 2026 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted notes, with such reduction and/or offset subject to a cap initially equal to $104.80 (which represents a premium of 100% over the last reported sale price of our Common Stock on The Nasdaq Global Select Market on March 22, 2021), subject to certain adjustments under the terms of the capped call transactions.

Convertible Senior Notes due 2027

On November 12, 2024, the Company entered into privately-negotiated agreements (the “Exchange and Subscription Agreements”) with a limited number of existing holders of the Company’s currently outstanding 2026 Notes (such existing holders, the “Offering Participants”). The Offering Participants are institutional “accredited investors” (within the meaning of Rule 501(a)(1), (2), (3) or (7) promulgated under the Securities Act of 1933, as amended (the “Securities Act”)) and/or “qualified institutional buyers” (as defined in Rule 144A under the Securities Act).

Pursuant to the Exchange and Subscription Agreements, the Company will (i) exchange $ 176.3 million aggregate principal amount of 2026 Notes held by the Offering Participants for $176.3 million aggregate principal amount of the Company’s newly-issued 6.25% Convertible Senior Secured Notes due 2027 (the “2027 Notes”) (the “Exchange”) and (ii) issue and sell to certain Offering Participants $21.0 million aggregate principal amount of 2027 Notes for gross cash proceeds of $20.0 million (representing an issue price of 95%) (the “Subscription Transactions” and together with the Exchange, the “Transactions”). The 2027 Notes are expected to be issued to

the Offering Participants in a private placement exempt from registration in reliance on Section 4(a)(2) of the Securities Act. The Company is relying on this exemption from registration based in part on representations made by the Offering Participants in the Exchange and Subscription Agreements.

The initial conversion rate of the 2027 Notes will be 33.333 shares of Company common stock, par value $ 0.0001 per share (“Common Stock”), per $1,000 principal amount of 2027 Notes (equivalent to an initial conversion price of approximately $30 per share), subject to customary adjustments. The 2027 Notes will be convertible into Common Stock or a combination of cash and Common Stock, at the Company’s election. The Company may be required to pay additional interest of 2.5% per annum of the 2027 Notes in the event that it fails to pledge certain of its assets as part of the collateral for the 2027 Notes, unless such assets are sold.

The Transactions are expected to close on or around November 12, 2024, subject to customary closing conditions.

Revolving Credit Agreement

In February 2024, we prepaid $43.1 million to terminate all commitments to access further credit under the Credit Agreement using a portion of the $80.0 million in proceeds received from the Rights Offering. The Payoff Amount included $ 42.8 million in principal, $0.1 million in interest and $0.2 million in fees. The terms of the Rights Offering permit the Company to use the proceeds for general corporate purposes, including the repayment of debt. We were not subject to any early termination penalties under the Credit Agreement. The payment of the Payoff Amount terminated our obligations under the Credit Agreement, except for ordinary and customary survival terms. In addition, we retained access to letters of credit, originally available under the Credit Agreement, pursuant to our pre-existing Cash Collateral Agreement.

Amounts committed to letters of credit and outstanding borrowings under the Cash Collateral Agreement and Credit Agreement, respectively, as of September 30, 2024 and December 31, 2023 were as follows (in thousands):

	September 30, 2024	December 31, 2023
Letters of credit(1)	$ 26,456	$ 25,200
Borrowings	—	42,776

(1) Pursuant to the Cash Collateral Agreement, cash collateral is required for all letters of credit and treated as restricted cash on the Condensed Consolidated Balance Sheets. See Note 4, *Supplemental Condensed Consolidated Balance Sheets and Statements of Operations Information*, for additional information.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Our contractual obligations and commitments as of September 30, 2024 and through the date of this report, did not materially change from the amounts set forth in our 2023 Annual Report on Form 10-K, except as discussed below.

Contractual Obligations

In July 2024, we terminated a contractual obligation related to one of our cloud computing arrangements and entered into a new contractual obligation with the same vendor. As a result, net future payments are expected to decrease by $2.7 million for the remaining portion of 2024, decrease by $3.0 million in 2025, and increase by $15.0 million in 2026, which increases total future net payments by $9.3 million in the aggregate.

Additionally, Gropupon S.r.l. has sought and obtained approval of installment plans whereby the provisional payments may be deposited pro rata in monthly installments. Refer to Note 10, *Income Taxes* for additional information.

Legal Matters and Other Contingencies

From time to time, we are party to various legal proceedings incident to the operation of our business. For example, we currently are involved in proceedings brought by merchants, employment and related matters, intellectual property infringement suits, customer lawsuits, stockholder claims relating to U.S. securities law, consumer class actions and suits alleging, among other things, violations of state consumer protection or privacy laws.

As of September 30, 2024, we had an appeal lodged in the Portuguese courts relating to a Portugal VAT assessment for the periods from 2013 to 2015 of approximately $4.3 million, inclusive of penalties and interest through September 30, 2024. After negative rulings at lower level courts in November 2023 and May 2024, we lodged a final appeal to the highest-level court. On October 31, 2024, we learned the highest-level court declined to hear our appeal and the related assessment became final and due during the fourth quarter. During the quarter ended June 30, 2024, we recorded a contingent liability of $4.1 million in our Condensed Consolidated Balance Sheets and recognized expenses in our Condensed Consolidated Statements of Operations for $3.3 million of taxes and penalties within Selling, general and administrative and $ 0.8 million of interest expense within Other income (expense), net. We currently have a bank guarantee of $3.9 million in place relating to the assessment that is classified as restricted cash in our Condensed Consolidated Balance Sheets as of September 30, 2024.

In 2015, we lodged an appeal in the Portuguese courts relating to a Portugal VAT assessment for the periods from 2011 to 2012 of up to $ 4.6 million, inclusive of penalties and interest through September 30, 2024. On October 31, 2024, we learned we received a negative ruling at the lowest level court. We expect to lodge an appeal to the second-level court and assert factual and legal challenges to the assessment. We recorded a contingent liability of $4.6 million in our Condensed Consolidated Balance Sheets as of September 30, 2024. We also recognized expenses in our Condensed Consolidated Statement of Operations for $3.7 million of taxes and penalties within Selling, general and administrative and $ 0.9 million of interest expense within Other income (expense), net. The Company recorded this liability after concluding that an adverse outcome is now probable, in light of the developments described above. We currently have a bank guarantee of $4.2 million in place relating to the assessment that is classified as restricted cash in our Condensed Consolidated Balance Sheets as of September 30, 2024.

A Groupon subsidiary in Italy, Groupon S.r.l., is presently litigating a tax dispute with the Italian tax authorities relating to a $ 125.4 million assessment, inclusive of taxes, penalties and interest through September 30, 2024. A hearing on the second-level appeal was held on September 24, 2024. On October 1, 2024, the court issued an unfavorable ruling on the appeal in favor of the Italian tax authorities. We are awaiting the official filing of the ruling that will include the rationale for the court's decision. When the ruling of the second-level appellate court is ultimately issued, Groupon S.r.l. will have six months from that date to appeal to the Italian Supreme Court. If Groupon S.r.l. loses that appeal, Groupon S.r.l. plans to further challenge the Assessment and seek relief in an international Mutual Agreement Procedure that involves the tax authorities of Ireland and Italy. The Company continues to believe that the assessment, which primarily relates to transfer pricing on transactions occurring in 2011, is without merit. The subsidiary continues to vigorously defend itself in this matter and believes it will prevail on the merits of the case. Refer to Note 10, *Income Taxes* for additional information.

In June 2023, Groupon was granted final approval of a settlement that resolved four shareholder derivative lawsuits in relation to a previously settled lawsuit that alleged that Groupon and certain of its officers made materially false and/or misleading statements or omissions regarding its business, operations and prospects, specifically as it relates to reiterating its full year guidance on November 4, 2019 and the Groupon Select program. Under the settlement, Groupon agreed to undertake certain corporate reforms. The Court awarded attorneys' fees in the amount of $950,000 to Plaintiffs' counsel. That amount was covered under Groupon's insurance policies and was paid directly by Groupon's insurance carriers in July 2023.

In addition, third parties have from time to time claimed, and others may claim in the future, that we have infringed their intellectual property rights. We are subject to intellectual property disputes, including patent infringement claims, and expect that we will continue to be subject to intellectual property infringement claims as our services expand in scope and complexity. In the past and/or at present, we have litigated patent infringement and other intellectual property-related claims, including pending litigation or trademark disputes relating to, for example, our Goods category, some of which involved or could have involved potentially substantial claims for damages or injunctive relief. We may also become more vulnerable to third-party claims as laws such as the

Digital Millennium Copyright Act are interpreted by the courts, and we become subject to laws in jurisdictions where the underlying laws with respect to the potential liability of online intermediaries are either unclear or less favorable. We believe that additional lawsuits alleging that we have violated patent, copyright or trademark laws may be filed against us. Intellectual property claims, whether meritorious or not, are time consuming and often costly to resolve, could require expensive changes in our methods of doing business or the goods we sell, or could require us to enter into costly royalty or licensing agreements.

We also are subject to consumer claims or lawsuits relating to alleged violations of consumer protection or privacy rights and statutes, some of which could involve potentially substantial claims for damages, including statutory or punitive damages. Consumer and privacy-related claims or lawsuits, whether meritorious or not, could be time consuming, result in costly litigation, damage awards, fines and penalties, injunctive relief or increased costs of doing business through adverse judgment or settlement, or require us to change our business practices, sometimes in expensive ways.

We are also subject to, or in the future may become subject to, a variety of regulatory inquiries, audits, and investigations across the jurisdictions where we conduct our business, including, for example, inquiries related to consumer protection, employment matters and/or hiring practices, marketing practices, tax, unclaimed property and privacy rules and regulations. Any regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, damage awards, fines and penalties, injunctive relief or increased costs of doing business through adverse judgment or settlement, require us to change our business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources, materially damage our brand or reputation, or otherwise harm our business.

We establish an accrued liability for loss contingencies related to legal, regulatory and indirect tax matters when the loss is both probable and reasonably estimable. Those accruals represent management's best estimate of probable losses and, in such cases, there may be an exposure to loss in excess of the amounts accrued. For certain of the matters described above, there are inherent and significant uncertainties based on, among other factors, the stage of the proceedings, developments in the applicable facts of law, or the lack of a specific damage claim. However, we believe that the amount of reasonably possible losses in excess of the amounts accrued for those matters would not have a material adverse effect on our business, consolidated financial position, results of operations or cash flows. Our accrued liabilities for loss contingencies related to legal, regulatory and indirect tax matters may change in the future as a result of new developments, including, but not limited to, the occurrence of new legal matters, changes in the law or regulatory environment, adverse or favorable rulings, newly discovered facts relevant to the matter, or changes in the strategy for the matter. Regardless of the outcome, litigation and other regulatory matters can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Indemnifications

In connection with the disposition of our operations in Latin America in 2017, we recorded $ 5.4 million in indemnification liabilities for certain tax and other matters upon the closing of the transactions as an adjustment to the net loss on the dispositions within discontinued operations at their fair value. We estimated the indemnification liabilities using a probability-weighted expected cash flow approach. Our remaining indemnification liabilities were $2.8 million as of September 30, 2024. We estimate that the total amount of obligations that are reasonably possible to arise under the indemnifications in excess of amounts accrued as of September 30, 2024 were approximately $11.7 million.

In the normal course of business to facilitate transactions related to our operations, we indemnify certain parties, including employees, lessors, service providers, merchants and counterparties to investment agreements and asset and stock purchase agreements with respect to various matters. We have agreed to hold certain parties harmless against losses arising from a breach of representations or covenants, or other claims made against those parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. We are also subject to increased exposure to various claims as a result of our divestitures and acquisitions. We may also become more vulnerable to claims as we expand the range and scope of our services and are subject to laws in jurisdictions where the underlying laws with respect to potential liability are either unclear or less favorable. In addition, we have entered into indemnification agreements with our officers, directors and underwriters, and our bylaws contain similar indemnification obligations that cover officers, directors, employees and other agents.

Except as noted above, it is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, any payments that we have made under these agreements have not had a material impact on our operating results, financial position or cash flows.

NOTE 7. STOCKHOLDERS' EQUITY (DEFICIT) AND COMPENSATION ARRANGEMENTS

Groupon, Inc. Incentive Plan

In August 2011, we established the 2011 Plan under which options, RSUs and PSUs for up to 13,775,000 shares of Common Stock are authorized for future issuance to employees, consultants and directors. The 2011 Plan is administered by the Compensation Committee. In June 2024, at the Company's annual meeting of stockholders, the Company's stockholders approved an amendment to the 2011 Plan to increase the number of authorized shares by 7,000,000. Accordingly, a total of 20,775,000 shares of Common Stock have been authorized for issuance under the 2011 Plan. As of September 30, 2024, 6,066,177 shares of Common Stock were available for future issuance under the 2011 Plan.

Restricted Stock Units

The RSUs generally have vesting periods between one and four years and are amortized on a straight-line basis over their requisite service period.

The table below summarizes RSU activity for the nine months ended September 30, 2024:

	RSUs	Weighted-Average Grant Date Fair Value (per unit)
Unvested at December 31, 2023	745,840	$ 10.61
Granted	647,433	10.71
Vested	(566,679)	8.72
Forfeited	(143,460)	12.93
Unvested at September 30, 2024	683,134	$ 11.46

As of September 30, 2024, $5.8 million of unrecognized compensation costs related to unvested RSUs are expected to be recognized over a remaining weighted-average period of 1.34 years.

Stock Options

On March 30, 2023, we issued 3,500,000 units of stock options with a per share value of $ 0.95, a strike price of $6.00 and vesting over two years. The exercise price of stock options granted is equal to the fair market value of the underlying stock on the date of grant. The contractual term for these stock options expires three years from the grant date. The fair value of stock options on the grant date is amortized on a straight-line basis over the requisite service period.

The fair value of stock options granted is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. Expected volatility is based on Groupon's historical volatility over the estimated expected life of the stock options. The expected term represents the period of time the stock options are expected to be outstanding. The risk-free interest rate is based on yields on U.S. Treasury STRIPS with maturity similar to the estimated expected life of the stock options. The weighted-average assumptions for stock options granted are outlined in the following table:

Dividend yield	0.0 %
Risk-free interest rate	4.1 %
Expected term (in years)	2
Expected volatility	78.2 %

The table below summarizes stock option activity for the nine months ended September 30, 2024:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Total outstanding at December 31, 2023[1]	3,062,500	$ 6.00	2.25	20,948
Exercised	—	—	—	—
Total outstanding at September 30, 2024	3,062,500	6.00	1.50	11,576
Exercisable at September 30, 2024	2,187,500	$ 6.00	1.50	$ 8,269

(1) Consists of 2,187,500 outstanding (unvested) stock options and 875,000 exercisable stock options as of December 31, 2023, as presented within our Annual Report on Form 10-K.

As of September 30, 2024, there was $ 0.8 million of total unrecognized compensation costs related to unvested stock options granted under the 2011 Plan. That cost is expected to be recognized over a weighted-average period of 0.5 years. The total fair value of shares vested during the nine months ended September 30, 2024 was $1.2 million.

These stock options were granted to our Chief Executive Officer, who is based in the Czech Republic. Taxes on stock options in the Czech Republic are payable upon the sale of the underlying shares. The Company's tax liability is determined by multiplying the applicable tax rate by the difference between the value of the shares underlying the options on the date of exercise and the aggregate exercise price of the options. These taxes will be recognized in the Condensed Consolidated Statement of Operations upon any subsequent sale of the shares acquired upon exercise of the options.

Performance Share Units

We have previously granted PSUs that vest in shares of our Common Stock upon the achievement of financial and operational targets specified in the respective award agreement. Based on our financial and operational results for the year ended December 31, 2023, 422,368 shares became issuable upon vesting of PSUs following the Compensation Committee's certification in April 2024. In May 2024, we also granted the 2024 Executive PSUs.

The 2024 Executive PSUs may only be earned if certain stock price hurdles are met and the recipient satisfies certain service conditions. The achievement of the stock price hurdles is measured during a period that begins nine months after the award date of May 1, 2024 and ends on May 1, 2027. The 2024 Executive PSUs have four stock price hurdles: $14.86, $20.14, $31.01, and $68.82. The shares awarded under the 2024 Executive PSU award are divided equally between four tranches corresponding to achievement of each stock price hurdle. Once the stock price hurdle is achieved, a service condition must also be met before the shares will vest. Specifically, the service condition for: (i) 33% of the award will be met after the first anniversary of the award date; (ii) an additional 33% of the award will be met after the second anniversary of the award date; and (ii) the final 34% of the award will be met after the third anniversary of the award date. The 2024 Executive PSUs are subject to downward adjustments by the Compensation Committee. We determined these awards are subject to a market condition, and therefore used a Monte Carlo simulation to calculate the grant date fair value of the awards and the related derived service period. The three year service condition period exceeds the derived service period and therefore we will recognize the expense over the three year requisite service period. The key inputs used in the Monte Carlo simulation were the risk-free rate of 4.46%, dividend yield of 0.0% and our stock price volatility of 95.73%.

In October 2024, the Compensation Committee approved a cash incentive award, which is required to be settled in cash upon vesting. The award, in the amount of 261,365 PSUs, is subject to the same market and performance conditions as the 2024 Executive PSUs and is subject to continued employment through each vesting date. The cash settlement will be calculated by multiplying the closing stock price on each vesting date by the number of shares that would have otherwise vested if the award provided for equity settlement. Total compensation expense to be recognized for the award will be based on remeasurement of the award at each interim reporting period through the final vesting date. The Company's compensation plan limits cash awards to $5.0 million per annum.

Both our PSUs and the 2024 Executive PSUs are subject to continued service through the period dictated by the award and certification by the Compensation Committee that the specified performance conditions have been achieved.

The table below summarizes PSU activity for the nine months ended September 30, 2024:

	PSUs	Weighted-Average Grant Date Fair Value (per unit)	2024 Executive PSUs	Weighted-Average Grant Date Fair Value (per unit)
Unvested at December 31, 2023	506,324	$ 6.34	—	$ —
Granted	16,417	16.68	3,537,145	13.59
Vested	(422,368)	6.35	—	—
Forfeited	(83,956)	6.31	—	—
Unvested at September 30, 2024	16,417	$ 16.68	3,537,145	$ 13.59

As of September 30, 2024, $35.8 million of unrecognized compensation costs related to unvested PSUs are expected to be recognized over a remaining weighted-average period of 1.71 years.

Rights Offering

In November 2023, the Board approved an $80.0 million fully backstopped Rights Offering to our stockholders of record of our Common Stock, as of the close of business on November 20, 2023.

The Rights Offering was made through the distribution of non-transferable subscription rights to purchase shares of Common Stock at a subscription price of $11.30 per share and otherwise on such terms and subject to such conditions as may be required to comply with any applicable Nasdaq Global Market stock exchange rules and regulations. The Expiration Date for the subscription period for the Rights Offering ended on January 17, 2024.

The Rights Offering was fully backstopped by Pale Fire Capital SICAV a.s., the Backstop Party, an entity affiliated with (i) Dusan Senkypl, the Company’s Chief Executive Officer and a member of the Board, and (ii) Jan Barta, a member of the Board. The Backstop Party had a binding commitment to (i) fully exercise its pro rata subscription right prior to the Expiration Date of the Rights Offering and (ii) fully purchase any and all unsubscribed shares in the Rights Offering following the Expiration Date at the same price and on the same terms and conditions as other participants in the Rights Offering.

On January 22, 2024, we announced the closing of our $80.0 million fully backstopped Rights Offering for shares of our Common Stock, par value $0.0001 per share.

Pursuant to the terms of the Rights Offering, 7,079,646 shares of Common Stock were purchased at $11.30 per share, generating $80.0 million in gross proceeds, less issuance costs incurred. As detailed below, the Rights Offering was oversubscribed, and the subscriptions, inclusive of the exercise of all over-subscription privileges, well exceeded $80.0 million, the maximum aggregate offering size of the Rights Offering.

Through the exercise of both basic subscription rights and over-subscription privileges, the Backstop Party subscribed for approximately 7.1 million shares and other stockholders subscribed for approximately 9.7 million shares. The Company issued 4,574,113 shares of Common Stock via the exercise of the basic subscription rights and 2,505,533 shares of Common Stock via the exercise of over-subscription privileges. The Backstop Party purchased approximately 3.1 million shares of Common Stock in connection with the Rights Offering.

NOTE 8. REVENUE RECOGNITION

Refer to Note 13, *Segment Information*, for revenue summarized by reportable segment and category for the three and nine months ended September 30, 2024 and 2023.

Customer Credits

We issue credits to customers that can be applied to future purchases through our online marketplaces. Credits are primarily issued as consideration for refunds and, to a lesser extent, for customer relationship purposes. The following table summarizes the activity in the liability for customer credits for the nine months ended September 30, 2024 (in thousands):

	Customer Credits
Balance as of December 31, 2023	$ 26,595
Credits issued	49,567
Credits redeemed [(1)]	(48,812)
Breakage revenue recognized	(3,580)
Foreign currency translation	64
Balance as of September 30, 2024	$ 23,834

(1) Customer credits can be redeemed through our online marketplaces for goods or services provided by a third-party merchant and revenue is recognized on a net basis as the difference between the carrying amount of the customer credit liability derecognized and the amount due to the merchant for the related transaction. Customer credits are typically used within one year of issuance.

Costs of Obtaining Contracts

Incremental costs to obtain contracts with third-party merchants, such as sales commissions, are deferred and recognized on a straight-line basis over the expected period of the merchant arrangement, generally from 12 to 18 months. Deferred contract acquisition costs are presented in Prepaid expenses and other current assets and Other non-current assets on the Condensed Consolidated Balance Sheets. As of September 30, 2024 and December 31, 2023, deferred contract acquisition costs were $3.9 million and $3.9 million.

The amortization of deferred contract acquisition costs is classified within Selling, general and administrative expense in the Condensed Consolidated Statements of Operations. We amortized $1.4 million and $1.8 million of deferred contract acquisition costs for the three months ended September 30, 2024 and 2023 and $4.4 million and $6.2 million for the nine months ended September 30, 2024 and 2023.

Allowance for Expected Credit Losses on Accounts Receivable

Accounts receivable primarily represents the net cash due from credit card and other payment processors and from merchants and performance marketing networks for commissions earned on consumer purchases. The carrying amount of receivables is reduced by an allowance for expected credit losses that reflects management's best estimate of amounts that will not be collected. We establish an allowance for expected credit losses on accounts receivable based on identifying the following customer risk characteristics: size, type of customer and payment terms offered in the normal course of business. Receivables with similar risk characteristics are grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, bankruptcy filings, published or estimated credit default rates, age of the receivable and any recoveries in assessing the lifetime expected credit losses.

The following table summarizes the activity in the allowance for expected credit losses on accounts receivable for the nine months ended September 30, 2024 (in thousands):

	Allowance for Expected Credit Losses
Balance as of December 31, 2023	$ 2,856
Change in provision	(380)
Write-offs	(245)
Foreign currency translation	29
Balance as of September 30, 2024	$ 2,260

Variable Consideration for Unredeemed Vouchers

For merchant agreements with redemption payment terms, the merchant is not paid its share of the sale price for a voucher sold through one of our online marketplaces until the customer redeems the related voucher. If the customer does not redeem a voucher with such merchant payment terms, we retain all of the gross billings for that voucher, rather than retaining only our net commission. We estimate the variable consideration from vouchers that will not ultimately be redeemed using our historical voucher redemption experience and recognize that amount as revenue at the time of sale. We apply a constraint to ensure it is probable that a significant reversal of revenue will not occur in future periods. We recognized variable consideration from unredeemed vouchers that were sold in a prior period of $0.2 million and $5.2 million for the three months ended September 30, 2024 and 2023, and $10.1 million and $6.2 million for the nine months ended September 30, 2024 and 2023. When actual redemptions differ from our estimates, the effects could be material to the Condensed Consolidated Financial Statements.

NOTE 9. RESTRUCTURING AND RELATED CHARGES

Italy Restructuring Plan

In July 2024, Groupon S.r.l.'s Board approved the exit of the local business in Italy and the related restructuring actions associated with the exit. We expect to incur pre-tax charges of up to $3.0 million in connection with these restructuring actions. The restructuring actions are expected to include an overall reduction of approximately 33 positions, with the majority of these reductions and severance-related payments expected to occur by the end of 2024. Substantially all of the pre-tax charges are expected to be paid in cash and will relate to employee severance and compensation benefits, with an immaterial amount of charges related to other exit costs. We have incurred total pre-tax charges of $0.9 million for statutorily required amounts and there have been no cash payments as of September 30, 2024. In October 2024, we paid $ 1.4 million related to severance and one-time termination benefits under the Italy Restructuring Plan. The remaining severance and one-time termination benefit costs are expected to be paid by the end of 2024. Costs incurred related to the Italy Restructuring Plan are classified as Restructuring and related charges on the Condensed Consolidated Statements of Operations. All activity is within our International segment.

2022 and 2020 Restructuring Plans

In August 2022 and April 2020, we initiated Board-approved restructuring plans. Costs incurred related to the restructuring plans are classified as Restructuring and related charges on the Condensed Consolidated Statements of Operations. The restructuring activities are summarized by plan in the sections below.

2022 Restructuring Plan

In August 2022, we initiated the 2022 Cost Savings Plan, a multi-phase cost savings plan designed to reduce our expense structure to align with our go-forward business and financial objectives. The 2022 Cost Savings Plan included the 2022 Restructuring Plan, approved by our Board in August 2022. The 2022 Restructuring Plan, including the first phase initiated August 2022, second phase initiated January 2023 and the third phase initiated July 2023 is expected to include an overall reduction of approximately 1,150 positions globally through natural attrition or involuntary termination. The majority of these reductions were completed as of March

31, 2023 and the remainder expected to occur by the end of 2024. We have incurred total pre-tax charges of $ 21.3 million since the inception of the 2022 Restructuring Plan. A majority of the pre-tax charges have been paid in cash and relate to employee severance and compensation benefits, with an immaterial amount of charges related to other exit costs.

The following tables summarize activity by segment related to the 2022 Restructuring Plan for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30, 2024		
	Employee Severance and Benefit Costs (Credits) (1)	Other Exit Costs	Total Restructuring Charges (Credits)
North America	$ —	$ —	$ —
International	5	—	5
Consolidated	$ 5	$ —	$ 5

(1) The employee severance and benefits costs for the three months ended September 30, 2024 are related to the termination of approximately 3 employees.

	Three Months Ended September 30, 2023		
	Employee Severance and Benefit Costs (Credits) (1)	Other Exit Costs	Total Restructuring Charges (Credits)
North America	$ 690	$ —	$ 690
International	652	—	652
Consolidated	$ 1,342	$ —	$ 1,342

(1) The employee severance and benefits costs for the three months ended September 30, 2023 are related to the termination of approximately 70 employees.

	Nine Months Ended September 30, 2024		
	Employee Severance and Benefit Costs (Credits) (1)	Other Exit Costs	Total Restructuring Charges (Credits)
North America	55	1	56
International	(164)	—	(164)
Consolidated	(109)	1	(108)

(1) The employee severance and benefits costs for the nine months ended September 30, 2024 are related to the termination of approximately 15 employees and the release of our estimated accrual for certain severance benefits upon expiration of the eligible payout period.

	Nine Months Ended September 30, 2023		
	Employee Severance and Benefit Costs (Credits) (1)	Other Exit Costs	Total Restructuring Charges (Credits)
North America	$ 5,256	$ 1,037	$ 6,293
International	4,543	—	4,543
Consolidated	$ 9,799	$ 1,037	$ 10,836

(1) The employee severance and benefits costs for the nine months ended September 30, 2023 are related to the termination of approximately 440 employees.

The following table summarizes restructuring liability activity for the 2022 Restructuring Plan (in thousands):

	Employee Severance and Benefit Costs	Other Exit Costs	Total
Balance as of December 31, 2023	$ 544	$ 44	$ 588
Charges payable in cash and changes in estimate (1)	(109)	1	(108)
Cash payments	(249)	(45)	(294)
Foreign currency translation	(36)	—	(36)
Balance as of September 30, 2024	$ 150	$ —	$ 150

(1) Primarily relates to the release of our estimated accrual for certain severance benefits upon expiration of the eligible payout period.

2020 Restructuring Plan

In April 2020, the Board approved the 2020 Restructuring Plan. Our actions under this plan were substantially completed in 2021 and our current and future charges or credits will be from changes in estimates. For additional plan details, see Part II, Item 8, Note 13. *Restructuring and Related Charges* in our Annual Report on Form 10-K for the year ended December 31, 2023.

The following tables summarize activity by segment related to the 2020 Restructuring Plan for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30, 2024			
	Employee Severance and Benefit Costs (Credits)	Legal and Advisory Costs (Credits)	Lease-related Charges (Credits)	Total Restructuring Charges (Credits)
North America	$ —	$ —	$ —	$ —
International	(25)	(5)	—	(30)
Consolidated	$ (25)	$ (5)	$ —	$ (30)

	Three Months Ended September 30, 2023			
	Employee Severance and Benefit Costs (Credits)	Legal and Advisory Costs (Credits)	Lease-related Charges (Credits)	Total Restructuring Charges (Credits)
North America	$ 44	$ 5	$ 660	$ 709
International [(1)]	(214)	(49)	440	177
Consolidated	$ (170)	$ (44)	$ 1,100	$ 886

(1) The credit recorded during the three months ended September 30, 2023 primarily relates to the release of our estimated accrual for certain severance benefits upon expiration of the eligible payout period.

	Nine Months Ended September 30, 2024			
	Employee Severance and Benefit Costs (Credits)	Legal and Advisory Costs (Credits)	Lease-related Charges (Credits)	Total Restructuring Charges (Credits)
North America [(1)]	$ —	$ —	$ (293)	$ (293)
International	—	10	83	93
Consolidated	$ —	$ 10	$ (210)	$ (200)

(1) The credit recorded during the nine months ended September 30, 2024 primarily relates to an over contribution of estimated real estate taxes in 2023 for the terminated lease at 600 West Chicago.

	Nine Months Ended September 30, 2023			
	Employee Severance and Benefit Costs (Credits)	Legal and Advisory Costs (Credits)	Lease-related Charges (Credits)	Total Restructuring Charges (Credits)
North America	$ 44	$ 7	1,204	$ 1,255
International [(1)]	(2,696)	(97)	1,035	(1,758)
Consolidated	$ (2,652)	$ (90)	$ 2,239	$ (503)

(1) The credit recorded during the nine months ended September 30, 2023 primarily relates to the release of our estimated accrual for certain severance benefits upon expiration of the eligible payout period.

As part of our 2020 Restructuring Plan, we terminated, vacated or modified several of our leases. In January 2023, we exercised our option to early terminate our lease at 600 West Chicago that expired in January 2024, which required us to pay a fee of $9.6 million with our early termination notice. As of September 30, 2024, all of our leases that were part of the 2020 Restructuring Plan have expired or have been terminated. For the three and nine months ended September 30, 2024, our restructuring activity related to those leases had immaterial activity. Rent expense, including amortization of the right-of-use asset and accretion of the operating lease liability, sublease income, termination and modification gains and losses, and other variable lease costs related to the leased facilities vacated as part of our 2020 Restructuring Plan are presented within Restructuring and related charges in the Condensed Consolidated Statements of Operations. As of September 30, 2023, the current and non-current liabilities associated with these leases were presented within Accrued expenses and other current liabilities and Operating lease obligations in the Condensed Consolidated Balance Sheets.

The following table summarizes restructuring liability activity for the 2020 Restructuring Plan (in thousands):

	Employee Severance and Benefit Costs	Other Exit Costs	Total
Balance as of December 31, 2023	$ 839	$ 214	$ 1,053
Charges payable in cash and changes in estimate	—	10	10
Cash payments	(119)	(162)	(281)
Foreign currency translation	(22)	(5)	(27)
Balance as of September 30, 2024 (1)	$ 698	$ 57	$ 755

(1) Substantially all of the cash payments for the 2020 Restructuring Plan costs have been disbursed.

NOTE 10. INCOME TAXES

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items.

Provision (benefit) for income taxes and Income (loss) before provision (benefit) for income taxes for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Provision (benefit) for income taxes	$ 2,321	$ 817	$ 17,802	$ 4,258
Income (loss) before provision (benefit) for income taxes	$ 16,843	$ (39,989)	$ 11,406	$ (77,165)

Our U.S. Federal income tax rate is 21%. The primary factor impacting the effective tax rate for the three and nine months ended September 30, 2024 and 2023 was the pretax losses incurred in jurisdictions that have valuation allowances against their net deferred tax assets. For the three and nine months ended September 30, 2024 and 2023, we continue to maintain a full valuation allowance against all U.S. federal and state deferred tax assets. We expect that our consolidated effective tax rate in future periods will continue to differ significantly from the U.S. federal income tax rate as a result of our tax obligations in jurisdictions with profits and valuation allowances in jurisdictions with losses.

We are currently under audit by several foreign jurisdictions. It is likely that the examination phase of some of those audits will conclude in the next 12 months. There are many factors, including factors outside of our control, which influence the progress and completion of those audits. We are subject to claims for tax assessments by foreign jurisdictions, including a proposed assessment for $125.4 million, inclusive of estimated incremental interest from the original Assessment. The subsidiary subject to the Assessment is Groupon S.r.l., one of the Company's Italian subsidiaries with operations relating specifically to the local voucher business in Italy. In December 2023, Groupon S.r.l. received an unfavorable ruling at the lowest court level, but lodged a second-level appeal, based on what it believes to be meritorious defenses to the Assessment. The hearing was held on September 24, 2024. On October 1, 2024, the second-level court indicated that it intends to issue an unfavorable

ruling on the appeal and in favor of the Italian tax authorities. The court has not yet issued a full opinion with its rationale. When the decision of the second-level court is ultimately issued, Groupon S.r.l. will have six months from that date to appeal that decision to the Italian Supreme Court. The Company continues to believe that the Assessment is without merit and Groupon S.r.l. intends to pursue a prompt appeal to the Italian Supreme Court. If Groupon S.r.l. loses that appeal, Groupon S.r.l. plans to further challenge the Assessment and seek relief in an international Mutual Agreement Procedure that involves the tax authorities of Ireland and Italy.

Under Italian tax court procedures, taxpayers are required to deposit “provisional payments” while tax appeals are pending, which are held in trust by tax authorities and returned to the taxpayer if the taxpayer prevails on the appeal. At present, Groupon S.r.l. would be required to deposit provisional amounts equal to two-thirds of the assessed amount. However, Groupon S.r.l. has sought and obtained approval of installment plans whereby the provisional payments may be deposited in monthly installments over seventy-two months. To date, Groupon S.r.l. has made all monthly installment payments. However, contemporaneous with its appeal to the Supreme Court, Groupon S.r.l. intends to seek a full stay of the provisional payment obligations.

Additionally, unrelated to the tax matter above, in July 2024, Groupon S.r.l. received final assessments of approximately $ 33.1 million related to a 2017 distribution made to its parent entity. On October 18, 2024, Groupon S.r.l. lodged an appeal to the first-tier court. We do not expect the hearing to occur in 2024. We believe this assessment is also without merit and Groupon S.r.l. intends to vigorously defend against such assessment.

No liability has been recorded for either Groupon S.r.l. tax assessment matter discussed above. In addition to any potential increases in our liabilities for uncertain tax positions from the ultimate resolution of these assessments, we believe it is reasonably possible that reductions of up to $6.3 million in unrecognized tax benefits may occur within the 12 months following September 30, 2024 upon closing of income tax audits or the expiration of applicable statutes of limitations.

In general, it is our practice and intention to reinvest the earnings of our non-U.S. subsidiaries in those operations or remit such earnings in a tax-efficient manner. Additionally, an actual repatriation from our non-U.S. subsidiaries could be subject to foreign and U.S. state income taxes. Aside from limited exceptions for which the related deferred tax liabilities recognized as of September 30, 2024 and December 31, 2023 are immaterial, we do not intend to distribute earnings of foreign subsidiaries for which we have an excess of the financial reporting basis over the tax basis of our investments and therefore have not recorded any deferred taxes related to such amounts. The actual tax cost resulting from a distribution would depend on income tax laws and circumstances at the time of distribution. Determination of the amount of unrecognized deferred tax liability related to the excess of the financial reporting basis over the tax basis of our foreign subsidiaries is not practical due to the complexities associated with the calculation.

NOTE 11. FAIR VALUE MEASUREMENTS

Fair value is defined under GAAP as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability.

In determining fair value, we use valuation approaches within the fair value measurement framework. We have fair value option investments and available-for-sale securities that we measure using the income approach. We have classified these investments as Level 3 due to the lack of observable market data over fair value inputs such as cash flow projections and discount rates.

There was no material activity in the fair value of recurring Level 3 fair value measurements for the three and nine months ended September 30, 2024 and 2023.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis, including assets that are written down to fair value as a result of an impairment or modified due to an observable price change in an orderly transaction.

We did not record any significant nonrecurring fair value remeasurements for the three and nine months ended September 30, 2024.

We recognized a non-cash remeasurement of our investment in SumUp of $ 25.8 million during the three and nine months ended September 30, 2023. See Note 3, *Investments,* for additional information.

Estimated Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

Our financial instruments not carried at fair value consist primarily of accounts receivable, restricted cash, short-term borrowings, accounts payable, accrued merchant and supplier payables and accrued expenses. The carrying values of those assets and liabilities approximate their respective fair values as of September 30, 2024 and December 31, 2023 due to their short-term nature.

NOTE 12. INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed using the weighted-average number of common shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities include stock options, RSUs, PSUs, ESPP shares, convertible senior notes and capped call transactions. If dilutive, those potentially dilutive securities are reflected in diluted net income (loss) per share using the treasury stock method, except for the convertible senior notes, which are subject to the if-converted method.

The following table sets forth the computation of basic and diluted net income (loss) per share of Common Stock for the three and nine months ended September 30, 2024 and 2023 (in thousands, except share amounts and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Basic and diluted net income (loss) per share:				
Numerator				
Net income (loss)	$ 14,522	$ (40,806)	$ (6,396)	$ (81,423)
Less: Net income (loss) attributable to noncontrolling interests	594	552	1,982	1,689
Basic net income (loss) attributable to common stockholders	$ 13,928	$ (41,358)	$ (8,378)	$ (83,112)
Diluted net income (loss) attributable to common stockholders	13,928	(41,358)	(8,378)	(83,112)
Plus: Interest expense from assumed conversion of convertible senior notes	710	—	—	—
Net income (loss) attributable to common stockholders plus assumed conversions	$ 14,638	$ (41,358)	$ (8,378)	$ (83,112)
Denominator				
Shares used in computation of basic net income (loss) per share	39,748,268	31,500,489	38,966,238	31,039,668
Weighted-average effect of diluted securities:				
Stock options	1,613,858	—	—	—
RSUs	272,224	—	—	—
ESPP shares	3,696	—	—	—
Convertible senior notes due 2026	3,376,400	—	—	—
Shares used in computation of diluted net income (loss) per share	45,014,446	31,500,489	38,966,238	31,039,668
Net income (loss) per share:				
Basic	$ 0.35	$ (1.31)	$ (0.22)	$ (2.68)
Diluted	$ 0.33	$ (1.31)	$ (0.22)	$ (2.68)

The following weighted-average potentially dilutive instruments are not included in the diluted net income (loss) per share calculations above because they would have had an antidilutive effect on the net income (loss) per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
RSUs	85,171	1,108,379	806,857	1,695,383
Stock options	—	3,309,783	3,062,500	2,282,890
PSUs	—	—	280,807	959
ESPP shares	—	7,923	12,001	34,119
Convertible Senior notes due 2026 (1)	—	3,376,400	3,376,400	3,376,400
Capped call transactions	3,376,400	3,376,400	3,376,400	3,376,400
Total	3,461,571	11,178,885	10,914,965	10,766,151

(1) We apply the if-converted method in computing the effect of our convertible senior notes on diluted net income (loss) per share, whereby the numerator of our diluted net income (loss) per share computations is adjusted for interest expense, net of tax, and the denominator is adjusted for the number of shares into which the convertible senior notes could be converted. The effect is only included in the calculation of income (loss) per share for those instruments for which it would reduce income (loss) per share. See Note 5, *Financing Arrangements*, for additional information.

As of September 30, 2024, there were up to 3,553,562 shares of Common Stock issuable upon vesting of outstanding 2024 Executive PSUs and PSUs that were excluded from the table above as the applicable market and performance conditions were not satisfied as of the end of the period. As of September 30, 2023, there were up to 724,487 shares of Common Stock issuable upon vesting of outstanding PSUs that were excluded from the table above as the performance conditions were not satisfied as of the end of the period.

NOTE 13. SEGMENT INFORMATION

The segment information reported in the tables below reflects the operating results that are regularly reviewed by our chief operating decision maker to assess performance and make resource allocation decisions. Our operations are organized into two segments: North America and International. Our measure of segment profitability is contribution profit, defined as gross profit less marketing expense, which is consistent with how management reviews the operating results of the segments. Contribution profit measures the amount of marketing investment needed to generate gross profit. Other operating expenses are excluded from contribution profit as management does not review those expenses by segment.

The following table summarizes revenue by reportable segment and category for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
North America revenue:				
Local	$ 81,479	$ 88,558	$ 259,646	$ 255,412
Goods	2,491	3,801	8,361	13,646
Travel	2,919	2,577	11,373	10,971
Total North America revenue (1)	86,889	94,936	279,380	280,029
International revenue:				
Local	23,473	26,900	70,624	79,539
Goods	2,734	3,054	7,448	11,029
Travel	1,383	1,584	4,726	6,597
Total International revenue (1)	$ 27,590	$ 31,538	$ 82,798	$ 97,165

(1) North America includes revenue from the United States of $85.6 million and $93.9 million for the three months ended September 30, 2024 and 2023 and $275.4 million and $276.0 million for the nine months ended September 30, 2024 and 2023. There were no other individual countries that represented more than 10% of consolidated total revenue for the three and nine months ended September 30, 2024 and 2023. Revenue is attributed to individual countries based on the location of the customer.

The following table summarizes cost of revenue by reportable segment and category for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
North America cost of revenue:				
Local	$ 8,453	$ 10,970	$ 25,535	$ 33,369
Goods	292	678	1,071	2,420
Travel	406	814	2,029	2,731
Total North America cost of revenue	9,151	12,462	28,635	38,520
International cost of revenue:				
Local	1,859	2,533	5,656	7,571
Goods	383	563	1,200	1,883
Travel	191	238	568	866
Total International cost of revenue	$ 2,433	$ 3,334	$ 7,424	$ 10,320

The following table summarizes contribution profit by reportable segment for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
North America				
Revenue	$ 86,889	$ 94,936	$ 279,380	$ 280,029
Cost of revenue	9,151	12,462	28,635	38,520
Marketing	28,643	18,990	79,902	48,740
Contribution profit	49,095	63,484	170,843	192,769
International				
Revenue	27,590	31,538	82,798	97,165
Cost of revenue	2,433	3,334	7,424	10,320
Marketing	7,615	9,908	21,685	27,273
Contribution profit	17,542	18,296	53,689	59,572
Consolidated				
Revenue	114,479	126,474	362,178	377,194
Cost of revenue	11,584	15,796	36,059	48,840
Marketing	36,258	28,898	101,587	76,013
Contribution profit	66,637	81,780	224,532	252,341
Selling, general and administrative	71,327	80,016	222,937	277,913
Restructuring and related charges	896	2,228	613	10,333
Gain on sale of assets	—	—	(5,160)	—
Income (loss) from operations	$ (5,586)	$ (464)	$ 6,142	$ (35,905)

The following table summarizes total assets by reportable segment as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024	December 31, 2023
Total assets:		
North America [(1)]	$ 435,616	$ 465,213
International [(1)]	112,398	105,743
Consolidated total assets	$ 548,014	$ 570,956

(1) North America contains assets from the United States of $429.8 million and $460.2 million as of September 30, 2024 and December 31, 2023. There were no other individual countries that represented more than 10% of consolidated total assets as of September 30, 2024 and December 31, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our Condensed Consolidated Financial Statements and related notes included under Part I, Item 1 of this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under Part II, Item 1A, *Risk Factors*, and elsewhere in this Quarterly Report. See Part I *, Forward-Looking Statements,* for additional information.

Overview

Groupon is a global scaled two-sided marketplace that connects consumers to merchants. Consumers access our marketplace through our mobile applications and our websites. We operate in two segments, North America and International, and operate in three categories, Local, Goods and Travel. See Item 1, Note 13, *Segment Information,* for additional information.

Our strategy is to be the trusted marketplace where customers go to buy local services and experiences. We plan to grow our revenue by building long-term relationships with local merchants to strengthen our inventory selection and by enhancing the customer experience through inventory curation and improved convenience in order to drive customer demand and purchase frequency.

We generate service revenue from Local, Goods and Travel categories. Revenue primarily represents the net commissions earned from selling goods or services on behalf of third-party merchants. Revenue is reported on a net basis as the purchase price collected from the customer less the portion of the purchase price that is payable to the third-party merchant. We also earn commissions when customers make purchases with retailers using digital coupons accessed through our websites and mobile applications.

We are investing significant resources in making our platform more efficient, stable and agile. By improving our technology, our customer base can enjoy a state of the art experience along with seamless execution of new product innovation, improved customer experience and customer satisfaction.

2022 Cost Savings Plan

In August 2022, we initiated the 2022 Cost Savings Plan, including the first phase in August 2022, the second January 2023 and the third July 2023, which is designed to reduce our expense structure and align with our go-forward business and financial objectives. The 2022 Cost Savings Plan included the 2022 Restructuring Plan, as well as other planned savings to be achieved through other actions, such as future reductions in our facilities footprint at natural lease terminations (or by exercising existing options in leases), renegotiating contractual arrangements with certain service providers and continuing to make elective decisions to eliminate vacant positions rather than rehire. The 2022 Restructuring Plan is expected to include an overall reduction of approximately 1,150 positions globally, with the majority of these reductions completed as of March 31, 2023 and the remainder expected to occur by the end of 2024. We have incurred total pretax charges of $21.3 million since the inception of the 2022 Restructuring Plan. A majority of the pre-tax charges have been paid in cash and relate to employee severance and compensation benefits, with an immaterial amount of charges related to other exit costs. See Item 1, Note 9, *Restructuring and Related Charges*, for additional information.

How We Measure Our Business

We use several operating and financial metrics to assess the progress of our business and make decisions on where to allocate capital, time and technology investments. Certain of the financial metrics are reported in accordance with GAAP and certain of those metrics are considered non-GAAP financial measures. As our business evolves, we may make changes to the key financial and operating metrics that we use to measure our business. For further information and reconciliations to the most applicable financial measures under GAAP, refer to our discussion under Non-GAAP Financial Measures in the *Results of Operations* section.

Operating Metrics

- *Gross billings* is the total dollar value of customer purchases of goods and services. Gross billings is presented net of customer refunds, order discounts and sales and related taxes. The substantial majority of our revenue transactions are comprised of sales of vouchers and similar transactions in which we collect the transaction price from the customer and remit a portion of the transaction price to the third-party merchant who will provide the related goods or services. For these transactions, gross billings differs from Revenue reported in our Condensed Consolidated Statements of Operations, which is presented net of the merchant's share of the transaction price. Gross billings is an indicator of our growth and business performance as it measures the dollar volume of transactions generated through our marketplaces. Tracking gross billings also allows us to monitor the percentage of gross billings that we are able to retain after payments to merchants. However, we are focused on achieving long-term gross profit and Adjusted EBITDA growth.
- *Units* are the number of purchases during the reporting period, before refunds and cancellations, made either through one of our online marketplaces, a third-party marketplace, or directly with a merchant for which we earn a commission. We do not include purchases with retailers using digital coupons accessed through our websites or mobile applications in our units metric. We consider units to be an important indicator of the total volume of business conducted through our marketplaces. We report units on a gross basis prior to the consideration of customer refunds and therefore units are not always a good proxy for gross billings.
- *Active customers* are unique user accounts that have made a purchase during the TTM either through one of our online marketplaces or directly with a merchant for which we earned a commission. We consider this metric to be an important indicator of our business performance as it helps us to understand how the number of customers actively purchasing our offerings is trending. Some customers could establish and make purchases from more than one account, so it is possible that our active customer metric may count certain customers more than once in a given period. We do not include consumers who solely make purchases with retailers using digital coupons accessed through our websites or mobile applications in our active customer metric, nor do we include consumers who solely make purchases of our inventory through third-party marketplaces with which we partner.

Our gross billings and units for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross billings	$ 373,392	$ 418,847	$ 1,128,145	$ 1,208,730
Units	8,684	10,116	26,370	30,210

Our active customers for the trailing twelve months ended September 30, 2024 and 2023 were as follows (in thousands):

	Trailing Twelve Months Ended September 30,	
	2024	2023
TTM active customers	15,455	17,013

Financial Metrics

- *Revenue* is earned through transactions on which we generate commissions by selling goods or services on behalf of third-party merchants. Revenue from those transactions is reported on a net basis as the purchase price collected from the customer for the offering less an agreed upon portion of the purchase price paid to the third-party merchant. Revenue also includes commissions we earn when customers make purchases with retailers using digital coupons accessed through our digital properties.
- *Gross profit* reflects the net margin we earn after deducting our Cost of revenue from our Revenue.
- *Adjusted EBITDA* is a non-GAAP financial measure that we define as Net income (loss) from operations excluding income taxes, interest and other non-operating items, depreciation and amortization, stock-based compensation and other special charges and credits, including items that are unusual in nature or infrequently occurring. For further information and a reconciliation to Net income (loss), refer to our discussion under Non-GAAP Financial Measures in the *Results of Operations* section.
- *Free cash flow* is a non-GAAP financial measure that comprises Net cash provided by (used in) operating activities less purchases of property and equipment and capitalized software. For further information and a reconciliation to Net cash provided by (used in) operating activities, refer to our discussion in the *Liquidity and Capital Resources* section below.

The following table presents the above financial metrics for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 114,479	$ 126,474	$ 362,178	$ 377,194
Gross profit	102,895	110,678	326,119	328,354
Adjusted EBITDA	14,767	18,221	50,763	28,515
Free cash flow	(19,666)	(17,975)	(22,660)	(148,402)

Operating Expenses

- *Marketing* expense consists primarily of online marketing costs, such as search engine marketing and advertising on social networking sites and affiliate programs. Additionally, compensation expense for marketing employees is classified within marketing expense. We record these costs within Marketing on the Condensed Consolidated Statements of Operations when incurred. From time to time, we have offerings from well-known national merchants for customer acquisition and activation purposes, for which the amount we owe the merchant for each voucher sold exceeds the transaction price paid by the customer. Our gross billings from those transactions generate no revenue and our net cost (i.e., the excess of the amount owed to the merchant over the amount paid by the customer) is classified as marketing expense. We evaluate marketing expense as a percentage of gross profit because it gives us an indication of how well our marketing spend is driving gross profit performance.
- *SG&A* expenses include selling expenses such as sales commissions and other compensation expenses for sales representatives, as well as costs associated with supporting the sales function such as technology, telecommunications and travel. General and administrative expenses include compensation expense for employees involved in customer service, operations, technology and product development, as well as general corporate functions, such as finance, legal and human resources. Additional costs in general and administrative include depreciation and amortization, rent, professional fees, litigation costs, travel and entertainment, recruiting, maintenance, certain technology costs and other general corporate costs. We evaluate SG&A expense as a percentage of gross profit because it gives us an indication of our operating efficiency.
- *Restructuring and related charges* represent severance and benefit costs for workforce reductions, impairments and other facilities-related costs and professional advisory fees. See Item 1, Note 9, *Restructuring and Related Charges*, for additional information about our restructuring plans.

Factors Affecting Our Performance

Attracting and retaining local merchants. As we focus on our local experiences marketplace, we depend on our ability to attract and retain merchants who are willing to offer their experiences on our platform. Merchants can withdraw their offerings from our marketplace at any time, and their willingness to continue offering services through our marketplace depends on the effectiveness of our marketplace offering. We are focused on improving our marketplace offering and merchant value proposition by exploring opportunities to better balance the needs of merchant partners, customers and Groupon, for example, by offering flexible deal structures.

Acquiring and retaining customers. To acquire and retain customers to drive higher volumes on our platform from new and existing customers, we are focused on strengthening our product offering, improving the attractiveness of our offerings, and rebuilding our performance marketing campaigns.

Impact of macroeconomic conditions. We have been, and may continue to be, impacted by adverse consequences of the macroeconomic environment, including but not limited to, inflationary pressures, higher labor costs, labor shortages, supply chain challenges and resulting changes in consumer and merchant behavior. We will continue to monitor the impact of macroeconomic conditions on our business.

Results of Operations

North America

Operating Metrics

North America segment gross billings and units for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Gross billings						
Local	$ 248,751	$ 260,425	(4.5)%	$ 723,391	$ 714,121	1.3 %
Goods	11,234	18,749	(40.1)	39,703	64,764	(38.7)
Travel	15,078	19,811	(23.9)	63,870	62,090	2.9
Total gross billings	$ 275,063	$ 298,985	(8.0)	$ 826,964	$ 840,975	(1.7)
Units						
Local	5,376	5,426	(0.9)%	15,787	15,651	0.9 %
Goods	379	706	(46.3)	1,439	2,446	(41.2)
Travel	61	79	(22.8)	256	249	2.8
Total units	5,816	6,211	(6.4)	17,482	18,346	(4.7)

North America TTM active customers for the trailing twelve months ended September 30, 2024 and 2023 were as follows (in thousands):

	Trailing Twelve Months Ended September 30,		
	2024	2023	% Change
TTM active customers	10,158	10,452	(2.8) %

Comparison of the Three Months Ended September 30, 2024 and 2023:

North America gross billings, units and TTM active customers decreased by $23.9 million, 0.4 million and 0.3 million for the three months ended September 30, 2024 compared with the prior year period. The decline in our Goods and Travel categories is primarily due to an overall decline in demand. Additionally, during the three months ended September 30, 2023, we had a favorable impact in our Local category from phasing out our COVID-19 refund practices, with no comparable activity during the three months ended September 30, 2024, which contributed to the decrease in our Local category during the current period compared with the prior year period.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

North America gross billings and units decreased by $14.0 million and 0.9 million for the nine months ended September 30, 2024 compared with the prior year period. These declines are primarily due to a decline in demand for our Goods category, which resulted in fewer unit sales. The decrease in gross billings is partially offset by favorable refund rates for our Local category.

Financial Metrics

North America segment revenue, cost of revenue and gross profit for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Revenue						
Local	$ 81,479	$ 88,558	(8.0) %	$ 259,646	$ 255,412	1.7 %
Goods	2,491	3,801	(34.5)	8,361	13,646	(38.7)
Travel	2,919	2,577	13.3	11,373	10,971	3.7
Total revenue	$ 86,889	$ 94,936	(8.5)	$ 279,380	$ 280,029	(0.2)
Cost of revenue						
Local	$ 8,453	$ 10,970	(22.9) %	$ 25,535	$ 33,369	(23.5) %
Goods	292	678	(56.9)	1,071	2,420	(55.7)
Travel	406	814	(50.1)	2,029	2,731	(25.7)
Total cost of revenue	$ 9,151	$ 12,462	(26.6)	$ 28,635	$ 38,520	(25.7)
Gross profit						
Local	$ 73,026	$ 77,588	(5.9) %	$ 234,111	$ 222,043	5.4 %
Goods	2,199	3,123	(29.6)	7,290	11,226	(35.1)
Travel	2,513	1,763	42.5	9,344	8,240	13.4
Total gross profit	$ 77,738	$ 82,474	(5.7)	$ 250,745	$ 241,509	3.8
Gross margin (1)	31.6 %	31.8 %		33.8 %	33.3 %	
% of Consolidated revenue	75.9 %	75.1 %		77.1 %	74.2 %	
% of Consolidated cost of revenue	79.0	78.9		79.4	78.9	
% of Consolidated gross profit	75.6 /	74.5		76.9	73.6	

(1) Represents the percentage of gross billings that we retained after deducting the merchant's share from gross billings.

Comparison of the Three Months Ended September 30, 2024 and 2023:

North America revenue, cost of revenue and gross profit decreased by $8.0 million, $3.3 million and $4.7 million for the three months ended September 30, 2024 compared with the prior year period. The decrease in revenue and gross profit is primarily due to an increase in Local voucher redemption rates in the current period. Additionally, during the three months ended September 30, 2023, we had a favorable impact in our Local category from phasing out our COVID-19 refund practices, with no comparable activity during the three months ended September 30, 2024, which contributed to the decreases in our Local category during the current period. The decline is also partially attributable to a decline in demand for our Local and Goods categories. The decrease in cost of revenue is primarily due to a decrease in payroll costs.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

North America revenue and cost of revenue decreased by $0.6 million and $9.9 million while gross profit increased $9.2 million for the nine months ended September 30, 2024 compared with the prior year period. Revenue remained flat which was primarily due to a decline in demand for our goods category, offset by favorable refund rates for our Local category. The decrease in cost of revenue is primarily due to a decrease in payroll costs. Gross profit increased due to revenue remaining flat and a decrease in cost of goods sold.

Marketing and Contribution Profit

We define contribution profit as gross profit less marketing expense. North America marketing and contribution profit for the three and nine months ended September 30, 2024 and 2023 was as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Marketing	$ 28,643	$ 18,990	50.8 %	$ 79,902	$ 48,740	63.9 %
% of Gross profit	*36.8 %*	*23.0 %*		*31.9 %*	*20.2 %*	
Contribution profit	$ 49,095	$ 63,484	(22.7) %	$ 170,843	$ 192,769	(11.4) %

Comparison of the Three Months Ended September 30, 2024 and 2023:

North America marketing expense and marketing expense as a percentage of gross pro fit increased for the three months ended September 30, 2024 compared with the prior year period, primarily driven by an increased investment in our performance marketing campaigns.

North America contribution pr ofit decreased for the three months ended September 30, 2024 compared with the prior year p eriod, primarily due to an increase in marketing expense.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

North America marketing expense and marketing expense as a percentage of gross profit increased for the nine months ended September 30, 2024 compared with the prior year period, primarily driven by an increased investment in our performance marketing campaigns.

North America contribution profit decreased for the nine months ended September 30, 2024 compared with the prior year period, primarily due to an increase in marketing expense.

International

Operating Metrics

International segment gross billings and units for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Gross billings						
Local	$ 76,793	$ 93,645	(18.0) %	$ 234,758	$ 275,133	(14.7) %
Goods	13,877	16,923	(18.0)	42,780	59,179	(27.7)
Travel	7,659	9,294	(17.6)	23,643	33,443	(29.3)
Total gross billings	$ 98,329	$ 119,862	(18.0)	$ 301,181	$ 367,755	(18.1)
Units						
Local	2,475	3,306	(25.1) %	7,622	9,496	(19.7) %
Goods	352	550	(36.0)	1,137	2,182	(47.9)
Travel	41	49	(16.3)	129	186	(30.6)
Total units	2,868	3,905	(26.6)	8,888	11,864	(25.1)

International TTM active customers for the trailing twelve months ended September 30, 2024 and 2023 were as follows (in thousands):

	Trailing Twelve Months Ended September 30,		
	2024	2023	% Change
TTM active customers	5,297	6,561	(19.3) %

Comparison of the Three Months Ended September 30, 2024 and 2023:

International gross billings, units and TTM active customers decreased by $21.5 million, 1.0 million and 1.3 million f or the three months ended September 30, 2024 compared with the prior year period. The Local category decrease was primarily attributable to the exit of our Local business in Italy and a decline in demand. The decline in our Goods and Travel categories were primarily attributable to an overall decline in demand. In addition, there was a $1.6 million favorable impact on gross billings from year-over-year changes in foreign currency exchange rates.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

International gross billings and units decreased by $66.6 million and 3.0 million for nine months ended September 30, 2024 compared with the prior year period. These declines were primarily attributable to an overall decline in demand across all categories. The Local category decrease was also partially attributable to the exit of our Local business in Italy. In addition, there was a $3.4 million favorable impact on gross billings from year-over-year changes in foreign currency exchange rates.

Financial Metrics

International segment revenue, cost of revenue and gross profit for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Revenue						
Local	$ 23,473	$ 26,900	(12.7) %	$ 70,624	$ 79,539	(11.2) %
Goods	2,734	3,054	(10.5)	7,448	11,029	(32.5)
Travel	1,383	1,584	(12.7)	4,726	6,597	(28.4)
Total revenue	$ 27,590	$ 31,538	(12.5)	$ 82,798	$ 97,165	(14.8)
Cost of revenue						
Local	$ 1,859	$ 2,533	(26.6) %	$ 5,656	$ 7,571	(25.3) %
Goods	383	563	(32.0)	1,200	1,883	(36.3)
Travel	191	238	(19.7)	568	866	(34.4)
Total cost of revenue	$ 2,433	$ 3,334	(27.0)	$ 7,424	$ 10,320	(28.1)
Gross profit						
Local	$ 21,614	$ 24,367	(11.3) %	$ 64,968	$ 71,968	(9.7) %
Goods	2,351	2,491	(5.6)	6,248	9,146	(31.7)
Travel	1,192	1,346	(11.4)	4,158	5,731	(27.4)
Total gross profit	$ 25,157	$ 28,204	(10.8)	$ 75,374	$ 86,845	(13.2)
Gross margin (1)	28.1 %	26.3 %		27.5 %	26.4 %	
% of Consolidated revenue	24.1 %	24.9 %		22.9 %	25.8 %	
% of Consolidated cost of revenue	21.0	21.1		20.6	21.1	
% of Consolidated gross profit	24.4	25.5		23.1	26.4	

(1) Represents the percentage of gross billings that we retained after deducting the merchant's share from gross billings.

Comparison of the Three Months Ended September 30, 2024 and 2023

International revenue, cost of revenue and gross profit decreased by $3.9 million, $0.9 million and $3.0 million for the three months ended September 30, 2024 compared with the prior year period. The decreases were primarily attributable to the exit of our Local business in Italy. Revenue and gross profit also had favorable impacts of $0.5 million and $0.5 million from year-over-year changes in foreign currency exchange rates.

Comparison of the Nine Months Ended September 30, 2024 and 2023

International revenue, cost of revenue and gross profit decreased $14.4 million, $2.9 million and $11.5 million compared with the prior year period. The Local category decrease was primarily attributable to the exit of our Local business in Italy and a decline in demand. The decline in our Goods and Travel categories were primarily attributable to an overall decline in demand. Despite decreasing revenue, revenue and gross profit had favorable impacts of $1.0 million and $1.0 million from year-over-year changes in foreign currency exchange rates.

Marketing and Contribution Profit

International marketing and contribution profit for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Marketing	$ 7,615	$ 9,908	(23.1)%	$ 21,685	$ 27,273	(20.5)%
% of Gross profit	*30.3 %*	*35.1 %*		*28.8 %*	*31.4 %*	
Contribution profit	$ 17,542	$ 18,296	(4.1)%	$ 53,689	$ 59,572	(9.9)%

Comparison of the Three Months Ended September 30, 2024 and 2023:

International marketing expense and marketing expense as a percentage of gross profit decreased for the three months ended September 30, 2024 compared with the prior year period, primarily due to traffic declines and a lower investment in our online marketing spend.

International contribution profit decreased for the three months ended September 30, 2024 compared with the prior year perio d, primarily due to a decrease in gross profit.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

International marketing expense and marketing expense as a percentage of gross profit decreased for the nine months ended September 30, 2024 compared with the prior year period, primarily due to traffic declines and a lower investment in our online marketing spend.

International contribution profit decreased for the nine months ended September 30, 2024 compared with the prior year period, primarily due to a decrease in gross profit.

Consolidated Operating Expenses

Operating expenses for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Marketing	$ 36,258	$ 28,898	25.5 %	$ 101,587	$ 76,013	33.6 %
Selling, general and administrative (1)	71,327	80,016	(10.9)	222,937	277,913	(19.8)
Restructuring and related charges	896	2,228	(59.8)	613	10,333	(94.1)
Gain on sale of assets	—	—	—	(5,160)	—	—
Total operating expenses	$ 108,481	$ 111,142	(2.4)	$ 319,977	$ 364,259	(12.2)
% of Gross profit:						
Marketing	35.2 %	26.1 %		31.2 %	23.1 %	
Selling, general and administrative	69.3 %	72.3 %		68.4 %	84.6 %	

(1) The three and nine months ended September 30, 2024 includes $8.8 million and $17.5 million of stock-based compensation expense and $3.8 million and $13.2 million of depreciation and amortization expense. The three and nine months ended September 30, 2023 includes $3.8 million and $13.6 million of stock-based compensation expense and $6.4 million and $20.3 million of depreciation and amortization expense.

Comparison of the Three Months Ended September 30, 2024 and 2023:

Marketing expense and marketing expense as a percentage of gross profit increased for the three months ended September 30, 2024 compared with the prior year period, due to an increased investment in our North America performance marketing campaigns.

SG&A and SG&A as a percentage of gross profit decreased for the three months ended September 30, 2024 compared with the prior year period, primarily due to a decrease in cloud costs.

Restructuring and related charges decreased for the three months ended September 30, 2024 compared with the prior year period, primarily due to a decrease in severance and benefits costs related to our 2022 Restructuring Plan, partially offset by an increase in charges related to the Italy Restructuring Plan. See Item 1, Note 9, *Restructuring and Related Charges*, for additional information.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

Marketing expense and marketing expense as a percentage of gross profit increased for the nine months ended September 30, 2024 compared with the prior year period, due to an increased investment in our North America performance marketing campaigns.

SG&A and SG&A as a percentage of gross profit decreased for the nine months ended September 30, 2024 compared with the prior year period, primarily due to a decrease in payroll and cloud costs.

Restructuring and related charges decreased for the nine months ended September 30, 2024 compared with the prior year period, primarily due to a decrease in severance and benefit costs related to our 2022 Restructuring Plan, partially offset by an increase in charges related to the Italy Restructuring Plan. See Item 1, Note 9, *Restructuring and Related Charges,* for additional information.

Gain on sale of assets increased for the nine months ended September 30, 2024 compared with the prior year period, primarily due to a gain from the sale of certain intangible assets. See Item 1, Note 2, *Goodwill and Long-Lived Assets,* for additional information.

Consolidated Other Income (Expense), Net

Other income (expense), net includes interest expense, interest income and foreign currency gains and losses, primarily resulting from intercompany balances with our subsidiaries that are denominated in foreign currencies.

Other income (expense), net for the three and nine months ended September 30, 2024 and 2023 was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Other income (expense), net	$ 22,429	$ (39,525)	$ 5,264	$ (41,260)

Comparison of the Three Months Ended September 30, 2024 and 2023:

The change in Other income (expense), net for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 is primarily related to a $34.9 million change in net foreign currency gains (losses). The remainder of the fluctuation is due to a remeasurement of our investment in SumUp in the amount of $25.8 million during the three months ended September 30, 2023 with no comparable activity during the three months ended September 30, 2024.

Comparison of the Nine Months Ended September 30, 2024 and 2023:

The change in Other income (expense), net for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 is primarily related to a $18.7 million change in foreign currency gains and losses.The remainder of the fluctuation is due to a remeasurement of our investment in SumUp in the amount of $25.8 million during the nine months ended September 30, 2023 with no comparable activity during the nine months ended September 30, 2024.

Consolidated Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Provision (benefit) for income taxes	$ 2,321	$ 817	184.1 %	$ 17,802	$ 4,258	NM
Effective tax rate	13.8 %	(2.0)%		156.1 %	(5.5)%	

Comparison of the Three and Nine Months Ended September 30, 2024 and 2023:

The effective tax rates for the three and nine months ended September 30, 2024 and 2023 were impacted by pretax losses incurred in jurisdictions that have valuation allowances against their net deferred tax assets. For the three and nine months ended September 30, 2024 and 2023, we continue to maintain a full valuation allowance against all U.S. federal and state deferred tax assets. We expect that our consolidated effective tax rate in future periods will continue to differ significantly from the U.S. federal income tax rate as a result of our tax obligations in jurisdictions with profits and valuation allowances in jurisdictions with losses. See Item 1, Note 10, *Income Taxes*, for additional information relating to tax audits and assessments and regulatory and legal developments that may impact our business and results of operations in the future.

Non-GAAP Financial Measures

In addition to financial results reported in accordance with GAAP, we have provided the following non-GAAP financial measures: Adjusted EBITDA, free cash flow and foreign currency exchange rate neutral operating results. Those non-GAAP financial measures are intended to aid investors in better understanding our current financial performance and prospects for the future as seen through the eyes of management. We believe that those non-GAAP financial measures facilitate comparisons with our historical results and with the results of peer companies who present similar measures (although other companies may define non-GAAP measures differently than we define them, even when similar terms are used to identify such measures). However, those non-GAAP financial measures are not intended to be a substitute for those reported in accordance with GAAP.

Adjusted EBITDA. Adjusted EBITDA is a non-GAAP performance measure that we define as Net income (loss) excluding income taxes, interest and other non-operating items, depreciation and amortization, stock-based compensation and other special charges and credits, including items that are unusual in nature or infrequently occurring. Adjusted EBITDA is a key measure used by our management and Board to evaluate operating performance, generate future operating plans and make strategic decisions for the allocation of capital. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board. However, Adjusted EBITDA is not intended to be a substitute for Net income (loss).

We exclude stock-based compensation expense and depreciation and amortization because they are primarily non-cash in nature and we believe that non-GAAP financial measures excluding those items provide meaningful supplemental information about our operating performance and liquidity. For the three and nine months ended September 30, 2024 and 2023, special charges and credits included charges related to our 2022 and 2020 Restructuring Plans, Gain on sale of assets and Foreign VAT assessments. We exclude special charges and credits from Adjusted EBITDA because we believe that excluding those items provides meaningful supplemental information about our core operating performance and facilitates comparisons with our historical results. For the Foreign VAT assessments, we also considered the fact we ceased operations in Portugal in 2016 and it is not part of our ongoing business. Since we ceased operations, we have not engaged in any revenue-generating or payroll-related activity and do not intend to engage in these activities in Portugal in the future.

The following is a reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure, Net income (loss), for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	$ 14,522	$ (40,806)	$ (6,396)	$ (81,423)
Adjustments:				
Stock-based compensation	8,890	3,889	17,682	13,771
Depreciation and amortization	6,895	12,568	24,512	40,316
Restructuring and related charges	896	2,228	613	10,333
Gain on sale of assets	—	—	(5,160)	—
Foreign VAT assessments [1]	3,672	—	6,974	—
Other (income) expense, net [2]	(22,429)	39,525	(5,264)	41,260
Provision (benefit) for income taxes	2,321	817	17,802	4,258
Total adjustments	245	59,027	57,159	109,938
Adjusted EBITDA	$ 14,767	$ 18,221	$ 50,763	$ 28,515

(1) The Foreign VAT assessments adjustment excludes related interest expense of $0.9 million for the three months ended September 30, 2024 and $1.7 million for the nine months ended September 30, 2024 as the interest expense is included within Other (income) expense, net. See Item 1, Note 6, Commitments and Contingencies, for additional information.

(2) Includes a $25.8 million remeasurement of our investment in SumUp during the three and nine months ended September 30, 2023. See Item 1, Note 3, *Investments,* for additional information.

Free cash flow. Free cash flow is a non-GAAP liquidity measure that comprises Net cash provided by (used in) operating activities less purchases of property and equipment and capitalized software. We use free cash flow to conduct and evaluate our business because, although it is similar to cash flow, we believe that it typically represents a more useful measure of cash flows because purchases of fixed assets, software developed for internal use and website development costs are necessary components of our ongoing operations. Free cash flow is not intended to represent the total increase or decrease in our cash balance for the applicable period.

Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. In addition, free cash flow reflects the impact of the timing difference between when we are paid by customers and when we pay merchants and suppliers. Therefore, we believe it is important to view free cash flow as a complement to our Condensed Consolidated Statements of Cash Flows. For a reconciliation of free cash flow to the most comparable GAAP financial measure, see *Liquidity and Capital Resources* below.

Foreign currency exchange rate neutral operating results. Foreign currency exchange rate neutral operating results show current period operating results as if foreign currency exchange rates had remained the same as those in effect in the prior year period. Those measures are intended to facilitate comparisons to our historical performance.

The following tables represent the effect on our Condensed Consolidated Statements of Operations from changes in exchange rates versus the U.S. dollar for the three and nine months ended September 30, 2024 (in thousands):

	Three Months Ended September 30, 2024		
	At Avg. Q3 2023 Rates (1)	**Exchange Rate Effect (2)**	**As Reported**
Gross billings	$ 371,759	$ 1,633	$ 373,392
Revenue	113,974	505	114,479
Cost of revenue	11,549	35	11,584
Gross profit	102,425	470	102,895
Marketing	36,180	78	36,258
Selling, general and administrative	71,186	141	71,327
Restructuring and related charges	863	33	896
Income (loss) from operations	(5,804)	218	(5,586)

	Nine Months Ended September 30, 2024		
	At Avg. Q3 2023 Rates (1)	**Exchange Rate Effect (2)**	**As Reported**
Gross billings	$ 1,124,715	$ 3,430	$ 1,128,145
Revenue	361,161	1,017	362,178
Cost of revenue	35,995	64	36,059
Gross profit	325,166	953	326,119
Marketing	101,421	166	101,587
Selling, general and administrative	222,448	489	222,937
Restructuring and related charges	586	27	613
Income (loss) from operations	5,871	271	6,142

(1) Represents the financial statement balances that would have resulted had exchange rates in the reporting period been the same as those in effect in the prior year period.

(2) Represents the increase or decrease in the reported amount resulting from changes in exchange rates from those in effect in the prior year period.

Liquidity and Capital Resources

Our principal source of liquidity is our cash balance totaling $159.7 million as of September 30, 2024. The Company's cash requirements are subject to change as business conditions warrant and opportunities arise. Additionally, with the Rights Offering and debt prepayment and termination of our Credit Agreement in February 2024, we believe that the Company has sufficient liquidity to support its overall ongoing operational needs within the next 12 months.

We are subject to claims for tax assessments by foreign jurisdictions, including a proposed assessment for $125.4 million (€112.1 million), inclusive of estimated incremental interest from the original Assessment. The subsidiary subject to the Assessment is Groupon S.r.l., one of the Company's Italian subsidiaries with operations relating specifically to the local voucher business in Italy. In December 2023, Groupon S.r.l. received an unfavorable ruling at the lowest court level, but lodged a second-level appeal, based on what it believes to be meritorious defenses to the Assessment. The hearing was held on September 24, 2024. On October 1, 2024, the second-level court indicated that it intends to issue an unfavorable ruling on the appeal and in favor of the Italian tax authorities. The court has not yet issued a full opinion with its rationale. When the decision of the second-level court is ultimately issued, Groupon S.r.l. will have six months from that date to appeal that decision to the Italian Supreme Court. The Company continues to believe that the Assessment is without merit and Groupon S.r.l. intends to pursue a prompt appeal to the Italian Supreme Court. If Groupon S.r.l. loses that appeal, Groupon S.r.l. plans to further challenge the Assessment and seek relief in an international Mutual Agreement Procedure that involves the tax authorities of Ireland and Italy.

Under Italian tax court procedures, taxpayers are required to deposit "provisional payments" while tax appeals are pending, which are held in trust by tax authorities and returned to the taxpayer if the taxpayer prevails on the appeal. At present, Groupon S.r.l. would be required to deposit provisional amounts equal to two-thirds of the assessed amount. However, Groupon S.r.l. has sought and obtained approval of installment plans (the second of which was issued on November 7, 2024) whereby the provisional payments may be deposited pro rata in monthly installments over seventy-two months. To date, Groupon S.r.l. has made all monthly installment payments. However, contemporaneous with its appeal to the Supreme Court, Groupon S.r.l. intends to seek a full stay of the provisional payment obligations. Groupon S.r.l. expects a hearing on the possible stay of provisional payments to take place in early 2025. If Groupon S.r.l. does not succeed in staying the provisional payment obligation, Groupon S.r.l. will consider its options, including making monthly installment payments up to the amount of its assets, or undertaking further restructuring actions. The total payments due in 2024 and 2025 under the terms of the installment plans are €3.4 million ($3.8 million) and €13.2 million ($14.7 million), respectively. Such amounts are recorded as Other non-current assets within the Condensed Consolidated Balance Sheets when cash is remitted.

The Company does not expect the tax assessment to result in financial exposure that exceeds the assets of Groupon S.r.l. as of December 31, 2023, nor do we expect any related developments to impact the ability of the Company to meet its obligations outside of Groupon S.r.l. See Item 1, Note 10, *Income Taxes* for additional information.

Our net cash flows from operating, investing and financing activities for the three and nine months ended September 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash provided by (used in):				
Operating activities	$ (16,258)	$ (13,855)	$ (11,069)	$ (132,485)
Investing activities	(3,442)	(5,469)	(3,070)	(16,965)
Financing activities	(691)	1,183	32,929	(30,953)

Our free cash flow for the three and nine months ended September 30, 2024 and 2023 and a reconciliation to the most comparable GAAP financial measure, Net cash provided by (used in) operating activities, for those periods were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net cash provided by (used in) operating activities	$ (16,258)	$ (13,855)	$ (11,069)	$ (132,485)
Purchases of property and equipment and capitalized software	(3,408)	(4,120)	(11,591)	(15,917)
Free cash flow	$ (19,666)	$ (17,975)	$ (22,660)	$ (148,402)

Our revenue-generating transactions are primarily structured such that we collect cash up-front from customers and pay third-party merchants at a later date, either based upon the customer's redemption of the related voucher or fixed payment terms, which are generally biweekly, throughout the term of the merchant's offering.

Our cash balances fluctuate significantly throughout the year based on many variables, including changes in gross billings, the timing of payments to merchants and suppliers and the mix of transactions between Goods, Travel and Local.

Net cash provided by (used in) operating activities

For the nine months ended September 30, 2024, our net cash used in operating activities was $11.1 million as compared with net cash used in operating activities of $132.5 million in the prior period. The improved cash flow from operating activities is primarily due to our cost cutting measures as a result of the impacts of our 2022 Restructuring Plan.

Net cash provided by (used in) investing activities

For the nine months ended September 30, 2024, our net cash used in investing activities was $3.1 million as compared with net cash used in investing activities of $17.0 million in the prior period. The improved cash flow from investing activities is primarily due to $9.1 million of net proceeds from the sale intangible assets and fewer purchases of property and equipment and capitalized software during the nine months ended September 30, 2024.

Net cash provided by (used in) financing activities

For the nine months ended September 30, 2024, our net cash provided by financing activities was $32.9 million as compared with net cash used in financing activities of $31.0 million in the prior period. The improved cash flow from financing activities is primarily due to $79.6 million of proceeds received from the Rights Offering, partially offset by an increase of $14.5 million in payments of borrowings under our revolving credit facility.

In January 2024, we announced the closing of our $80.0 million fully backstopped Rights Offering for shares of our Common Stock. Pursuant to the terms of the Rights Offering, 7,079,646 shares of Common Stock were purchased at $11.30 per share, generating $80.0 million in gross proceeds to the Company. See Item 1, Note 7, *Stockholders' Equity (Deficit) and Compensation Arrangements* , for additional information.

In February 2024, we prepaid $43.1 million to terminate all commitments to access further credit under the Credit Agreement using a portion of the $80.0 million in proceeds received from the Rights Offering. The terms of the Rights Offering permit the Company to use the proceeds for general corporate purposes, including the repayment of debt. We were not subject to any early termination penalties under the Credit Agreement. The payment of the Payoff Amount terminated our obligations under the Credit Agreement, except for ordinary and customary survival terms. In addition, we retained access to letters of credit, originally available under the Credit Agreement. See Item 1, Note 5, *Financing Arrangements*, for additional information.

In 2021, the Company issued the 2026 Notes in the principal amount of $230.0 million, which mature on March 15, 2026. The Company is continuously considering capital markets in order to enhance our capital structure.

On November 12, 2024, The Company entered into the Exchange and Subscriptions Agreements with a limited number of Offering Participants. The Offering Participants are institutional “accredited investors” (within the meaning of Rule 501(a)(1), (2), (3) or (7) promulgated under the Securities Act of 1933, as amended (the “Securities Act”)) and/or “qualified institutional buyers” (as defined in Rule 144A under the Securities Act).

Pursuant to the Exchange and Subscription Agreements, the Company will (i) exchange $176.3 million aggregate principal amount of 2026 Notes held by the Offering Participants for $176.3 million aggregate principal amount of the Company’s newly-issued 6.25% Convertible Senior Secured Notes due 2027 (the “2027 Notes”) (the “Exchange”) and (ii) issue and sell to certain Offering Participants $21.0 million aggregate principal amount of 2027 Notes for gross cash proceeds of $20.0 million (representing an issue price of 95%) (the “Subscription Transactions” and together with the Exchange, the “Transactions”). The 2027 Notes are expected to be issued to the Offering Participants in a private placement exempt from registration in reliance on Section 4(a)(2) of the Securities Act. The Company is relying on this exemption from registration based in part on representations made by the Offering Participants in the Exchange and Subscription Agreements.

The initial conversion rate of the 2027 Notes will be 33.333 shares of Company Common Stock, per $1,000 principal amount of 2027 Notes (equivalent to an initial conversion price of approximately $30 per share), subject to customary adjustments. The 2027 Notes will be convertible into Common Stock or a combination of cash and Common Stock, at the Company’s election. The Company may be required to pay additional interest of 2.5% per annum of the 2027 Notes in the event that it fails to pledge certain of its assets as part of the collateral for the 2027 Notes, unless such assets are sold.

The Transactions are expected to close on or around November 12, 2024, subject to customary closing conditions.

As of September 30, 2024, we had $59.9 million in cash held by our international subsidiaries, which is primarily denominated in Euros, British Pounds Sterling, Canadian dollars, Indian Rupees, Polish Zloty, Swiss Franc, and, to a lesser extent, Australian dollars. In general, it is our practice and intention to re-invest the earnings of our non-U.S. subsidiaries in those operations or remit such earnings in a tax-efficient manner. We have not, nor do we anticipate the need to, repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of September 30, 2024, did not materially change from the amounts set forth in our 2023 Annual Report on Form 10-K, except as disclosed in Item 1, *Note* 6*, Commitments and Contingencies*.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2024.

Significant Accounting Policies and Critical Accounting Estimates

The preparation of Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities, revenue and expenses, and related disclosure of contingent liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. Our significant accounting policies are discussed in Part II, Item 8, Note 2, *Summary of Significant Accounting Policies* in our Annual Report on Form 10-K for the year ended December 31, 2023. In addition, refer to the critical accounting estimates under Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business, including the effect of foreign currency fluctuations, interest rate changes and inflation. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Foreign Currency Exchange Risk

We transact business in various foreign currencies other than the U.S. dollar, principally the Euro, British Pound Sterling, Canadian dollar, Indian Rupee, Polish Zloty, Swiss Franc, and, to a lessor extent, Australian dollar, which exposes us to foreign currency risk. For the three and nine months ended September 30, 2024, we derived approximately 24.1% and 22.9% of our revenue from our International segment. Revenue and related expenses generated from our international operations are generally denominated in the local currencies of the corresponding countries. The functional currencies of our subsidiaries that either operate or support these markets are generally the same as the corresponding local currencies. However, the results of operations of, and certain of our intercompany balances associated with, our international operations are exposed to foreign currency exchange rate fluctuations. Upon consolidation, as exchange rates vary, our revenue and other operating results may differ materially from expectations, and we may record significant gains or losses on the re-measurement of intercompany balances.

We assess our foreign currency exchange risk based on hypothetical changes in rates utilizing a sensitivity analysis that measures the potential impact on working capital based on a 10% change (increase and decrease) in currency rates. We use a current market pricing model to assess the changes in the value of the U.S. dollar on foreign currency denominated monetary assets and liabilities. The primary assumption used in this model is a hypothetical 10% weakening or strengthening of the U.S. dollar against those currency exposures as of September 30, 2024 and December 31, 2023.

As of September 30, 2024, our net working capital deficit (defined as current assets less current liabilities) from subsidiaries that are subject to foreign currency translation risk was $7.3 million. The potential increase in this working capital deficit from a hypothetical 10% adverse change in quoted foreign currency exchange rates would be $0.7 million. This compares with a $21.7 million working capital deficit subject to foreign currency exposure as of December 31, 2023, for which a 10% adverse change would have resulted in a potential increase in this working capital deficit of $2.2 million.

Interest Rate Risk

Our cash balance as of September 30, 2024, consists of bank deposits so exposure to market risk for changes in interest rates is limited. The 2026 Notes have an aggregate principal amount of $230.0 million and bear interest at a fixed rate, so we have no financial statement impact from changes in interest rates. However, changes in market interest rates impact the fair value of the 2026 Notes along with other variables such as our credit spreads and the market price and volatility of our Common Stock. See Item 1, Note 5, *Financing Arrangements*, for additional information. We have $5.1 million of lease obligations as of September 30, 2024. Interest rates on existing leases typically do not change unless there is a modification to a lease agreement and as such, we do not believe that the interest rate risk on the lease obligations is significant.

Inflation Risk

Our business is affected by changes to our merchants' and customers' discretionary spend. We expect such discretionary spend limitations to continue, and if we do not see increased overall demand for discounted goods and services to help offset these limitations on individual merchants and customers, our business, financial condition and results of operations could be adversely impacted. Additionally, increased inflation could negatively impact our business by driving up our operating costs. Our costs are subject to inflationary pressures, and if those pressures become significant, we may not be able to offset such higher costs through price increases or other cost efficiency measures. Our inability or failure to do so could harm our business, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of September 30, 2024.

Based on that evaluation and because of the previously-reported material weaknesses in internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2024.

Notwithstanding the material weakness in our internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer have concluded that the Condensed Consolidated Financial Statements present fairly, in all material respects, our financial position, results of operations and cash flows in accordance with GAAP.

Remediation Plan and Status

Management, with the oversight of the audit committee of our Board, has dedicated resources and efforts to improve our internal controls over financial reporting and has taken action to remediate such material weakness. Actions include taking steps towards the automation of certain complex accounting calculations, adding detective analytical management review controls, adding controls to reconcile source data across accounts, and enhancing review procedures within account reconciliations. While the Company has improved its control activities, the material weakness identified in the prior year remains unremediated as of September 30, 2024 and the Company’s remediation efforts will continue to take place throughout 2024.

The material weakness cannot be considered remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. Accordingly, we will continue to monitor and evaluate the effectiveness of our internal control over financial reporting in the areas affected by the material weakness described above.

Changes in Internal Control over Financial Reporting

Except for the enhancements to controls to address the material weakness, there were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, please see Item 1, Note 6, *Commitments and Contingencies*, to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

During the three months ended September 30, 2024, we did not issue any unregistered equity securities.

Issuer Purchases of Equity Securities

As of September 30, 2024, there have been no changes to our Board authorized share repurchase program. For additional information, please refer to Part II, Item 5, *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities* in our Annual Report on Form 10-K for the year ended December 31, 2023.

The following table provides information about purchases of shares of our Common Stock during the three months ended September 30, 2024 related to shares withheld upon vesting of RSUs for minimum tax withholding obligations:

Date	Total Number of Shares Purchased [(1)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under Program
July 1-31, 2024	1,419	$ 16.74	—	—
August 1-31, 2024	1,445	13.60	—	—
September 1-30, 2024	1,105	10.85	—	—
Total	3,969	$ 13.96	—	—

(1) Total number of shares delivered to us by employees to satisfy the mandatory tax withholding requirement upon vesting of stock-based compensation awards.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2024, none of our officers or directors adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Amendment to CEO Employment Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed April 1, 2024)*
10.2	CEO Employment Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed May 7, 2024)*
10.3	CEO Notice of Grant and Performance Share Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed May 7, 2024)*
10.4	CFO Merit Letter (incorporated by reference to the Company's Current Report on Form 8-K filed May 7, 2024)*
10.5	CFO Notice of Grant and Performance Share Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed May 7, 2024)*
10.6	CEO Severance Benefit Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed May 9, 2024)
10.7	CFO Severance Benefit Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed May 9, 2024)
10.8	Amended and Restated Groupon, Inc. 2011 Incentive Plan, as amended (incorporated by reference to the Company's Current Report on Form 8-K filed June 12, 2024)
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104 **	Cover Page Interactive Data File

* Management contract of compensatory plan or arrangement.

** The XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 12th day of November 2024.

GROUPON, INC.

By: /s/ Jiri Ponrt

Name: Jiri Ponrt

Title: Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Dusan Senkypl, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Groupon, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024 /s/ Dusan Senkypl

Dusan Senkypl
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Jiri Ponrt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Groupon, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Jiri Ponrt
Jiri Ponrt
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certifications Pursuant to
18 U.S.C. Section 1350
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Groupon, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dusan Senkypl, Chief Executive Officer of the Company, and Jiri Ponrt, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Dusan Senkypl
Dusan Senkypl
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Jiri Ponrt
Jiri Ponrt
Chief Financial Officer
(Principal Financial Officer)

Date: November 12, 2024