

Groupon, Inc.
Summary Consolidated and Segment Results
(in thousands, except share and per share amounts)
(unaudited)

The financial results of Ticket Monster are presented as discontinued operations in the accompanying condensed consolidated financial statements and tables for the nine months ended September 30, 2015. All prior period financial information and operational metrics have been retrospectively adjusted to reflect this presentation.

| | Three Months Ended September 30, | | Y/Y % Growth | FX Effect ⁽²⁾ | Y/Y % Growth excluding FX ⁽²⁾ | Nine Months Ended September 30, | | Y/Y % Growth | FX Effect ⁽²⁾ | Y/Y % Growth excluding FX ⁽²⁾ |
|--|-------------------------------------|--------------|-----------------|-----------------------------|---|------------------------------------|--------------|-----------------|-----------------------------|---|
| | 2016 | 2015 | | | | 2016 | 2015 | | | |
| Gross Billings⁽¹⁾: | | | | | | | | | | |
| North America | \$ 920,962 | \$ 869,203 | 6.0 % | \$ 17 | 6.0 % | \$ 2,824,290 | \$ 2,659,436 | 6.2 % | \$ (1,085) | 6.2 % |
| EMEA | 370,992 | 414,482 | (10.5) | (8,371) | (8.5) | 1,144,528 | 1,307,207 | (12.4) | (20,595) | (10.9) |
| Rest of World | 140,201 | 183,849 | (23.7) | (1,802) | (22.8) | 428,229 | 581,905 | (26.4) | (35,628) | (20.3) |
| Consolidated gross billings | \$ 1,432,155 | \$ 1,467,534 | (2.4) % | \$ (10,156) | (1.7) % | \$ 4,397,047 | \$ 4,548,548 | (3.3) % | \$ (57,308) | (2.1) % |
| Revenue: | | | | | | | | | | |
| North America | \$ 483,281 | \$ 463,931 | 4.2 % | \$ 4 | 4.2 % | \$ 1,501,016 | \$ 1,425,095 | 5.3 % | \$ (260) | 5.3 % |
| EMEA | 196,573 | 199,287 | (1.4) | (2,718) | — | 583,848 | 619,554 | (5.8) | (7,626) | (4.5) |
| Rest of World | 40,614 | 50,377 | (19.4) | (1,976) | (15.5) | 123,605 | 157,697 | (21.6) | (14,576) | (12.4) |
| Consolidated revenue | \$ 720,468 | \$ 713,595 | 1.0 % | \$ (4,690) | 1.6 % | \$ 2,208,469 | \$ 2,202,346 | 0.3 % | \$ (22,462) | 1.3 % |
| Income (loss) from operations | \$ (26,685) | \$ (70,423) | 62.1 % | \$ (562) | 62.9 % | \$ (117,187) | \$ (74,354) | (57.6) % | \$ (1,005) | (56.3) % |
| Income (loss) from continuing operations | \$ (35,792) | \$ (24,613) | | | | \$ (133,119) | \$ (56,619) | | | |
| Income (loss) from discontinued operations, net of tax | \$ — | \$ — | | | | \$ — | \$ 133,463 | | | |
| Net income (loss) attributable to Groupon, Inc. | \$ (37,976) | \$ (27,615) | | | | \$ (141,999) | \$ 67,196 | | | |
| Basic net income (loss) per share: | | | | | | | | | | |
| Continuing operations | \$ (0.07) | \$ (0.04) | | | | \$ (0.25) | \$ (0.10) | | | |
| Discontinued operations | — | — | | | | — | 0.20 | | | |
| Basic net income (loss) per share | \$ (0.07) | \$ (0.04) | | | | \$ (0.25) | \$ 0.10 | | | |
| Diluted net income (loss) per share: | | | | | | | | | | |
| Continuing operations | \$ (0.07) | \$ (0.04) | | | | \$ (0.25) | \$ (0.10) | | | |
| Discontinued operations | — | — | | | | — | 0.20 | | | |
| Diluted net income (loss) per share | \$ (0.07) | \$ (0.04) | | | | \$ (0.25) | \$ 0.10 | | | |
| Weighted average number of shares outstanding | | | | | | | | | | |
| Basic | 575,216,191 | 644,894,785 | | | | 578,290,291 | 664,302,630 | | | |
| Diluted | 575,216,191 | 644,894,785 | | | | 578,290,291 | 664,302,630 | | | |

(1) Represents the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of estimated refunds.

(2) Represents the change in financial measures that would have resulted had average exchange rates in the reporting period been the same as those in effect during the three and nine months ended September 30, 2015.

Groupon, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2016 | 2015 ⁽¹⁾ | 2016 | 2015 ⁽¹⁾ |
| Operating activities | | | | |
| Net income (loss) | \$ (35,792) | \$ (24,613) | \$ (133,119) | \$ 76,844 |
| Less: Income (loss) from discontinued operations, net of tax | — | — | — | 133,463 |
| Income (loss) from continuing operations | (35,792) | (24,613) | (133,119) | (56,619) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | |
| Depreciation and amortization of property, equipment and software | 28,845 | 30,475 | 88,697 | 84,241 |
| Amortization of acquired intangible assets | 4,408 | 5,160 | 13,643 | 14,966 |
| Stock-based compensation | 26,442 | 35,575 | 94,750 | 109,204 |
| Restructuring-related long-lived asset impairments | — | 345 | 45 | 345 |
| Gains on business dispositions | (2,060) | (13,710) | (11,399) | (13,710) |
| Deferred income taxes | (1,288) | (15,202) | (6,436) | (15,252) |
| (Gain) loss, net from changes in fair value of contingent consideration | (162) | 435 | 4,130 | (268) |
| (Gain) loss from changes in fair value of investments | 1,594 | 2,564 | 7,301 | 2,114 |
| Amortization of debt discount on convertible senior notes | 2,458 | — | 4,854 | — |
| Change in assets and liabilities, net of acquisitions: | | | | |
| Restricted cash | 361 | 1,392 | (332) | 4,555 |
| Accounts receivable | (4,798) | 16,635 | (3,593) | 6,353 |
| Prepaid expenses and other current assets | 44,266 | (33,366) | 10,738 | (39,813) |
| Accounts payable | 2,831 | 5,371 | (4,326) | (944) |
| Accrued merchant and supplier payables | (46,354) | (51,319) | (171,816) | (101,852) |
| Accrued expenses and other current liabilities | (51,854) | 51,169 | (47,919) | 57,214 |
| Other, net | (9,719) | (18,551) | (16,775) | (1,242) |
| Net cash provided by (used in) operating activities from continuing operations | (40,822) | (7,640) | (171,557) | 49,292 |
| Net cash provided by (used in) operating activities from discontinued operations | — | (19,205) | — | (36,578) |
| Net cash provided by (used in) operating activities | (40,822) | (26,845) | (171,557) | 12,714 |
| Investing activities | | | | |
| Net cash provided by (used in) investing activities from continuing operations | (12,088) | (98,028) | (51,719) | (146,012) |
| Net cash provided by (used in) investing activities from discontinued operations | — | — | — | 244,470 |
| Net cash provided by (used in) investing activities | (12,088) | (98,028) | (51,719) | 98,458 |
| Financing activities | | | | |
| Net cash provided by (used in) financing activities | (38,342) | (14,793) | 52,868 | (192,188) |
| Effect of exchange rate changes on cash and cash equivalents, including cash classified within current assets held for sale | | | | |
| | 867 | (6,923) | 6,793 | (27,338) |
| Net increase (decrease) in cash and cash equivalents, including cash classified within current assets held for sale | (90,385) | (146,589) | (163,615) | (108,354) |
| Less: Net increase (decrease) in cash classified within current assets held for sale | — | — | — | (55,279) |
| Net increase (decrease) in cash and cash equivalents | (90,385) | (146,589) | (163,615) | (53,075) |
| Cash and cash equivalents, beginning of period | 780,132 | 1,110,148 | 853,362 | 1,016,634 |
| Cash and cash equivalents, end of period | <u>\$ 689,747</u> | <u>\$ 963,559</u> | <u>\$ 689,747</u> | <u>\$ 963,559</u> |

- (1) The Company adopted the guidance in Accounting Standards Update ("ASU") 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*, on January 1, 2016. ASU 2016-09 requires that all income tax-related cash flows resulting from share-based payments be reported as operating activities in the statement of cash flows. Previously, income tax benefits at settlement of an award were reported as a reduction to operating cash flows and an increase to financing cash flows to the extent that those benefits exceeded the income tax benefits reported in earnings during the award's vesting period. The Company has elected to apply that change in cash flow classification on a retrospective basis, which has resulted in a decrease to net cash provided by (used in) operating activities and net cash used in financing activities of \$0.03 million for the three months ended September 30, 2015, and increases to net cash provided by (used in) operating activities and net cash used in financing activities of \$6.2 million for the nine months ended September 30, 2015.

Groupon, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|-------------|---------------------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenue: | | | | |
| Third party and other | \$ 309,836 | \$ 326,306 | \$ 962,533 | \$ 1,027,273 |
| Direct | 410,632 | 387,289 | 1,245,936 | 1,175,073 |
| Total revenue | 720,468 | 713,595 | 2,208,469 | 2,202,346 |
| Cost of revenue: | | | | |
| Third party and other | 40,419 | 46,050 | 131,000 | 145,292 |
| Direct | 365,932 | 338,633 | 1,090,436 | 1,043,729 |
| Total cost of revenue | 406,351 | 384,683 | 1,221,436 | 1,189,021 |
| Gross profit | 314,117 | 328,912 | 987,033 | 1,013,325 |
| Operating expenses: | | | | |
| Marketing | 87,858 | 61,587 | 269,616 | 171,127 |
| Selling, general and administrative | 253,554 | 326,248 | 811,710 | 904,816 |
| Restructuring charges | 1,459 | 24,146 | 29,988 | 24,146 |
| Gains on business dispositions | (2,060) | (13,710) | (11,399) | (13,710) |
| Acquisition-related expense (benefit), net | (9) | 1,064 | 4,305 | 1,300 |
| Total operating expenses | 340,802 | 399,335 | 1,104,220 | 1,087,679 |
| Income (loss) from operations | (26,685) | (70,423) | (117,187) | (74,354) |
| Other income (expense), net ⁽¹⁾ | (7,028) | (8,160) | (14,303) | (25,146) |
| Income (loss) from continuing operations before provision (benefit) for income taxes | (33,713) | (78,583) | (131,490) | (99,500) |
| Provision (benefit) for income taxes | 2,079 | (53,970) | 1,629 | (42,881) |
| Income (loss) from continuing operations | (35,792) | (24,613) | (133,119) | (56,619) |
| Income (loss) from discontinued operations, net of tax | — | — | — | 133,463 |
| Net income (loss) | (35,792) | (24,613) | (133,119) | 76,844 |
| Net income attributable to noncontrolling interests | (2,184) | (3,002) | (8,880) | (9,648) |
| Net income (loss) attributable to Groupon, Inc. | \$ (37,976) | \$ (27,615) | \$ (141,999) | \$ 67,196 |
| Basic net income (loss) per share: | | | | |
| Continuing operations | \$ (0.07) | \$ (0.04) | \$ (0.25) | \$ (0.10) |
| Discontinued operations | — | — | — | 0.20 |
| Basic net income (loss) per share | \$ (0.07) | \$ (0.04) | \$ (0.25) | \$ 0.10 |
| Diluted net income (loss) per share: | | | | |
| Continuing operations | \$ (0.07) | \$ (0.04) | \$ (0.25) | \$ (0.10) |
| Discontinued operations | — | — | — | 0.20 |
| Diluted net income (loss) per share | \$ (0.07) | \$ (0.04) | \$ (0.25) | \$ 0.10 |
| Weighted average number of shares outstanding | | | | |
| Basic | 575,216,191 | 644,894,785 | 578,290,291 | 664,302,630 |
| Diluted | 575,216,191 | 644,894,785 | 578,290,291 | 664,302,630 |

- (1) Other income (expense), net includes foreign currency gains (losses), net of \$0.2 million and \$(5.2 million) for the three months ended September 30, 2016 and 2015, respectively, and foreign currency gains (losses), net of \$5.4 million and \$(22.1 million) for the nine months ended September 30, 2016 and 2015, respectively.

Groupon, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

| | September 30, 2016 (unaudited) | December 31, 2015 |
|---|-----------------------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 689,747 | \$ 853,362 |
| Accounts receivable, net | 74,047 | 68,175 |
| Prepaid expenses and other current assets | 145,280 | 153,705 |
| Total current assets | 909,074 | 1,075,242 |
| Property, equipment and software, net | 179,987 | 198,897 |
| Goodwill | 289,856 | 287,332 |
| Intangible assets, net | 25,475 | 36,483 |
| Investments (including \$150,532 and \$163,675 at September 30, 2016 and December 31, 2015, respectively, at fair value) | 180,617 | 178,236 |
| Deferred income taxes | 4,242 | 3,454 |
| Other non-current assets | 24,290 | 16,620 |
| Total Assets | \$ 1,613,541 | \$ 1,796,264 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 21,833 | \$ 24,590 |
| Accrued merchant and supplier payables | 608,939 | 776,211 |
| Accrued expenses and other current liabilities | 353,696 | 402,724 |
| Total current liabilities | 984,468 | 1,203,525 |
| Convertible senior notes, net | 176,473 | — |
| Deferred income taxes | 6,840 | 8,612 |
| Other non-current liabilities | 113,604 | 113,540 |
| Total Liabilities | 1,281,385 | 1,325,677 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Class A common stock, par value \$0.0001 per share, 2,000,000,000 shares authorized, 730,849,600 shares issued and 571,551,487 shares outstanding at September 30, 2016 and 717,387,446 shares issued and 588,919,281 shares outstanding at December 31, 2015 | 73 | 72 |
| Class B common stock, par value \$0.0001 per share, 10,000,000 shares authorized, 2,399,976 shares issued and outstanding at September 30, 2016 and December 31, 2015 | — | — |
| Common stock, par value \$0.0001 per share, 2,010,000,000 shares authorized, no shares issued and outstanding at September 30, 2016 and December 31, 2015 | — | — |
| Additional paid-in capital | 2,094,975 | 1,964,453 |
| Treasury stock, at cost, 159,298,113 shares at September 30, 2016 and 128,468,165 shares at December 31, 2015 | (757,520) | (645,041) |
| Accumulated deficit | (1,046,422) | (901,292) |
| Accumulated other comprehensive income (loss) | 40,132 | 51,206 |
| Total Groupon, Inc. Stockholders' Equity | 331,238 | 469,398 |
| Noncontrolling interests | 918 | 1,189 |
| Total Equity | 332,156 | 470,587 |
| Total Liabilities and Equity | \$ 1,613,541 | \$ 1,796,264 |

Groupon, Inc.
Segment Information
(in thousands)
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|-------------|---------------------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| North America | | | | |
| Gross billings ⁽¹⁾ | \$ 920,962 | \$ 869,203 | \$ 2,824,290 | \$ 2,659,436 |
| Revenue | \$ 483,281 | \$ 463,931 | \$ 1,501,016 | \$ 1,425,095 |
| Segment cost of revenue and operating expenses ⁽²⁾⁽³⁾⁽⁴⁾ | 483,036 | 494,843 | 1,510,731 | 1,404,472 |
| Segment operating income (loss) ⁽²⁾ | \$ 245 | \$ (30,912) | \$ (9,715) | \$ 20,623 |
| <i>Segment operating income (loss) as a percent of segment gross billings</i> | — % | (3.6) % | (0.3) % | 0.8 % |
| <i>Segment operating income (loss) as a percent of segment revenue</i> | 0.1 % | (6.7) % | (0.6) % | 1.4 % |
| EMEA | | | | |
| Gross billings ⁽¹⁾ | \$ 370,992 | \$ 414,482 | \$ 1,144,528 | \$ 1,307,207 |
| Revenue | \$ 196,573 | \$ 199,287 | \$ 583,848 | \$ 619,554 |
| Segment cost of revenue and operating expenses ⁽²⁾⁽⁴⁾⁽⁵⁾ | 192,692 | 195,397 | 570,294 | 586,343 |
| Segment operating income (loss) ⁽²⁾ | \$ 3,881 | \$ 3,890 | \$ 13,554 | \$ 33,211 |
| <i>Segment operating income (loss) as a percent of segment gross billings</i> | 1.0 % | 0.9 % | 1.2 % | 2.5 % |
| <i>Segment operating income (loss) as a percent of segment revenue</i> | 2.0 % | 2.0 % | 2.3 % | 5.4 % |
| Rest of World | | | | |
| Gross billings ⁽¹⁾ | \$ 140,201 | \$ 183,849 | \$ 428,229 | \$ 581,905 |
| Revenue | \$ 40,614 | \$ 50,377 | \$ 123,605 | \$ 157,697 |
| Segment cost of revenue and operating expenses ⁽²⁾⁽⁴⁾ | 45,284 | 57,282 | 146,247 | 175,542 |
| Segment operating income (loss) ⁽²⁾ | \$ (4,670) | \$ (6,905) | \$ (22,642) | \$ (17,845) |
| <i>Segment operating income (loss) as a percent of segment gross billings</i> | (3.3) % | (3.8) % | (5.3) % | (3.1) % |
| <i>Segment operating income (loss) as a percent of segment revenue</i> | (11.5) % | (13.7) % | (18.3) % | (11.3) % |

- (1) Represents the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of estimated refunds.
- (2) Segment cost of revenue and operating expenses and segment operating income (loss) exclude stock-based compensation and acquisition-related expense (benefit), net.
- (3) Segment cost of revenue and operating expenses for North America for the three and nine months ended September 30, 2015 includes a \$37.5 million expense related to an increase in the Company's contingent liability for its securities litigation matter, which was subsequently settled.
- (4) Segment cost of revenue and operating expenses for the three months ended September 30, 2016 includes restructuring charges of \$1.0 million in North America, \$(0.2) million in EMEA and \$0.7 million in Rest of World. Segment cost of revenue and operating expenses for the nine months ended September 30, 2016 includes restructuring charges of \$6.8 million in North America (which excludes \$2.6 million of stock-based compensation), \$13.9 million in EMEA (which excludes \$2.1 million of stock-based compensation) and \$4.6 million in Rest of World (which excludes \$0.02 million of stock-based compensation). Segment cost of revenue and operating expenses for the three and nine months ended September 30, 2015 includes restructuring charges of \$1.4 million in North America, \$19.7 million in EMEA and \$3.0 million in Rest of World.
- (5) Segment cost of revenue and operating expenses for EMEA for the three and nine months ended September 30, 2015 includes a \$6.7 million expense for the write-off of a prepaid asset related to a marketing program that was discontinued because the counterparty ceased operations.

Groupon, Inc.
Non-GAAP Reconciliation Schedules
(in thousands, except share and per share amounts)
(unaudited)

Adjusted EBITDA, non-GAAP earnings attributable to common stockholders and non-GAAP earnings per share are non-GAAP performance measures. The Company reconciles Adjusted EBITDA to the most comparable U.S. GAAP performance measure, "Net income (loss) from continuing operations" for the periods presented and the Company reconciles non-GAAP earnings per share to the most comparable U.S. GAAP performance measure, "Diluted net income (loss) per share," for the periods presented.

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

| | <u>Q3 2015</u> | <u>Q4 2015</u> | <u>Q1 2016</u> | <u>Q2 2016</u> | <u>Q3 2016</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Income (loss) from continuing operations | \$ (24,613) | \$ (32,552) | \$ (45,596) | \$ (51,731) | \$ (35,792) |
| Adjustments: | | | | | |
| Stock-based compensation ⁽¹⁾ | 35,432 | 32,691 | 27,976 | 35,244 | 26,176 |
| Depreciation and amortization | 35,635 | 33,763 | 34,797 | 34,290 | 33,253 |
| Acquisition-related expense (benefit), net | 1,064 | 557 | 3,464 | 850 | (9) |
| Gains on business dispositions | (13,710) | — | — | (9,339) | (2,060) |
| Restructuring charges | 24,146 | 5,422 | 12,444 | 16,085 | 1,459 |
| Prepaid marketing write-off | 6,690 | — | — | — | — |
| Securities litigation expense | 37,500 | — | — | — | — |
| Non-operating expense (income), net | 8,160 | 3,393 | (3,486) | 10,761 | 7,028 |
| Provision (benefit) for income taxes | (53,970) | 23,736 | 1,749 | (2,199) | 2,079 |
| Total adjustments | 80,947 | 99,562 | 76,944 | 85,692 | 67,926 |
| Adjusted EBITDA | <u>\$ 56,334</u> | <u>\$ 67,010</u> | <u>\$ 31,348</u> | <u>\$ 33,961</u> | <u>\$ 32,134</u> |

- (1) Represents stock-based compensation recorded within cost of revenue, marketing expense, and selling, general and administrative expense. Non-operating expense (income), net, includes \$0.1 million, \$0.2 million, \$0.2 million, \$0.2 million and \$0.3 million of additional stock-based compensation for the three months ended September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016 and September 30, 2016, respectively. Restructuring charges includes \$2.6 million and \$2.1 million of additional stock-based compensation for the three months ended March 31, 2016 and June 30, 2016, respectively.

The following is a reconciliation of net income (loss) attributable to common stockholders to non-GAAP net income (loss) attributable to common stockholders and a reconciliation of diluted net income (loss) per share to non-GAAP net income (loss) per share for the three and nine months ended September 30, 2016:

| | Three Months Ended September 30, 2016 | Nine Months Ended September 30, 2016 |
|--|--|---|
| Net income (loss) attributable to common stockholders | \$ (37,976) | \$ (141,999) |
| Stock-based compensation ⁽¹⁾ | 26,442 | 90,047 |
| Amortization of acquired intangible assets | 4,408 | 13,643 |
| Acquisition-related expense (benefit), net | (9) | 4,305 |
| Restructuring charges | 1,459 | 29,988 |
| Gains on business dispositions | (2,060) | (11,399) |
| Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings ⁽²⁾ | (3,263) | (8,377) |
| Losses (gains), net from changes in fair value of investments | 1,594 | 7,301 |
| Non-cash interest expense on convertible senior notes | 2,458 | 4,854 |
| Income tax effect of above adjustments | (1,154) | (7,849) |
| Non-GAAP net income (loss) attributable to common stockholders | <u>\$ (8,101)</u> | <u>\$ (19,486)</u> |
| Diluted shares | 575,216,191 | 578,290,291 |
| Incremental diluted shares | — | — |
| Adjusted diluted shares | <u>575,216,191</u> | <u>578,290,291</u> |
| Diluted net income (loss) per share | \$ (0.07) | \$ (0.25) |
| Per share impact of adjustments and related tax effects | 0.06 | 0.22 |
| Non-GAAP net income (loss) per share | <u>\$ (0.01)</u> | <u>\$ (0.03)</u> |

(1) Excludes \$4.7 million of stock-based compensation classified within restructuring charges for the nine months ended September 30, 2016.

(2) Foreign currency gains (losses), net for the nine months ended September 30, 2016 includes \$0.3 million of net cumulative translation gains that were reclassified to earnings as a result of the Company's exit from certain countries as part of its restructuring plan.

The following is a reconciliation of the Company's annual outlook for Adjusted EBITDA to the Company's outlook for the most comparable U.S. GAAP performance measure, "Net income (loss)."

| | Year Ending December 31, 2016 |
|--|--------------------------------------|
| Expected net income (loss) range | <u>\$ (155,394) to \$ (141,894)</u> |
| Expected adjustments: | |
| Stock-based compensation | 120,000 |
| Depreciation and amortization | 136,000 |
| Acquisition-related expense (benefit), net | 4,305 |
| Restructuring charges | 29,988 |
| Gains on business dispositions | (11,399) |
| Non-operating expense (income), net | 20,000 |
| Provision (benefit) for income taxes | 6,500 to 8,000 |
| Total expected adjustments | <u>\$305,394 to \$306,894</u> |
| Expected Adjusted EBITDA range | <u>\$150,000 to \$165,000</u> |

The outlook provided above does not reflect the potential impact of any additional restructuring actions that we may decide to pursue, business acquisitions or dispositions, changes in the fair values of investments or contingent consideration, foreign currency gains or losses or other unusual or non-recurring items that may occur during the fourth quarter of 2016.

Groupon, Inc.
Non-GAAP Reconciliation Schedules
(in thousands, except share and per share amounts)
(unaudited)

Foreign exchange rate neutral operating results are non-GAAP financial measures. The Company reconciles foreign exchange rate neutral operating results to the most comparable U.S. GAAP financial measures, "Gross billings," "Revenue" and "Income (loss) from continuing operations," respectively, for the periods presented. The Company reconciles "foreign exchange rate neutral Gross billings growth" and "foreign exchange rate neutral Revenue growth" to year-over-year growth rates for the most comparable U.S. GAAP financial measures, "Gross billings growth" and "Revenue growth," respectively, for the periods presented.

The effect on the Company's gross billings, revenue and income (loss) from changes in exchange rates versus the U.S. Dollar for the three months ended September 30, 2016 was as follows:

| | Three Months Ended September 30, 2016 | | | Three Months Ended September 30, 2016 | | |
|-------------------------------|---------------------------------------|-------------------------------------|--------------|---------------------------------------|-------------------------------------|--------------|
| | At Avg. Q3 2015 Rates ⁽¹⁾ | Exchange Rate Effect ⁽²⁾ | As Reported | At Avg. Q2 2016 Rates ⁽³⁾ | Exchange Rate Effect ⁽²⁾ | As Reported |
| Gross billings | \$ 1,442,311 | \$ (10,156) | \$ 1,432,155 | \$ 1,437,017 | \$ (4,862) | \$ 1,432,155 |
| Revenue | 725,158 | (4,690) | 720,468 | 723,157 | (2,689) | 720,468 |
| Income (loss) from operations | \$ (26,123) | \$ (562) | \$ (26,685) | \$ (26,481) | \$ (204) | \$ (26,685) |

The effect on the Company's gross billings, revenue and income (loss) from operations from changes in exchange rates versus the U.S. Dollar for the nine months ended September 30, 2016 was as follows:

| | Nine Months Ended September 30, 2016 | | | Nine Months Ended September 30, 2016 | | |
|-------------------------------|--|-------------------------------------|--------------|--|-------------------------------------|--------------|
| | At Avg. Q3 2015 YTD Rates ⁽¹⁾ | Exchange Rate Effect ⁽²⁾ | As Reported | At Avg. Q4'15-Q2'16 Rates ⁽³⁾ | Exchange Rate Effect ⁽²⁾ | As Reported |
| Gross billings | \$ 4,454,355 | \$ (57,308) | \$ 4,397,047 | \$ 4,394,617 | \$ 2,430 | \$ 4,397,047 |
| Revenue | 2,230,931 | (22,462) | 2,208,469 | 2,208,022 | 447 | 2,208,469 |
| Income (loss) from operations | \$ (116,182) | \$ (1,005) | \$ (117,187) | \$ (115,292) | \$ (1,895) | \$ (117,187) |

- (1) Represents the financial statement balances that would have resulted had average exchange rates in the reporting periods been the same as those in effect during the three and nine months ended September 30, 2015.
- (2) Represents the increase or decrease in reported amounts resulting from changes in exchange rates from those in effect in the comparable prior periods.
- (3) Represents the financial statement balances that would have resulted had average exchange rates in the reporting periods been the same as those in effect during the three and nine months ended June 30, 2016.

The following is a quarterly reconciliation of foreign exchange rate neutral Gross billings growth from the comparable quarterly periods of the prior year to reported Gross billings growth from the comparable quarterly periods of the prior year.

| | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|---|---------|---------|---------|---------|---------|
| EMEA Gross billings growth, excluding FX | (1) % | (2) % | (12) % | (12) % | (8) % |
| FX Effect | (14) | (11) | (3) | — | (2) |
| EMEA Gross billings growth | (15) % | (13) % | (15) % | (12) % | (10) % |
| Rest of World Gross billings growth, excluding FX | — % | (7) % | (17) % | (21) % | (23) % |
| FX Effect | (19) | (14) | (11) | (6) | (1) |
| Rest of World Gross billings growth | (19) % | (21) % | (28) % | (27) % | (24) % |
| Consolidated Gross billings growth, excluding FX | 6 % | 4 % | (3) % | (2) % | (2) % |
| FX Effect | (8) | (5) | (2) | — | — |
| Consolidated Gross billings growth | (2) % | (1) % | (5) % | (2) % | (2) % |

The following is a quarterly reconciliation of foreign exchange rate neutral Revenue growth from the comparable quarterly periods of the prior year to reported Revenue growth from the comparable quarterly periods of the prior year.

| | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|--|---------|---------|---------|---------|---------|
| EMEA Revenue growth, excluding FX | 2 % | 3 % | (10) % | (3) % | — % |
| FX Effect | (15) | (12) | (3) | — | (1) |
| EMEA Revenue growth | (13) % | (9) % | (13) % | (3) % | (1) % |
| Rest of World Revenue growth, excluding FX | (5) % | (8) % | (8) % | (14) % | (15) % |
| FX Effect | (18) | (15) | (14) | (9) | (4) |
| Rest of World Revenue growth | (23) % | (23) % | (22) % | (23) % | (19) % |
| Consolidated Revenue growth, excluding FX | 7 % | 9 % | (1) % | 3 % | 2 % |
| FX Effect | (7) | (5) | (1) | (1) | (1) |
| Consolidated Revenue growth | — % | 4 % | (2) % | 2 % | 1 % |

The effect on North America's gross billings by category from changes in foreign exchange rates versus the U.S. Dollar for the three months ended September 30, 2016 was as follows:

| | At Avg. Q3 2015 Rates ⁽¹⁾ | Exchange Rate Effect ⁽²⁾ | September 30, 2016 As Reported | September 30, 2015 As Reported | Y/Y % Growth | Y/Y % Growth excluding FX |
|-----------------------|---|---|--------------------------------------|--------------------------------------|-----------------|------------------------------------|
| Local: | | | | | | |
| Third party and other | \$ 530,760 | \$ 8 | \$ 530,768 | \$ 481,608 | 10.2 % | 10.2 % |
| Travel: | | | | | | |
| Third party | 93,562 | 2 | 93,564 | 101,801 | (8.1) % | (8.1) % |
| Total services | 624,322 | 10 | 624,332 | 583,409 | 7.0 % | 7.0 % |
| Goods: | | | | | | |
| Third party | 12,768 | 7 | 12,775 | 8,686 | 47.1 % | 47.0 % |
| Direct | 283,855 | — | 283,855 | 277,108 | 2.4 % | 2.4 % |
| Total | 296,623 | 7 | 296,630 | 285,794 | 3.8 % | 3.8 % |
| Total gross billings | \$ 920,945 | \$ 17 | \$ 920,962 | \$ 869,203 | 6.0 % | 6.0 % |

The effect on EMEA's gross billings by category from changes in foreign exchange rates versus the U.S. Dollar for the three months ended September 30, 2016 was as follows:

| | At Avg. Q3 2015 Rates ⁽¹⁾ | Exchange Rate Effect ⁽²⁾ | September 30, 2016 As Reported | September 30, 2015 As Reported | Y/Y % Growth | Y/Y% Growth excluding FX |
|-----------------------|---|---|--------------------------------------|--------------------------------------|-----------------|-----------------------------------|
| Local: | | | | | | |
| Third party and other | \$ 166,081 | \$ (7,289) | \$ 158,792 | \$ 182,540 | (13.0) % | (9.0) % |
| Travel: | | | | | | |
| Third party | 57,510 | 84 | 57,594 | 64,916 | (11.3) % | (11.4) % |
| Total services | 223,591 | (7,205) | 216,386 | 247,456 | (12.6) % | (9.6) % |
| Goods: | | | | | | |
| Third party | 35,564 | (1,295) | 34,269 | 63,918 | (46.4) % | (44.4) % |
| Direct | 120,208 | 129 | 120,337 | 103,108 | 16.7 % | 16.6 % |
| Total | 155,772 | (1,166) | 154,606 | 167,026 | (7.4) % | (6.7) % |
| Total gross billings | \$ 379,363 | \$ (8,371) | \$ 370,992 | \$ 414,482 | (10.5) % | (8.5) % |

The effect on Rest of World's gross billings by category from changes in foreign exchange rates versus the U.S. Dollar for the three months ended September 30, 2016 was as follows:

| | At Avg. Q3 2015 Rates ⁽¹⁾ | Exchange Rate Effect ⁽²⁾ | September 30, 2016 As Reported | September 30, 2015 As Reported | Y/Y % Growth | Y/Y% Growth excluding FX |
|-----------------------|---|---|--------------------------------------|--------------------------------------|-----------------|-----------------------------------|
| Local: | | | | | | |
| Third party and other | \$ 79,716 | \$ 602 | \$ 80,318 | \$ 92,972 | (13.6) % | (14.3) % |
| Travel: | | | | | | |
| Third party | 24,914 | (748) | 24,166 | 30,709 | (21.3) % | (18.9) % |
| Total services | 104,630 | (146) | 104,484 | 123,681 | (15.5) % | (15.4) % |
| Goods: | | | | | | |
| Third party | 29,457 | (180) | 29,277 | 53,095 | (44.9) % | (44.5) % |
| Direct | 7,916 | (1,476) | 6,440 | 7,073 | (8.9) % | 11.9 % |
| Total | 37,373 | (1,656) | 35,717 | 60,168 | (40.6) % | (37.9) % |
| Total gross billings | \$ 142,003 | \$ (1,802) | \$ 140,201 | \$ 183,849 | (23.7) % | (22.8) % |

The effect on consolidated gross billings by category from changes in foreign exchange rates versus the U.S. Dollar for the three months ended September 30, 2016 was as follows:

| | At Avg. Q3 2015 Rates ⁽¹⁾ | Exchange Rate Effect ⁽²⁾ | September 30, 2016 As Reported | September 30, 2015 As Reported | Y/Y % Growth | Y/Y% Growth excluding FX |
|-----------------------------|---|---|--------------------------------------|--------------------------------------|-----------------|-----------------------------------|
| Local: | | | | | | |
| Third party and other | \$ 776,557 | \$ (6,679) | \$ 769,878 | \$ 757,120 | 1.7 % | 2.6 % |
| Travel: | | | | | | |
| Third party | 175,986 | (662) | 175,324 | 197,426 | (11.2) % | (10.9) % |
| Total services | 952,543 | (7,341) | 945,202 | 954,546 | (1.0) % | (0.2) % |
| Goods: | | | | | | |
| Third party | 77,789 | (1,468) | 76,321 | 125,699 | (39.3) % | (38.1) % |
| Direct | 411,979 | (1,347) | 410,632 | 387,289 | 6.0 % | 6.4 % |
| Total | 489,768 | (2,815) | 486,953 | 512,988 | (5.1) % | (4.5) % |
| Total gross billings | \$ 1,442,311 | \$ (10,156) | \$ 1,432,155 | \$ 1,467,534 | (2.4) % | (1.7) % |

- (1) Represents the financial statement balances that would have resulted had average exchange rates in the reporting period been the same as those in effect during the three months ended September 30, 2015.
- (2) Represents the increase or decrease in reported amounts resulting from changes in exchange rates from those in effect in the comparable prior year period.

The following is a reconciliation of foreign exchange rate neutral same country gross billings growth for the three months ended September 30, 2016 from the prior year period:

| | September 30, 2016 | September 30, 2015 | Y/Y % Growth |
|--|---------------------|---------------------|-----------------|
| Gross billings as reported | \$ 1,432,155 | \$ 1,467,534 | (2.4)% |
| Less: Gross billings from countries where Groupon no longer operates | (763) | (36,255) | |
| Exchange rate effect ⁽¹⁾ | 10,156 | — | |
| Same-country gross billings | <u>\$ 1,441,548</u> | <u>\$ 1,431,279</u> | 0.7 % |

- (1) Represents the increase or decrease in reported amounts resulting from changes in exchange rates from those in effect in the comparable prior year period.

The following is a reconciliation of foreign exchange rate neutral same country gross billings growth for our EMEA segment for the three months ended September 30, 2016 from the prior year period:

| | September 30, 2016 | September 30, 2015 | Y/Y % Growth |
|---|--------------------|--------------------|-----------------|
| EMEA gross billings as reported | \$ 370,992 | \$ 414,482 | (10.5)% |
| Less: EMEA Gross billings from countries where Groupon no longer operates | — | (26,488) | |
| Exchange rate effect ⁽¹⁾ | 8,371 | — | |
| Same-country gross billings | <u>\$ 379,363</u> | <u>\$ 387,994</u> | (2.2)% |

- (1) Represents the increase or decrease in reported amounts resulting from changes in exchange rates from those in effect in the comparable prior year period.

The following is a reconciliation of foreign exchange rate neutral same-country revenue growth for our EMEA segment for the three months ended September 30, 2016 from the prior year period:

| | <u>September 30, 2016</u> | <u>September 30, 2015</u> | <u>Y/Y % Growth</u> |
|---|---------------------------|---------------------------|-------------------------|
| EMEA revenue as reported | \$ 196,573 | \$ 199,287 | (1.4)% |
| Less: EMEA revenue from countries where Groupon no longer operates | — | (11,078) | |
| Exchange rate effect ⁽¹⁾ | 2,718 | — | |
| Same-country revenue | <u>\$ 199,291</u> | <u>\$ 188,209</u> | 5.9 % |

- (1) Represents the increase or decrease in reported amounts resulting from changes in exchange rates from those in effect in the comparable prior year period.

Groupon, Inc.
Supplemental Financial Information and Business Metrics ⁽⁹⁾⁽¹¹⁾
(financial data in thousands; active customers in millions)
(unaudited)

| | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|--|--------------|--------------|--------------|--------------|--------------|
| Segments | | | | | |
| North America Segment: | | | | | |
| Gross Billings ⁽¹⁾ : | | | | | |
| Local ⁽²⁾ Gross Billings | \$ 481,608 | \$ 531,154 | \$ 539,623 | \$ 542,439 | \$ 530,768 |
| Travel Gross Billings | 101,801 | 89,389 | 103,390 | 105,388 | 93,564 |
| Gross Billings - Services | 583,409 | 620,543 | 643,013 | 647,827 | 624,332 |
| Gross Billings - Goods | 285,794 | 429,818 | 294,061 | 318,427 | 296,630 |
| Total Gross Billings | \$ 869,203 | \$ 1,050,361 | \$ 937,074 | \$ 966,254 | \$ 920,962 |
| Year-over-year growth | 12 % | 11 % | 5 % | 8 % | 6 % |
| % Third Party and Other | 68 % | 60 % | 70 % | 68 % | 69 % |
| % Direct | 32 % | 40 % | 30 % | 32 % | 31 % |
| Gross Billings Trailing Twelve Months (TTM) | \$ 3,608,015 | \$ 3,709,797 | \$ 3,752,894 | \$ 3,822,892 | \$ 3,874,651 |
| Revenue ⁽³⁾ : | | | | | |
| Local Revenue | \$ 163,786 | \$ 184,201 | \$ 192,153 | \$ 184,139 | \$ 176,220 |
| Travel Revenue | 21,394 | 18,390 | 20,914 | 21,401 | 21,241 |
| Revenue - Services | 185,180 | 202,591 | 213,067 | 205,540 | 197,461 |
| Revenue - Goods | 278,751 | 420,056 | 287,746 | 311,382 | 285,820 |
| Total Revenue | \$ 463,931 | \$ 622,647 | \$ 500,813 | \$ 516,922 | \$ 483,281 |
| Year-over-year growth | 11 % | 13 % | 4 % | 7 % | 4 % |
| % Third Party and Other | 40 % | 33 % | 43 % | 40 % | 41 % |
| % Direct | 60 % | 67 % | 57 % | 60 % | 59 % |
| Revenue TTM | \$ 1,976,069 | \$ 2,047,742 | \$ 2,068,673 | \$ 2,104,313 | \$ 2,123,663 |
| Gross Profit ⁽⁴⁾ : | | | | | |
| Local Gross Profit | \$ 138,798 | \$ 159,745 | \$ 164,018 | \$ 158,812 | \$ 152,873 |
| % of North America Local Gross Billings | 28.8 % | 30.1 % | 30.4 % | 29.3 % | 28.8 % |
| Travel Gross Profit | 17,644 | 15,207 | 15,712 | 16,334 | 17,257 |
| % of North America Travel Gross Billings | 17.3 % | 17.0 % | 15.2 % | 15.5 % | 18.4 % |
| Gross Profit - Services | 156,442 | 174,952 | 179,730 | 175,146 | 170,130 |
| % of North America Services Gross Billings | 26.8 % | 28.2 % | 28.0 % | 27.0 % | 27.2 % |
| Gross Profit - Goods | 34,801 | 44,329 | 36,213 | 42,028 | 31,531 |
| % of North America Goods Gross Billings | 12.2 % | 10.3 % | 12.3 % | 13.2 % | 10.6 % |
| Total Gross Profit | \$ 191,243 | \$ 219,281 | \$ 215,943 | \$ 217,174 | \$ 201,661 |
| Year-over-year growth | 9 % | 12 % | 11 % | 10 % | 5 % |
| % Third Party and Other | 83 % | 81 % | 84 % | 82 % | 85 % |
| % Direct | 17 % | 19 % | 16 % | 18 % | 15 % |
| % of North America Total Gross Billings | 22.0 % | 20.9 % | 23.0 % | 22.5 % | 21.9 % |
| EMEA Segment: | | | | | |
| Gross Billings: | | | | | |
| Local Gross Billings | \$ 182,540 | \$ 197,445 | \$ 174,033 | \$ 165,290 | \$ 158,792 |
| Travel Gross Billings | 64,916 | 59,836 | 57,201 | 52,880 | 57,594 |
| Gross Billings - Services | 247,456 | 257,281 | 231,234 | 218,170 | 216,386 |
| Gross Billings - Goods | 167,026 | 229,866 | 160,993 | 163,139 | 154,606 |
| Total Gross Billings | \$ 414,482 | \$ 487,147 | \$ 392,227 | \$ 381,309 | \$ 370,992 |
| Year-over-year growth | (15) % | (13) % | (15) % | (12) % | (10) % |
| Year-over-year growth, excluding FX ⁽⁵⁾ | (1) % | (2) % | (12) % | (12) % | (8) % |
| % Third Party and Other | 75 % | 70 % | 73 % | 68 % | 68 % |
| % Direct | 25 % | 30 % | 27 % | 32 % | 32 % |
| Gross Billings TTM | \$ 1,867,748 | \$ 1,794,354 | \$ 1,727,392 | \$ 1,675,165 | \$ 1,631,675 |
| Revenue: | | | | | |
| Local Revenue | \$ 70,781 | \$ 73,225 | \$ 61,886 | \$ 60,616 | \$ 58,581 |
| Travel Revenue | 13,561 | 11,681 | 11,178 | 10,709 | 12,866 |
| Revenue - Services | 84,342 | 84,906 | 73,064 | 71,325 | 71,447 |
| Revenue - Goods | 114,945 | 163,420 | 115,906 | 126,980 | 125,126 |
| Total Revenue | \$ 199,287 | \$ 248,326 | \$ 188,970 | \$ 198,305 | \$ 196,573 |
| Year-over-year growth | (13) % | (9) % | (13) % | (3) % | (1) % |
| Year-over-year growth, excluding FX | 2 % | 3 % | (10) % | (3) % | — % |
| % Third Party and Other | 48 % | 41 % | 44 % | 39 % | 39 % |
| % Direct | 52 % | 59 % | 56 % | 61 % | 61 % |
| Revenue TTM | \$ 892,029 | \$ 867,880 | \$ 840,630 | \$ 834,888 | \$ 832,174 |

| | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|--|------------|------------|-----------|-----------|-----------|
| Gross Profit: | | | | | |
| Local Gross Profit | \$ 66,288 | \$ 68,966 | \$ 58,263 | \$ 56,849 | \$ 54,467 |
| <i>% of EMEA Local Gross Billings</i> | 36.3 % | 34.9 % | 33.5 % | 34.4 % | 34.3 % |
| Travel Gross Profit | 12,323 | 10,732 | 10,215 | 9,784 | 11,882 |
| <i>% of EMEA Travel Gross Billings</i> | 19.0 % | 17.9 % | 17.9 % | 18.5 % | 20.6 % |
| Gross Profit - Services | 78,611 | 79,698 | 68,478 | 66,633 | 66,349 |
| <i>% of EMEA Services Gross Billings</i> | 31.8 % | 31.0 % | 29.6 % | 30.5 % | 30.7 % |
| Gross Profit - Goods | 24,905 | 43,026 | 26,412 | 23,525 | 18,710 |
| <i>% of EMEA Goods Gross Billings</i> | 14.9 % | 18.7 % | 16.4 % | 14.4 % | 12.1 % |
| Total Gross Profit | \$ 103,516 | \$ 122,724 | \$ 94,890 | \$ 90,158 | \$ 85,059 |
| <i>Year-over-year growth</i> | (21) % | (14) % | (18) % | (13) % | (18) % |
| <i>% Third Party and Other</i> | 86 % | 77 % | 82 % | 79 % | 83 % |
| <i>% Direct</i> | 14 % | 23 % | 18 % | 21 % | 17 % |
| <i>% of EMEA Total Gross Billings</i> | 25.0 % | 25.2 % | 24.2 % | 23.6 % | 22.9 % |

Rest of World Segment:

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Gross Billings: | | | | | |
| Local Gross Billings | \$ 92,972 | \$ 83,430 | \$ 75,294 | \$ 84,581 | \$ 80,318 |
| Travel Gross Billings | 30,709 | 25,369 | 23,928 | 22,300 | 24,166 |
| Gross Billings - Services | 123,681 | 108,799 | 99,222 | 106,881 | 104,484 |
| Gross Billings - Goods | 60,168 | 60,685 | 43,487 | 38,438 | 35,717 |
| Total Gross Billings | \$ 183,849 | \$ 169,484 | \$ 142,709 | \$ 145,319 | \$ 140,201 |
| <i>Year-over-year growth</i> | (19) % | (21) % | (28) % | (27) % | (24) % |
| <i>Year-over-year growth, excluding FX</i> | — % | (7) % | (17) % | (21) % | (23) % |
| <i>% Third Party and Other</i> | 96 % | 95 % | 95 % | 95 % | 95 % |
| <i>% Direct</i> | 4 % | 5 % | 5 % | 5 % | 5 % |
| Gross Billings TTM | \$ 797,454 | \$ 751,389 | \$ 695,263 | \$ 641,361 | \$ 597,713 |

Revenue:

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Local Revenue | \$ 26,372 | \$ 22,229 | \$ 22,082 | \$ 22,461 | \$ 21,876 |
| Travel Revenue | 6,135 | 5,098 | 5,049 | 4,321 | 5,075 |
| Revenue - Services | 32,507 | 27,327 | 27,131 | 26,782 | 26,951 |
| Revenue - Goods | 17,870 | 18,870 | 15,057 | 14,021 | 13,663 |
| Total Revenue | \$ 50,377 | \$ 46,197 | \$ 42,188 | \$ 40,803 | \$ 40,614 |
| <i>Year-over-year growth</i> | (23) % | (23) % | (22) % | (23) % | (19) % |
| <i>Year-over-year growth, excluding FX</i> | (5) % | (8) % | (8) % | (14) % | (15) % |
| <i>% Third Party and Other</i> | 86 % | 82 % | 85 % | 82 % | 84 % |
| <i>% Direct</i> | 14 % | 18 % | 15 % | 18 % | 16 % |
| Revenue TTM | \$ 217,476 | \$ 203,894 | \$ 191,828 | \$ 179,565 | \$ 169,802 |

Gross Profit:

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Local Gross Profit | \$ 22,568 | \$ 18,889 | \$ 18,771 | \$ 18,739 | \$ 18,645 |
| <i>% of Rest of World Local Gross Billings</i> | 24.3 % | 22.6 % | 24.9 % | 22.2 % | 23.2 % |
| Travel Gross Profit | 4,859 | 4,040 | 3,997 | 3,240 | 3,962 |
| <i>% of Rest of World Travel Gross Billings</i> | 15.8 % | 15.9 % | 16.7 % | 14.5 % | 16.4 % |
| Gross Profit - Services | 27,427 | 22,929 | 22,768 | 21,979 | 22,607 |
| <i>% of Rest of World Services Gross Billings</i> | 22.2 % | 21.1 % | 22.9 % | 20.6 % | 21.6 % |
| Gross Profit - Goods | 6,726 | 6,806 | 5,727 | 4,277 | 4,790 |
| <i>% of Rest of World Goods Gross Billings</i> | 11.2 % | 11.2 % | 13.2 % | 11.1 % | 13.4 % |
| Total Gross Profit | \$ 34,153 | \$ 29,735 | \$ 28,495 | \$ 26,256 | \$ 27,397 |
| <i>Year-over-year growth</i> | (28) % | (23) % | (24) % | (28) % | (20) % |
| <i>% Third Party and Other</i> | 99 % | 99 % | 100 % | 99 % | 100 % |
| <i>% Direct</i> | 1 % | 1 % | — % | 1 % | — % |
| <i>% of Rest of World Total Gross Billings</i> | 18.6 % | 17.5 % | 20.0 % | 18.1 % | 19.5 % |

Consolidated Results of Operations:

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Gross Billings: | | | | | |
| Local Gross Billings | \$ 757,120 | \$ 812,029 | \$ 788,950 | \$ 792,310 | \$ 769,878 |
| Travel Gross Billings | 197,426 | 174,594 | 184,519 | 180,568 | 175,324 |
| Gross Billings - Services | 954,546 | 986,623 | 973,469 | 972,878 | 945,202 |
| Gross Billings - Goods | 512,988 | 720,369 | 498,541 | 520,004 | 486,953 |
| Total Gross Billings | \$ 1,467,534 | \$ 1,706,992 | \$ 1,472,010 | \$ 1,492,882 | \$ 1,432,155 |
| <i>Year-over-year growth</i> | (2) % | (1) % | (5) % | (2) % | (2) % |
| <i>Year-over-year growth, excluding FX</i> | 6 % | 4 % | (3) % | (2) % | (2) % |
| <i>% Third Party and Other</i> | 74 % | 66 % | 73 % | 71 % | 71 % |
| <i>% Direct</i> | 26 % | 34 % | 27 % | 29 % | 29 % |
| Gross Billings TTM | \$ 6,273,217 | \$ 6,255,540 | \$ 6,175,549 | \$ 6,139,418 | \$ 6,104,039 |
| <i>Year-over-year growth</i> | 3 % | — % | (1) % | (2) % | (3) % |

| | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue: | | | | | |
| Local Revenue | \$ 260,939 | \$ 279,655 | \$ 276,121 | \$ 267,216 | \$ 256,677 |
| Travel Revenue | 41,090 | 35,169 | 37,141 | 36,431 | 39,182 |
| Revenue - Services | 302,029 | 314,824 | 313,262 | 303,647 | 295,859 |
| Revenue - Goods | 411,566 | 602,346 | 418,709 | 452,383 | 424,609 |
| Total Revenue | \$ 713,595 | \$ 917,170 | \$ 731,971 | \$ 756,030 | \$ 720,468 |
| <i>Year-over-year growth</i> | — % | 4 % | (2) % | 2 % | 1 % |
| <i>Year-over-year growth, excluding FX</i> | 7 % | 9 % | (1) % | 3 % | 2 % |
| <i>% Third Party and Other</i> | 46 % | 38 % | 46 % | 42 % | 43 % |
| <i>% Direct</i> | 54 % | 62 % | 54 % | 58 % | 57 % |
| Revenue TTM | \$ 3,085,574 | \$ 3,119,516 | \$ 3,101,131 | \$ 3,118,766 | \$ 3,125,639 |
| <i>Year-over-year growth</i> | 5 % | 3 % | 1 % | — % | 1 % |
| Gross Profit: | | | | | |
| Local Gross Profit | \$ 227,654 | \$ 247,600 | \$ 241,052 | \$ 234,400 | \$ 225,985 |
| <i>% of Consolidated Local Gross Billings</i> | 30.1 % | 30.5 % | 30.6 % | 29.6 % | 29.4 % |
| Travel Gross Profit | 34,826 | 29,979 | 29,924 | 29,358 | 33,101 |
| <i>% of Consolidated Travel Gross Billings</i> | 17.6 % | 17.2 % | 16.2 % | 16.3 % | 18.9 % |
| Gross Profit - Services | 262,480 | 277,579 | 270,976 | 263,758 | 259,086 |
| <i>% of Consolidated Services Gross Billings</i> | 27.5 % | 28.1 % | 27.8 % | 27.1 % | 27.4 % |
| Gross Profit - Goods | 66,432 | 94,161 | 68,352 | 69,830 | 55,031 |
| <i>% of Consolidated Goods Gross Billings</i> | 13.0 % | 13.1 % | 13.7 % | 13.4 % | 11.3 % |
| Total Gross Profit | \$ 328,912 | \$ 371,740 | \$ 339,328 | \$ 333,588 | \$ 314,117 |
| <i>Year-over-year growth</i> | (7) % | (2) % | (2) % | (1) % | (4) % |
| <i>% Third Party and Other</i> | 85 % | 81 % | 85 % | 82 % | 86 % |
| <i>% Direct</i> | 15 % | 19 % | 15 % | 18 % | 14 % |
| <i>% of Total Consolidated Gross Billings</i> | 22.4 % | 21.8 % | 23.1 % | 22.3 % | 21.9 % |
| Marketing | \$ 61,587 | \$ 83,208 | \$ 89,765 | \$ 91,993 | \$ 87,858 |
| Selling, general and administrative | \$ 326,248 | \$ 287,976 | \$ 280,988 | \$ 277,168 | \$ 253,554 |
| Income (loss) from continuing operations | \$ (24,613) | \$ (32,552) | \$ (45,596) | \$ (51,731) | \$ (35,792) |
| Adjusted EBITDA | \$ 56,334 | \$ 67,010 | \$ 31,348 | \$ 33,961 | \$ 32,134 |
| <i>% of Total Consolidated Gross Billings</i> | 3.8 % | 3.9 % | 2.1 % | 2.3 % | 2.2 % |
| <i>% of Total Consolidated Revenue</i> | 7.9 % | 7.3 % | 4.3 % | 4.5 % | 4.5 % |

Groupon, Inc.
Supplemental Financial Information and Business Metrics ⁽⁹⁾⁽¹¹⁾
(financial data in thousands; active customers in millions)
(unaudited)

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

| | Q3 2015 ⁽¹⁰⁾ | Q4 2015 ⁽¹⁰⁾ | Q1 2016 | Q2 2016 | Q3 2016 |
|---|-------------------------|-------------------------|--------------|--------------|--------------|
| Net cash provided by (used in) operating activities from continuing operations | \$ (7,640) | \$ 250,455 | \$ (76,725) | \$ (54,010) | \$ (40,822) |
| Purchases of property and equipment and capitalized software from continuing operations | (27,735) | (15,507) | (19,952) | (16,395) | (12,868) |
| Free cash flow | \$ (35,375) | \$ 234,948 | \$ (96,677) | \$ (70,405) | \$ (53,690) |
| Net cash provided by (used in) operating activities from continuing operations (TTM) | \$ 325,971 | \$ 299,747 | \$ 179,415 | \$ 112,080 | \$ 78,898 |
| Purchases of property and equipment and capitalized software from continuing operations (TTM) | (88,598) | (83,988) | (85,646) | (79,589) | (64,722) |
| Free cash flow (TTM) | \$ 237,373 | \$ 215,759 | \$ 93,769 | \$ 32,491 | \$ 14,176 |
| Net cash provided by (used in) investing activities from continuing operations | \$ (98,028) | \$ (31,238) | \$ (20,778) | \$ (18,853) | \$ (12,088) |
| Net cash provided by (used in) financing activities | \$ (14,793) | \$ (323,597) | \$ (78,015) | \$ 169,225 | \$ (38,342) |
| Net cash provided by (used in) investing activities from continuing operations (TTM) | \$ (181,187) | \$ (177,250) | \$ (178,585) | \$ (168,897) | \$ (82,957) |
| Net cash provided by (used in) financing activities (TTM) | \$ (216,683) | \$ (515,785) | \$ (557,962) | \$ (247,180) | \$ (270,729) |
| Other Metrics: | | | | | |
| Active Customers ⁽⁶⁾ | | | | | |
| North America | 25.2 | 25.9 | 26.9 | 27.9 | 29.1 |
| EMEA | 15.4 | 15.4 | 15.3 | 15.3 | 15.4 |
| Rest of World | 8.0 | 7.6 | 7.2 | 6.8 | 6.3 |
| Total Active Customers | 48.6 | 48.9 | 49.4 | 50.0 | 50.8 |
| TTM Gross Billings / Average Active Customer ⁽⁷⁾ | | | | | |
| North America | \$ 148 | \$ 149 | \$ 146 | \$ 145 | \$ 142 |
| EMEA | 123 | 117 | 113 | 109 | 106 |
| Rest of World | 99 | 96 | 90 | 86 | 84 |
| Consolidated | 132 | 130 | 127 | 125 | 123 |

Global headcount as of September 30, 2016 and 2015 was as follows:

| | Q3 2015 | Q3 2016 |
|----------------------|---------|---------|
| Sales ⁽⁸⁾ | 4,168 | 3,285 |
| % North America | 33% | 34% |
| % EMEA | 42% | 43% |
| % Rest of World | 25% | 23% |
| Other | 6,301 | 5,089 |
| Total Headcount | 10,469 | 8,374 |

- (1) Represents the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of estimated refunds.
- (2) Local represents deals from local merchants, deals with national merchants, and deals through local events. Other revenue transactions, which include advertising, payment processing and commission revenue, are also included within the Local category.
- (3) Includes third party revenue, direct revenue and other revenue. Third party revenue is related to sales for which the Company acts as a marketing agent for the merchant. This revenue is recorded on a net basis. Direct revenue is primarily related to the sale of products for which the Company is the merchant of record. These revenues are accounted for on a gross basis, with the cost of inventory included in cost of revenue. Other revenue primarily consists of commission revenue, payment processing revenue and advertising revenue.
- (4) Represents third party revenue, direct revenue and other revenue reduced by cost of revenue.
- (5) Represents the change in financial measures that would have resulted had average exchange rates in the reporting periods been the same as those in effect in the prior year periods.
- (6) Reflects the total number of unique user accounts who have purchased a voucher or product from us during the trailing twelve months.
- (7) Reflects the total gross billings generated in the trailing twelve months per average active customer over that period.
- (8) Includes merchant sales representatives, as well as sales support from continuing operations.
- (9) Financial information and other metrics exclude Ticket Monster, which has been classified as discontinued operations. The Company sold a controlling stake in Ticket Monster in May 2015.

- (10) The Company adopted the guidance in ASU 2016-09 on January 1, 2016. ASU 2016-09 requires that all income tax-related cash flows resulting from share-based payments be reported as operating activities in the statement of cash flows. Previously, income tax benefits at settlement of an award were reported as a reduction to operating cash flows and an increase to financing cash flows to the extent that those benefits exceeded the income tax benefits reported in earnings during the award's vesting period. The Company has elected to apply that change in cash flow classification on a retrospective basis, which has resulted in adjustments to net cash provided by (used in) operating activities, net cash used in financing activities, and free cash flow for the three-month and trailing twelve-month periods ended September 30, 2015 and December 31, 2015.
- (11) The definition, methodology and appropriateness of each of our supplemental metrics is reviewed periodically. As a result, metrics are subject to removal and/or change.