

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 three months ended March 31, 2015. All prior period financial information and operational metrics have been retrospectively adjusted to reflect this presentation.

	Three Months Ended March 31,		Y/Y % Growth	FX Effect⁽²⁾	Y/Y % Growth excluding FX⁽²⁾
	2016	2015			
Gross Billings⁽¹⁾:					
North America	\$ 937,074	\$ 893,977	4.8 %	\$ (708)	4.9 %
EMEA	392,227	459,189	(14.6) %	(13,120)	(11.7) %
Rest of World	142,709	198,835	(28.2) %	(21,873)	(17.2) %
Consolidated gross billings	\$ 1,472,010	\$ 1,552,001	(5.2) %	\$ (35,701)	(2.9) %
Revenue:					
North America	\$ 500,813	\$ 479,882	4.4 %	\$ (154)	4.4 %
EMEA	188,970	216,220	(12.6) %	(6,268)	(9.7) %
Rest of World	42,188	54,254	(22.2) %	(7,702)	(8.0) %
Consolidated revenue	\$ 731,971	\$ 750,356	(2.5) %	\$ (14,124)	(0.6) %
Income (loss) from operations	\$ (47,333)	\$ 5,295	(993.9) %	\$ (229)	(989.6) %
Income (loss) from continuing operations	\$ (45,596)	\$ (16,739)			
Income (loss) from discontinued operations, net of tax	\$ —	\$ 6,284			
Net income (loss) attributable to Groupon, Inc.	\$ (49,119)	\$ (14,273)			
Basic net income (loss) per share:					
Continuing operations	\$ (0.08)	\$ (0.03)			
Discontinued operations	—	0.01			
Basic net income (loss) per share	\$ (0.08)	\$ (0.02)			
Diluted net income (loss) per share:					
Continuing operations	\$ (0.08)	\$ (0.03)			
Discontinued operations	—	0.01			
Diluted net income (loss) per share	\$ (0.08)	\$ (0.02)			
Weighted average number of shares outstanding					
Basic	582,751,678	676,382,937			
Diluted	582,571,678	676,382,937			

(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 months ended March 31, 2015.

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

	Three Months Ended March 31,	
	2016	2015 ⁽¹⁾
Operating activities		
Net income (loss)	\$ (45,596)	\$ (10,455)
Less: Income (loss) from discontinued operations, net of tax	—	6,284
Income (loss) from continuing operations	(45,596)	(16,739)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and software	30,143	26,266
Amortization of acquired intangible assets	4,654	5,934
Stock-based compensation	30,756	35,144
Restructuring-related long-lived asset impairments	45	—
Deferred income taxes	(2,310)	22
(Gain) loss, net from changes in fair value of contingent consideration	3,442	(279)
Loss from changes in fair value of investments	1,100	—
Change in assets and liabilities, net of acquisitions:		
Restricted cash	505	3,245
Accounts receivable	(3,223)	(8,901)
Prepaid expenses and other current assets	20,940	(2,513)
Accounts payable	(2,850)	2,244
Accrued merchant and supplier payables	(112,425)	(17,034)
Accrued expenses and other current liabilities	10,848	(2,470)
Other, net	(12,754)	18,688
Net cash provided by (used in) operating activities from continuing operations	(76,725)	43,607
Net cash provided by (used in) operating activities from discontinued operations	—	(24,355)
Net cash provided by (used in) operating activities	(76,725)	19,252
Net cash provided by (used in) investing activities from continuing operations	(20,778)	(19,443)
Net cash provided by (used in) investing activities from discontinued operations	—	(624)
Net cash provided by (used in) investing activities	(20,778)	(20,067)
Net cash provided by (used in) financing activities	(78,015)	(35,838)
Effect of exchange rate changes on cash and cash equivalents, including cash classified within current assets held for sale	10,668	(30,199)
Net increase (decrease) in cash and cash equivalents, including cash classified within current assets held for sale	(164,850)	(66,852)
Less: Net increase (decrease) in cash classified within current assets held for sale	—	(25,722)
Net increase (decrease) in cash and cash equivalents	(164,850)	(41,130)
Cash and cash equivalents, beginning of period	853,362	1,016,634
Cash and cash equivalents, end of period	\$ 688,512	\$ 975,504

- (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 \$2.9 million increase to net cash provided by operating activities and a corresponding increase to net cash used in financing activities in the condensed consolidated statement of cash flows for the period ended March 31, 2015, as compared to the amounts previously reported.

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

	Three Months Ended March 31,	
	2016	2015
Revenue:		
Third party and other	\$ 334,568	\$ 360,121
Direct	397,403	390,235
Total revenue	731,971	750,356
Cost of revenue:		
Third party and other	46,781	51,697
Direct	345,862	351,253
Total cost of revenue	392,643	402,950
Gross profit	339,328	347,406
Operating expenses:		
Marketing	89,765	52,533
Selling, general and administrative	280,988	289,847
Restructuring charges	12,444	—
Acquisition-related expense (benefit), net	3,464	(269)
Total operating expenses	386,661	342,111
Income (loss) from operations	(47,333)	5,295
Other income (expense), net ⁽¹⁾	3,486	(19,927)
Income (loss) from continuing operations before provision (benefit) for income taxes	(43,847)	(14,632)
Provision (benefit) for income taxes	1,749	2,107
Income (loss) from continuing operations	(45,596)	(16,739)
Income (loss) from discontinued operations, net of tax	—	6,284
Net income (loss)	(45,596)	(10,455)
Net income attributable to noncontrolling interests	(3,523)	(3,818)
Net income (loss) attributable to Groupon, Inc.	\$ (49,119)	\$ (14,273)
Basic net income (loss) per share:		
Continuing operations	\$ (0.08)	\$ (0.03)
Discontinued operations	—	0.01
Basic net income (loss) per share	\$ (0.08)	\$ (0.02)
Diluted net income (loss) per share:		
Continuing operations	\$ (0.08)	\$ (0.03)
Discontinued operations	—	0.01
Diluted net income (loss) per share	\$ (0.08)	\$ (0.02)
Weighted average number of shares outstanding		
Basic	582,751,678	676,382,937
Diluted	582,571,678	676,382,937

(1) Other income (expense), net includes foreign currency gains (losses) of \$6.5 million and \$(19.5) million for the three months ended March 31, 2016 and 2015, respectively.

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

	March 31, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 688,512	\$ 853,362
Accounts receivable, net	73,471	68,175
Prepaid expenses and other current assets	134,831	153,705
Total current assets	896,814	1,075,242
Property, equipment and software, net	193,036	198,897
Goodwill	291,747	287,332
Intangible assets, net	32,769	36,483
Investments (including \$162.5 million and \$163.7 million at March 31, 2016 and December 31, 2015, respectively, at fair value)	177,553	178,236
Deferred income taxes	4,254	3,454
Other non-current assets	22,507	16,620
Total Assets	\$ 1,618,680	\$ 1,796,264
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 21,970	\$ 24,590
Accrued merchant and supplier payables	674,153	776,211
Accrued expenses and other current liabilities	406,578	402,724
Total current liabilities	1,102,701	1,203,525
Deferred income taxes	6,937	8,612
Other non-current liabilities	123,371	113,540
Total Liabilities	1,233,009	1,325,677
Commitments and contingencies		
Stockholders' Equity		
Class A common stock, par value \$0.0001 per share, 2,000,000,000 shares authorized, 720,766,970 shares issued and 573,478,805 shares outstanding at March 31, 2016 and 717,387,446 shares issued and 588,919,281 shares outstanding at December 31, 2015	72	72
Class B common stock, par value \$0.0001 per share, 10,000,000 shares authorized, 2,399,976 shares issued and outstanding at March 31, 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 March 31, 2016 and December 31, 2015	—	—
Additional paid-in capital	1,997,930	1,964,453
Treasury stock, at cost, 147,288,165 shares at March 31, 2016 and 128,468,165 shares at December 31, 2015	(708,490)	(645,041)
Accumulated deficit	(953,542)	(901,292)
Accumulated other comprehensive income (loss)	48,354	51,206
Total Groupon, Inc. Stockholders' Equity	384,324	469,398
Noncontrolling interests	1,347	1,189
Total Equity	385,671	470,587
Total Liabilities and Equity	\$ 1,618,680	\$ 1,796,264

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

	Three Months Ended March 31,	
	2016	2015
North America		
Gross billings ⁽¹⁾	\$ 937,074	\$ 893,977
Revenue	\$ 500,813	\$ 479,882
Segment cost of revenue and operating expenses ⁽²⁾⁽³⁾	512,261	455,216
Segment operating income (loss) ⁽²⁾	\$ (11,448)	\$ 24,666
<i>Segment operating income (loss) as a percent of segment gross billings..</i>	<i>(1.2)</i>	<i>2.8 %</i>
<i>Segment operating income (loss) as a percent of segment revenue.....</i>	<i>(2.3)</i>	<i>5.1 %</i>
EMEA		
Gross billings ⁽¹⁾	\$ 392,227	\$ 459,189
Revenue	\$ 188,970	\$ 216,220
Segment cost of revenue and operating expenses ⁽²⁾⁽³⁾	183,054	196,568
Segment operating income (loss) ⁽²⁾	\$ 5,916	\$ 19,652
<i>Segment operating income (loss) as a percent of segment gross billings..</i>	<i>1.5</i>	<i>4.3 %</i>
<i>Segment operating income (loss) as a percent of segment revenue.....</i>	<i>3.1</i>	<i>9.1 %</i>
Rest of World		
Gross billings ⁽¹⁾	\$ 142,709	\$ 198,835
Revenue	\$ 42,188	\$ 54,254
Segment cost of revenue and operating expenses ⁽²⁾⁽³⁾	49,974	58,402
Segment operating income (loss) ⁽²⁾	\$ (7,786)	\$ (4,148)
<i>Segment operating income (loss) as a percent of segment gross billings..</i>	<i>(5.5)</i>	<i>(2.1) %</i>
<i>Segment operating income (loss) as a percent of segment revenue.....</i>	<i>(18.5)</i>	<i>(7.6) %</i>

- (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 the three months ended March 31, 2016 includes restructuring charges of \$2.9 million in North America (which excludes \$2.6 million of stock-based compensation), \$3.5 million in EMEA and \$3.4 million in Rest of World.

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 financial measures. The Company reconciles Adjusted EBITDA to the most comparable U.S. GAAP financial 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 financial 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 financial measure, "Income (loss) from continuing operations."

	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>	<u>Q1 2016</u>
Income (loss) from continuing operations	\$ (16,739)	\$ (15,267)	\$ (24,613)	\$ (32,552)	(45,596)
Adjustments:					
Stock-based compensation ⁽¹⁾	35,144	38,467	35,432	32,691	27,976
Depreciation and amortization	32,200	31,372	35,635	33,763	34,797
Acquisition-related expense (benefit), net.....	(269)	505	1,064	557	3,464
Restructuring charges ⁽¹⁾	—	—	24,146	5,422	12,444
Gain on disposition of business.....	—	—	(13,710)	—	—
Prepaid marketing write-off	—	—	6,690	—	—
Securities litigation expense.....	—	—	37,500	—	—
Non-operating expense (income), net ⁽¹⁾	19,927	(2,941)	8,160	3,393	(3,486)
Provision (benefit) for income taxes	2,107	8,982	(53,970)	23,736	1,749
Total adjustments.....	<u>89,109</u>	<u>76,385</u>	<u>80,947</u>	<u>99,562</u>	<u>76,944</u>
Adjusted EBITDA	<u>\$ 72,370</u>	<u>\$ 61,118</u>	<u>\$ 56,334</u>	<u>\$ 67,010</u>	<u>\$ 31,348</u>

- (1) Includes stock-based compensation classified within cost of revenue, marketing expense, and selling, general and administrative expense. Non-operating expense (income), net, includes \$0.02 million, \$0.1 million, \$0.2 million and \$0.2 million of additional stock-based compensation for the three months ended June 30, 2015, September 30, 2015, December 31, 2015 and March 31, 2016, respectively. Restructuring charges includes \$2.6 million of additional stock-based compensation for the three months ended March 31, 2016.

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 months ended March 31, 2016:

	Three Months Ended March 31, 2016	
Net income (loss) attributable to common stockholders.....	\$	(49,119)
Stock-based compensation ⁽¹⁾		28,208
Amortization of acquired intangible assets		4,654
Acquisition-related expense (benefit), net		3,464
Restructuring charges		12,444
Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings ⁽²⁾		(5,470)
Loss from changes in fair value of investments		1,100
Income tax effect of above adjustments		88
Non-GAAP net income (loss) attributable to common stockholders	\$	(4,631)
Diluted shares		582,751,678
Incremental diluted shares		—
Adjusted diluted shares		582,751,678
Diluted net income (loss) per share	\$	(0.08)
Impact of stock-based compensation, amortization of acquired intangible assets, acquisition-related expense (benefit), net, intercompany foreign currency losses (gains), items that are unusual in nature and infrequently occurring and related tax effects		0.07
Non-GAAP net income (loss) per share	\$	(0.01)

(1) Excludes \$2.6 million of stock-based compensation classified within restructuring charges.

(2) For the three months ended March 31, 2016, a \$1.5 million cumulative translation loss was reclassified to earnings as a result of the Company's exit from certain countries as part of its restructuring plan.

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 operations from changes in exchange rates versus the U.S. Dollar for the three months ended March 31, 2016 was as follows:

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2016		
	At Avg. Q1 2015 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	As Reported	At Avg. Q4 2015 Rates ⁽³⁾	Exchange Rate Effect ⁽²⁾	As Reported
Gross billings.....	\$ 1,507,711	\$ (35,701)	\$ 1,472,010	\$ 1,478,984	\$ (6,974)	\$ 1,472,010
Revenue.....	746,095	(14,124)	731,971	734,872	(2,901)	731,971
Income (loss) from operations.....	\$ (47,104)	\$ (229)	\$ (47,333)	\$ (46,447)	\$ (886)	\$ (47,333)

- (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 months ended March 31, 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 months ended December 31, 2015.

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.

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
EMEA Gross billings growth, excluding FX.....	7 %	9 %	(1) %	(2) %	(12) %
FX Effect.....	(18)	(19)	(14)	(11)	(3)
EMEA Gross billings growth.....	(11) %	(10) %	(15) %	(13) %	(15) %
Rest of World Gross billings growth, excluding FX.....	(1) %	6 %	— %	(7) %	(17) %
FX Effect.....	(11)	(15)	(19)	(14)	(11)
Rest of World Gross billings growth.....	(12) %	(9) %	(19) %	(21) %	(28) %
Consolidated Gross billings growth, excluding FX.....	10 %	10 %	6 %	4 %	(3) %
FX Effect.....	(8)	(8)	(8)	(5)	(2)
Consolidated Gross billings growth.....	2 %	2 %	(2) %	(1) %	(5) %

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.

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
EMEA Revenue growth, excluding FX.....	13 %	9 %	2 %	3 %	(10) %
FX Effect	(19)	(19)	(15)	(12)	(3)
EMEA Revenue growth.....	(6) %	(10) %	(13) %	(9) %	(13) %
Rest of World Revenue growth, excluding FX.....	(8) %	(4) %	(5) %	(8) %	(8) %
FX Effect	(10)	(14)	(18)	(15)	(14)
Rest of World Revenue growth	(18) %	(18) %	(23) %	(23) %	(22) %
Consolidated Revenue growth, excluding FX.....	10 %	11 %	7 %	9 %	(1) %
FX Effect	(7)	(8)	(7)	(5)	(1)
Consolidated Revenue growth.....	3 %	3 %	— %	4 %	(2) %

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 March 31, 2016 was as follows:

	At Avg. Q1 2015 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	March 31, 2016 As Reported	March 31, 2015 As Reported	Y/Y % Growth	Y/Y % Growth excluding FX
Local:						
Third party and other...	\$ 540,038	\$ (415)	\$ 539,623	\$ 512,558	5.3 %	5.4 %
Travel:						
Third party	103,473	(83)	103,390	96,678	6.9 %	7.0 %
Total services	643,511	(498)	643,013	609,236	5.5 %	5.6 %
Goods:						
Third party	8,515	(210)	8,305	6,360	30.6 %	33.9 %
Direct	285,756	—	285,756	278,381	2.6 %	2.6 %
Total	294,271	(210)	294,061	284,741	3.3 %	3.3 %
Total gross billings	\$ 937,782	\$ (708)	\$ 937,074	\$ 893,977	4.8 %	4.9 %

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 March 31, 2016 was as follows:

	At Avg. Q1 2015 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	March 31, 2016 As Reported	March 31, 2015 As Reported	Y/Y % Growth	Y/Y% Growth excluding FX
Local:						
Third party and other	\$ 180,262	\$ (6,229)	\$ 174,033	\$ 217,598	(20.0) %	(17.2) %
Travel:						
Third party	59,189	(1,988)	57,201	65,065	(12.1) %	(9.0) %
Total services	239,451	(8,217)	231,234	282,663	(18.2) %	(15.3) %
Goods:						
Third party	57,626	(1,853)	55,773	69,537	(19.8) %	(17.1) %
Direct	108,270	(3,050)	105,220	106,989	(1.7) %	1.2 %
Total	165,896	(4,903)	160,993	176,526	(8.8) %	(6.0) %
Total gross billings	\$ 405,347	\$ (13,120)	\$ 392,227	\$ 459,189	(14.6) %	(11.7) %

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 March 31, 2016

	At Avg. Q1 2015 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	March 31, 2016 As Reported	March 31, 2015 As Reported	Y/Y % Growth	Y/Y% Growth excluding FX
Local:						
Third party and other ...	\$ 86,569	\$ (11,275)	\$ 75,294	\$ 99,735	(24.5) %	(13.2) %
Travel:						
Third party	28,918	(4,990)	23,928	32,946	(27.4) %	(12.2) %
Total services	115,487	(16,265)	99,222	132,681	(25.2) %	(13.0) %
Goods:						
Third party	40,658	(3,598)	37,060	61,289	(39.5) %	(33.7) %
Direct	8,437	(2,010)	6,427	4,865	32.1 %	73.4 %
Total	49,095	(5,608)	43,487	66,154	(34.3) %	(25.8) %
Total gross billings	\$ 164,582	\$ (21,873)	\$ 142,709	\$ 198,835	(28.2) %	(17.2) %

The effect on consolidated gross billings by category from changes in foreign exchange rates versus the U.S. Dollar for the three months ended March 31, 2016 was as follows:

	<u>At Avg. Q1 2015 Rates</u> ⁽¹⁾	<u>Exchange Rate Effect</u> ⁽²⁾	<u>March 31, 2016 As Reported</u>	<u>March 31, 2015 As Reported</u>	<u>Y/Y % Growth</u>	<u>Y/Y% Growth excluding FX</u>
Local:						
Third party and other ...	\$ 806,869	\$ (17,919)	\$ 788,950	\$ 829,891	(4.9) %	(2.8) %
Travel:						
Third party	191,580	(7,061)	184,519	194,689	(5.2) %	(1.6) %
Total services	998,449	(24,980)	973,469	1,024,580	(5.0) %	(2.6) %
Goods:						
Third party	106,799	(5,661)	101,138	137,186	(26.3) %	(22.2) %
Direct	402,463	(5,060)	397,403	390,235	1.8 %	3.1 %
Total	509,262	(10,721)	498,541	527,421	(5.5) %	(3.4) %
Total gross billings	\$ 1,507,711	\$ (35,701)	\$ 1,472,010	\$ 1,552,001	(5.2) %	(2.9) %

- (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 March 31, 2016.
- (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.

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

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Segments					
North America Segment:					
Gross Billings ⁽¹⁾:					
Local ⁽²⁾ Gross Billings	\$ 512,558	\$ 499,378	\$ 481,608	\$ 531,154	\$ 539,623
Travel Gross Billings	96,678	102,908	101,801	89,389	103,390
Gross Billings - Services	609,236	602,286	583,409	620,543	643,013
Gross Billings - Goods	284,741	293,970	285,794	429,818	294,061
Total Gross Billings	\$ 893,977	\$ 896,256	\$ 869,203	\$ 1,050,361	\$ 937,074
Year-over-year growth	14 %	12 %	12 %	11 %	5 %
% Third Party and Other	69 %	68 %	68 %	60 %	70 %
% Direct	31 %	32 %	32 %	40 %	30 %
Gross Billings Trailing Twelve Months (TTM)	\$ 3,415,687	\$ 3,513,098	\$ 3,608,015	\$ 3,709,797	\$ 3,752,894
Revenue ⁽³⁾:					
Local Revenue	\$ 180,864	\$ 172,461	\$ 163,786	\$ 184,201	\$ 192,153
Travel Revenue	19,989	21,958	21,394	18,390	20,914
Revenue - Services	200,853	194,419	185,180	202,591	213,067
Revenue - Goods	279,029	286,863	278,751	420,056	287,746
Total Revenue	\$ 479,882	\$ 481,282	\$ 463,931	\$ 622,647	\$ 500,813
Year-over-year growth	11 %	14 %	11 %	13 %	4 %
% Third Party and Other	42 %	41 %	40 %	33 %	43 %
% Direct	58 %	59 %	60 %	67 %	57 %
Revenue TTM	\$ 1,873,281	\$ 1,930,632	\$ 1,976,069	\$ 2,047,742	\$ 2,068,673
Gross Profit ⁽⁴⁾:					
Local Gross Profit	\$ 154,776	\$ 147,574	\$ 138,798	\$ 159,745	\$ 164,018
% of North America Local Gross Billings	30.2 %	29.6 %	28.8 %	30.1 %	30.4 %
Travel Gross Profit	15,791	18,385	17,644	15,207	15,712
% of North America Travel Gross Billings	16.3 %	17.9 %	17.3 %	17.0 %	15.2 %
Gross Profit - Services	170,567	165,959	156,442	174,952	179,730
% of North America Services Gross Billings	28.0 %	27.6 %	26.8 %	28.2 %	28.0 %
Gross Profit - Goods	23,923	30,598	34,801	44,329	36,213
% of North America Goods Gross Billings	8.4 %	10.4 %	12.2 %	10.3 %	12.3 %
Total Gross Profit	\$ 194,490	\$ 196,557	\$ 191,243	\$ 219,281	\$ 215,943
Year-over-year growth	8 %	9 %	9 %	12 %	11 %
% Third Party and Other	88 %	85 %	83 %	81 %	84 %
% Direct	12 %	15 %	17 %	19 %	16 %
% of North America Total Gross Billings	21.8 %	21.9 %	22.0 %	20.9 %	23.0 %
EMEA Segment:					
Gross Billings:					
Local Gross Billings	\$ 217,598	\$ 198,553	\$ 182,540	\$ 197,445	\$ 174,033
Travel Gross Billings	65,065	59,544	64,916	59,836	57,201
Gross Billings - Services	282,663	258,097	247,456	257,281	231,234
Gross Billings - Goods	176,526	175,439	167,026	229,866	160,993
Total Gross Billings	\$ 459,189	\$ 433,536	\$ 414,482	\$ 487,147	\$ 392,227
Year-over-year growth	(11) %	(10) %	(15) %	(13) %	(15) %
Year-over-year growth, excluding FX	7 %	9 %	(1) %	(2) %	(12) %
% Third Party and Other	77 %	76 %	75 %	70 %	73 %
% Direct	23 %	24 %	25 %	30 %	27 %
Gross Billings TTM	\$ 1,992,408	\$ 1,942,689	\$ 1,867,748	\$ 1,794,354	\$ 1,727,392
Revenue:					
Local Revenue	\$ 82,536	\$ 75,543	\$ 70,781	\$ 73,225	\$ 61,886
Travel Revenue	14,717	13,100	13,561	11,681	11,178
Revenue - Services	97,253	88,643	84,342	84,906	73,064
Revenue - Goods	118,967	115,404	114,945	163,420	115,906
Total Revenue	\$ 216,220	\$ 204,047	\$ 199,287	\$ 248,326	\$ 188,970
Year-over-year growth	(6) %	(10) %	(13) %	(9) %	(13) %
Year-over-year growth, excluding FX	13 %	9 %	2 %	3 %	(10) %
% Third Party and Other	51 %	48 %	48 %	41 %	44 %
% Direct	49 %	52 %	52 %	59 %	56 %
Revenue TTM	\$ 946,457	\$ 922,814	\$ 892,029	\$ 867,880	\$ 840,630

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Gross Profit:					
Local Gross Profit	\$ 77,356	\$ 70,270	\$ 66,288	\$ 68,966	\$ 58,263
% of EMEA Local Gross Billings	35.5 %	35.4 %	36.3 %	34.9 %	33.5 %
Travel Gross Profit	12,400	11,939	12,323	10,732	10,215
% of EMEA Travel Gross Billings	19.1 %	20.1 %	19.0 %	17.9 %	17.9 %
Gross Profit - Services	89,756	82,209	78,611	79,698	68,478
% of EMEA Services Gross Billings	31.8 %	31.9 %	31.8 %	31.0 %	29.6 %
Gross Profit - Goods	25,481	21,878	24,905	43,026	26,412
% of EMEA Goods Gross Billings	14.4 %	12.5 %	14.9 %	18.7 %	16.4 %
Total Gross Profit	\$ 115,237	\$ 104,087	\$ 103,516	\$ 122,724	\$ 94,890
Year-over-year growth	(18) %	(26) %	(21) %	(14) %	(18) %
% Third Party and Other	87 %	86 %	86 %	77 %	82 %
% Direct	13 %	14 %	14 %	23 %	18 %
% of EMEA Total Gross Billings	25.1 %	24.0 %	25.0 %	25.2 %	24.2 %

Rest of World Segment:

Gross Billings:					
Local Gross Billings	\$ 99,735	\$ 100,403	\$ 92,972	\$ 83,430	\$ 75,294
Travel Gross Billings	32,946	31,263	30,709	25,369	23,928
Gross Billings - Services	132,681	131,666	123,681	108,799	99,222
Gross Billings - Goods	66,154	67,555	60,168	60,685	43,487
Total Gross Billings	\$ 198,835	\$ 199,221	\$ 183,849	\$ 169,484	\$ 142,709
Year-over-year growth	(12) %	(9) %	(19) %	(21) %	(28) %
Year-over-year growth, excluding FX	(1) %	6 %	— %	(7) %	(17) %
% Third Party and Other	98 %	97 %	96 %	95 %	95 %
% Direct	2 %	3 %	4 %	5 %	5 %
Gross Billings TTM	\$ 861,032	\$ 840,243	\$ 797,454	\$ 751,389	\$ 695,263

Revenue:

Local Revenue	\$ 30,281	\$ 28,499	\$ 26,372	\$ 22,229	\$ 22,082
Travel Revenue	6,495	6,363	6,135	5,098	5,049
Revenue - Services	36,776	34,862	32,507	27,327	27,131
Revenue - Goods	17,478	18,204	17,870	18,870	15,057
Total Revenue	\$ 54,254	\$ 53,066	\$ 50,377	\$ 46,197	\$ 42,188
Year-over-year growth	(18) %	(18) %	(23) %	(23) %	(22) %
Year-over-year growth, excluding FX	(8) %	(4) %	(5) %	(8) %	(8) %
% Third Party and Other	91 %	87 %	86 %	82 %	85 %
% Direct	9 %	13 %	14 %	18 %	15 %
Revenue TTM	\$ 244,326	\$ 232,802	\$ 217,476	\$ 203,894	\$ 191,828

Gross Profit:

Local Gross Profit	\$ 26,161	\$ 24,567	\$ 22,568	\$ 18,889	\$ 18,771
% of Rest of World Local Gross Billings	26.2 %	24.5 %	24.3 %	22.6 %	24.9 %
Travel Gross Profit	4,906	5,012	4,859	4,040	3,997
% of Rest of World Travel Gross Billings	14.9 %	16.0 %	15.8 %	15.9 %	16.7 %
Gross Profit - Services	31,067	29,579	27,427	22,929	22,768
% of Rest of World Services Gross Billings	23.4 %	22.5 %	22.2 %	21.1 %	22.9 %
Gross Profit - Goods	6,612	6,784	6,726	6,806	5,727
% of Rest of World Goods Gross Billings	10.0 %	10.0 %	11.2 %	11.2 %	13.2 %
Total Gross Profit	\$ 37,679	\$ 36,363	\$ 34,153	\$ 29,735	\$ 28,495
Year-over-year growth	(16) %	(20) %	(28) %	(23) %	(24) %
% Third Party and Other	99 %	99 %	99 %	99 %	100 %
% Direct	1 %	1 %	1 %	1 %	— %
% of Rest of World Total Gross Billings	18.9 %	18.3 %	18.6 %	17.5 %	20.0 %

Consolidated Results of Operations:

Gross Billings:					
Local Gross Billings	\$ 829,891	\$ 798,334	\$ 757,120	\$ 812,029	\$ 788,950
Travel Gross Billings	194,689	193,715	197,426	174,594	184,519
Gross Billings - Services	1,024,580	992,049	954,546	986,623	973,469
Gross Billings - Goods	527,421	536,964	512,988	720,369	498,541
Total Gross Billings	\$ 1,552,001	\$ 1,529,013	\$ 1,467,534	\$ 1,706,992	\$ 1,472,010
Year-over-year growth	2 %	2 %	(2) %	(1) %	(5) %
Year-over-year growth, excluding FX	10 %	10 %	6 %	4 %	(3) %
% Third Party and Other	75 %	74 %	74 %	66 %	73 %
% Direct	25 %	26 %	26 %	34 %	27 %
Gross Billings TTM	\$ 6,269,127	\$ 6,296,030	\$ 6,273,217	\$ 6,255,540	\$ 6,175,549
Year-over-year growth	7 %	6 %	3 %	— %	(1) %

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Revenue:					
Local Revenue	\$ 293,681	\$ 276,503	\$ 260,939	\$ 279,655	\$ 276,121
Travel Revenue	41,201	41,421	41,090	35,169	37,141
Revenue - Services	334,882	317,924	302,029	314,824	313,262
Revenue - Goods	415,474	420,471	411,566	602,346	418,709
Total Revenue	\$ 750,356	\$ 738,395	\$ 713,595	\$ 917,170	\$ 731,971
Year-over-year growth	3 %	3 %	— %	4 %	(2) %
Year-over-year growth, excluding FX	10 %	11 %	7 %	9 %	(1) %
% Third Party and Other	48 %	46 %	46 %	38 %	46 %
% Direct	52 %	54 %	54 %	62 %	54 %
Revenue TTM	\$ 3,064,064	\$ 3,086,248	\$ 3,085,574	\$ 3,119,516	\$ 3,101,131
Year-over-year growth	13 %	10 %	5 %	3 %	1 %
Gross Profit:					
Local Gross Profit	\$ 258,293	\$ 242,411	\$ 227,654	\$ 247,600	\$ 241,052
% of Consolidated Local Gross Billings	31.1 %	30.4 %	30.1 %	30.5 %	30.6 %
Travel Gross Profit	33,097	35,336	34,826	29,979	29,924
% of Consolidated Travel Gross Billings	17.0 %	18.2 %	17.6 %	17.2 %	16.2 %
Gross Profit - Services	291,390	277,747	262,480	277,579	270,976
% of Consolidated Services Gross Billings	28.4 %	28.0 %	27.5 %	28.1 %	27.8 %
Gross Profit - Goods	56,016	59,260	66,432	94,161	68,352
% of Consolidated Goods Gross Billings	10.6 %	11.0 %	13.0 %	13.1 %	13.7 %
Total Gross Profit	\$ 347,406	\$ 337,007	\$ 328,912	\$ 371,740	\$ 339,328
Year-over-year growth	(5) %	(8) %	(7) %	(2) %	(2) %
% Third Party and Other	89 %	87 %	85 %	81 %	85 %
% Direct	11 %	13 %	15 %	19 %	15 %
% of Total Consolidated Gross Billings	22.4 %	22.0 %	22.4 %	21.8 %	23.1 %
Marketing	\$ 52,533	\$ 57,007	\$ 61,587	\$ 83,208	\$ 89,765
Selling, general and administrative	\$ 289,847	\$ 288,721	\$ 326,248	\$ 287,976	\$ 280,988
Adjusted EBITDA	\$ 72,370	\$ 61,118	\$ 56,334	\$ 67,010	\$ 31,348
% of Total Consolidated Gross Billings	4.7 %	4.0 %	3.8 %	3.9 %	2.1 %
% of Total Consolidated Revenue	9.6 %	8.3 %	7.9 %	7.3 %	4.3 %

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."

	Q1 2015 ⁽¹⁰⁾	Q2 2015 ⁽¹⁰⁾	Q3 2015 ⁽¹⁰⁾	Q4 2015 ⁽¹⁰⁾	Q1 2016
Net cash provided by (used in) operating activities from continuing operations	\$ 43,607	\$ 13,325	\$ (7,640)	\$ 250,455	\$ (76,725)
Purchases of property and equipment and capitalized software from continuing operations	(18,294)	(22,452)	(27,735)	(15,507)	(19,952)
Free cash flow	\$ 25,313	\$ (9,127)	\$ (35,375)	\$ 234,948	\$ (96,677)
Net cash provided by (used in) operating activities from continuing operations (TTM)	\$ 320,803	\$ 358,576	\$ 325,971	\$ 299,747	\$ 179,415
Purchases of property and equipment and capitalized software from continuing operations (TTM)	(85,761)	(79,501)	(88,598)	(83,988)	(85,646)
Free cash flow (TTM)	\$ 235,042	\$ 279,075	\$ 237,373	\$ 215,759	\$ 93,769
Net cash provided by (used in) investing activities from continuing operations	\$ (19,443)	\$ (28,541)	\$ (98,028)	\$ (31,238)	\$ (20,778)
Net cash provided by (used in) financing activities	\$ (35,838)	\$ (141,557)	\$ (14,793)	\$ (323,597)	\$ (78,015)
Net cash provided by (used in) investing activities from continuing operations (TTM)	\$ (105,821)	\$ (102,205)	\$ (181,187)	\$ (177,250)	\$ (178,585)
Net cash provided by (used in) financing activities (TTM)	\$ (198,627)	\$ (221,354)	\$ (216,683)	\$ (515,785)	\$ (557,962)
Other Metrics:					
Active Customers ⁽⁶⁾					
North America	24.6	24.9	25.2	25.9	26.9
EMEA	15.3	15.5	15.4	15.4	15.3
Rest of World	8.2	8.2	8.0	7.6	7.2
Total Active Customers	48.1	48.6	48.6	48.9	49.4
TTM Gross Billings / Average Active Customer ⁽⁷⁾					
North America	\$ 147	\$ 148	\$ 148	\$ 149	\$ 146
EMEA	134	130	123	117	113
Rest of World	101	98	99	96	90
Consolidated	135	133	132	130	127

Global headcount as of March 31, 2016 and 2015 was as follows:

	Q1 2015	Q1 2016
Sales ⁽⁸⁾	4,429	3,711
% North America	30%	34%
% EMEA	42%	42%
% Rest of World	28%	24%
Other	6,386	5,551
Total Headcount	10,815	9,262

- (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 include advertising, payment processing and commission revenue.
- (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 March 31, 2015, June 30, 2015, 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.