GROUPON®

2Q16 Earnings
July 2016

Forward-Looking Statements

The statements contained in this release that refer to plans and expectations for the next quarter, the full year or the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. The words "may," will," should," "could," "expect," anticipate," "believe," "estimate," intend," "continue" and other similar expressions are intended to identify forward-looking statements. The risks and uncertainties that could cause our results to differ materially from those included in the forward-looking statements include, but are not limited to, volatility in our revenue and operating results; risks related to our business strategy, including our strategy to grow our local marketplaces, marketing strategy and spend and the productivity of those marketing investments and the impact of our shift away from lower margin products in our Goods category; effectively dealing with challenges arising from our international operations, including fluctuations in currency exchange rates and any potential adverse impact from the United Kingdom's likely exit from the European Union; retaining existing customers and adding new customers, including as we increase our marketing spend and shift away from lower margin products in our Goods category; retaining and adding high quality merchants; cyber security breaches; incurring expenses as we expand our business; competing successfully in our industry; maintaining favorable payment terms with our business partners; providing a strong mobile experience for our customers; delivery and routing of our emails; product liability claims; managing inventory and order fulfillment risks; integrating our technology platforms; litigation; managing refund risks; retaining, attracting and integrating members of our executive team; difficulties, delays or our inability to successfully complete all or part of the announced restructuring actions or to realize the operating efficiencies and other benefits of such restructuring actions; higher than anticipated restructuring charges or changes in the timing of such restructuring charges; completing and realizing the anticipated benefits from acquisitions, dispositions, joint ventures and strategic investments; tax liabilities; tax legislation; compliance with domestic and foreign laws and regulations, including the CARD Act and regulation of the Internet and e-commerce; classification of our independent contractors; maintaining our information technology infrastructure; protecting our intellectual property; maintaining a strong brand; seasonality; customer and merchant fraud; payment-related risks; our ability to raise capital if necessary and our outstanding indebtedness; global economic uncertainty; the impact of our ongoing strategic review and any potential strategic alternatives we may choose to pursue; our senior convertible notes; and our ability to realize the anticipated benefits from the hedge and warrant transactions. For additional information regarding these and other risks and uncertainties, we urge you to refer to the factors included under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Annual Report on Form 10-K for the year ended December 31, 2015, Quarterly Report on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016 and our other filings with the Securities and Exchange Commission, copies of which may be obtained by visiting the company's Investor Relations web site at http://investor.groupon.com or the SEC's web site at www.sec.gov. Groupon's actual results could differ materially from those predicted or implied and reported results should not be considered an indication of future performance.

You should not rely upon forward-looking statements as predictions of future events. Although Groupon believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The forward-looking statements reflect Groupon's expectations as of July 27, 2016. Groupon undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this release to conform these statements to actual results or to changes in its expectations.

Additional information relating to certain of our financial measures contained herein is available in our most recent earnings release and at our website at investor.groupon.com.

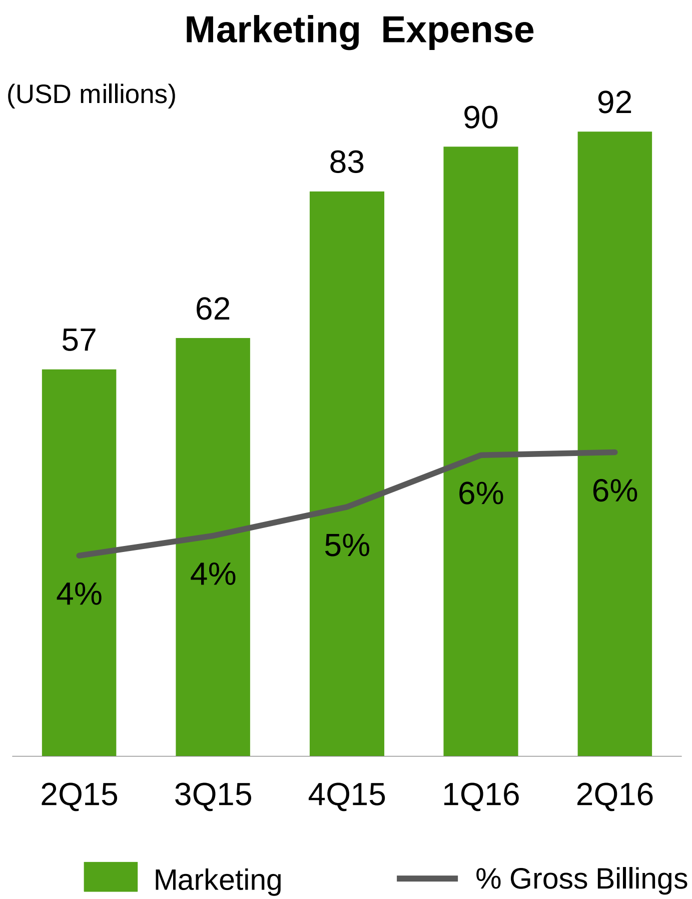
Groupon is a Clear Leader in Local e-Commerce

- Only provider with substantial scale in large, attractive local market
- Focusing on unlocking scale benefits and driving shareholder returns
- Executing on our key priorities
  1. Invest in customer acquisition to **grow active customers at predictable returns**
  2. Streamline and narrow our focus to **improve operating leverage**
  3. Reduce empty calorie revenue to **enhance the unit economics in Shopping**
  4. Improve the customer experience to **accelerate purchase frequency over time**
- Maintaining balance sheet strength and financial flexibility

Invest in Customer Acquisition

1

Increasing Customer Acquisition Marketing at a Predictable ROI and 12-18 Month Payback



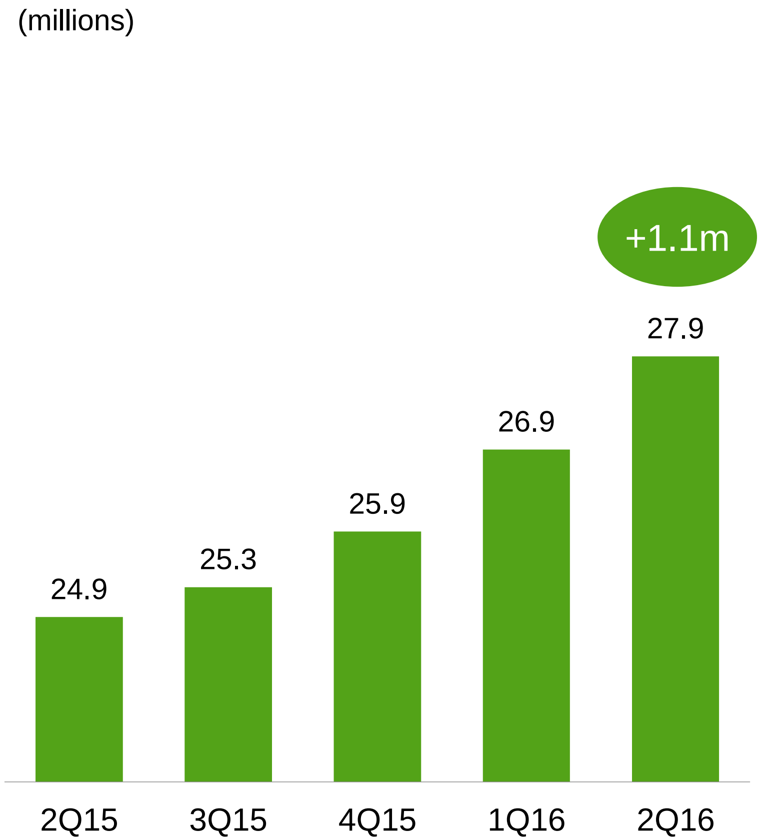
Marketing ROI $= \dfrac{\text{Incremental Gross Profit}}{\text{Incremental Marketing Spend}} =$ **100%**

Time to Payback = **12 to 18 months**

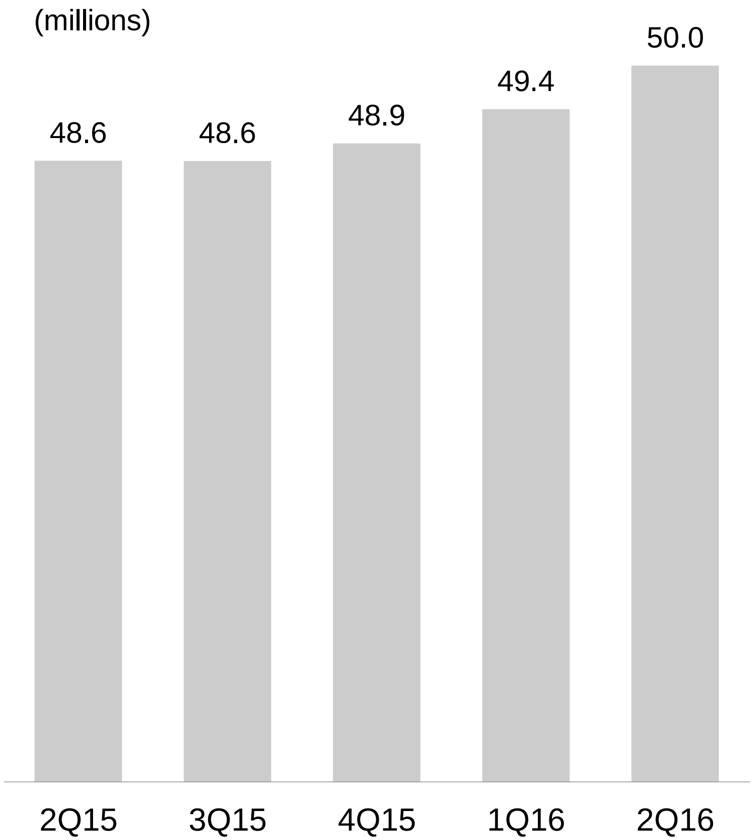
- Increased payback thresholds from 6 months to 12-18 months
- Online channel spend driven by automated processes governed by ROI parameters
- ROI tracking across marketing channels, platforms, and categories

1 Invest in Customer Acquisition

North America Active Customers[1]



Global Active Customers[1]



Added 1.1 million active customers sequentially in North America performing within 12-18 month payback; 1.2 million added globally excluding impact of country exits

(1) Active customers reflect the total number of unique user accounts who have purchased a voucher or product during the trailing twelve months.

2 Streamline and Narrow our Focus

Focus Our Country Footprint

47 Beginning of 2015

17 country exits
3 dispositions[1]

27 Current Footprint[2]

- Footprint on track to be finalized by Fall of 2016

Other Streamlining

- Disposition of Russia on April 12, 2016
- Disposition of Breadcrumb on May 9, 2016

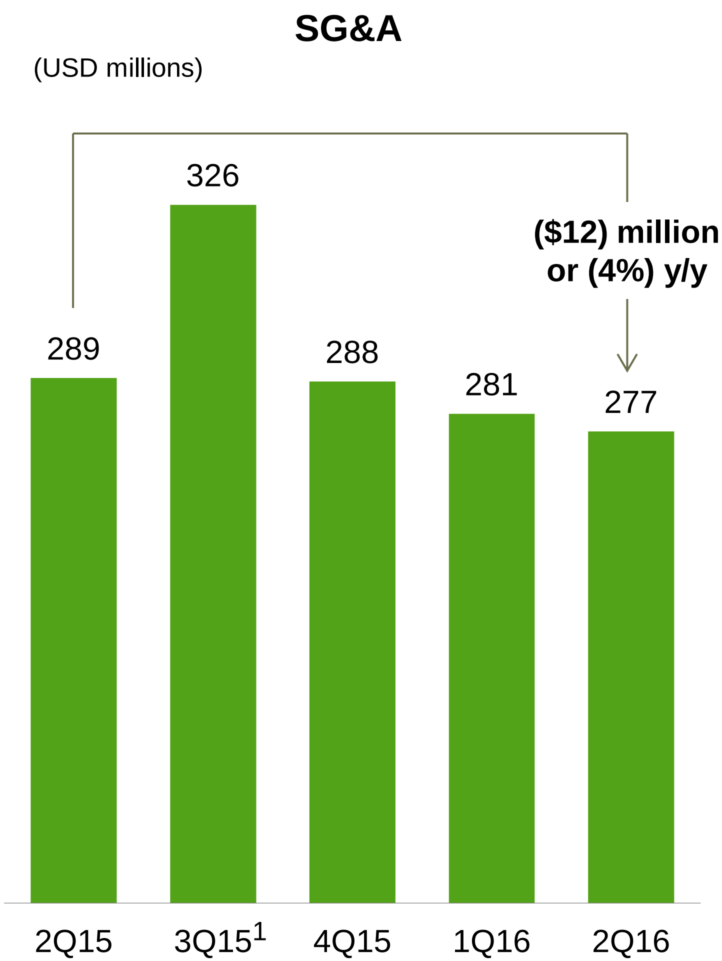
Operating Improvements

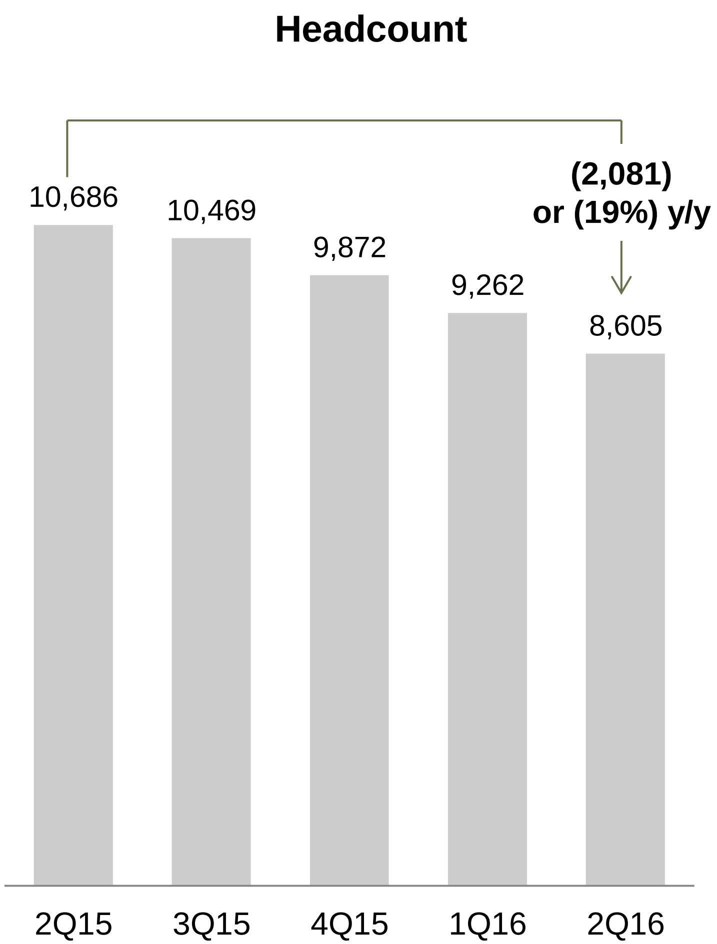
- Established and scaling up shared service centers for customer service and deal factory
- Platform migration in International segments

Solid execution of expanded scope and pace of streamlining initiative

(1) Includes dispositions of controlling interests in India and Korea
(2) As of 6/30/16

2 Streamline and Narrow our Focus



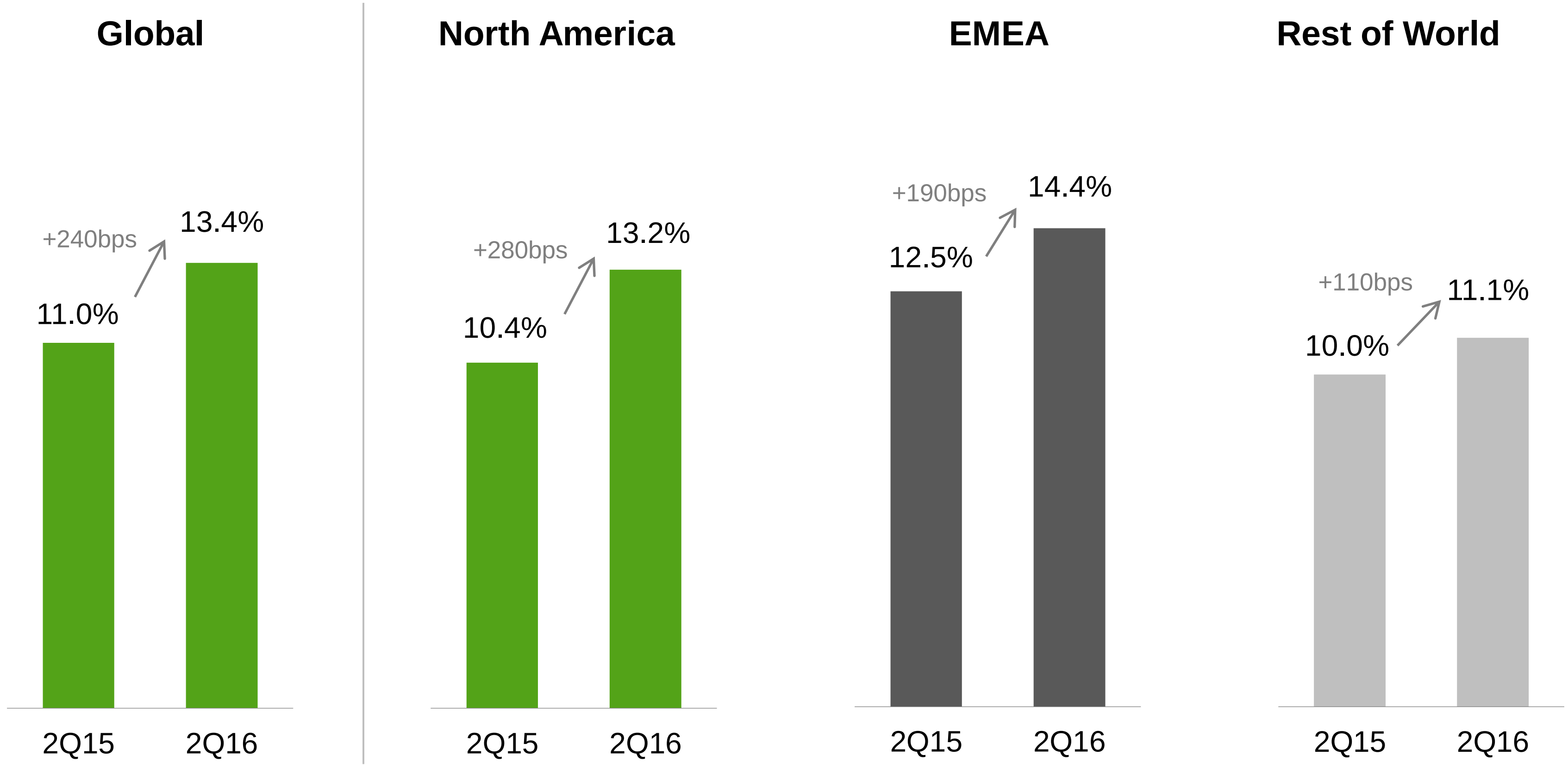


Global SG&A declined by $12 million on significant headcount reductions

(1) Includes $37.5M securities litigation expense

3 Reduce Empty Calorie Revenue

Shopping Gross Margins



Shopping gross margins increased year-over-year in all segments for a third consecutive quarter

4 Improve the Customer Experience

Increase Purchase Frequency by Improving Find-Buy-Redeem-Service

Mobile Innovation

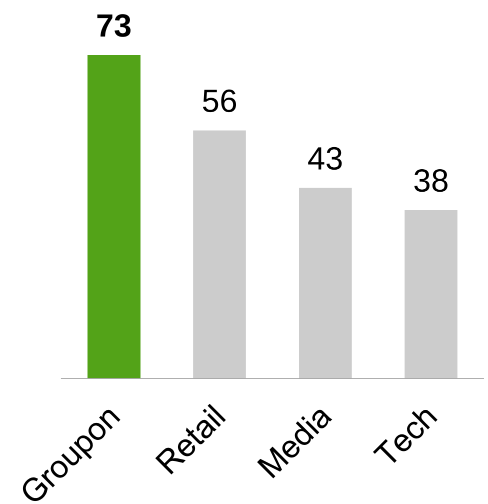
- Removing friction from Discovery to Purchase to Redemption
- Structured browse, proximity awareness, time of day
- Mobile accounts for **60% of transactions** as of June 2016

Supply

Scale high quality supply in key neighborhoods and categories

World Class Service

Net Promoter Score versus Industry Averages[1,2]

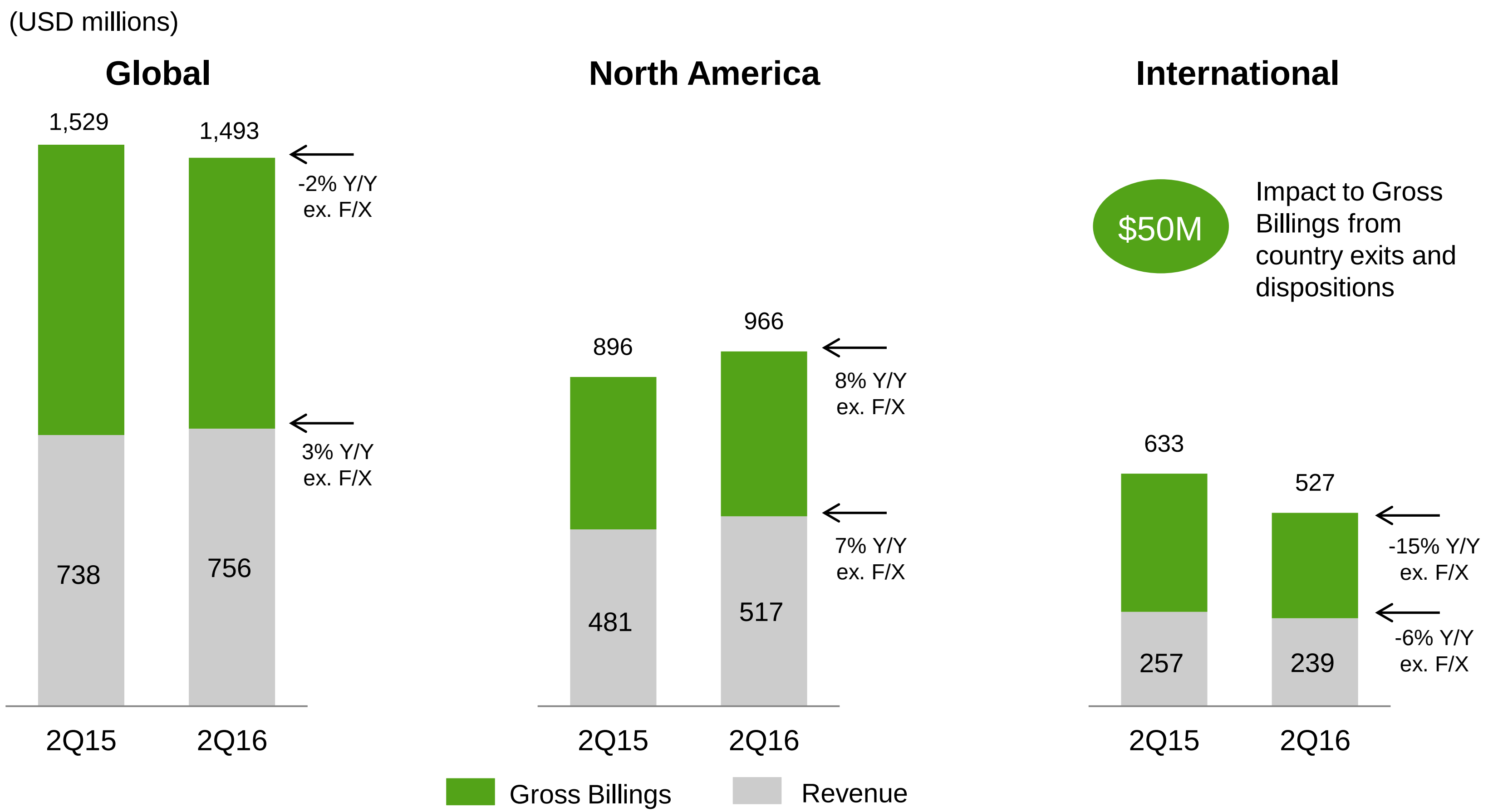


Be known for outstanding customer service

(1) Groupon NPS score as of June 2016
(2) Industry averages from NPSBenchmarks 2016 – Sponsored by CustomerGauge

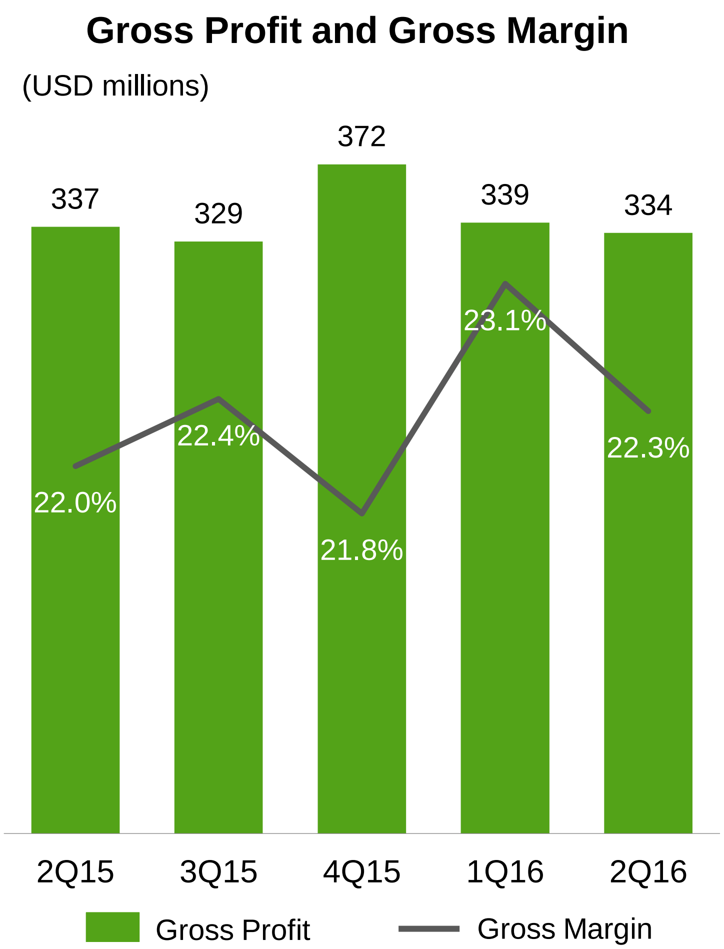
Financial Update

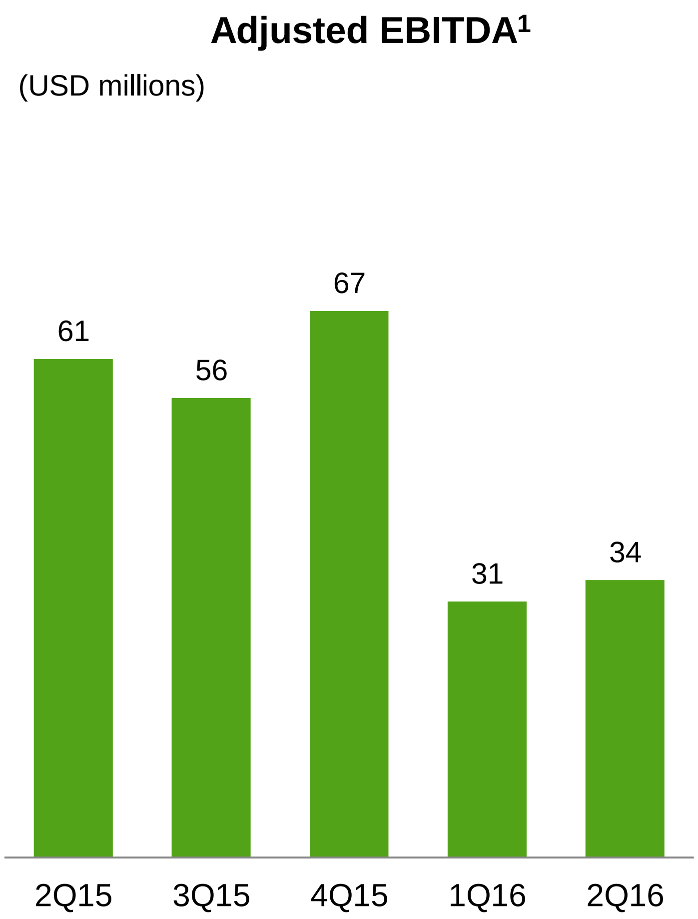
Gross Billings and Revenue



North America billings growth of 8% lifted by spending from new customer cohorts

Financial Update

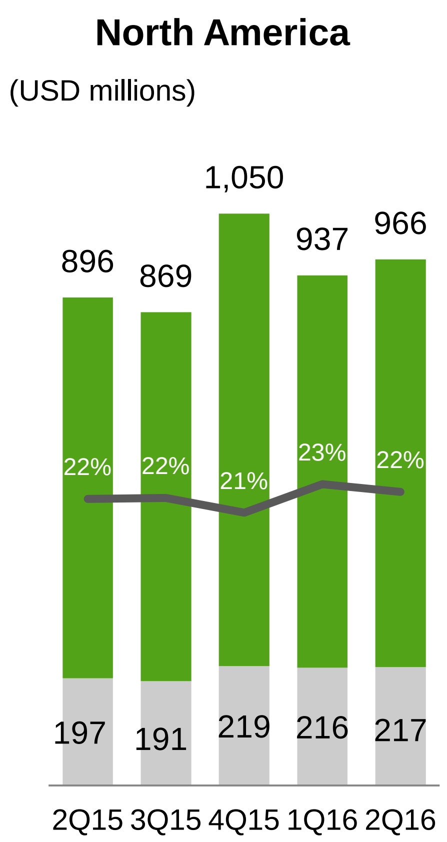


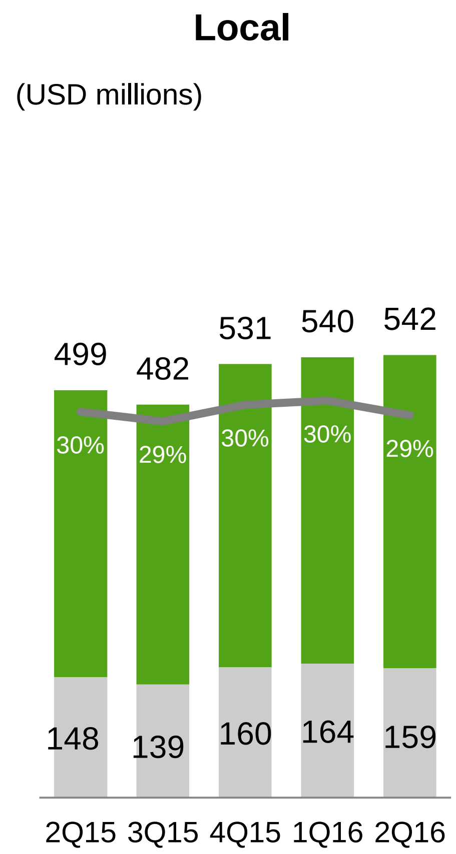


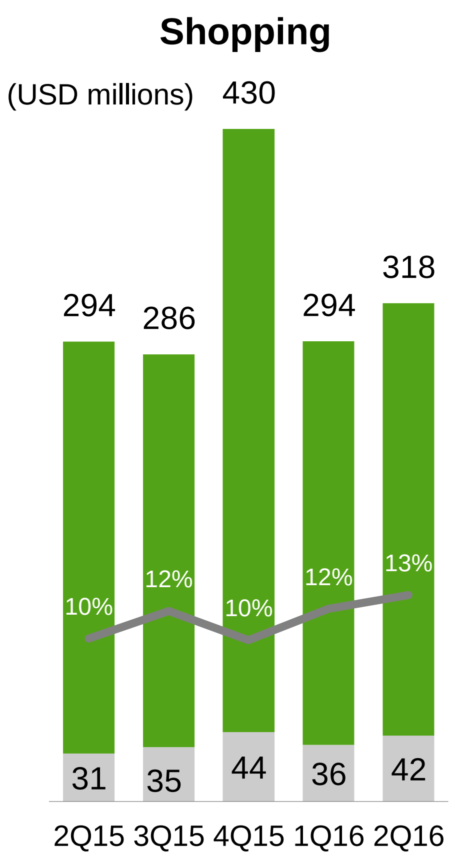
$334m in gross profit on continued year-over-year increases in gross margins; $34m in adjusted EBITDA

(1) Adjusted EBITDA is a non-GAAP performance measure. See appendix for a reconciliation to the most comparable U.S. GAAP performance measure, "Net income (loss) from continuing operations."

North America Update







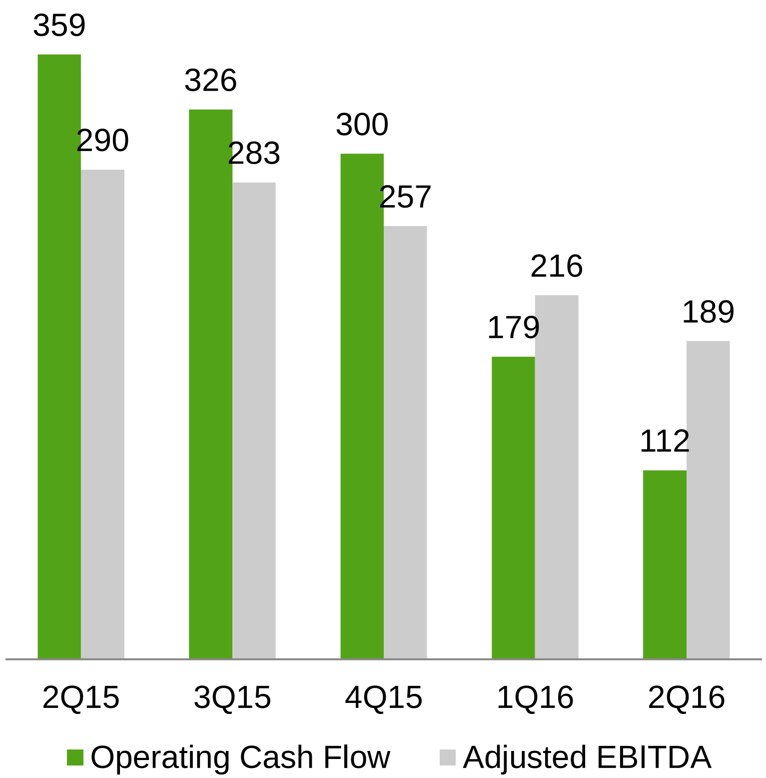
Gross Billings | Gross Profit | *Gross Margin % of Billings*

North America Local Gross Billings grew 9%; North America Shopping gross margins improved by 280 basis points

Cash Flow Profile

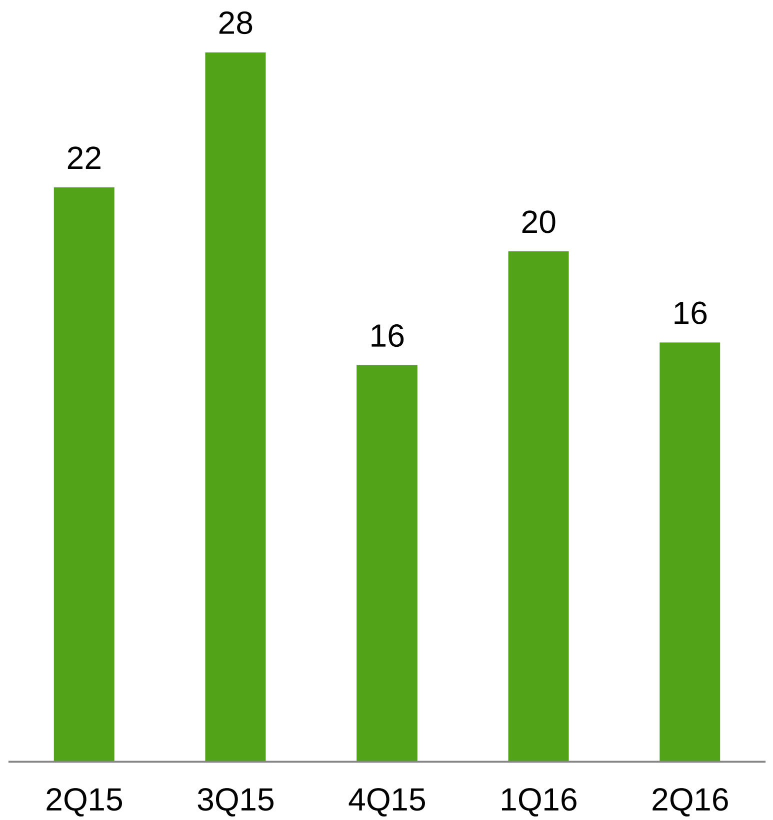
Operating Cash Flow[1] and Adjusted EBITDA[2]

(TTM, USD millions)



Capital Expenditure

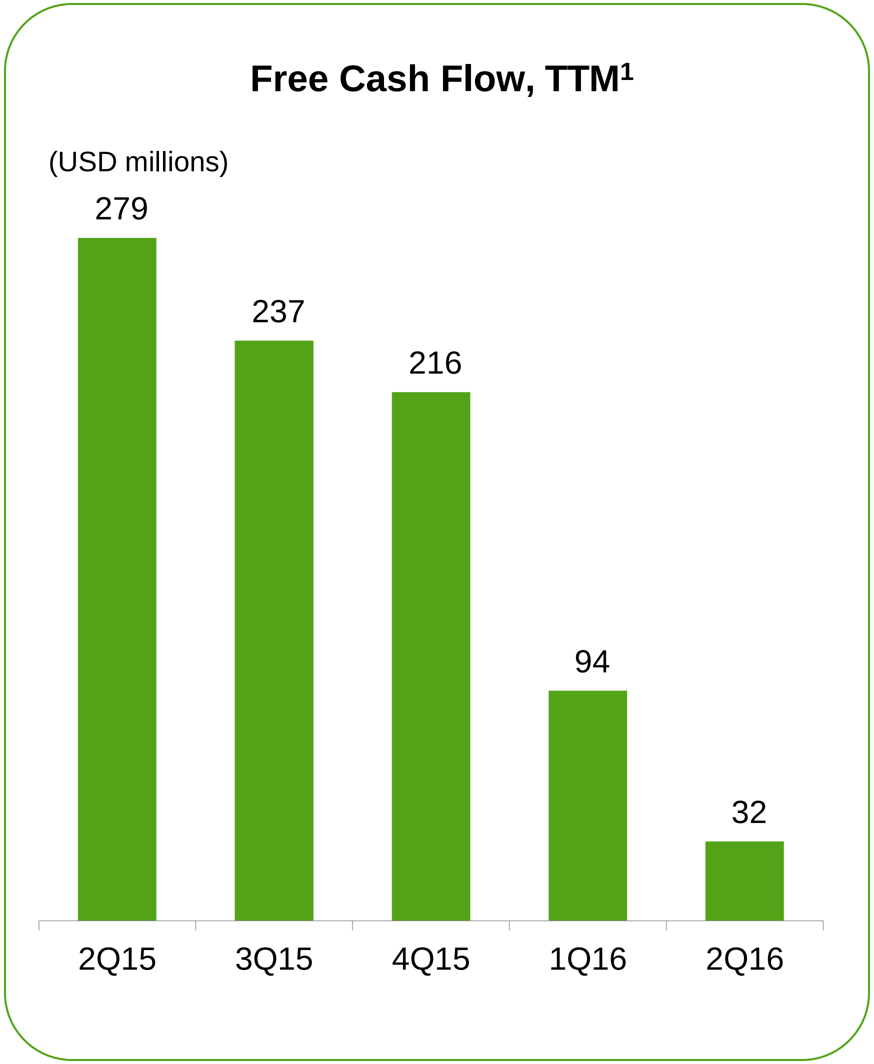
(USD millions)



(1) 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 operating activities for the three-month periods ended June 20, 2015, September 30, 2015, and December 31, 2015.

(2) Adjusted EBITDA is a non-GAAP performance measure. See the appendix for a reconciliation to the most comparable U.S. GAAP performance measure, "Net income (loss) from continuing operations."

Balance Sheet



(USD millions)

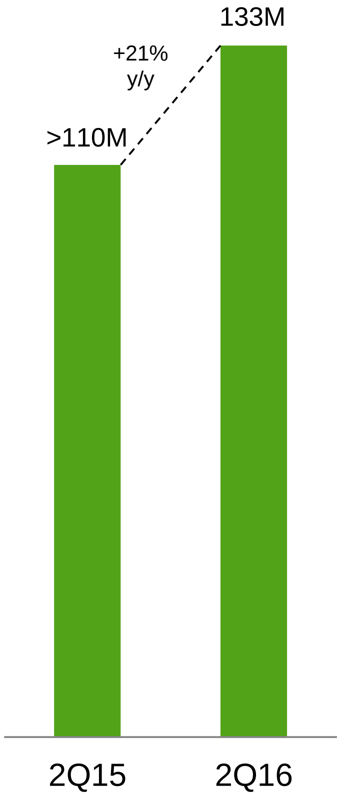
Cash Balance[2]	$780
Undrawn Revolver[2]	$250

(1) Free Cash Flow is a non-GAAP liquidity measure. See the appendix for a reconciliation to the most comparable U.S. GAAP liquidity measure, "Net income (loss) from continuing operations." 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 operating activities for the three-month periods ended June 20, 2015, September 30, 2015, and December 31, 2015.
(2) As of 6/30/2016

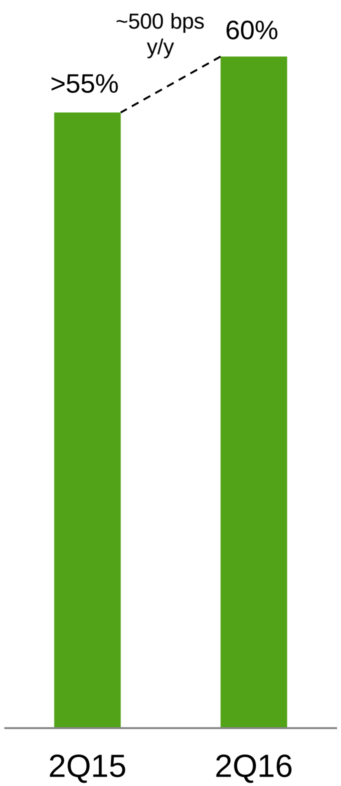
Appendix

Operating Metrics

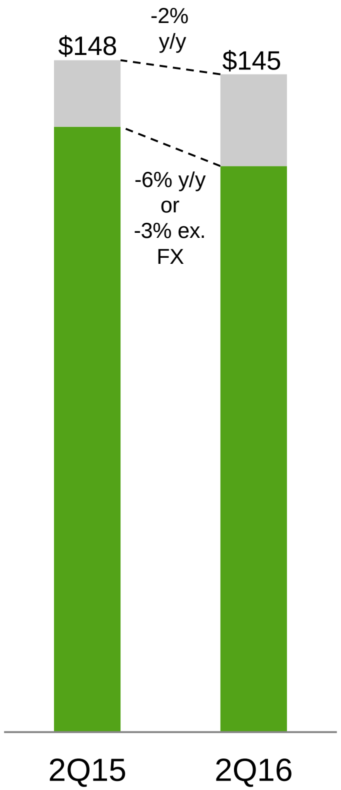
Mobile App Downloads (cumulative life-to-date)



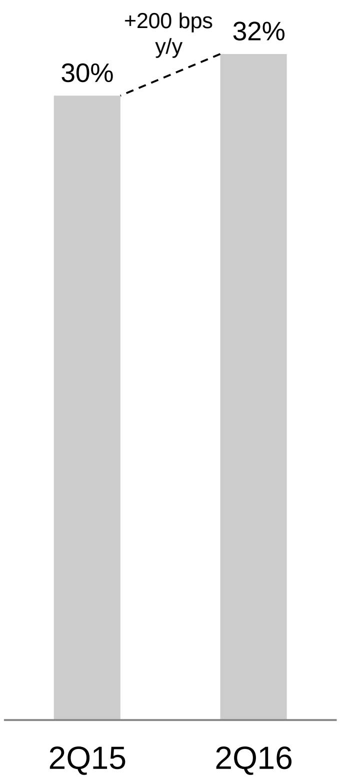
Mobile Transactions (% of total)



Spend per Average Active Customer[1]



Search[2]



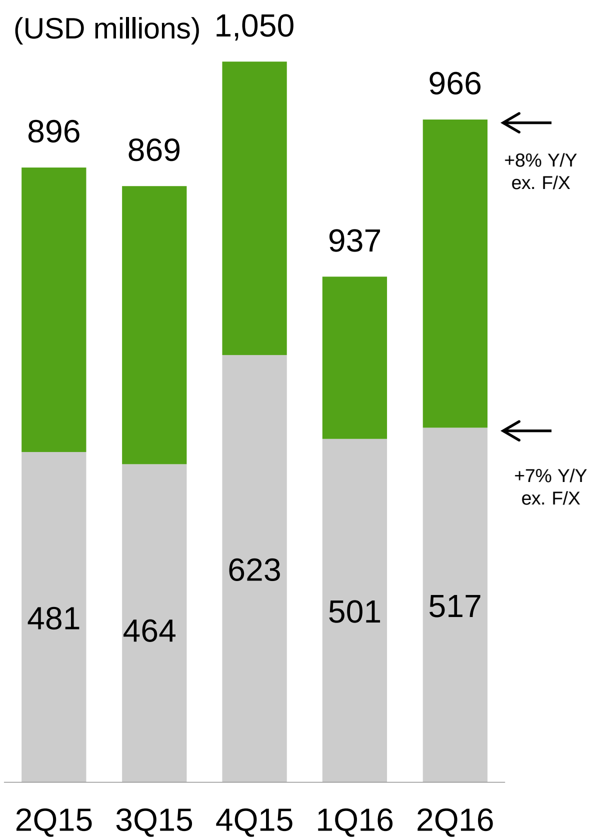
Global North America

(1) Spend per average active customer reflects the total gross billings generated in the trailing twelve months per average active customer over that period.
(2) Search represents percentage of transactions in North America related to search (includes free text search on web and mobile; excludes SEO and SEM).

Financial Summary – Segment

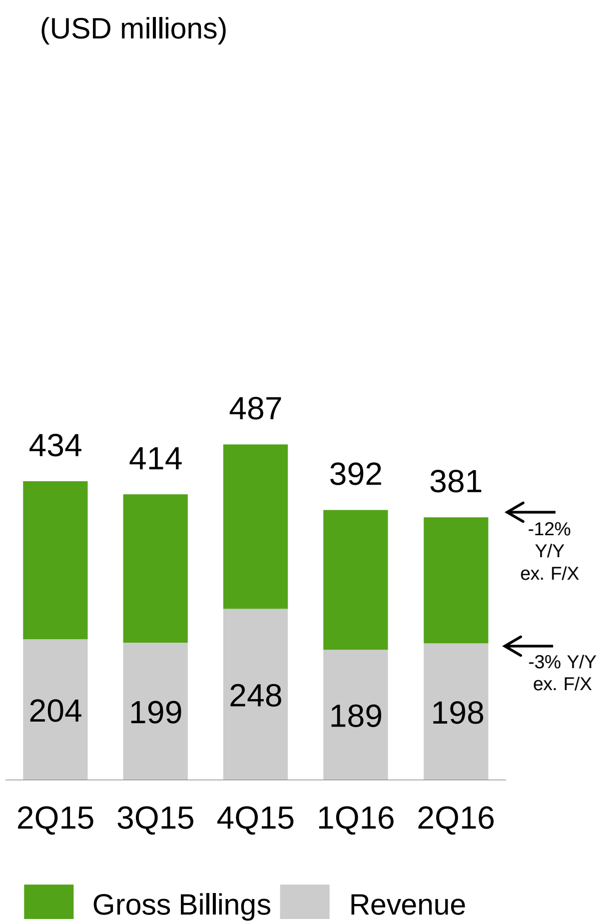
North America

Gross Billings & Revenue



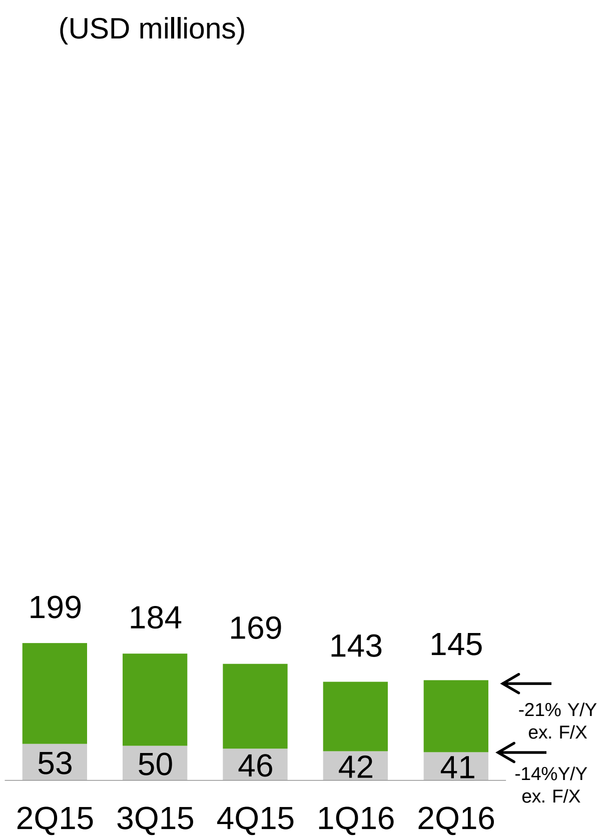
EMEA

Gross Billings & Revenue



Rest of World

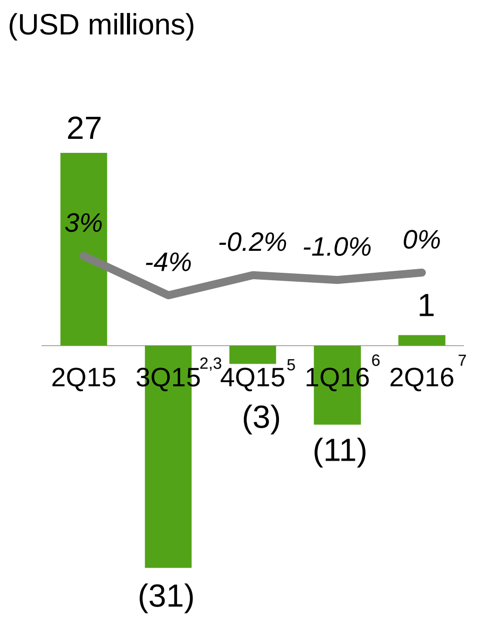
Gross Billings & Revenue



Financial Summary – Segment Operating Results

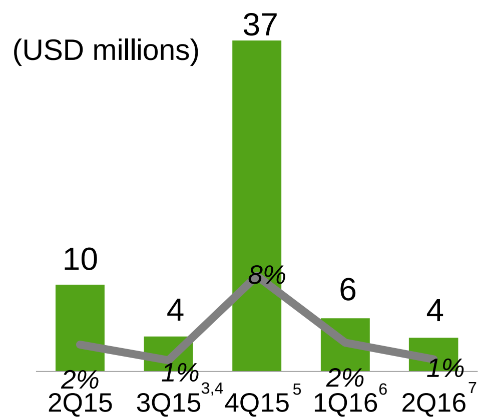
North America

Segment Operating Income (Loss) & Margin[1]



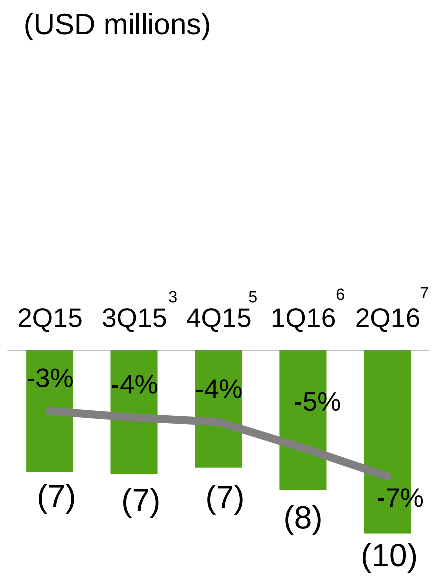
EMEA

Segment Operating Income (Loss) & Margin[1]



Rest of World

Segment Operating Income (Loss) & Margin[1]



Segment Operating Income (Loss) — *Segment Operating Income (Loss) % of Billings*

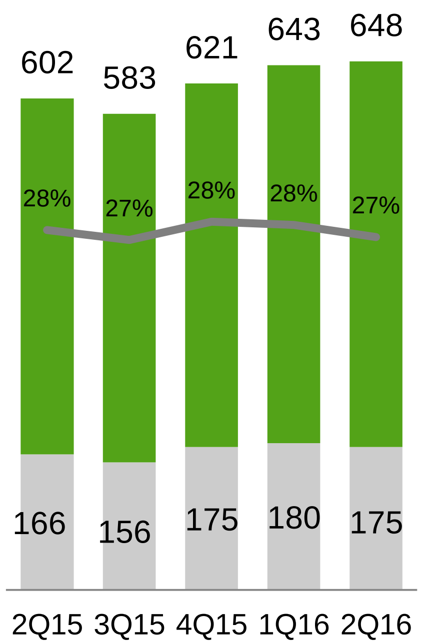
(1) Represents segment revenue less cost of revenue and operating expenses, excluding stock-based compensation and acquisition-related expense (benefit), net, in absolute dollars and as a percentage of gross billings. Segment operating margin is defined as segment operating income (loss) as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.
(2) Segment cost of revenue and operating expenses for the three months ended September 30, 2015 for North America includes a $37.5 million expense related to an increase in the Company's contingent liability for its securities litigation matter.
(3) Segment cost of revenue and operating expenses for the three 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.
(4) Segment cost of revenue and operating expenses for the three months ended September 30, 2015 for EMEA 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.
(5) Segment cost of revenue and operating expenses for the three months ended December 31, 2015 includes restructuring charges of $9.1 million in North America, ($3.6) million in EMEA, and ($0.1) million in Rest of World.
(6) 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.
(7) Segment cost of revenue and operating expenses for the three months ended June 30, 2016 includes restructuring charges of $2.8 million in North America, $10.6 million in EMEA (which excludes $2.1 million of stock-based compensation) and $0.6 million in Rest of World (which excludes $0.02 million of stock-based compensation).

Financial Summary – Services[1]

North America

Gross Billings & Gross Profit

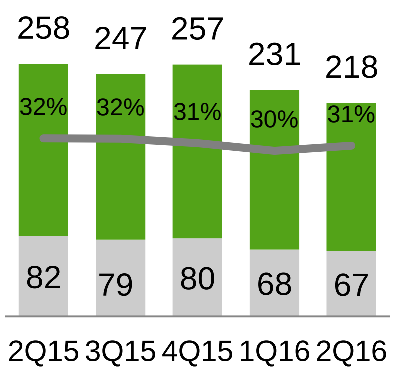
(USD millions)



EMEA

Gross Billings & Gross Profit

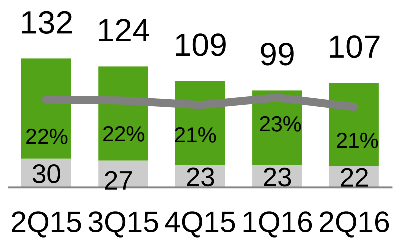
(USD millions)



Rest of World

Gross Billings & Gross Profit

(USD millions)



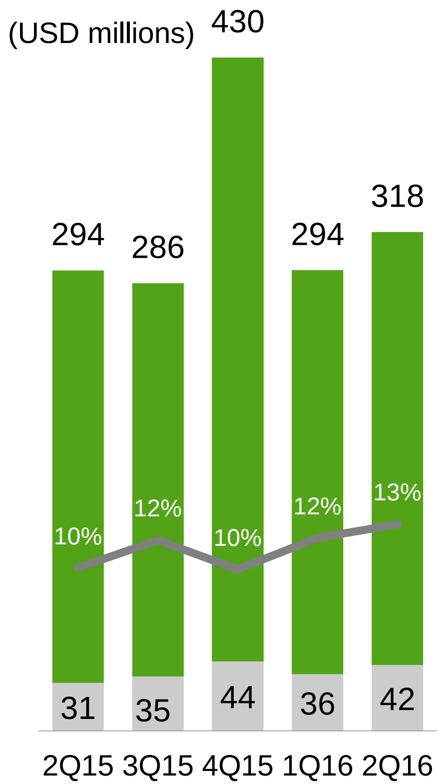
Gross Billings | Gross Profit | *Gross Margin % of Billings [2]*

(1) Services represents deals from local and national merchants and deals on local events, as well as travel deals.
(2) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Shopping

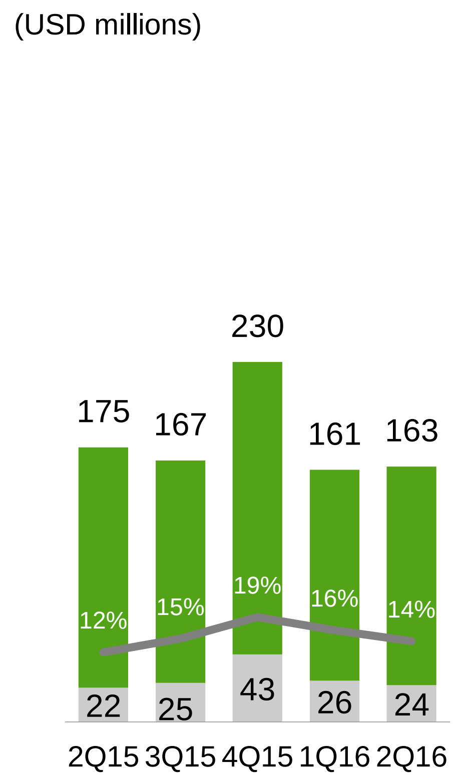
North America

Gross Billings & Gross Profit



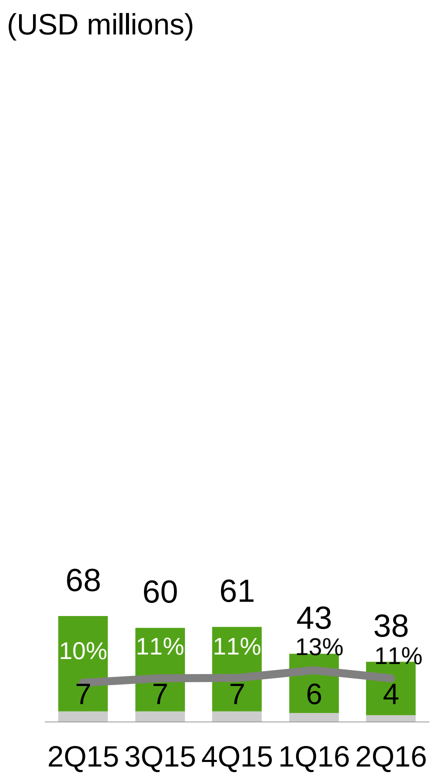
EMEA

Gross Billings & Gross Profit



Rest of World

Gross Billings & Gross Profit



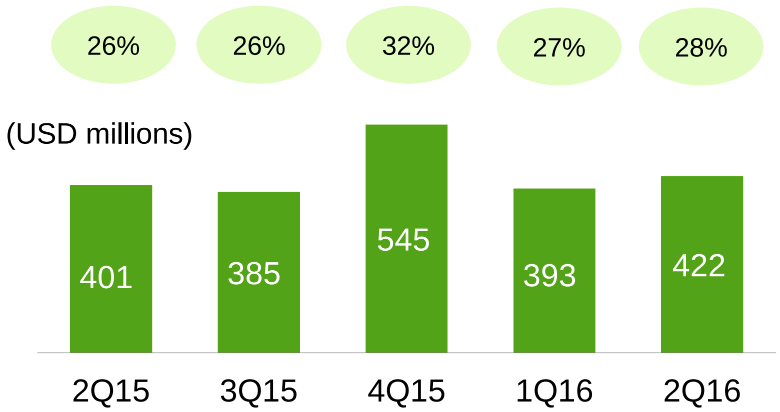
Gross Billings Gross Profit *Gross Margin % of Billings[1]*

(1) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

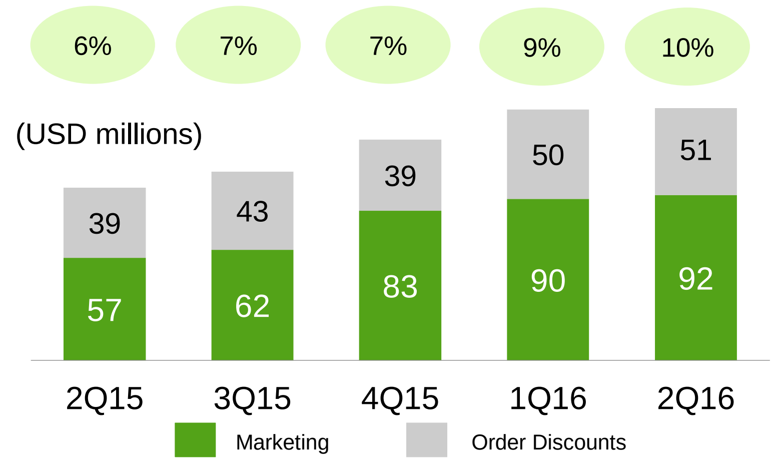
Financial Summary – Consolidated Expenses

% of Gross Billings

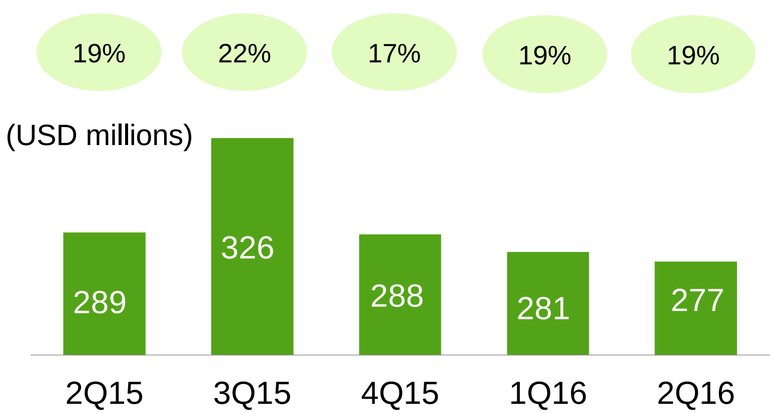
Cost of Revenue



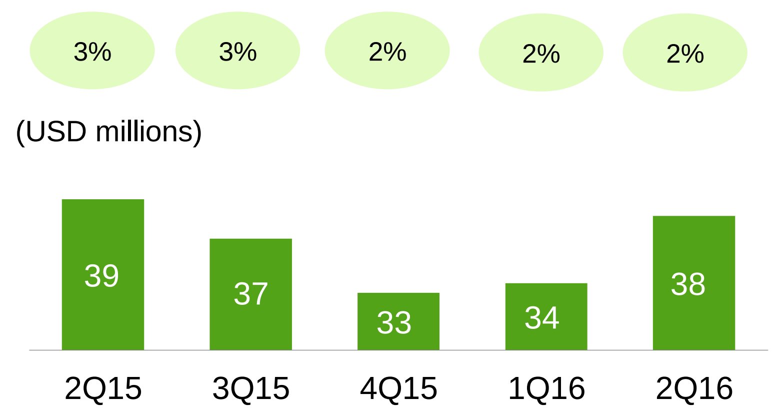
Marketing and Order Discounts[1]



Selling, General & Administrative



Stock Compensation and Acquisition-Related



(1) Order Discounts are considered to be a marketing-related activity, even though they are not presented as "Marketing" on our consolidated statements of operations. Instead, Order Discounts are a reduction to Gross Billings and Revenue. Percent of Gross Billings presentation includes both Marketing and Order Discounts.

Non-GAAP Reconciliations[1]

Adjusted EBITDA - Quarterly

(in thousands)

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

	2Q15	3Q15	4Q15	1Q16	2Q16
Income (loss) from continuing operations	$(15,267)	$(24,613)	$(32,552)	$(45,596)	$(51,731)
Adjustments					
Stock-based compensation(2)	38,467	35,432	32,691	27,976	35,244
Depreciation and amortization	31,372	35,635	33,763	34,797	34,290
Acquisition-related expense (benefit), net	505	1,064	557	3,464	850
Restructuring charges	—	24,146	5,422	12,444	16,085
Gain on business dispositions	—	(13,710)	—	—	(9,339)
Prepaid marketing write-off	—	6,690	—	—	—
Securities litigation expense	—	37,500	—	—	—
Non-operating expense (income), net	(2,941)	8,160	3,393	(3,486)	10,761
Provision (benefit) for income taxes	8,982	(53,970)	23,736	1,749	(2,199)
Total Adjustments	76,385	80,947	99,562	76,944	85,692
Adjusted EBITDA	$61,118	$56,334	$67,010	$31,348	$33,961

(1) See press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures.
(2) Represents stock-based compensation recorded 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, $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, March 31, 2016 and June 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, 3016, respectively.

Non-GAAP Reconciliations cont'd

Non-GAAP Earnings Per Share and Non-GAAP Earnings

(in thousands, except share and per share amounts)

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:

	Three Months Ended June 30, 2016
Net income (loss) attributable to common stockholders	$(54,904)
Stock-based compensation(1)	35,392
Amortization of acquired intangible assets	4,581
Acquisition-related expense (benefit), net	850
Restructuring charges	16,085
Gains on business dispositions	(9,339)
Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings(2)	356
Loss from changes in fair value of investments	4,607
Non-cash interest expense on convertible senior notes	2,396
Income tax effect of above adjustments	(6,778)
Non-GAAP net income (loss) attributable to common stockholders	$(6,754)
Diluted shares	576,903,004
Incremental diluted shares	—
Adjusted diluted shares	576,903,004
Diluted net income (loss) per share	$(0.10)
Per share impact of adjustments and related tax effects	0.09
Non-GAAP net income (loss) per share	$(0.01)

(1) Excludes $2.1 million of stock-based compensation classified within restructuring charges for the three ended June 30, 2016, respectively.
(2) For the three months ended June 30, 2016, net cumulative translation gains of $1.8 million were reclassified to earnings as a result of the Company's exit from certain countries as part of its restructuring plan.

Non-GAAP Reconciliations cont'd

Free Cash Flow

(in thousands)

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

	2Q15	3Q15	4Q15	1Q16	2Q16
Net cash provided by (used in) operating activities from continuing operations (TTM)	$358,576	$325,971	$299,747	$179,415	$112,080
Purchases of property and equipment and capitalized software from continuing operations (TTM)	(79,501)	(88,598)	(83,988)	(85,646)	(79,589)
Free Cash Flow (TTM)	$279,075	$237,373	$215,759	$93,769	$32,491
Net cash provided by (used in) investing activities from continuing operations (TTM)	$(102,205)	$(181,187)	$(177,250)	$(178,585)	$(168,897)
Net cash provided by (used in) financing activities (TTM)	$(221,354)	$(216,683)	$(515,785)	$(557,962)	$(247,180)

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

	2Q15	3Q15	4Q15	1Q16	2Q16
Net cash provided by (used in) operating activities from continuing operations	$13,325	$(7,640)	$250,455	$(76,725)	$(54,010)
Purchases of property and equipment and capitalized software from continuing operations	(22,452)	(27,735)	(15,507)	(19,952)	(16,395)
Free Cash Flow	$(9,127)	$(35,375)	$234,948	$(96,677)	$(70,405)
Net cash provided by (used in) investing activities from continuing operations	$(28,541)	$(98,028)	$(31,238)	$(20,778)	(18,853)
Net cash provided by (used in) financing activities	$(141,557)	$(14,793)	$(323,597)	$(78,015)	169,225

Non-GAAP Reconciliations cont'd

Foreign exchange rate neutral

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

	2Q16
EMEA Gross billings growth, excluding FX	(12) %
FX Effect	—
EMEA Gross billings growth	(12) %
Rest of World Gross billings growth, excluding FX	(21) %
FX Effect	(6)
Rest of World Gross billings growth	(27) %
Consolidated Gross billings growth, excluding FX	(2) %
FX Effect	—
Consolidated Gross billings growth	(2) %

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

	2Q16
EMEA Revenue growth, excluding FX	(3) %
FX Effect	—
EMEA Revenue growth	(3) %
Rest of World Revenue growth, excluding FX	(14) %
FX Effect	(9)
Rest of World Revenue growth	(23) %
Consolidated Revenue growth, excluding FX	3 %
FX Effect	(1)
Consolidated Revenue growth	2 %