

Groupon Announces Second Quarter 2013 Results
Board of Directors Appoints Eric Lefkofsky CEO and Ted Leonsis Chairman of the Board
Announces \$300 Million Share Repurchase Authorization

- **Gross billings of \$1.41 billion**
- **Revenue of \$608.7 million**
- **GAAP operating income of \$27.4 million; \$59.0 million excluding stock compensation costs**
- **GAAP loss per share of \$0.01; earnings per share of \$0.02 excluding stock compensation costs, and reflecting a \$0.01 negative impact from foreign exchange**

CHICAGO — (BUSINESS WIRE) — August 7, 2013 — Groupon, Inc. (NASDAQ: GRPN) today announced financial results for the quarter ended June 30, 2013.

"We significantly exceeded our operating income expectations, and delivered our strongest quarter ever in North America, due in part to accelerated billings growth of 30%," said Eric Lefkofsky, CEO of Groupon. "With two quarters on the job, I'm pleased with the progress we've made in such a short time. We continue to gain traction in mobile, with nearly 50% of our North American transactions coming from mobile in June. To date, more than 50 million people have downloaded Groupon apps worldwide."

Groupon also announced today that its Board of Directors has appointed Eric Lefkofsky as CEO, and Ted Leonsis as Chairman of the Board. "The Board is encouraged by Groupon's performance under Eric's leadership, and we're pleased that he has agreed to lead the company through this important stage of its evolution," said Ted Leonsis, Chairman of Groupon.

Second Quarter 2013 Summary

Groupon changed its segment disclosures in the second quarter to separately report three segments: North America, EMEA and Rest of World, which provides a better sense of the financial profile of its regions.

Gross billings, which reflect the total dollar value of customer purchases of goods and services, excluding any applicable taxes and net of estimated refunds, increased 10% globally to \$1.41 billion in the second quarter 2013, compared with \$1.29 billion in the second quarter 2012. North America growth of 30% and EMEA growth of 4% was offset by a 21% decline in Rest of World.

Revenue increased 7% to \$608.7 million in the second quarter 2013, compared with \$568.3 million in the second quarter 2012. North America revenue growth of 45% was offset by a 24% decline in EMEA and a 26% decline in Rest of World.

Gross profit was \$384.7 million in the second quarter 2013, compared with \$433.2 million in the second quarter 2012.

Operating income was \$27.4 million in the second quarter 2013, compared with \$46.5 million in the second quarter 2012. Operating income increased \$6.2 million compared with the first quarter 2013.

Operating income excluding stock compensation and acquisition-related costs, net, a non-GAAP financial measure, was \$59.0 million in the second quarter 2013, compared with \$71.9 million in the second quarter 2012. Operating income excluding stock compensation and acquisition-related costs, net, increased \$7.9 million compared with first quarter 2013.

Adjusted EBITDA was \$80.5 million in the second quarter 2013, compared with \$84.7 million in the second quarter 2012.

Second quarter 2013 net loss attributable to common stockholders was \$7.6 million, or \$0.01 per share, including stock compensation and acquisition-related costs, net, of \$31.6 million, or \$21.8 million net of tax. Earnings per share excluding stock compensation and acquisition-related costs, net of tax, a non-GAAP financial measure, was \$0.02 per share, including a \$0.01 negative impact from foreign exchange.

Operating cash flow for the trailing twelve months ended June 30, 2013 was \$159.9 million. Free cash flow, a non-GAAP financial measure, was \$29.3 million in the second quarter 2013, bringing free cash flow for the trailing twelve months ended June 30, 2013 to \$75.3 million.

At the end of the quarter, Groupon had \$1.2 billion in cash and cash equivalents.

Definitions and reconciliations of all non-GAAP financial measures are included below in the section titled “Non-GAAP Financial Measures” and in the accompanying tables.

Second Quarter Operating Highlights

- **Global units:** Consolidated units, defined as vouchers and products sold before cancellations and refunds, increased 15% year-over-year to 46 million. North America units increased 45%, EMEA units decreased 3%, and Rest of World units decreased 12%.
- **Active deals:** At the end of the second quarter 2013, the number of active deals in North America increased to more than 54,000 on average, compared with nearly 40,000 as reported at the end of the first quarter 2013.
- **Active customers:** Active customers, or customers that have purchased a Groupon within the last twelve months, grew 12% year-over-year, to 42.6 million as of June 30, 2013, comprising 19.1 million in North America, 13.9 million in EMEA, and 9.6 million in Rest of World.
- **Customer spend:** Second quarter 2013 trailing twelve month billings per average active customer remained unchanged at \$138, compared with the first quarter 2013. North America trailing twelve month billings per average active customer increased \$5 compared with the first quarter 2013, from \$151 to \$156.
- **Mobile:** In June 2013, nearly 50% of North American transactions were completed on mobile devices, compared with about 30% in June 2012. More than 50 million people have now downloaded Groupon mobile apps worldwide, with more than 7.5 million people downloading them in the second quarter alone.

- **Marketplace:** Direct email accounted for less than 40% of North American transactions in the second quarter 2013, providing evidence that the rollout of Groupon's marketplace ("Pull") continues to gain momentum.

Share Repurchase Authorization

Groupon also announced today that its Board of Directors has authorized a share repurchase program. Under the program, Groupon is authorized to repurchase up to \$300 million of its outstanding Class A common stock over the next 24 months. The timing and amount of any share repurchases will be determined based on market conditions, share price and other factors, and the program may be discontinued or suspended at any time. Repurchases will be made in compliance with SEC rules and other legal requirements, and may be made in part under a Rule 10b5-1 plan, which permits stock repurchases when Groupon might otherwise be precluded from doing so. The program is intended to offset the annual dilution from employee stock grants.

Outlook

In the third quarter 2013, Groupon expects seasonality to impact the Local business, as people travel more frequently in the summer months. In addition, the Company anticipates continued investment in marketing initiatives to drive long-term growth. As a result, for the third quarter 2013, the Company expects revenue of between \$585 million and \$635 million, operating income excluding stock compensation and acquisition-related expenses of between \$20 million and \$40 million, and EPS excluding stock-compensation and acquisition related expenses, net of tax, of between negative \$0.01 and positive \$0.01. Stock compensation is expected to be approximately \$30 million, or approximately \$20 million net of tax. This outlook assumes no acquisitions or investments, or material changes in foreign exchange rates.

Groupon reaffirms its guidance that full year 2013 GAAP operating income will exceed \$100 million.

Conference Call

A conference call will be webcast live today at 4:00 p.m. CT / 5:00 p.m. ET, and will be available on Groupon's investor relations website at <http://investor.groupon.com>. This call will contain forward-looking statements and other material information regarding the Company's financial and operating results.

Non-GAAP Financial Measures

In addition to financial results reported in accordance with U.S. generally accepted accounting principles (U.S. GAAP), we have provided the following non-GAAP financial measures in this release and the accompanying tables: foreign exchange rate neutral operating results, operating income (loss) excluding stock-based compensation and acquisition-related expense (benefit), net, Adjusted EBITDA, earnings per share excluding stock-based compensation and acquisition-related expense (benefit), net, and free cash flow. These non-GAAP financial measures are presented to aid investors in better understanding Groupon's performance and to facilitate comparisons to many of our peers who present similar measures. However, these measures are not intended to be a substitute for those reported in accordance with U.S. GAAP. These measures may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures. For reconciliations of these measures to the

most applicable financial measures under U.S. GAAP, see "Non-GAAP Reconciliation Schedules" and "Supplemental Financial Information and Business Metrics" included in the tables accompanying this release.

We exclude the following items from one or more of our non-GAAP financial measures:

Stock-based compensation. We exclude stock-based compensation because it is primarily non-cash in nature and we believe that non-GAAP financial measures excluding this item provide meaningful supplemental information about our operating performance and liquidity.

Acquisition-related expense (benefit), net. Acquisition-related expense (benefit), net represents the change in the fair value of contingent consideration arrangements related to business combinations. The composition of our contingent consideration arrangements and the impact of those arrangements on our operating results vary over time based on a number of factors, including the terms of our business combinations and the timing of those transactions. We exclude acquisition-related expense (benefit), net because we believe that non-GAAP financial measures excluding this item provide meaningful supplemental information about our operating performance and facilitate comparisons to our historical operating results.

Depreciation and amortization. We exclude depreciation and amortization because it is non-cash in nature and we believe that non-GAAP financial measures excluding these items provide meaningful supplemental information about our operating performance and liquidity.

Descriptions of the non-GAAP financial measures included in this release and the accompanying tables are as follows:

Foreign exchange rate neutral operating results show our current period operating results as if foreign currency exchange rates had remained the same as those in effect in the comparable period.

Operating income (loss) excluding stock-based compensation and acquisition-related expense (benefit), net is a non-GAAP financial measure that comprises the consolidated total of the segment operating income (loss) of our three segments, North America, EMEA, and Rest of World. We use consolidated operating income (loss) excluding stock-based compensation and acquisition-related expense (benefit), net to allocate resources and evaluate performance internally.

Adjusted EBITDA is a non-GAAP financial measure that we define as net income (loss) excluding income taxes, interest and other non-operating items, depreciation and amortization, stock-based compensation, and acquisition-related expense (benefit), net. Adjusted EBITDA is similar to Operating income (loss) excluding stock-based compensation and acquisition-related expense (benefit), net, except Adjusted EBITDA also excludes depreciation and amortization. Our definition of Adjusted EBITDA may differ from similar measures used by other companies, even when similar terms are used to identify such measures. We believe that Adjusted EBITDA is a meaningful measure for evaluating our operating performance and liquidity.

Earnings per share excluding stock-based compensation and acquisition-related expense (benefit), net is

a non-GAAP financial measure that adjusts our earnings (loss) per share to exclude the impact of stock-based compensation expense, acquisition-related expense (benefit), net and the income tax effect of those items. We believe that this non-GAAP financial measure provides meaningful supplemental information for evaluating our operating performance.

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

Note on Forward-Looking Statements

The statements contained in this release that refer to plans and expectations for the next quarter or the future are forward-looking statements that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. 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; responding to changes in the market; effectively dealing with challenges arising from our international operations; retaining existing customers and adding new customers; retaining existing merchant partners and adding new merchant partners; incurring expenses as we expand our business; competing against competitors with more financial resources than us; maintaining favorable terms with our business partners; maintaining a strong brand; managing inventory and order fulfillment; integrating our technology platforms; managing refund risks; retaining our executive team; litigation; regulations, including the CARD Act and regulation of the Internet; tax liabilities; tax legislation; maintaining our information technology infrastructure; security breaches; protecting our intellectual property; handling acquisitions, joint ventures and strategic investments effectively; seasonality; payment-related risks; customer and merchant partner fraud; global economic uncertainty; compliance with rules and regulations associated with being a public company; and our ability to raise capital if necessary. 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 and subsequent Quarterly Reports on Form 10-Q, 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 August 7, 2013. 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.

Groupon encourages investors to use its investor relations website as a way of easily finding information about the company. Groupon promptly makes available on this website, free of charge, the reports that the company files or furnishes with the SEC, corporate governance information (including Groupon's Global Code of Conduct), and select press releases and social media postings.

About Groupon

[Groupon](#) (NASDAQ: GRPN) is a global leader in local commerce, making it easy for people around the world to search and discover great businesses at unbeatable prices. Groupon is reinventing the traditional small business world by providing merchants with a suite of products and services, including customizable deals, [payments processing](#) capabilities and [point-of-sale solutions](#) to help them attract more customers and run their operations more effectively. By leveraging the company's global relationships and scale, Groupon offers consumers incredible deals on the best stuff to eat, see, do, and buy in 48 countries. With Groupon, shoppers discover the best a city has to offer with [Groupon Local](#), enjoy vacations with [GrouponGetaways](#), and find a curated selection of electronics, fashion, home furnishings and more with [Groupon Goods](#). To subscribe to Groupon emails, visit www.Groupon.com. To learn more about the company's [merchant solutions](#) and how to [work with Groupon](#), visit www.GrouponWorks.com.

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