Shareholder Letter

Second Quarter 2024

August 8, 2024

Dear Grindr Shareholders,

Grindr delivered outstanding Q2 results. Our outperformance was driven by continued MAU growth, higher conversion rates, and robust growth in our advertising business. Given the strong performance we've seen so far in 2024, we are raising our full year guidance. We now expect 2024 revenue growth of 27% or greater and Adjusted EBITDA margin of 42% or greater.

Q2 2024

Achieved **34% year-over-year Revenue growth** and an Adjusted **EBITDA margin of 45%.**

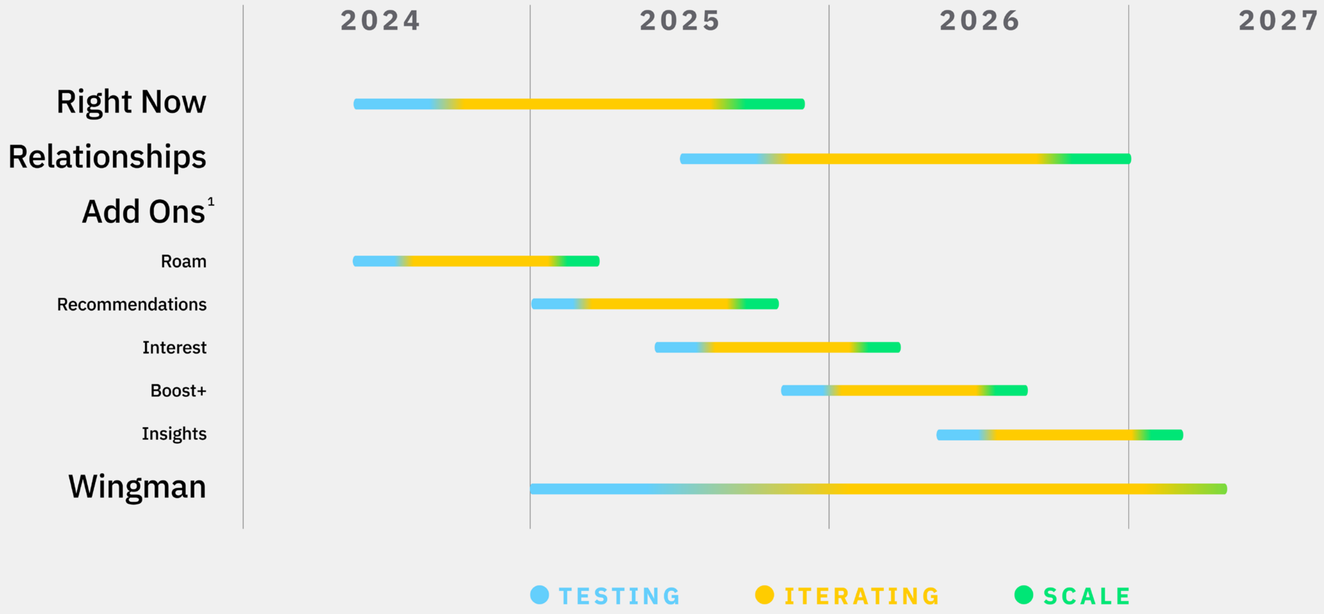
Operating income was $25 million and net loss, impacted by the change in fair value of our warrant liability, was $22 million, representing a **net loss margin of 27%**.

Grindr is unique because it was built by gay people, for gay people, and our long-term vision builds on this uniqueness by staying focused on serving our users. At our first investor day in June, we presented our vision and product roadmap, introduced the team who will bring it to life, and shared our views on the strong growth and performance we see ahead for Grindr. It was a fitting close to Pride Month in New York City, a city integral to gay culture and history in America. I invite you to watch the full replay at investors.grindr.com.

The product roadmap that we shared at our Investor Day focuses on a broad range of features to facilitate our Core use case of connecting our users with one another based on intentions and needs.

Making it easy for users to find fast, immediate connections will always be front and center at Grindr. To make this experience awesome, we are building the Right Now suite of features, with an initial set of features currently in testing in Australia. In addition, we are working on new features that address the desire of an increasing number of our users to find Relationships. Lack of density in a given geography is a key impediment to gay people finding their partners, and with AI-first dating features, we can help our users break down these geographic constraints.

CORE ROADMAP — 8 PRODUCTS



1. Steady Development cadence; sequencing subject to change

Our goal within our roadmap is to build early AI features that will provide us with a better understanding of how our users interact with AI and inform longer-term integration of AI across the app. For example, we are creating the Grindr Wingman, an all-purpose assistant to help users navigate our app, which will be in testing with select users by the end of the year.

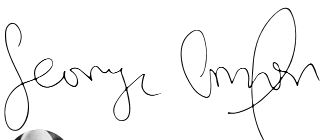
Our Core product roadmap also includes a series of a-la-carte offerings that will improve user experience and drive monetization. Roam™, which caters to the quarter of our Weekly Active Users who are traveling during any given week, is the first such add-on. We are rolling out this product gradually and expect it to be widely available by the end of the year. In addition, we have 4 more add-ons in the pipeline, including ways to further increase inbound interest, view insights about other users, and receive personalized recommendations for users who would be a good fit.

Alongside the roadmap for Core use cases, we also shared our plans for Gayborhood expansion opportunities, such as health and wellness, as well as travel and local discovery. Built through partnerships, these products will help users access curated, relevant services and information that will both enhance user experience in the Grindr app and improve our users' lives. While investments in these expansions are part of our financial plan, revenue from them is not included in our projections, presenting long-term upside opportunity.

Looking Ahead

We are in the early stages of an exciting monetization journey. Our unique and powerful relationship with our users, our global brand, our strong engagement, and our performance-driven team culture provide a sturdy foundation upon which we can build a great product and company. I am incredibly proud of the progress we've made so far and the performance-driven team behind these achievements.

With strong momentum in the rest of the year and beyond, we are excited about what fulfilling our vision will mean for our users, our team, and our shareholders, and we appreciate everyone who joins us to come along on this journey.



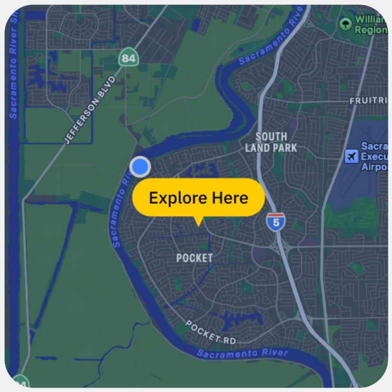
George Arison, CEO

Q2 Business Highlights

Enhancing User Experience

PRODUCT DEVELOPMENT

Premium Features



In the second quarter, we enhanced our paid tier and improved merchandising of premium features, leading to higher conversion of free to paid users. Our goal with these enhancements was not only to improve monetization but also to maintain a high-quality user experience and deliver more value to paid users. Key changes included modifying the Explore Chat feature and making it easier for users to Boost within the grid and to opt out of ads by transitioning to a paid tier. These strategic enhancements underscore our commitment to delivering a seamless and engaging user experience while maintaining a healthy ecosystem.

Taking Our Brand Story on the Road

Grindr Rides America Tour During Pride Month, we celebrated Grindr's 15th anniversary with the Grindr Rides America Tour, making stops in key cities across the country. The bus tour was a new approach to our brand efforts, representing a strategic decision to meet and engage with our users where they live, and reintroduce Grindr as the digital Gayborhood for gay, bisexual, and explorative people looking for community, relationships, and casual dating.

COMMUNITY ENGAGEMENT

Grindr Rides America Tour

NEW SERIES

Hablando en Grindr

Grindr en Español As we mentioned at Investor Day, the international market is a significant opportunity for us, which we expect to pursue over the mid- and long-term. As part of our nascent effort to create better localization, in Q2 we launched a Spanish social media channel to better engage Spanish-speaking users – particularly in Latin American, home to about 25% of our average MAU. Early feedback is promising, with the channel receiving over 95% positive sentiment.

Serving the LGBTQ Community

Global Outreach In June, Thailand became the first Southeast Asian country to legalize marriage equality. In the period leading up to this monumental milestone, through Grindr for Equality (G4E) we proudly partnered with the Rainbow Sky Association of Thailand on their initiatives advocating for marriage equality, including providing a meaningful grant to campaign for this historic win. Marriage equality around the world is a key strategic priority for G4E, and we are honored to be a small part of the 20-year effort to achieve this significant victory in Thailand.

GRINDR FOR EQUALITY

Marriage Equality

Q2 Financial & Operating Performance

We had an exceptional second quarter, marked by outstanding performance across all of our financial and key user metrics. Our strong performance was driven by better merchandising of our premium features, enhancements to our paid tiers, and the successful launch of Unlimited Weekly, which rolled out in late Q1. As a result, Average Paying Users increased 14% year-over-year to 1.1 million, and ARPPU rose 16% year-over-year to $22.08. The second quarter reflected both strong MAU growth and higher conversion, resulting in healthy net new paying users.

Total revenue for the second quarter increased by 34% year-over-year to $82 million. This growth reflected momentum in both Direct and Indirect Revenue. Operating income was $25 million, net loss, impacted by the change in fair value of our warrant liability, was $22 million, representing a net loss margin of 27%, and Adjusted EBITDA was $37 million, representing a margin of 45%.

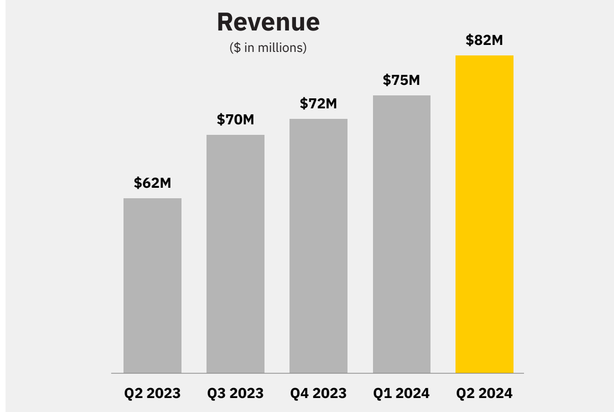
Q2 2024 Operational Highlights

1.1M	14.1M	$22.08
AVG PAYING USERS +14% YOY GROWTH	AVG MAUs +7% YOY GROWTH	ARPPU +16% YOY GROWTH

Revenue

Direct Revenue increased by 31% year-over-year to $70 million, driven by growth in both average paying users and ARPPU.

Indirect Revenue grew nearly 50% year-over-year to $12 million, fueled by momentum in third-party ads (TPAs). We've been nurturing and expanding our network of third-party ad partners to strengthen demand globally, and we will continue to do so while building new ad formats and further optimizing ad load to increase our supply of ad placements, while maintaining our privacy-forward approach with our users' data.



*The graphs presented above are for illustrative purposes and are not to scale.

Operating Expenses

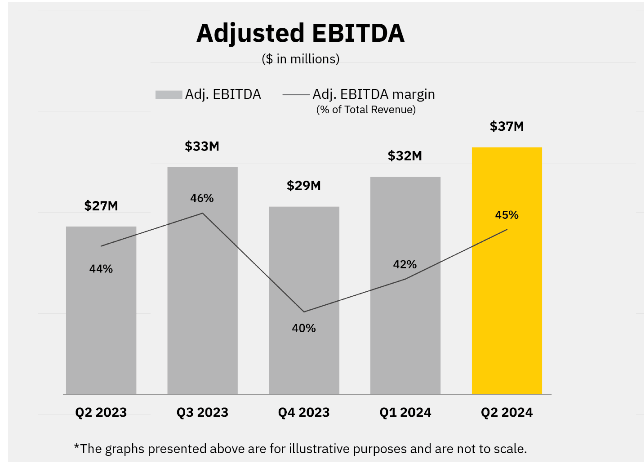
Operating expenses for Q2 2024, excluding cost of revenue, were $37 million, up 17% or $5 million, year-over-year versus Q2 2023, with the increase primarily driven by compensation-related expenses. As a percentage of revenue, operating expenses were 45%, an improvement of 7 percentage points versus Q2 2023 as revenue grew faster than cash operating expenses. Operating income in the quarter totaled $25 million.

Net Loss

Net loss for Q2 2024 of $22 million reflected a $35 million loss related to the change in fair value of the Company's warrant liability. Accordingly, the net loss margin was 27% for Q2 versus the prior year quarter net income margin of 36%. Excluding the impact of the change in fair value of the warrant liability, net income would have been approximately $13 million.

Adjusted EBITDA

Adjusted EBITDA was $37 million, or 45% of total revenue, in Q2 2024. Relative to Q2 of last year, Adjusted EBITDA grew by $10 million, or 37%, as we benefited from robust revenue growth driven by our exceptional advertising business line performance and continued momentum in our subscription and a-la-carte business lines.



Free Cash Flow

Net cash generated from operating activities was $16 million in Q2, up 151% year-over-year. Free cash flow for the second quarter was $14 million.

Outlook

We have revised our 2024 outlook to reflect our strong performance in the first half of the year. We now anticipate revenue growth in 2024 of 27% or greater and Adjusted EBITDA margin of 42% or greater. This updated outlook underscores the ongoing momentum across our business lines, driven by enhanced monetization, the expansion of third-party and direct-ad partnerships, and the operational efficiencies we have achieved to date.

2024 Guidance

27%+
Revenue Growth

42%+
Adjusted EBITDA Margin

Performance Metrics

	Q2 2024
Average Paying Users	1.1M
Average MAUs	14.1M
Average Paying User Penetration	7.5%
ARPPU	$22.08

Conference Call

Grindr will host a conference call to discuss these results at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time), August 8, 2024. The live audio webcast, along with the press release, will be accessible at https://investors.grindr.com/. A recording of the webcast will also be available on our website following the conference call.

Condensed Consolidated Balance Sheets (unaudited)
(in thousands, except share data)

	June 30, 2024	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 16,345	$ 27,606
Accounts receivable, net of allowance of $64 and $757, at June 30, 2024, and December 31, 2023, respectively	40,289	33,906
Prepaid expenses	5,468	4,190
Deferred charges	3,702	3,635
Other current assets	2,180	2,413
Total current assets	67,984	71,750
Restricted cash	605	1,392
Property and equipment, net	1,547	1,576
Capitalized software development costs, net	8,494	7,433
Intangible assets, net	76,102	82,332
Goodwill	275,703	275,703
Right-of-use assets	3,414	3,362
Other assets	1,193	1,047
Total assets	$ 435,042	$ 444,595
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 2,520	$ 3,526
Accrued expenses and other current liabilities	23,030	22,934
Current maturities of long-term debt, net	15,000	15,000
Deferred revenue	19,322	19,181
Total current liabilities	59,872	60,641
Long-term debt, net	282,691	325,600
Warrant liability	121,420	67,622
Lease liability	1,512	2,241
Deferred tax liability	3,819	4,665
Other non-current liabilities	7,474	2,118
Total liabilities	$ 476,788	$ 462,887
Stockholders' Deficit		
Preferred stock, par value $0.0001; 100,000,000 shares authorized; none issued and outstanding at June 30, 2024, and December 31, 2023, respectively	—	—
Common stock, par value $0.0001; 1,000,000,000 shares authorized; 176,712,370 and 175,377,711 shares issued at June 30, 2024, and December 31, 2023, respectively; 175,953,103 and 175,020,471 outstanding at June 30, 2024, and December 31, 2023, respectively	18	18
Treasury Stock	(6,132)	(2,154)
Additional paid-in capital	57,009	44,655
Accumulated deficit	(92,641)	(60,811)
Total stockholders' deficit	$ (41,746)	$ (18,292)
Total liabilities and stockholders' deficit	$ 435,042	$ 444,595

Consolidated Statements of Operations and Comprehensive (Loss) Income (unaudited) (in thousands, except per share and share data)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenue	$ 82,345	$ 61,538	$ 157,690	$ 117,347
Operating costs and expenses				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	20,999	16,110	40,619	30,925
Selling, general and administrative expense	24,802	17,158	51,411	36,103
Product development expense	7,754	6,200	13,495	11,706
Depreciation and amortization	4,235	8,140	8,354	16,092
Total operating expenses	57,790	47,608	113,879	94,826
Income from operations	24,555	13,930	43,811	22,521
Other income (expense)				
Interest expense, net	(6,669)	(12,917)	(13,854)	(23,710)
Other (expense) income, net	(227)	169	(344)	292
(Loss) gain in fair value of warrant liability	(35,118)	7,098	(53,798)	(8,219)
Total other expense, net	(42,014)	(5,650)	(67,996)	(31,637)
Net (loss) income before income tax	(17,459)	8,280	(24,185)	(9,116)
Income tax provision (benefit)	4,965	(14,051)	7,645	1,452
Net (loss) income and comprehensive (loss) income	$ (22,424)	$ 22,331	$ (31,830)	$ (10,568)
Net (loss) income per share				
Basic	$ (0.13)	$ 0.13	$ (0.18)	$ (0.06)
Diluted	$ (0.13)	$ 0.13	$ (0.18)	$ (0.06)
Weighted-average shares outstanding:				
Basic	175,676,957	173,896,490	175,395,983	173,749,027
Diluted	175,676,957	174,380,412	175,395,983	173,749,027

Condensed Consolidated Statements of Cash Flows (unaudited) (in thousands)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating activities		
Net loss and comprehensive loss	(31,830)	(10,568)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation	15,590	6,946
Loss in fair value of warrant liability	53,798	8,219
Amortization of debt discount and issuance costs	455	1,003
Interest income on promissory note from member	—	(282)
Depreciation and amortization	8,354	16,092
Provision for expected credit losses	(692)	923
Deferred income taxes	(846)	(4,913)
Non-cash lease expense	745	569
Changes in operating assets and liabilities:		
Accounts receivable	(5,691)	(9,241)
Prepaid expenses and deferred charges	(1,345)	1,506
Other current assets	233	342
Other assets	(210)	(76)
Accounts payable	(1,101)	(939)
Accrued expenses and other current liabilities	212	5,909
Deferred revenue	141	(17)
Lease liability	(1,526)	(681)
Other liabilities	12	(9)
Net cash provided by operating activities	36,299	14,783
Investing activities		
Purchases of property and equipment	(375)	(95)
Additions to capitalized software	(2,469)	(2,480)
Net cash used in investing activities	(2,844)	(2,575)
Financing activities		
Proceeds from the exercise of stock options	1,732	1,704
Principal payments on debt	(43,300)	(18,703)
Withholding taxes paid on stock-based compensation	(3,935)	—
Transaction costs paid in connection with the Business Combination	—	(1,196)
Proceeds from the repayment of promissory note to a member including interest	—	19,353
Net cash (used in) provided by financing activities	(45,503)	1,158
Net (decrease) increase in cash, cash equivalents and restricted cash	(12,048)	13,366
Cash, cash equivalents and restricted cash, beginning of the period	28,998	10,117
Cash, cash equivalents and restricted cash, end of the period	16,950	23,483
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	16,345	22,091
Restricted cash	605	1,392
Cash, cash equivalents and restricted cash	16,950	23,483
Supplemental disclosure of cash flow information:		
Cash interest paid	$ 13,725	$ 23,243
Income taxes paid	$ 7,132	$ 1,063
Supplemental disclosure of non-cash investing activities:		
Capitalized software development costs accrued but not paid	$ 224	$ —
Supplemental disclosure of non-cash financing activities:		
Repurchase of common stock for net settlement of equity awards	$ 55	$ —

Adjusted EBITDA

($ in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Reconciliation of net (loss) income to Adjusted EBITDA				
Net (loss) income	$ (22,424)	$ 22,331	$ (31,830)	$ (10,568)
Interest expense, net	6,669	12,917	13,854	23,710
Income tax provision (benefit)	4,965	(14,051)	7,645	1,452
Depreciation and amortization	4,235	8,140	8,354	16,092
Litigation-related costs (1)	661	288	1,083	1,499
Stock-based compensation expense	7,721	3,605	15,590	6,946
Severance expense (2)	—	—	58	—
Change in fair value of warrant liability (3)	35,118	(7,098)	53,798	8,219
Other (4)	—	752	—	1,533
Adjusted EBITDA	$ 36,945	$ 26,884	$ 68,552	$ 48,883
Revenue	$ 82,345	$ 61,538	$ 157,690	$ 117,347
Net (loss) income margin	(27.2) %	36.3 %	(20.2) %	(9.0) %
Adjusted EBITDA Margin	44.9 %	43.7 %	43.5 %	41.7 %
Net cash provided by operating activities	$ 15,850	$ 6,303	$ 36,299	$ 14,783
Less:				
Capitalized development software costs and purchases of property and equipment	(1,696)	(1,083)	(2,844)	(2,575)
Free cash flow	$ 14,154	$ 5,220	$ 33,455	$ 12,208

(1) Litigation-related costs primarily represent external legal fees associated with outstanding litigation or regulatory matters, including fees incurred in connection with the potential Norwegian Data Protection Authority fine and CWA unionization.
(2) Severance expense relates to severance incurred for employees who elected not to relocate or participate in our RTO Plan and other severance arrangements.
(3) Change in fair value of warrant liability relates to the Warrants that were remeasured as of June 30, 2024 and 2023.
(4) Other represents other costs that are unrelated to our core ongoing business operations.

Forward Looking Statements

This letter contains "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 regarding Grindr's current views with respect to our industry, operations, and future business plans, expectations and performance. These forward-looking statements can generally be identified by the use of forward-looking terminology, such as "anticipates," "approximately," "believes," "continues," "could," "estimates," "expects," "goal," "intends," "may," "outlook," "plans," "potential," "predicts," "seeks," "should," "upcoming," "will" or the negative version of these words or other comparable words or phrases, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements include, among others, statements regarding our strategic priorities; our product roadmap; new plans, products, and features; AI-first features; our ability to add new users internationally; our long term vision; and our annual revenue and adjusted EBITDA guidance for 2024. Forward-looking statements, including guidance related to revenue growth and adjusted EBITDA margin, are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ materially from our expectations discussed in the forward-looking statements. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release, including but not limited to: (i) our ability to retain existing users and add new users; (ii) the impact of the regulatory environment and complexities with compliance related to such environment, including maintaining compliance with privacy, data protection, and user safety laws and regulations; (iii) our ability to address privacy concerns and protect systems and infrastructure from cyber-attacks and prevent unauthorized data access; (iv) our success in retaining or recruiting our directors, officers, key employees, or other key personnel, and our success in managing any changes in such roles; (v) our ability to respond to general economic conditions; (vi) competition in the dating and social networking products and services industry; (vii) our ability to adapt to changes in technology and user preferences in a timely and cost-effective manner; (viii) our ability to successfully adopt generative AI processes and algorithms into our daily operations, including by deploying generative AI and machine learning into our products and services; (ix) our dependence on the integrity of third-party systems and infrastructure; (xi) our ability to protect our intellectual property rights from unauthorized use by third parties; (xii) whether the concentration of our stock ownership and voting power limits our stockholders' ability to influence corporate matters; and (xiii) the effects of macroeconomic and geopolitical events on our business, such as health epidemics, pandemics, natural disasters and wars or other regional conflicts. The foregoing list of factors is not exhaustive. Further information on these and additional risks, uncertainties and other factors that could cause actual outcomes and results to differ materially from those included in or contemplated by the forward-looking statements contained in this press release are included in the section titled "Risk Factors" included under Part I, Item 1A in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2023, as may be updated in our Quarterly Reports on Form 10-Q that we file with the Securities and Exchange Commission from time to time. Any forward-looking statement speaks only as of the date on which it is made, and you should not place undue reliance on forward-looking statements, and Grindr assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-GAAP Financial Measures

Grindr uses Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow, which are non-GAAP measures, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may differ from similarly titled measures used by other companies, are presented to enhance investors' overall understanding of Grindr's financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Adjusted EBITDA adjusts for the impact of items that Grindr does not consider indicative of the operational performance of its business. Grindr defines Adjusted EBITDA as net income (loss) excluding income tax provision (benefit); interest expense, net; depreciation and amortization; stock-based compensation expense; transaction-related costs; gain (loss) in fair value of warrant liability; and severance expense, litigation-related costs, and other items, in each case that are unrelated to Grindr's core ongoing business operations. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA for a period by revenue for the same period. Free cash flow is an indicator of liquidity that provides information to our management and investors about the amount of cash generated from operations, after capitalized software, and purchases of property and equipment, that can be used to repay debt obligations and/or for strategic initiatives. Grindr defines free cash flow as net cash provided by (used in) operating activities, less capitalized software, and purchases of property and equipment. Grindr excludes the above items as some are non-cash in nature, and others may not be representative of normal operating results. While Grindr believes that Adjusted EBITDA, Adjusted EBITDA Margin, and free cash flow are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared and presented in accordance with GAAP.

A reconciliation of (1) net loss and net loss margin to Adjusted EBITDA and Adjusted EBITDA margin, respectively; and (2) net cash provided by (used in) operating activities to free cash flow, in each case for the three and six months ended June 30, 2024 and 2023 are presented above. We are not able to estimate net income (loss) or net income (loss) margin on a forward-looking basis or reconcile the guidance provided for Adjusted EBITDA margin to net income (loss) margin on a forward-looking basis without unreasonable efforts due to the variability and complexity with respect to the charges excluded from Adjusted EBITDA margin. In particular, the measures and effects of our stock-based compensation related to equity grants and the gain (loss) on changes in fair value of our warrant liability are directly impacted by unpredictable fluctuations in our share price. The variability of the above charges could have a significant and potentially unpredictable impact on our future GAAP financial results.

Trademarks

This letter may contain trademarks of Grindr. Solely for convenience, trademarks referred to in this letter may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that Grindr will not assert, to the fullest extent under applicable law, its rights to these trademarks.

About Grindr

With more than 14 million monthly active users, Grindr has grown to become the Global Gayborhood in Your Pocket™, on a mission to make a world where the lives of our global community are free, equal, and just. Available in 190 countries and territories, Grindr is often the primary way for its users to connect, express themselves, and discover the world around them. Since 2015 Grindr for Equality has advanced human rights, health, and safety for millions of LGBTQ+ people in partnership with organizations in every region of the world. Grindr has offices in West Hollywood, the Bay Area, Chicago, and New York. The Grindr app is available on the App Store and Google Play.