



Groupon, Inc.

Q4 about inline, and improving 2024 outlook. Lowering P/T to \$14.00.

COMPANY UPDATE

Rating: **BUY**

Ticker: GRPN

Price: \$11.22

Target: \$14.00
(from \$14.50)

Q4 about inline: Groupon recently (on March 15) reported its fiscal Q4 2023 (ending December) results. Revenue was \$138 million (-7% y-o-y), compared to our estimates of \$132 million and consensus of \$134 million. EBITDA was \$27 million, compared with our estimate of \$22 million and \$(5) million (y-o-y). Pro forma EPS was \$0.30, compared to our estimate of \$(0.06) and consensus of \$(0.09). Q4 guidance was for revenue of \$128 – 138 million and EBITDA of \$18 – 25 million.

Weak macro impacting Local: The company is impacted by weakening global macro environment. Weakness in the back half of Q4 2022 continued in 2023.

More cost cuts: In August 2022, Groupon announced a new restructuring to cut costs by \$150 million per year. The company in March 2023 increased its cost cuts with an additional \$250 million in savings goal.

Maintained 2024 guidance: The company maintained 2024 guidance for revenue of -5% to 0% growth from 2023, and EBITDA of \$80 – 100 million. Initial Q1 2024 guidance is for revenue of \$113 – 118 million, and EBITDA of \$7 – 12 million.

Q1 expected to be at or above guidance: On April 15, the company preannounced that it expects to be “close to” or “above” the high end of its Q1 revenue and EBITDA guidance range.

Adjusting estimates: We are adjusting our 2024 estimates for revenue to \$516 million, from \$492 million, and for EPS to \$0.20 from \$0.35. We are initiating our 2025 estimates for revenue of \$524 million, and for EPS of \$0.20.

Major transformation: With the new significant cost restructuring (\$400 million in total) and new CEO and CFO, the company is in the midst of a major transformation due to the weakness in its business.

Rights offering: In January (just completed Q1), the company closed a subscription rights offering (to existing shareholders) raising \$80 million (at \$11.30 per share).

Q1 2024 earnings report: The company will report Q1 2024 (ending March) results on Thursday, May 9, 2024 AMC (after market close).

Risk/reward favorable: We acknowledge that Groupon may continue to trade in a weak and volatile range, but believe its valuations currently still presents a favorable risk/reward based on its long term growth potential. With the economies of the world opening up (even if lumpy at times) and the counter cyclical nature of its business, we believe Groupon is well positioned for a recovery in its business.

Lowering P/T: We are maintaining our BUY rating, but lowering our 12-month price target to \$14.00 from \$14.50, which reflects a P/E of 14x our 2026 EPS estimate of \$1.00. The P/E is about inline with our expectation for EPS growth over the next several years. We believe this valuation appropriately balances out the company’s high risks with its growth prospects and large upside opportunities.

Company Description

Based in Chicago, IL, Groupon is an Internet e-commerce company offering goods and services to consumers at a discount.

United States
Internet Software and Services

May 4, 2024

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$2.89 – 19.56
Shares Outstanding (million):	46
Market cap (\$million):	\$516
EV (\$million):	\$643
Debt (\$million):	\$269
Cash (\$million):	\$142
Avg. Daily Trading Vol. (\$million):	\$15
Float (million shares):	21
Short Interest (million shares):	4
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Mar	119E	127E	127E	
Q2 Jun	121E	114E	121E	
Q3 Sep	128E	122E	128E	
Q4 Dec	148E	129E	148E	
Total	516E	492E	524E	
EV/Revs	1.2x		1.2x	

Earnings per Share (pro forma)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Mar	(0.18)E	(0.19)E	(0.15)E	
Q2 Jun	(0.13)E	(0.11)E	(0.12)E	
Q3 Sep	0.12E	0.19E	0.12E	
Q4 Dec	0.33E	0.45E	0.31E	
Total	0.20E	0.35E	0.20E	
P/E	N/A		37x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at end of this report, beginning on page 12.

OVERVIEW

- Groupon recently (on March 15) reported its fiscal Q4 2023 (ending December) results.
- Revenue was \$138 million (-7% y-o-y), compared to our estimates of \$132 million and consensus of \$134 million.
- EBITDA was \$27 million, compared with our estimate of \$22 million and \$(5) million (y-o-y).
- Pro forma EPS was \$0.30, compared to our estimate of \$(0.06) and consensus of \$(0.09).
- Q4 guidance was for revenue of \$128 – 138 million and EBITDA of \$18 – 25 million.
- The company maintained 2024 guidance for revenue of -5% to 0% growth from 2023, and EBITDA of \$80 – 100 million.
- Initial Q1 2024 guidance is for revenue of \$113 – 118 million, and EBITDA of \$7 – 12 million.
- We are adjusting our 2024 estimates for revenue to \$516 million, from \$492 million, and for EPS to \$0.20 from \$0.35.
- We are initiating our 2025 estimates for revenue of \$524 million, and for EPS of \$0.20.

ADDITIONAL DETAILS

- Gross billings was \$436 million (-7% y-o-y), compared with our expectation of \$439 million and \$468 million in Q4 2022.
- Gross profit was \$122 million, compared with our expectation of \$112 million and \$129 million in Q4 2022.
- Gross margin was 88%, versus our expectation of 85% and 87% in Q4 2022.
- Operating expenses were \$105 million, compared with our expectation of \$130 million.
- Operating income was \$18 million, versus our expectation of a loss of \$18 million.
- Pro forma net income was \$11 million, versus our expectation of a loss of \$2 million.

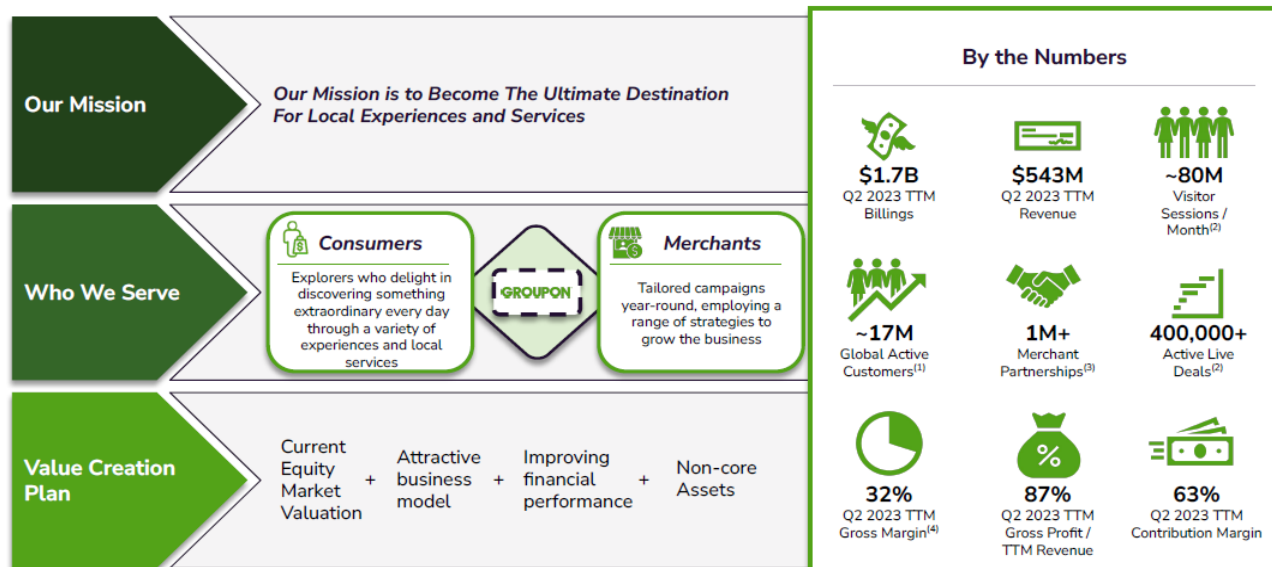
- In February 2020, due to the weak Q4 and 2019 results, the company initiated a “transformational plan” to exit its Goods business and focus on its Local Experiences Marketplace. The company expect to shift Goods to a 3rd party marketplace model in Q4 2020 (completed in early 2021) in the U.S., and international starting in Q2 2021 (completed in Q4 2021).
- In March 2020, Groupon announced that Rich Williams stepped down as CEO and that Aaron Cooper, Groupon's President of North America, has been appointed interim CEO.
- In March 2020, Groupon executed a restructuring plan along with reducing costs during the coronavirus pandemic, which included lowering headcount (temporarily or permanently) of ~2,700 employees within its base of ~6,300 employees.
- In June 2020, the company effected a 1-for-20 reverse stock split due to its low trading share price.
- In October 2021, Groupon appointed Damien Schmitz, as Interim Chief Financial Officer, replacing Melissa Thomas who resigned to pursue other opportunities. In November 2022, Mr. Schmitz was named permanent CFO.
- In December 2021, Groupon appointed Kedar Deshpande as the company's Chief Executive Officer replacing interim CEO Aaron Cooper.
- In August 2022, Groupon announced a new restructuring to cut costs by \$150 million per year.
- In March 2023, Groupon announced a new restructuring to cut costs by \$200 million per year.
- In March 2023, Groupon named Dusan Senkypl, co-founder of Pale Fire Capital and a member of the Board, to the role of interim Chief Executive Officer. Mr. Senkypl, who will be based in the Czech Republic, will remain on the Groupon Board of Directors. Mr. Senkypl succeeds Kedar Deshpande.
- In April 2023, Groupon named Jiri Ponrt as its new Chief Financial Officer. Mr. Ponrt will succeed Damien Schmitz. Mr. Ponrt is joining Groupon from Pale Fire Capital, prior to which he served as CFO at Alza.cz one of the largest e-commerce players in Central and Eastern Europe with an annual turnover of \$2 billion.

The company's balance sheet at the end of Q4 had \$281 million in cash and \$300 million in debt (~\$1/share in net debt), compared with \$86 million in cash and \$273 million in debt in September.

In Q4, the company sold \$19 million of its partial stake in SumUp. In January (just completed Q1), the company closed a subscription rights offering (to existing shareholders) raising \$80 million (at \$11.30 per share).

Exhibit 1: Groupon Investment Summary (as of August 2023)

Groupon Snapshot



Source: Company reports.

Exhibit 2: Q1 2024 and 2024 Outlook (as of March 15, 2024)

Guidance

Preliminary view	1Q24 Guidance (\$ Millions)		2024 Guide (\$ Millions)	
	Low-end	High-end	Low-end	High-end
Revenue	\$113 (-7% year-over-year)	\$118 (-3% year-over-year)	\$489 (-5% year-over-year)	\$515 (0% year-over-year)
Adjusted EBITDA*	\$7	\$12	\$80	\$100
Free Cash Flow*	Negative	Negative	Positive	Positive

Source: Company reports.

Exhibit 3: Groupon Transformation Plan Eight Strategic Pillars (as of May 10, 2023)

Our transformation plan is built on eight strategic pillars that will provide focus, organize our teams and drive momentum. These are:

- Fix the supply-side of our marketplace
- Raise our product experience to modern marketplace standards
- Tune our marketing engine towards lower-funnel performance channels
- Assemble a high performance team with a focus on operational excellence
- Rebuild our organization structure, business processes and management systems
- Create an efficient cost structure
- Leverage our other business lines to support Local
- Improve our financial flexibility

We see the implementation of our transformation plan in 3 phases:

Phase 1 is to improve our financial flexibility, improve Groupon's management systems and operational efficiency, and ensure we have the right team in place to quickly execute on our highest priorities. Steps we have already taken in the first quarter along with additional actions we are taking in the second quarter will position the Company to complete phase 1 of our transformation.

Phase 2 will involve major improvements to our product, marketing, and sales, so that our business is better positioned to compete and deliver value for our customers and merchant partners. We have already started executing on this phase and expect it will reach completion before the end of the year.

Phase 3 will be a return to growth. As our transformation strategy takes hold, we expect to see an increase in year-over-year Local billings by early 2024, though our revenue growth trends may diverge from our Local billings trends depending on the trajectory of our other categories and the timing of our transformation strategy.




Source: Company reports.

Exhibit 4: Groupon Long-Term Growth Plan (as of August 2023)

Rebuild Organization Structure, Business Processes, and Management Systems

 <p>Reorganization</p> <ul style="list-style-type: none"> • Break down silos and connect business processes across functions • Re-alignment of teams 	 <p>Improve Our Management System</p> <ul style="list-style-type: none"> • Modern project management tools • Launching new projects under Squads framework 	 <p>Implement a Performance-Based Culture</p> <ul style="list-style-type: none"> • New leadership habits • Revised compensation system • Establish metrics and KPIs for every team
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Raise Groupon's Product Experience to Modern Marketplace Standards

 <p>CONSUMER</p> <ul style="list-style-type: none"> ✓ Consumer web UX improvements ✓ Purple prices > personalized promotions initiative ✓ Gamification ✓ Gifting proposition <p>Improve Conversion And Redemption Rates</p>	 <p>MERCHANT</p> <ul style="list-style-type: none"> ✓ AI driven deal creation ✓ Improve convenience for merchants > easy redemption process via API <p>Improve merchant NPS, time to onboard merchant/launch deal, and lower cost to serve</p>	 <p>INTERNAL TOOLS</p> <ul style="list-style-type: none"> ✓ Deal Creation tool to unify work across departments ✓ MVP launched for Content Ops and Local Sales ✓ Simplification of legacy tools <p>Reduce internal tool complexity</p>
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Fix the Supply-Side of Marketplace

 <p>Top Supply Acquisition and Retention</p> <ul style="list-style-type: none"> • Merchant value proposition • Deal structure and ranking • Increasing Geo Focus • Bespoke account management <p><i>Top 5 Geos in North America outperformed rest of North America by double digits</i></p>	 <p>Improve Sales force Efficiency</p> <ul style="list-style-type: none"> • Globalization and standardization • Lead allocation • Performance management • Sales incentives <p><i>Performance per sales rep grew double digits YoY from Q2 22 to Q2 23</i></p>	 <p>Evaluating Higher Investments Into Our Sales Network</p> <ul style="list-style-type: none"> • Building efficient foundation • Sales compensation structures • Talent acquisition <p><i>As long as ROI meets our internal hurdle rate, ready to increase spending on sales force</i></p>
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Source: Company reports.

Exhibit 5: Q4 2023 Key Takeaways

Fourth Quarter Key Takeaways

4Q23 Financial Metrics

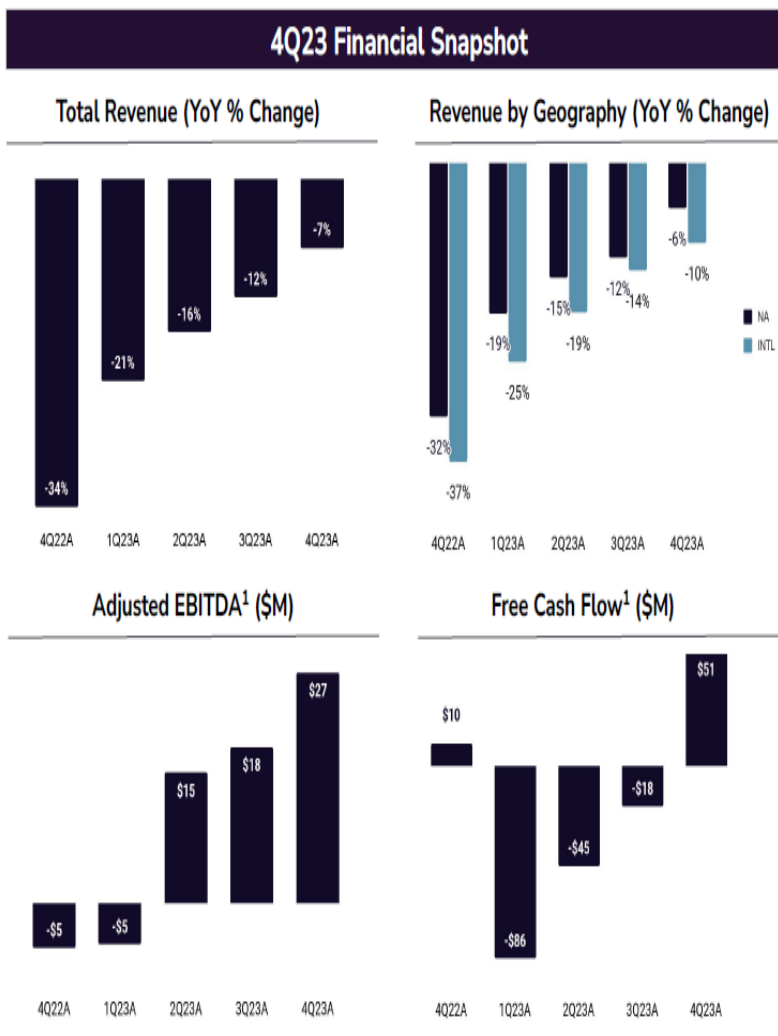
- Revenue -7% vs last year
- 3rd consecutive quarter of positive Adjusted EBITDA
- Positive \$51M Free Cash Flow

Balance Sheet Updates

- Increased liquidity resolves going concern issue
- Closed previously announced plan to raise ~\$100M
- Terminated credit facility

Key Projects

- New consumer front-end
- Gifting v1.0



Source: Company reports.

Exhibit 6: Groupon Transformation Plan Update (as of November 2023)

Update on Transformation Plan

<p>Strengthening our Financial Position</p>	<p>Create an Efficient Cost Structure</p>	<ul style="list-style-type: none"> • Annualized SG&A reduced from \$477M in 3Q22 to \$320M in 3Q23 (\$150M+ annualized savings) • Announced \$80M fully-backstopped equity rights offering • Announced \$19M in non-core asset sales
<p>Rebuilding our Organization</p>	<p>Assemble a High-Performance Team</p>	<ul style="list-style-type: none"> • Leadership team aligned and motivated • Restructured talent acquisition process • Shifting focus to basic infrastructure projects
<p>Revitalizing our Marketplace</p>	<p>Fine Tune Marketing Engine</p>	<ul style="list-style-type: none"> • Readiness for 4th quarter holiday season • Launch of New Consumer App pushed to 1Q24 • Introducing new Gifting Proposition • Continued shift in spend from promotions to lower-funnel performance marketing • Successful increase in performance marketing spend
	<p>Revamp Product Experience</p>	
	<p>Fix the Supply Side of Marketplace</p>	
	<p>Leverage Goods/Travel to Support Local</p>	

Readiness for 4th Quarter Holiday Season

- Bringing right inventory > re-activating merchants which were part of past success
- Errors and bug handling > fixing reliability issues on legacy platforms
- Checkout process improvements > feature parity (payment methods) for all countries, smoothening fraud processes and fixing key bottlenecks
- Focus on Search & Relevance > building impressions distribution capability

Source: Company reports.

Exhibit 7: Groupon Stock Price (5 years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 8: Consensus Expectations (as of March 15, 2024)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$122A	\$120E	Q1 Mar	\$(0.65)A	\$(0.11)E
Q2 Jun	\$129A		Q2 Jun	\$(0.10)A	
Q3 Sep	\$126A		Q3 Sep	\$(0.12)A	
Q4 Dec	\$134E		Q4 Dec	\$(0.09)E	
Total	\$509E	\$502E	Total	\$(0.66)E	\$0.10E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Groupon, Inc.

Income Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	153	153	144	148	599	122	129	126	138	515	119	121	128	148	516	127	121	128	148	524
Cost of Revenues	19	19	19	19	76	17	16	16	15	64	18	18	19	22	77	19	18	19	22	79
Gross Profit	134	134	126	129	523	105	113	111	122	451	101	103	108	126	438	108	103	108	126	445
Marketing	39	29	38	43	149	25	22	29	34	111	34	33	34	37	138	34	33	34	37	138
Selling, general and administrative	126	124	119	112	481	102	96	80	72	350	95	97	91	90	373	101	97	91	90	379
Depreciation and amortization					0					0					0					0
Restructuring and other	0	47	5	8	60	9	(1)	2	(2)	8					0					0
Total operating expenses	166	200	162	162	691	135	118	111	105	469	129	130	124	127	511	136	130	124	127	517
Operating income (loss)	(32)	(67)	(36)	(33)	(168)	(31)	(5)	(0)	18	(18)	(28)	(27)	(16)	(1)	(73)	(28)	(27)	(16)	(1)	(72)
Interest income (expense)					0					0	(3)	(3)	(3)	(3)	(13)	(3)	(3)	(3)	(3)	(13)
Other income (expense)	(5)	(22)	(24)	25	(27)	3	(5)	(40)	15	(28)	0	0	0	0	0	0	0	0	0	0
Income before income taxes	(38)	(89)	(61)	(8)	(195)	(28)	(10)	(41)	33	(46)	(32)	(30)	(19)	(5)	(86)	(31)	(30)	(19)	(5)	(85)
Income taxes	(3)	2	(4)	47	42	1	2	1	5	10	0	0	0	5	5	0	0	0	0	5
Net income (loss)	(35)	(91)	(56)	(55)	(238)	(29)	(13)	(41)	28	(55)	(32)	(30)	(19)	(10)	(91)	(31)	(30)	(19)	(10)	(90)
Preferred dividends/minority interest					0					0					0					0
Net income (loss) for shareholders	(35)	(91)	(56)	(55)	(238)	(29)	(13)	(41)	28	(55)	(32)	(30)	(19)	(10)	(91)	(31)	(30)	(19)	(10)	(90)
Nonrecurring/noncash adjustments	11	81	36	44	171	9	10	37	(16)	39	25	25	25	25	100	25	25	25	25	100
Net income (pro forma)	(24)	(10)	(21)	(12)	(66)	(20)	(3)	(4)	11	(16)	(7)	(5)	6	15	9	(6)	(5)	6	15	10
EBITDA	(7)	6	(9)	(5)	(15)	(5)	15	(16)	27	22	12	13	24	39	87	12	13	24	39	88
Shares, Basic	30	30	30	30	30	31	31	32	32	31	39	40	40	41	40	41	42	42	43	42
Shares, Diluted	30	30	30	30	30	31	31	32	37	31	45	46	46	47	46	47	48	48	49	48
EPS Basic (Pro forma)	(\$0.80)	(\$0.34)	(\$0.68)	(\$0.38)	(\$2.20)	(\$0.65)	(\$0.10)	(\$0.12)	\$0.35	(\$0.52)	(\$0.18)	(\$0.13)	\$0.14	\$0.37	\$0.22	(\$0.15)	(\$0.12)	\$0.14	\$0.36	\$0.23
EPS Diluted (Pro forma)	(\$0.80)	(\$0.34)	(\$0.68)	(\$0.38)	(\$2.20)	(\$0.65)	(\$0.10)	(\$0.12)	\$0.30	(\$0.52)	(\$0.15)	(\$0.11)	\$0.12	\$0.33	\$0.20	(\$0.13)	(\$0.11)	\$0.12	\$0.31	\$0.20
Margins																				
Gross margin	87.4%	87.4%	87.1%	87.2%	87.3%	87.4%	86.6%	87.5%	88.3%	87.5%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Marketing	25.7%	19.2%	26.2%	28.7%	24.9%	20.4%	17.2%	22.8%	25.0%	21.5%	29.0%	27.0%	26.5%	25.0%	26.8%	27.0%	27.0%	26.5%	25.0%	26.3%
Selling, general and administrative	82.5%	80.9%	82.6%	75.4%	80.4%	83.6%	74.6%	63.3%	52.6%	68.1%	80.0%	80.0%	71.0%	61.0%	72.3%	80.0%	80.0%	71.0%	61.0%	72.4%
Operating margin	-21%	-43%	-25%	-22%	-28%	-25%	-4%	0%	13%	-4%	-24%	-22%	-13%	-1%	-14%	-22%	-22%	-13%	-1%	-14%
Tax rate, GAAP	7%	-3%	7%	-567%	-22%	-4%	-23%	-2%	16%	-21%	0%	0%	0%	-103%	-6%	0%	0%	0%	-103%	-6%
Net margin	-23%	-60%	-39%	-37%	-40%	-24%	-10%	-33%	20%	-11%	-27%	-25%	-15%	-7%	-18%	-25%	-25%	-15%	-7%	-17%
Y/Y % change																				
Total Revenue	-42%	-42%	-33%	-34%	-38%	-21%	-16%	-12%	-7%	-14%	-2%	-6%	1%	8%	0%	7%	0%	0%	0%	2%
Gross margin	-20%	-31%	-31%	-34%	-29%	-22%	-16%	-12%	-5%	-14%	-4%	-9%	-2%	3%	-3%	7%	0%	0%	0%	2%
Marketing	17%	-33%	-29%	-27%	-21%	-37%	-24%	-24%	-19%	-26%	38%	47%	17%	7%	25%	-1%	0%	0%	0%	0%
Selling, general and administrative	-1%	-10%	0%	-12%	-6%	-20%	-22%	-33%	-35%	-27%	-7%	1%	13%	25%	6%	7%	0%	0%	0%	2%
Operating income (loss)	2476%	3241%	883%	-1539%	3505%	-5%	-93%	-99%	-154%	-89%	-7%	448%	3339%	-108%	298%	-2%	0%	0%	0%	-1%
Net income (loss)	-339%	2597%	-172%	-288%	-300%	-16%	-86%	-26%	-150%	-77%	9%	138%	-53%	-136%	64%	-2%	0%	0%	0%	-1%
EPS Diluted (Pro forma)	-423%	-203%	-281%	-315%	-294%	-19%	-70%	-82%	-178%	-76%	-77%	11%	-201%	8%	-138%	-13%	-4%	-4%	-4%	2%

Source: Company reports and Ascendant Capital Markets estimates.

Groupon, Inc.

Balance Sheet (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Fiscal Year End: December 31																
Assets																
Cash and cash equivalents	\$403	\$316	\$308	\$281	\$164	\$118	\$86	\$142	\$267	\$248	\$233	\$270	\$214	\$178	\$163	\$200
Short term investments									0	0	0	0	0	0	0	0
Accounts receivable, net	52	45	43	45	37	35	35	50	26	27	28	33	28	27	28	33
Prepaid expenses and other current	54	50	53	41	41	39	48	64	18	18	19	22	19	18	19	22
Deferred income taxes									0	0	0	0	0	0	0	0
Total current assets	509	411	403	367	242	192	169	256	311	293	281	326	262	223	210	255
Property and equipment, net	71	64	61	57	49	43	37	31	26	21	16	11	6	1	(4)	(9)
Goodwill	216	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179
Intangibles, net	23	21	19	18	16	15	13	11	11	11	11	11	11	11	11	11
Deferred income taxes	63	61	60	14	14	14	13	12	12	12	12	12	12	12	12	12
Equity investment	120	120	120	120	120	120	94	75	75	75	75	75	75	75	75	75
Other	69	62	47	40	31	25	19	8	8	8	8	8	8	8	8	8
Total assets	1,069	916	889	793	651	587	524	571	622	599	581	621	552	508	490	530
Liabilities and stockholders' equity																
Accounts payable	29	28	35	60	28	20	10	15	12	12	13	15	13	12	13	15
Accrued merchant payable	232	208	179	225	197	178	172	209	203	208	204	237	217	208	204	237
Accrued expenses	218	198	198	171	154	119	98	102	88	90	94	110	94	90	94	110
Deferred income tax									0	0	0	0	0	0	0	0
Other									0	0	0	0	0	0	0	0
Due related parties									0	0	0	0	0	0	0	0
Short term debt	100	60	110	75	48	47	47	43	43	43	43	43	43	43	43	43
Total current liabilities	579	494	522	531	426	364	327	369	346	353	354	404	366	353	354	404
Deferred income taxes									0	0	0	0	0	0	0	0
Other long term liabilities	81	76	45	28	24	22	20	16	16	16	16	16	16	16	16	16
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long term debt	224	224	225	225	225	226	226	226	226	226	226	226	226	226	226	226
Total other liabilities	305	301	270	253	250	248	246	242	242	242	242	242	242	242	242	242
Preferred stock									0	0	0	0	0	0	0	0
Common stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Treasury Stock	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)	(923)
Additional paid-in capital	2,301	2,308	2,317	2,323	2,324	2,331	2,337	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338	2,338
Retained earnings	(1,192)	(1,283)	(1,339)	(1,394)	(1,424)	(1,436)	(1,478)	(1,450)	(1,482)	(1,512)	(1,531)	(1,541)	(1,572)	(1,602)	(1,622)	(1,631)
Accumulated other comprehensive (k	(1)	19	42	3	(3)	3	14	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Unearned compensation									80	80	80	80	80	80	80	80
Other									26	26	26	26	26	26	26	26
Total stockholders' equity	185	122	97	8	(25)	(25)	(49)	(41)	34	4	(16)	(26)	(57)	(87)	(106)	(116)
Total stockholders' equity and liabil	\$1,069	\$916	\$889	\$793	\$651	\$587	\$524	\$571	\$622	\$599	\$581	\$621	\$552	\$508	\$490	\$530

Balance Sheet Drivers

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	35%	33%	36%	28%	33%	30%	38%	46%	15%	15%	15%	15%	15%	15%	15%	15%
Accounts payable as % of total rev	19%	18%	24%	40%	23%	16%	8%	11%	10%	10%	10%	10%	10%	10%	10%	10%
Accrued merchant payable as % of gross	50%	45%	41%	48%	50%	45%	41%	48%	48%	48%	48%	48%	48%	48%	48%	48%
Accrued expenses as % of total rev	142%	129%	137%	116%	126%	92%	77%	74%	74%	74%	74%	74%	74%	74%	74%	74%
Activity Ratios																
A/R Days Sales Outstanding	31	26	27	27	28	25	25	33	20	20	20	20	20	20	20	20
A/P Days Payable	136	131	170	282	147	112	60	88	60	60	60	60	60	60	60	60
Merchant Days Payable	45	41	37	43	45	41	37	43	43	43	43	43	43	43	43	43
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$6.19	\$4.06	\$3.19	\$0.28	-\$0.81	-\$0.81	-\$1.57	-\$1.09	\$0.75	\$0.08	-\$0.34	-\$0.55	-\$1.21	-\$1.83	-\$2.21	-\$2.39
Cash per Share (diluted)	\$13.50	\$10.51	\$10.16	\$9.27	\$5.34	\$3.81	\$2.73	\$3.80	\$5.94	\$5.46	\$5.07	\$5.82	\$4.56	\$3.74	\$3.39	\$4.12
Net cash per Share (diluted)	\$2.65	\$1.05	-\$0.88	-\$0.61	-\$3.56	-\$4.97	-\$5.93	-\$3.42	-\$0.04	-\$0.46	-\$0.79	\$0.03	-\$1.17	-\$1.93	-\$2.22	-\$1.43

Source: Company reports and Ascendant Capital Markets estimates

Groupon, Inc.

Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(34)	(90)	(56)	(54)	(234)	(29)	(12)	(41)	28	(53)	(32)	(30)	(19)	(10)	(91)	(31)	(30)	(19)	(10)	(90)	
Depreciation	15	14	13	12	54	12	11	11	9	43	20	20	20	20	80	20	20	20	20	80	
Amortization	2	2	2	2	8	2	2	2	2	8	0	0	0	0	0	0	0	0	0	0	
Provision for accounts receivable					0					0					0					0	
Deferred income taxes				49	49				2	2	0	0	0	0	0	0	0	0	0	0	
Stock comp	8	9	8	6	30	2	8	4	1	14	20	20	20	20	80	20	20	20	20	80	
Amortization of financing				2	2					0					0					0	
Tax benefit of stock option exercises					0					0	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)	
Impairments		45	2	3	51			(1)		(1)					0					0	
Other gains/losses				(29)	(29)	(4)	4	26	(0)	25					0					0	
Acquisition/restructuring expense					0					0					0					0	
Other			14	(6)	8		6	10	(15)	1					0					0	
Changes in operating assets and liabilities:																					
Restricted cash					0					0					0					0	
Accounts receivable	(16)	6	1	(1)	(10)	8	2	(0)	(15)	(4)	24	(1)	(1)	(5)	17	5	1	(1)	(5)	0	
Prepaid expenses & other curre	3	7	(5)	14	19	8	2	11	7	27	46	(0)	(1)	(3)	41	3	1	(1)	(3)	0	
Accounts payable	7	(1)	7	24	38	(32)	(7)	(10)	4	(45)	(3)	0	1	2	(0)	(2)	(1)	1	2	0	
Accrued merchant	(36)	(19)	(26)	41	(39)	(29)	(19)	(4)	34	(18)	(6)	5	(4)	33	27	(20)	(9)	(4)	33	0	
Accounts expenses	(26)	(18)	(4)	(31)	(79)	1	(31)	(14)	7	(38)	(14)	2	5	15	8	(16)	(4)	5	15	0	
Deferred revenue					0					0					0					0	
Income tax payable and other	(0)	14	0	(16)	(2)	(16)	(8)	(6)	(10)	(39)	0	0	0	0	0	0	0	0	0	0	
Net cash (used in) provided by	(78)	(30)	(43)	16	(136)	(76)	(42)	(14)	55	(78)	35	(4)	(0)	52	83	(41)	(22)	(0)	52	(10)	
Cash flow from investing activities																					
Purchases of property and equi	(13)	(9)	(8)	(6)	(36)	(10)	(2)	(4)	(3)	(19)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)	
Purchases of short-term investments					0					0					0					0	
Sale of short-term investments					0				19	19					0					0	
Acquisitions	(1)	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(0)	(3)					0					0	
Other					0	1	0		0	1	0	0	0	0	0	0	0	0	0	0	
Net cash used in investing activ	(14)	(10)	(9)	(6)	(39)	(9)	(2)	(5)	16	(1)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)	
Cash flow from financing activities																					
Issuance of debt			50		50					0	0	0	0	0	0	0	0	0	0	0	
Repayment of debt	(0)	(41)	(0)	(35)	(77)	(27)	(1)		(4)	(32)					0					0	
Issuance of stock					0					0	0	0	0	0	0	0	0	0	0	0	
Repurchase of common stock					0					0					0					0	
Proceeds from stock option exe	(3)	(2)	(1)	(0)	(6)	(1)	(1)	2	(0)	(0)					0					0	
Other				(1)	(1)	(1)	(1)	(1)	(1)	(3)	80				80					0	
Dividends and distributions					0					0	0	0	0	0	0	0	0	0	0	0	
Cash provided by (used in) fina	(3)	(43)	49	(37)	(34)	(29)	(3)	1	(5)	(36)	80	0	0	0	80	0	0	0	0	0	
Effect of exchange rate on cash a	(1)	(4)	(5)	1	(9)	(0)	2	(2)	1	1					0					0	
Net increase (decrease) in cash	(96)	(87)	(8.1)	(27)	(218)	(115)	(46)	(20)	66	(114)	100	(19)	(15)	37	103	(56)	(37)	(15)	37	(70)	
Beginning cash and equivalents	499	404	316	308	499	282	167	121	101	282	168	267	248	233	168	270	214	178	163	270	
Ending cash and equivalents	404	316	308	282	282	167	121	101	168	168	267	248	233	270	270	214	178	163	200	200	

Source: Company reports and Ascendant Capital Markets estimates

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Groupon, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price
Report	Date	Rating	Target
43	2/19/2018	BUY	120.00
44	5/10/2018	BUY	130.00
45	8/8/2018	BUY	120.00
46	11/13/2018	BUY	100.00
47	2/18/2019	BUY	90.00
48	8/2/2019	BUY	85.00
49	12/22/2019	BUY	65.00
50	2/25/2020	BUY	35.00
51	6/20/2020	BUY	26.00
52	8/9/2020	BUY	31.00
53	12/7/2020	BUY	42.00
54	6/10/2021	BUY	70.00
55	8/9/2021	BUY	40.00
56	12/21/2021	BUY	35.00
57	3/23/2022	BUY	30.00
58	6/1/2022	BUY	20.00
59	9/13/2022	BUY	18.00
60	12/14/2022	BUY	10.00
61	4/7/2023	BUY	9.00
62	6/7/2023	BUY	8.50
63	9/15/2023	BUY	15.00
64	12/29/2023	BUY	14.50

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HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 15, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	56	100%	18	32%

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