



Groupon, Inc.

Q4 about inline. Positive 2025 outlook should drive stock. Raising P/T to \$19.

COMPANY UPDATE

Rating: **BUY**

Ticker: GRPN

Price: \$14.85

Target: \$19
(from \$14)

Q4 about inline: Revenue was \$130 million (-5% y-o-y), compared to our estimates of \$148 million and consensus of \$128 million. EBITDA was \$19 million, compared with our estimate of \$39 million and \$27 million (y-o-y). EPS was \$(1.20) compared to our estimate of \$0.33 and consensus of \$(0.04). Q4 guidance was for revenue of \$124 – 131 million, and EBITDA of \$14 – 19 million.

Improving Gross Billings: Gross billings was \$430 million (-1% y-o-y), compared with our expectation of \$494 million and \$436 million in Q4 2023. This is a big improvement over Q3's -11% (y-o-y), Q2's -5% (y-o-y) and Q1's -4% (y-o-y). After a tough Q3, Q4 gross billings rebounded with North America Local Billings growing +8%.

2024 progress: In 2024, North America Local returned to growth and the company generated positive free cash flow for the first time since exiting the pandemic.

2025 guidance for EBITDA improvement: The company provided initial 2025 guidance for revenue of \$493 – 500 million, and EBITDA of \$70 – 75 million. This compares with 2024's EBITDA of \$69 million. 2025 revenue is expected to grow 0% to +2% (y-o-y), and compares with 2024's -4% (y-o-y) and 2023's -14% (y-o-y) revenue declines.

Q1 2025 guidance: Initial Q1 2025 guidance is for revenue of \$114 – 117 million, and EBITDA of \$7 – 10 million.

Adjusting 2025 estimates: We are adjusting our 2025 estimates for revenue to \$500 million, from \$524 million, and for EPS to \$0.04 from \$0.20.

Initiating 2026 estimates: We are initiating our 2026 estimates for revenue of \$524 million, and for EPS of \$0.22.

Major transformation progressing: With significant cost restructuring (over \$400 million) and new CEO and CFO now in place for several years, the company is showing solid progress as it continues its major transformation from its old legacy business (originally initiated in March 2023).

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 now well back to normal and the counter cyclical nature of its business, we believe Groupon is well positioned for a rebound and growth in its business.

Raising P/T: We are maintaining our BUY rating, but raising our 12-month price target to \$19 from \$14, which reflects a P/E of 19x our 2027 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

March 15, 2025

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$7.75 – 18.47
Shares Outstanding (million):	43
Market cap (\$million):	\$639
EV (\$million):	\$656
Debt (\$million):	\$246
Cash (\$million):	\$229
Avg. Daily Trading Vol. (\$million):	\$18
Float (million shares):	18
Short Interest (million shares):	7
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>	<u>2026E</u> <u>(Cur.)</u>	<u>2026E</u> <u>(Old)</u>
Q1 Mar	115E	127E	127E	
Q2 Jun	115E	121E	121E	
Q3 Sep	121E	128E	128E	
Q4 Dec	148E		148E	
Total	500E	524E	524E	
EV/Revs	1.3x		1.3x	

Earnings per Share (pro forma)

	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>	<u>2026E</u> <u>(Cur.)</u>	<u>2026E</u> <u>(Old)</u>
Q1 Mar	(0.20)E	(0.15)E	(0.14)E	
Q2 Jun	(0.06)E	(0.12)E	(0.01)E	
Q3 Sep	0.00E	0.12E	0.07E	
Q4 Dec	0.28E	0.31E	0.30E	
Total	0.04E	0.20E	0.22E	
P/E	371x		68x	

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 11.

OVERVIEW

- Groupon recently (on March 11) reported its fiscal Q4 2024 (ending December) results.
- We note that the company in Q3 2024 no longer reported pro forma EPS results, but had did so prior. Our estimates reflect pro forma EPS, so comparisons to historical and future actual results may be difficult.
- Revenue was \$130 million (-5% y-o-y), compared to our estimates of \$148 million and consensus of \$128 million.
- EBITDA was \$19 million, compared with our estimate of \$39 million and \$27 million (y-o-y).
- EPS was \$(1.20) compared to our estimate of \$0.33 and consensus of \$(0.04).
- Q4 guidance was for revenue of \$124 – 131 million, and EBITDA of \$14 – 19 million.
- The company provided initial 2025 guidance for revenue of \$493 – 500 million, and EBITDA of \$70 – 75 million.
- Initial Q1 2025 guidance is for revenue of \$114 – 117 million, and EBITDA of \$7 – 10 million.
- We are adjusting our 2025 estimates for revenue to \$500 million, from \$524 million, and for EPS to \$0.04 from \$0.20.
- We are initiating our 2026 estimates for revenue of \$524 million, and for EPS of \$0.22.

ADDITIONAL DETAILS

- Gross billings was \$430 million (-1% y-o-y), compared with our expectation of \$494 million and \$436 million in Q4 2023.
- Gross profit was \$118 million, compared with our expectation of \$126 million and \$122 million in Q4 2023.
- Gross margin was 91%, versus our expectation of 85% and 88% in Q4 2023.
- Operating expenses were \$116 million, compared with our expectation of \$127 million.
- Operating income was \$3 million, versus our expectation of a loss of \$1 million.
- Net loss was \$51 million, versus our expectation of income of \$15 million.

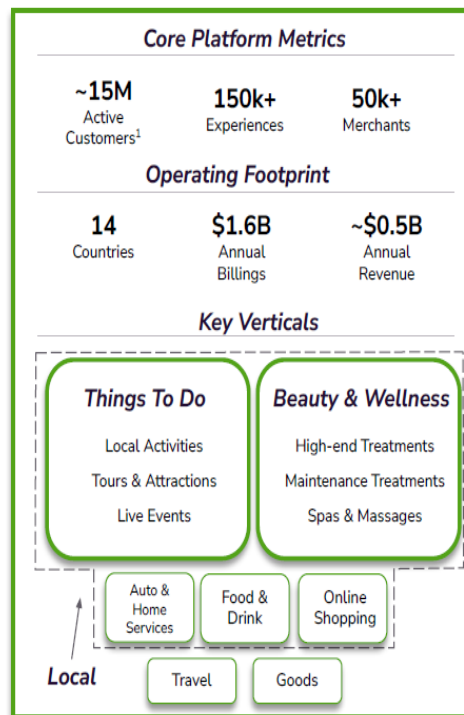
- In February 2020, due to the weak Q4 and 2019 results, the company initiated a “transformational plan” to exit its Goods business and focus on its Local Experiences Marketplace. The company expect to shift Goods to a 3rd party marketplace model in Q4 2020 (completed in early 2021) in the U.S., and 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.
- In May 2024, Groupon named Dusan Senkypl as its CEO, removing the interim title.

The company's balance sheet at the end of Q4 had \$246 million in cash and \$229 million in debt, compared with \$178 million in cash and \$227 million in debt in September. In Q4, the company raised a net \$20 million in debt and debt exchange.

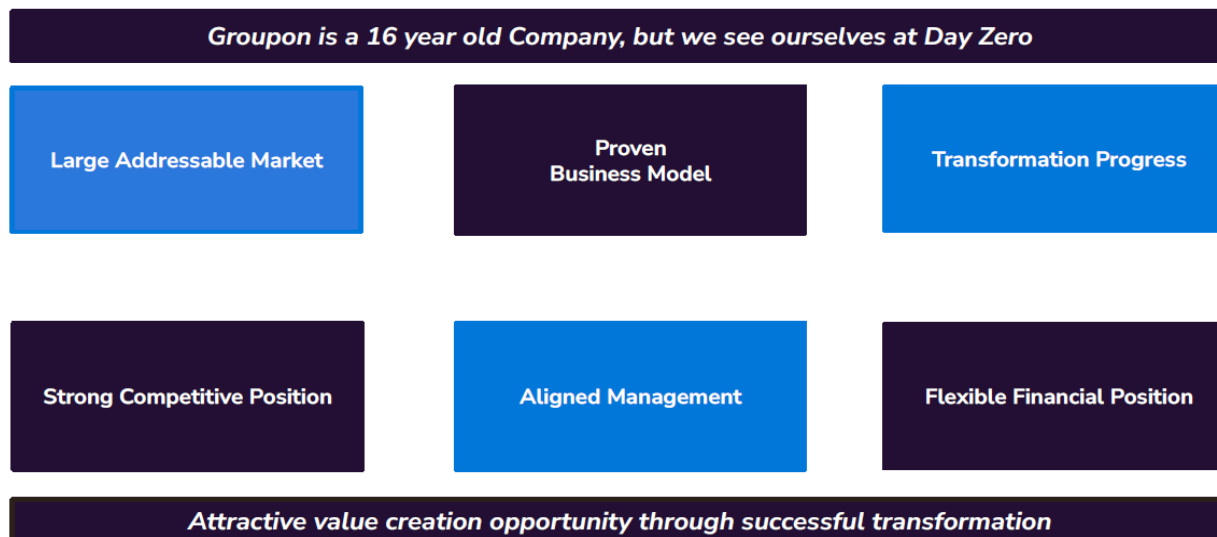
Exhibit 1: Groupon Investment Summary (as of March 2025)

Groupon is a leading experience marketplace

Our Mission	To be the trusted destination for discovering high-quality local experiences at unbeatable value	
Transformation Scorecard	2022	2024
Marketplace Health		
NA Local Billings (YoY):	-19%	+8% in Q4
NA Local Active Customers (YoY):	-20%	+6%
Customer Focus:	Deal-centric	Experience-centric
Supply Strategy:	Volume-driven	Quality-curated
Platform Modernization		
Tech Stack:	Legacy Fragmented	Unifying front-end
Marketing:	Promotion-heavy	Performance-driven
Geography:	Broad coverage	Hyperlocal focus
Financial Strength		
Adjusted EBITDA ² :	-\$15M	+\$69M
Free Cash Flow ² :	-\$172M	+\$41M
Balance Sheet:	Constrained	\$229M Cash



Groupon Investment Thesis



Source: Company reports.

Exhibit 2: Q1 and 2025 Outlook (as of March 11, 2025)

Guidance

As of March 11th, 2025	1Q25 Guidance (\$ Millions)		2025 Guidance (\$ Millions)	
	Low-end	High-end	Low-end	High-end
Billings	-5% YoY	-2.5% YoY	+2% YoY	+4% YoY
Revenue	\$114 -7.5% YoY	\$117 -5% YoY	\$493 0% YoY	\$500 +2% YoY
Adjusted EBITDA*	\$7	\$10	\$70	\$75
Free Cash Flow*	Negative	Negative	At least \$41M	

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: Q4 and 2024 Financial Highlights

Key Business Highlights

2024 Highlights

Key Financials

- \$1.6B in Billings, -5% YoY
 - \$1.0B NA Local Billing, +3% YoY
- \$493M in Revenues, -4% YoY
 - \$351M NA Local Revenues, +1% YoY
- \$69M in Adjusted EBITDA and \$41M Free Cash Flow

Key Projects

- Scaling efficient marketing engine for new customer acquisition
- Returning several core markets to growth through our transformation playbook
- Completed several migrations (new website in North America, fraud detection tool, ERP and North America Cloud)

4Q24 Highlights

Growth Momentum

- North America Local +8% Billing growth
- International Local ex Italy +2% Billings growth
- Exiting Q4 with several areas growing double-digits
- Entering 2025 with solid momentum

Operating Environment

- Stable tech platform
- Improving efficiency of marketing spend
- Successful Q4 Holiday & Gifting season

2024 Financial Highlights

	2024	% YoY	vs 2023	vs 2022
			<i>Growth rate improvement</i>	
Billings	\$1.6B	-5%	+450bps	+1670bps
Revenue	\$493M	-4%	+970bps	+3370bps
Gross Profit	\$444M	-1%	+1240bps	+2770bps
			<i>Margin expansion</i>	
Revenue as a % of Billings	31.6%		+30bps	-130bps
Gross Profit as a % of revenue	90.2%		+270bps	+290bps
Adjusted EBITDA ¹ margin	14.1%		+330bps	+1660bps
			<i>Absolute \$ improvement</i>	
Adjusted EBITDA ¹	\$69M	+25%	+\$14M	+\$84M
Free Cash Flow ¹	\$41M		+\$138M	+\$213M

Source: Company reports.

Exhibit 5: Groupon Stock Price (5 years)



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

Exhibit 6: Consensus Expectations (as of March 11, 2025)

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$123A	\$116E	Q1 Mar	\$0.06A	\$(0.14)E
Q2 Jun	\$125A		Q2 Jun	\$(0.02)A	
Q3 Sep	\$114A		Q3 Sep	\$0.33A	
Q4 Dec	\$128E		Q4 Dec	\$(0.04)E	
Total	\$490E	\$491E	Total	\$(0.29)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-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	Mar-26	Jun-26	Sep-26	Dec-26	2026
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	122	129	126	138	515	123	125	114	130	493	115	115	121	148	500	127	121	128	148	524
Cost of Revenues	17	16	16	15	64	13	12	12	12	48	11	12	12	15	50	13	12	13	15	52
Gross Profit	105	113	111	122	451	111	113	103	118	444	103	104	109	133	450	114	109	115	133	471
Marketing	25	22	29	34	111	29	37	36	43	144	31	31	30	34	127	34	33	32	34	133
Selling, general and administrative	102	96	80	72	350	74	77	71	72	295	75	69	72	81	296	80	70	73	78	301
Depreciation and amortization					0					0					0					0
Restructuring and other	9	(1)	2	(2)	8	0	(5)	1	0	(4)					0					0
Total operating expenses	135	118	111	105	469	103	108	108	116	436	106	100	102	115	423	114	103	105	113	434
Operating income (loss)	(31)	(5)	(0)	18	(18)	7	4	(6)	3	9	(2)	3	7	19	27	0	6	10	21	37
Interest income (expense)					0					0	(3)	(3)	(3)	(3)	(12)	(3)	(3)	(3)	(3)	(12)
Other income (expense)	3	(5)	(40)	15	(28)	(13)	(5)	22	(45)	(42)	(3)	(3)	(4)	(3)	(13)	(3)	(4)	(4)	(4)	(15)
Income before income taxes	(28)	(10)	(41)	33	(46)	(6)	(1)	16	(42)	(33)	(8)	(3)	0	12	2	(6)	(1)	3	14	10
Income taxes	1	2	1	5	10	6	9	2	8	26	0	0	0	0	0	0	0	0	0	0
Net income (loss)	(29)	(13)	(41)	28	(55)	(12)	(10)	14	(51)	(59)	(8)	(3)	0	12	2	(6)	(1)	3	14	10
Preferred dividends/minority interest					0					0					0					0
Net income (loss) for shareholders	(29)	(13)	(41)	28	(55)	(12)	(10)	14	(51)	(59)	(8)	(3)	0	12	2	(6)	(1)	3	14	10
Nonrecurring/noncash adjustments	9	10	37	(16)	39	15	9	1		25					0					0
Net income (pro forma)	(20)	(3)	(4)	11	(16)	2	(1)	15	(51)	(34)	(8)	(3)	0	12	2	(6)	(1)	3	14	10
EBITDA	(5)	15	(16)	27	22	20	16	15	19	69	10	15	19	31	75	12	18	22	33	85
Shares, Basic	31	31	32	32	31	38	39	40	42	39	43	43	44	44	43	45	45	46	46	45
Shares, Diluted	31	31	32	37	31	38	39	45	42	39	43	43	44	44	43	45	45	46	46	45
EPS Basic (Pro forma)	(\$0.65)	(\$0.10)	(\$0.12)	\$0.35	(\$0.52)	\$0.06	(\$0.02)	\$0.38	(\$1.20)	(\$0.87)	(\$0.20)	(\$0.06)	\$0.00	\$0.28	\$0.04	(\$0.14)	(\$0.01)	\$0.07	\$0.30	\$0.22
EPS Diluted (Pro forma)	(\$0.65)	(\$0.10)	(\$0.12)	\$0.30	(\$0.52)	\$0.06	(\$0.02)	\$0.33	(\$1.20)	(\$0.87)	(\$0.20)	(\$0.06)	\$0.00	\$0.28	\$0.04	(\$0.14)	(\$0.01)	\$0.07	\$0.30	\$0.22
Margins																				
Gross margin	86.1%	87.5%	87.5%	88.8%	87.5%	89.7%	90.7%	90.8%	90.5%	90.2%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Marketing	20.4%	17.2%	22.8%	25.0%	21.5%	23.4%	29.3%	31.7%	32.7%	29.3%	27.0%	27.0%	25.0%	23.0%	25.3%	27.0%	27.0%	25.0%	23.0%	25.4%
Selling, general and administrative	83.6%	74.6%	63.3%	52.6%	68.1%	60.4%	62.0%	62.3%	55.6%	59.9%	65.0%	60.0%	59.0%	54.5%	59.3%	63.0%	58.0%	57.0%	53.0%	57.6%
Operating margin	-25%	-4%	0%	13%	-4%	6%	3%	-5%	2%	2%	-2%	3%	6%	13%	5%	0%	5%	8%	14%	7%
Tax rate, GAAP	-4%	-23%	-2%	16%	-21%	-102%	-1242%	14%	-20%	-79%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-24%	-10%	-33%	20%	-11%	-10%	-8%	12%	-39%	-12%	-7%	-2%	0%	8%	0%	-5%	0%	2%	9%	2%
YY % change																				
Total Revenue	-21%	-16%	-12%	-7%	-14%	1%	-3%	-9%	-5%	-4%	-7%	-7%	6%	14%	2%	10%	5%	5%	0%	5%
Gross margin	-22%	-16%	-12%	-5%	-14%	6%	0%	-7%	-3%	-1%	-6%	-8%	6%	13%	1%	10%	5%	5%	0%	5%
Marketing	-37%	-24%	-24%	-19%	-26%	16%	64%	25%	24%	30%	8%	-15%	-16%	-20%	-12%	10%	5%	5%	0%	5%
Selling, general and administrative	-20%	-22%	-33%	-35%	-27%	-27%	-20%	-11%	0%	-16%	1%	-10%	0%	11%	0%	7%	2%	2%	-3%	2%
Operating income (loss)	-5%	-93%	-99%	-154%	-89%	-124%	-189%	1104%	-85%	-148%	-131%	-21%	-230%	598%	207%	-100%	75%	40%	12%	37%
Net income (loss)	-16%	-86%	-26%	-150%	-77%	-58%	-20%	-134%	-283%	7%	-32%	-74%	-98%	-125%	-103%	-27%	-81%	1368%	10%	515%
EPS Diluted (Pro forma)	-19%	-70%	-82%	-178%	-76%	-110%	-85%	-370%	-500%	67%	-408%	293%	-99%	-123%	-104%	-31%	-81%	1303%	5%	488%

Source: Company reports and Ascendant Capital Markets estimates.

Groupon, Inc.

Balance Sheet (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	\$164	\$118	\$86	\$142	\$159	\$178	\$178	\$229	\$247	\$236	\$248	\$305	\$261	\$241	\$234	\$280
Short term investments									0	0	0	0	0	0	0	0
Accounts receivable, net	37	35	35	50	49	42	42	34	26	26	27	33	28	27	28	33
Prepaid expenses and other current	41	39	48	64	69	52	52	52	17	17	18	22	19	18	19	22
<u>Deferred income taxes</u>									0	0	0	0	0	0	0	0
Total current assets	242	192	169	256	277	271	271	315	290	279	293	361	308	286	282	335
Property and equipment, net	49	43	37	31	26	23	23	18	27	36	45	54	63	72	81	90
Goodwill	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179	179
Intangibles, net	16	15	13	11	5	6	6	5	5	5	5	5	5	5	5	5
Deferred income taxes	14	14	13	12	11	11	11	6	6	6	6	6	6	6	6	6
Equity investment	120	120	94	75	75	75	75	75	75	75	75	75	75	75	75	75
<u>Other</u>	31	25	19	8	8	9	9	15	15	15	15	15	15	15	15	15
Total assets	651	587	524	571	581	573	573	613	596	595	617	694	651	637	642	704
Liabilities and stockholders' equity																
Accounts payable	28	20	10	15	9	11	11	11	11	12	12	15	13	12	13	15
Accrued merchant payable	197	178	172	209	192	173	173	196	166	167	184	225	207	198	194	225
Accrued expenses	154	119	98	102	97	106	106	98	86	87	91	111	95	91	96	111
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
<u>Short term debt</u>	48	47	47	43					0	0	0	0	0	0	0	0
Total current liabilities	426	364	327	369	297	290	290	305	264	265	287	351	314	301	303	351
Deferred income taxes									0	0	0	0	0	0	0	0
Other long term liabilities	24	22	20	16	15	15	15	20	20	20	20	20	20	20	20	20
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Long term debt</u>	225	226	226	226	227	227	227	246	246	246	246	246	246	246	246	246
Total other liabilities	250	248	246	242	242	243	243	266	266	266	266	266	266	266	266	266
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	2,324	2,331	2,337	2,338	2,419	2,424	2,424	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442
Retained earnings	(1,424)	(1,436)	(1,478)	(1,450)	(1,462)	(1,472)	(1,472)	(1,509)	(1,517)	(1,520)	(1,520)	(1,507)	(1,513)	(1,514)	(1,511)	(1,497)
Accumulated other comprehensive (k	(3)	3	14	(6)	7	11	11	31	31	31	31	31	31	31	31	31
Unearned compensation									0	0	0	0	0	0	0	0
<u>Other</u>									34	34	34	34	34	34	34	34
Total stockholders' equity	(25)	(25)	(49)	(41)	41	40	40	41	66	64	64	76	70	70	73	86
Total stockholders' equity and liabil	\$651	\$587	\$524	\$571	\$581	\$573	\$573	\$613	\$596	\$595	\$617	\$694	\$651	\$637	\$642	\$704

Balance Sheet Drivers

	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	33%	30%	38%	46%	56%	41%	45%	40%	15%	15%	15%	15%	15%	15%	15%	15%
Accounts payable as % of total rev	23%	16%	8%	11%	7%	9%	9%	9%	10%	10%	10%	10%	10%	10%	10%	10%
Accrued merchant payable as % of gross	50%	45%	41%	48%	50%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
Accrued expenses as % of total rev	126%	92%	77%	74%	78%	85%	93%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Activity Ratios																
A/R Days Sales Outstanding	28	25	25	33	36	30	33	24	20	20	20	20	20	20	20	20
A/P Days Payable	147	112	60	88	64	81	84	83	90	90	90	90	90	90	90	90
Merchant Days Payable	45	41	37	43	45	42	42	41	41	41	41	41	41	41	41	41
Book & Cash Value (per share)																
Book Value per Share (diluted)	-\$0.81	-\$0.81	-\$1.57	-\$1.09	\$1.09	\$1.02	\$0.89	\$0.97	\$1.55	\$1.47	\$1.46	\$1.73	\$1.57	\$1.54	\$1.59	\$1.87
Cash per Share (diluted)	\$5.34	\$3.81	\$2.73	\$3.80	\$4.21	\$4.52	\$3.96	\$5.43	\$5.79	\$5.48	\$5.68	\$6.92	\$5.85	\$5.33	\$5.13	\$6.06
Net cash per Share (diluted)	-\$3.56	-\$4.97	-\$5.93	-\$3.42	-\$1.81	-\$1.25	-\$1.09	-\$0.41	\$0.03	-\$0.22	\$0.04	\$1.34	\$0.34	-\$0.12	-\$0.26	\$0.73

Source: Company reports and Ascendant Capital Markets estimates

Groupon, Inc.

Cash Flow Statement (\$ mils)	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	Mar-26	Jun-26	Sep-26	Dec-26	2026	
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	(29)	(12)	(41)	28	(53)	(12)	(9)	15	(50)	(57)	(8)	(3)	0	12	2	(6)	(1)	3	14	10	
Depreciation	12	11	11	9	43	8	7	6	6	28	6	6	6	6	24	6	6	6	6	24	
Amortization	2	2	2	2	8	2	1	0	0	3	0	0	0	0	0	0	0	0	0	0	
Provision for accounts receivable					0					0					0					0	
Deferred income taxes				2	2				4	4	0	0	0	0	0	0	0	0	0	0	
Stock comp	2	8	4	1	14	2	6	9	9	27	6	6	6	6	24	6	6	6	6	24	
Amortization of financing					0					0					0					0	
Tax benefit of stock option exercises					0					0	(6)	(6)	(6)	(6)	(24)	(6)	(6)	(6)	(6)	(24)	
Impairments			(1)		(1)				2	2					0					0	
Other gains/losses	(4)	4	26	(0)	25	10	3	(14)	(1)	(2)					0					0	
Acquisition/restructuring expense					0					0					0					0	
Other		6	10	(15)	1				35	35					0					0	
Changes in operating assets and liabilities:																					
Restricted cash					0					0					0					0	
Accounts receivable	8	2	(0)	(15)	(4)	1	8	2	5	15	9	(0)	(1)	(6)	1	5	1	(1)	(5)	0	
Prepaid expenses & other curre	8	2	11	7	27	4	11	6	(0)	21	35	(0)	(1)	(4)	30	3	1	(1)	(3)	0	
Accounts payable	(32)	(7)	(10)	4	(45)	(6)	2	2	(1)	(4)	0	0	1	3	3	(2)	(1)	1	2	0	
Accrued merchant	(29)	(19)	(4)	34	(18)	(16)	(19)	(23)	48	(10)	(30)	1	17	41	29	(19)	(9)	(4)	31	0	
Accounts expenses	1	(31)	(14)	7	(38)	(2)	6	(13)	3	(7)	(12)	0	5	20	13	(16)	(4)	5	15	0	
Deferred revenue					0					0					0					0	
Income tax payable and other	(16)	(8)	(6)	(10)	(39)	(1)	(0)	(7)	7	(0)	0	0	0	0	0	0	0	0	0	0	
Net cash (used in) provided by	(76)	(42)	(14)	55	(78)	(10)	15	(16)	67	56	(0)	4	26	72	103	(29)	(6)	8	61	34	
Cash flow from investing activities																					
Purchases of property and equip	(10)	(2)	(4)	(3)	(19)	(4)	(4)	(3)	(4)	(15)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)	
Purchases of short-term investments					0					0					0					0	
Sale of short-term investments				19	19					0					0					0	
Acquisitions	(1)	(1)	(1)	(0)	(3)	(0)	(0)	(0)		(1)					0					0	
Other	1	0	0	0	1	0	0			0	0	0	0	0	0	0	0	0	0	0	
Net cash used in investing activ	(9)	(2)	(5)	16	(1)	(4)	4	(3)	(4)	(7)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)	
Cash flow from financing activities																					
Issuance of debt					0				20	20	0	0	0	0	0	0	0	0	0	0	
Repayment of debt	(27)	(1)		(4)	(32)	(43)			(4)	(46)					0					0	
Issuance of stock					0	80				80	0	0	0	0	0	0	0	0	0	0	
Repurchase of common stock					0					0					0					0	
Proceeds from stock option exe	(1)	(1)	2	(0)	(0)			(0)	(1)	(1)					0					0	
Other	(1)	(1)	(1)	(1)	(3)	(2)	(2)	(0)	(1)	(4)					0					0	
Dividends and distributions					0					0	0	0	0	0	0	0	0	0	0	0	
Cash provided by (used in) fina	(29)	(3)	1	(5)	(36)	35	(2)	(1)	15	48	0	0	0	0	0	0	0	0	0	0	
Effect of exchange rate on cash a	(0)	2	(2)	1	1	(0)	0	2	(4)	(2)					0					0	
Net increase (decrease) in cash	(115)	(46)	(20)	66	(114)	20.8	18.0	(18.2)	74	95	(15)	(11)	11	57	43	(44)	(21)	(7)	46	(26)	
Beginning cash and equivalents	282	167	121	101	282	168	188	206	188	168	263	247	236	248	263	305	261	241	234	234	305
Ending cash and equivalents	167	121	101	168	168	188	206	188	263	263	247	236	248	305	305	261	241	234	280	280	

Source: Company reports and Ascendant Capital Markets estimates

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

Report	Report Date	Rating	Price 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
65	5/4/2024	BUY	14.00

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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.

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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	57	100%	20	35%

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