

Groupon, Inc.

Q4 miss and 2023 outlook tempered. New CEO. Outlook remains hazy with turnaround and cost cuts. Lowering P/T to \$9.

COMPANY UPDATE

Rating: BUY

Ticker: GRPN

Price: \$3.97

Target: \$9.00
(from \$10)

Q4 miss: Groupon recently (on March 16) reported its fiscal Q4 2022 (ending December) results. Revenue was \$148 million (-34% y-o-y), compared to our and consensus estimates of \$162 million. EBITDA was \$(5) million, compared with our estimate of \$16 million and \$37 million (y-o-y). Pro forma EPS was \$(0.38), compared to our estimate of \$(0.27) and consensus of \$(0.40). There was no Q4 guidance.

Q4 weak again: Gross billings was \$468 million (-25% y-o-y), compared with our expectation of \$539 million and \$621 million in Q4 2021. North America revenue was \$106 million in Q4, down 32% compared with Q4 2021, primarily driven by a decline in engagement on its platform that resulted in fewer unit sales and lower gross billings.

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

And merchants slow to come back: Due to increased demand and capacity issues, Groupon merchants did not need to leverage the Groupon marketplace (and provide deals) as much in Q4. Without big deals, traffic and purchases from consumers continued to decline significantly.

More cost cuts: In August 2022, Groupon announced a new restructuring to cut costs by \$150 million per year. The company just (in March) increased its cost cuts with an additional \$200 million in savings goal.

2023 guidance tempered: The company did not provide specific Q1 guidance, but did state that Q1 EBITDA will be \$(5) – (10) million. The company is no longer expecting \$100 million in FCF in 2023.

Lowering 2023 estimates: We are lowering our 2023 estimates for revenue to \$551 million, from \$644 million, and for EPS to \$(1.21) from \$0.32. We are initiating our 2024 estimates for revenue of \$577 million, and for EPS of \$0.03.

New CEO: 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.

Operating leverage: With the recently announced new significant cost restructuring (\$350 million in total), the company has maintained its very broad general qualitative guidance for \$100 million in EBITDA even as much lower (~50%) revenues than in 2019.

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 \$9 from \$10, which reflects a P/E of ~10x our 2025 EPS estimate of \$0.90. 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

April 7, 2023

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$3.37 – 21.18
Shares Outstanding (million):	31
Market cap (\$million):	\$123
EV (\$million):	\$142
Debt (\$million):	\$300
Cash (\$million):	\$281
Avg. Daily Trading Vol. (\$million):	\$4
Float (million shares):	16
Short Interest (million shares):	5
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	134E	152E	140E	
Q2 Jun	134E	153E	140E	
Q3 Sep	135E	153E	141E	
Q4 Dec	149E	186E	156E	
Total	551E	644E	577E	
EV/Revs	0.3x		0.2x	

Earnings per Share (pro forma)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	(0.96)E	(0.35)E	(0.25)E	
Q2 Jun	(0.26)E	(0.21)E	(0.25)E	
Q3 Sep	(0.01)E	0.27E	0.13E	
Q4 Dec	0.00E	0.60E	0.38E	
Total	(1.21)E	0.32E	0.03E	
P/E	N/A		132x	

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 16) reported its fiscal Q4 2022 (ending December) results.
- Revenue was \$148 million (-34% y-o-y), compared to our and consensus estimates of \$162 million.
- EBITDA was \$(5) million, compared with our estimate of \$16 million and \$37 million (y-o-y).
- Pro forma EPS was \$(0.38), compared to our estimate of \$(0.27) and consensus of \$(0.40).
- There was no Q4 guidance.
- The company did not provide specific Q1 guidance, but did state that Q1 EBITDA will be \$(5) – (10) million.
- We are lowering our 2023 estimates for revenue to \$551 million, from \$644 million, and for EPS to \$(1.21) from \$0.32.
- We are initiating our 2024 estimates for revenue of \$577 million, and for EPS of \$0.03.

ADDITIONAL DETAILS

- Gross billings was \$468 million (-25% y-o-y), compared with our expectation of \$539 million and \$621 million in Q4 2021.
- Gross profit was \$129 million, compared with our expectation of \$138 million and \$195 million in Q4 2021.
- Gross margin was 87%, versus our expectation of 85% and 87% in Q4 2021.
- Operating expenses were \$162 million, compared with our expectation of \$162 million.
- Operating loss was \$33 million, versus our expectation of a loss of \$24 million.
- Pro forma net loss was \$12 million, versus our expectation of a loss of \$8 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.

The company's balance sheet is relatively steady with \$281 million in cash and \$300 million in debt (~\$1/share in net debt), compared with \$308 million in cash and \$335 million in debt in September.

Exhibit 1: Groupon Q1 2023 & 2023 Outlook (as of March 16, 2023)

1Q23 perspective

Factors to Consider

- **Preliminary January & February Local Billings Results (FXN) ⁽¹⁾:**
 - **North America:** Estimated to be ~44% of 2019, down 9% y/y
 - **International:** Estimated to be ~49% of 2019, down 1% y/y
 - **Consolidated:** Estimated to be ~46% of 2019, down 7% y/y
- **Marketing:** Expect to reallocate some marketing spend to lower funnel, performance marketing channels; We'll look to continue to invest in marketing overall if we see opportunities to drive attractive returns
- **Adjusted EBITDA⁽¹⁾:** Depending on the timing for some of our proposed restructuring activities, expect first quarter adjusted EBITDA to be between negative \$10 million and negative \$5 million
- **Cash Flow:** Anticipate significant cash outflows in the first quarter

2023 Goals Summary



Our 2023 goals aim to unlock the marketplace flywheel:

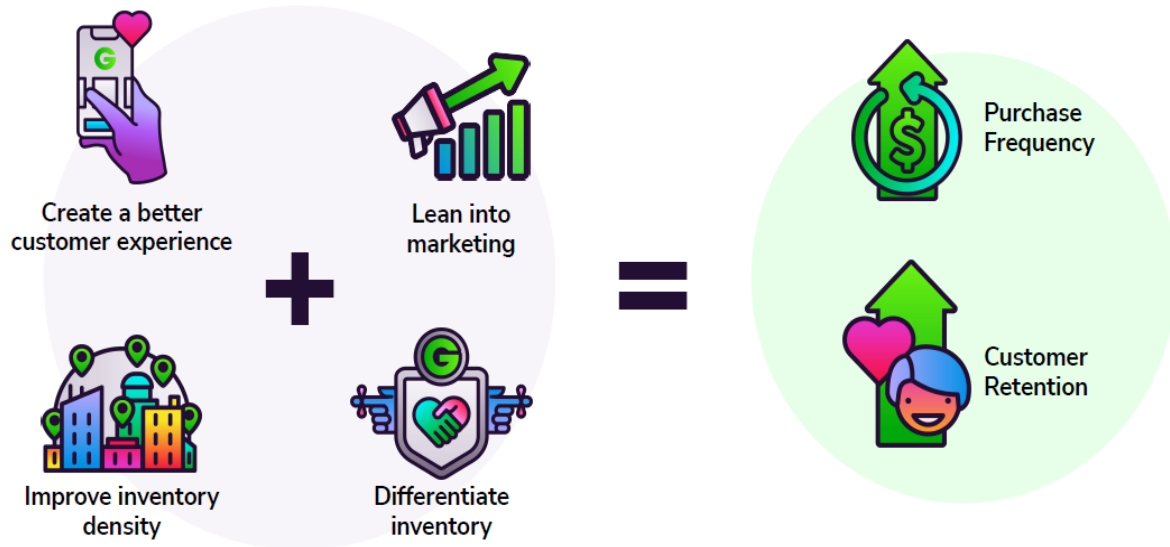
- Increase Billings and Gross Profit by more than 20% for new merchants
- Increase share of new Local deals that sell 10+ vouchers per month in our top U.S. markets from current level of ~20%
- Return overall customer purchase frequency to 3x+ per year
- Reduce marketing expense to less than 25% of gross profit in 2023

Source: Company reports.

Exhibit 2: Groupon Long-Term Growth Plan

Fundamentally Improving Our Marketplace Experience

Meet our customers needs every single time they come to our marketplace to drive purchase frequency and improve customer retention



Potential to unlock marketplace flywheel and significant shareholder value



Source: Company reports.

Exhibit 3: Groupon Cost Savings Plan

Executing a multi-phase cost savings plan to better align with where our business is today...

Transforming Groupon into the go-to destination for local experiences and services

Phase 1 Cost Actions:



- Achieved **\$150 million in cost savings** through our phase 1 actions, which were substantially complete in 2022
- Reduced the size of our North America sales force and began leveraging self-service more broadly
- Aggressively **right-sized our tech org**
- Additional cost savings from combination of process improvements and the right-sizing of our facilities footprint

Phase 2 Cost Actions:



- Increased the size of our phase 2 plan by \$50 million
- On track to **reduce our expense structure by \$100 million** in phase 2
 - Expect to achieve **\$70 million in annualized cost savings** through payroll reductions
 - Implementing **non-payroll actions**, including reducing technology, software and certain professional services costs, which are expected to create an **additional \$30 million** in annualized cost savings
- **Moving quickly to execute phase 2**, expect to complete actions **during the second quarter of 2023**

...creating expense leverage for profitable growth in the future

ADRIAN 19

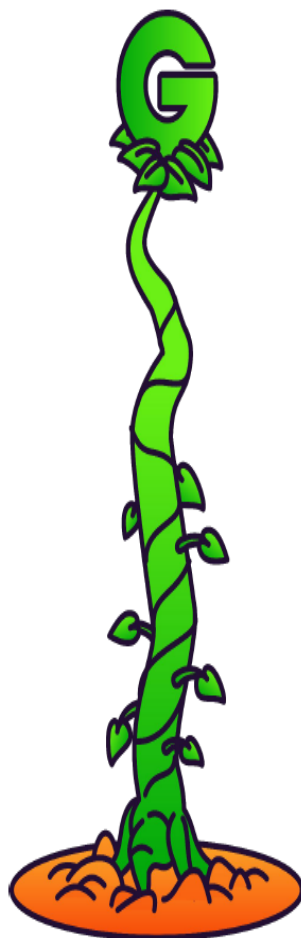
**Against a meaningfully streamlined cost structure,
we believe we can generate at least \$100M of Adjusted EBITDA
by sustaining Local recovery rates at 50% of 2019 levels**



Source: Company reports.

Exhibit 4: Groupon Investment Summary

**Global, scaled,
two-sided
marketplace with
undervalued assets
and big potential**



Scaled local marketplace with room to grow

- Leading player in the large and growing addressable market for local services and experiences
- Two-sided marketplace with massive global scale
- Delivered \$1.8B+ in Local Billings in 2022
- Beloved brand: ~1.5B Groupons sold to date¹

Valuable, underutilized assets

- **Data**: Untapped data assets and feedback network in our current experience
- **Scale**: Over 14MM Active Local customers and nearly 100MM visitor sessions per month
- **Reach**: Scaled horizontal marketplace

Executing sales-led transformation strategy to unlock growth

- **Improving Marketplace Inventory**: Building a more inspiring inventory base that engages customers and drives purchase frequency
- **Reducing Marketing & Promotional Spend**: Focused on reducing our marketing and promotional spend while driving higher return on investment
- **Reducing our Cost Structure**: Estimate 2023 non-GAAP SG&A* to be over \$350M lower than 2019 non-GAAP SG&A

Creating operating leverage that can allow us to deliver Adj. EBITDA even on lower revenue base

Balance sheet & financial model to support growth

- \$281 million in cash exiting 4Q22
- 2.29% ownership stake in SumUp

Source: Company reports.

Exhibit 5: Groupon Stock Price (5 years)



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

Exhibit 6: Consensus Expectations (as of March 16, 2023)

	Revenue (mils)		EPS		
	2022E	2023E		2022E	2023E
Q1 Mar	\$153A	\$153E	Q1 Mar	\$(0.80)A	\$(0.07)E
Q2 Jun	\$153A		Q2 Jun	\$(0.34)A	
Q3 Sep	\$144A		Q3 Sep	\$(0.68)A	
Q4 Dec	\$162E		Q4 Dec	\$(0.40)E	
Total	\$616E	\$648E	Total	\$(2.06)E	\$0.63E

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

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

FINANCIAL MODEL

Groupon, Inc.

Income Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	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
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	264	266	214	223	967	153	153	144	148	599	134	134	135	149	551	140	140	141	156	577
Cost of Revenues	97	72	33	28	230	19	19	19	19	76	20	20	20	22	83	21	21	21	23	87
Gross Profit	167	194	181	195	737	134	134	126	129	523	114	114	115	127	469	119	119	120	133	491
Marketing	34	44	53	58	189	39	29	38	43	149	41	35	35	39	150	35	35	35	39	144
Selling, general and administ	127	138	119	126	511	126	124	119	112	481	123	109	101	104	437	113	114	101	97	425
Depreciation and amortization					0					0					0					0
Restructuring and other	7	14	12	8	42	0	47	5	8	60					0					0
Total operating expenses	168	196	185	192	742	166	200	162	162	691	164	144	136	143	587	148	149	137	136	569
Operating income (loss)	(1)	(2)	(4)	2	(5)	(32)	(67)	(36)	(33)	(168)	(51)	(30)	(22)	(16)	(118)	(29)	(29)	(17)	(3)	(79)
Interest income (expense)		(3)			(3)					0	(4)	(4)	(4)	(4)	(15)	(4)	(4)	(4)	(4)	(15)
Other income (expense)	18	(0)	82	(6)	94	(5)	(22)	(24)	25	(27)	0	0	0	0	0	0	0	0	0	0
Income before income taxes	17	(5)	78	(4)	86	(38)	(89)	(61)	(8)	(195)	(55)	(33)	(25)	(20)	(133)	(33)	(33)	(21)	(7)	(94)
Income taxes	2	(2)	0	(33)	(32)	(3)	2	(4)	47	42	0	0	0	5	5	0	0	0	5	5
Net income (loss)	15	(3)	78	29	119	(35)	(91)	(56)	(55)	(238)	(55)	(33)	(25)	(25)	(138)	(33)	(33)	(21)	(12)	(99)
Preferred dividends/minority interest					0					0					0					0
Net income (loss) for shareholder	15	(3)	78	29	119	(35)	(91)	(56)	(55)	(238)	(55)	(33)	(25)	(25)	(138)	(33)	(33)	(21)	(12)	(99)
Nonrecurring/noncash adjustme	(7)	14	(66)	(23)	(82)	11	81	36	44	171	25	25	25	25	100	25	25	25	25	100
Net income (pro forma)	8	11	13	6	37	(24)	(10)	(21)	(12)	(66)	(30)	(8)	(0)	(0)	(38)	(8)	(8)	4	13	1
EBITDA	30	41	35	37	143	(7)	6	(9)	(5)	(15)	(11)	10	18	24	42	11	11	23	37	81
Shares, Basic	29	29	30	30	29	30	30	30	30	30	31	31	32	32	32	33	33	34	34	34
Shares, Diluted	30	34	33	33	33	30	30	30	30	30	31	31	32	32	32	33	33	34	34	34
EPS Basic (Pro forma)	\$0.26	\$0.38	\$0.42	\$0.20	\$1.26	(\$0.80)	(\$0.34)	(\$0.68)	(\$0.38)	(\$2.20)	(\$0.96)	(\$0.26)	(\$0.01)	(\$0.00)	(\$1.21)	(\$0.25)	(\$0.25)	\$0.13	\$0.38	\$0.03
EPS Diluted (Pro forma)	\$0.25	\$0.33	\$0.38	\$0.18	\$1.13	(\$0.80)	(\$0.34)	(\$0.68)	(\$0.38)	(\$2.20)	(\$0.96)	(\$0.26)	(\$0.01)	(\$0.00)	(\$1.21)	(\$0.25)	(\$0.25)	\$0.13	\$0.38	\$0.03
Margins																				
Gross margin	63.3%	72.9%	84.7%	87.3%	76.2%	87.4%	87.4%	87.1%	87.2%	87.3%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Marketing	12.8%	16.4%	24.8%	26.1%	19.5%	25.7%	19.2%	26.2%	28.7%	24.9%	31.0%	26.0%	26.0%	26.0%	27.2%	25.0%	25.0%	25.0%	25.0%	25.0%
Selling, general and administ	48.2%	51.9%	55.8%	56.7%	52.8%	82.5%	80.9%	82.6%	75.4%	80.4%	92.0%	81.0%	75.0%	70.0%	79.2%	81.0%	81.0%	72.0%	62.0%	73.7%
Operating margin	0%	-1%	-2%	1%	0%	-21%	-43%	-25%	-22%	-28%	-38%	-22%	-16%	-11%	-21%	-21%	-21%	-12%	-2%	-14%
Tax rate, GAAP	14%	35%	0%	892%	-37%	7%	-3%	7%	-567%	-22%	0%	0%	0%	-25%	-4%	0%	0%	0%	-73%	-5%
Net margin	6%	-1%	36%	13%	12%	-23%	-60%	-39%	-37%	-40%	-41%	-25%	-19%	-17%	-25%	-24%	-24%	-15%	-8%	-17%
Y/Y % change																				
Total Revenue	-29%	-33%	-30%	-35%	-32%	-42%	-42%	-33%	-34%	-38%	-13%	-12%	-7%	0%	-8%	5%	5%	5%	5%	5%
Gross margin	-17%	41%	13%	9%	9%	-20%	-31%	-31%	-34%	-29%	-15%	-15%	-9%	-2%	-10%	5%	5%	5%	5%	5%
Marketing	-44%	73%	69%	54%	22%	17%	-33%	-29%	-27%	-21%	5%	19%	-8%	-9%	1%	-16%	1%	1%	1%	-4%
Selling, general and administ	-39%	-4%	-4%	-1%	-15%	-1%	-10%	0%	-12%	-6%	-3%	-12%	-15%	-7%	-9%	-8%	5%	0%	-7%	-3%
Operating income (loss)	-99%	-97%	-77%	-75%	-98%	2476%	3241%	883%	-1539%	3505%	58%	-56%	-41%	-50%	-30%	-42%	0%	-22%	-81%	-33%
Net income (loss)	-107%	-95%	-580%	110%	-141%	-339%	2597%	-172%	-288%	-300%	57%	-64%	-55%	-55%	-42%	-39%	0%	-18%	-53%	-29%
EPS Diluted (Pro forma)	-115%	-135%	145%	-65%	-161%	-423%	-203%	-281%	-315%	-294%	20%	-22%	-99%	-99%	-45%	-74%	-7%	-1434%	#####	-103%

Source: Company reports and Ascendant Capital Markets estimates.

Groupon, Inc.

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
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	\$677	\$565	\$477	\$499	\$403	\$316	\$308	\$281	\$210	\$183	\$149	\$164	\$129	\$102	\$72	\$103
Short term investments									0	0	0	0	0	0	0	0
Accounts receivable, net	45	37	34	37	52	45	43	45	30	30	30	33	31	31	31	35
Prepaid expenses and other current	41	45	50	53	54	50	53	41	20	20	20	22	21	21	21	23
<u>Deferred income taxes</u>									0	0	0	0	0	0	0	0
Total current assets	763	647	562	588	509	411	403	367	260	233	199	219	181	154	124	162
Property and equipment, net	83	81	78	74	71	64	61	57	52	47	42	37	32	27	22	17
Goodwill	217	218	217	216	216	179	179	179	179	179	179	179	179	179	179	179
Intangibles, net	29	28	26	24	23	21	19	18	18	18	18	18	18	18	18	18
Deferred income taxes				63	63	61	60	14	14	14	14	14	14	14	14	14
Equity investment	36	36	123	120	120	120	120	120	120	120	120	120	120	120	120	120
<u>Other</u>	<u>274</u>	<u>99</u>	<u>83</u>	<u>73</u>	<u>69</u>	<u>62</u>	<u>47</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total assets	1,402	1,109	1,088	1,158	1,069	916	889	793	681	649	610	625	582	550	515	547
Liabilities and stockholders' equity																
Accounts payable	39	40	37	22	29	28	35	60	13	13	13	15	14	14	14	16
Accrued merchant payable	329	290	230	270	232	208	179	225	230	231	216	239	240	241	226	251
Accrued expenses	299	283	242	239	218	198	198	171	155	155	156	172	162	162	163	181
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>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>60</u>	<u>110</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>
Total current liabilities	767	713	608	631	579	494	522	531	473	475	461	501	491	493	478	522
Deferred income taxes									0	0	0	0	0	0	0	0
Other long term liabilities	128	117	107	93	81	76	45	28	28	28	28	28	28	28	28	28
Minority interest	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Long term debt</u>	<u>442</u>	<u>223</u>	<u>223</u>	<u>223</u>	<u>224</u>	<u>224</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>
Total other liabilities	569	340	330	317	305	301	270	253	253	253	253	253	253	253	253	253
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	2,261	2,258	2,266	2,294	2,301	2,308	2,317	2,323	2,323	2,323	2,323	2,323	2,323	2,323	2,323	2,323
Retained earnings	(1,258)	(1,262)	(1,184)	(1,157)	(1,192)	(1,283)	(1,339)	(1,394)	(1,449)	(1,482)	(1,508)	(1,533)	(1,566)	(1,599)	(1,620)	(1,632)
Accumulated other comprehensive (k	(14)	(18)	(11)	(5)	(1)	19	42	3	3	3	3	3	3	3	3	3
Unearned compensation									0	0	0	0	0	0	0	0
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total stockholders' equity	66	56	149	210	185	122	97	8	(46)	(79)	(104)	(129)	(162)	(196)	(216)	(228)
Total stockholders' equity and liabil	\$1,402	\$1,109	\$1,088	\$1,158	\$1,069	\$916	\$889	\$793	\$681	\$649	\$610	\$625	\$582	\$550	\$515	\$547

Balance Sheet Drivers

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	16%	17%	24%	24%	35%	33%	36%	28%	15%	15%	15%	15%	15%	15%	15%	15%
Accounts payable as % of total rev	15%	15%	17%	10%	19%	18%	24%	40%	10%	10%	10%	10%	10%	10%	10%	10%
Accrued merchant payable as % of gross	59%	48%	42%	43%	50%	45%	41%	48%	48%	48%	48%	48%	48%	48%	48%	48%
Accrued expenses as % of total rev	113%	106%	113%	107%	142%	129%	137%	116%	116%	116%	116%	116%	116%	116%	116%	116%
Activity Ratios																
A/R Days Sales Outstanding	15	13	14	15	31	26	27	27	20	20	20	20	20	20	20	20
A/P Days Payable	36	50	101	70	136	131	170	282	60	60	60	60	60	60	60	60
Merchant Days Payable	53	43	37	39	45	41	37	43	43	43	43	43	43	43	43	43
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$2.17	\$1.66	\$4.47	\$6.29	\$6.19	\$4.06	\$3.19	\$0.28	-\$1.48	-\$2.52	-\$3.27	-\$4.00	-\$4.95	-\$5.87	-\$6.39	-\$6.64
Cash per Share (diluted)	\$22.36	\$16.84	\$14.29	\$14.94	\$13.50	\$10.51	\$10.16	\$9.27	\$6.81	\$5.84	\$4.67	\$5.06	\$3.93	\$3.06	\$2.12	\$3.01
Net cash per Share (diluted)	\$4.45	\$7.23	\$4.61	\$5.25	\$2.65	\$1.05	-\$0.88	-\$0.61	-\$2.92	-\$3.73	-\$4.75	-\$4.21	-\$5.20	-\$5.93	-\$6.74	-\$5.72

Source: Company reports and Ascendant Capital Markets estimates

Groupon, Inc.

Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	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
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	14	(3)	79	30	120	(34)	(90)	(56)	(54)	(234)	(55)	(33)	(25)	(25)	(138)	(33)	(33)	(21)	(12)	(99)
Depreciation	15	17	15	17	64	15	14	13	12	54	20	20	20	20	80	20	20	20	20	80
Amortization	2	2	2	2	9	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				(34)	(34)				49	49	0	0	0	0	0	0	0	0	0	0
Stock comp	7	10	8	8	33	8	9	8	6	30	20	20	20	20	80	20	20	20	20	80
Amortization of financing	0	1	0	0	2				2	2					0					0
Tax benefit of stock option exercises					0					0	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)
Impairments			8		8		45	2	3	51										0
Other gains/losses		(0)	(91)	(0)	(91)				(29)	(29)										0
Acquisition/restructuring expens	(32)				(32)					0										0
Other			0	(0)	0			14	(6)	8					0					0
Changes in operating assets and liabilities:																				
Restricted cash					0					0					0					0
Accounts receivable	(3)	8	3	(3)	5	(16)	6	1	(1)	(10)	15	(0)	(0)	(3)	12	2	(0)	(0)	(3)	(2)
Prepaid expenses & other curre	3	3	(2)	(2)	3	3	7	(5)	14	19	21	(0)	(0)	(2)	19	1	(0)	(0)	(2)	(1)
Accounts payable	6	1	(3)	(14)	(10)	7	(1)	7	24	38	(46)	0	0	1	(45)	(1)	0	0	2	1
Accrued merchant	(77)	(41)	(58)	41	(134)	(36)	(19)	(26)	41	(39)	4	1	(15)	23	13	1	1	(15)	25	12
Accounts expenses	10	(17)	(37)	(1)	(45)	(26)	(18)	(4)	(31)	(79)	(17)	1	1	16	1	(11)	1	1	18	9
Deferred revenue					0					0					0					0
Income tax payable and other	7	(16)	1	(14)	(21)	(0)	14	0	(16)	(2)	0	0	0	0	0	0	0	0	0	0
Net cash (used in) provided by	(46)	(34)	(74.2)	31	(124)	(78)	(30)	(43)	16	(136)	(57)	(12)	(19)	30	(58)	(20)	(12)	(15)	47	(0)
Cash flow from investing activities																				
Purchases of property and equip	(12)	(12)	(13)	(12)	(50)	(13)	(9)	(8)	(6)	(36)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)
Purchases of short-term investments		4	3	0	7					0					0					0
Sale of short-term investments					0					0					0					0
Acquisitions	(1)	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(1)	(3)					0					0
Other					0					0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activ	(13)	(9)	(11.5)	(12)	(46)	(14)	(10)	(9)	(6)	(39)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)
Cash flow from financing activities																				
Issuance of debt	68	25	0		93			50		50	0	0	0	0	0	0	0	0	0	0
Repayment of debt		(253)	(1)	(0)	(254)	(0)	(41)	(0)	(35)	(77)					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	(5)	(11)	(1)	(2)	(20)	(3)	(2)	(1)	(0)	(6)					0					0
Other	(0)	(2)		(1)	(3)				(1)	(1)					0					0
Dividends and distributions					0					0	0	0	0	0	0	0	0	0	0	0
Cash provided by (used in) fina	63	(241)	(2.0)	(3)	(184)	(3)	(43)	49	(37)	(34)	0	0	0	0	0	0	0	0	0	0
Effect of exchange rate on cash a	(7)	3	(1)	7	2	(1)	(4)	(5)	1	(9)					0					0
Net increase (decrease) in cash	(4)	(281)	(88.6)	22	(352)	(96)	(87)	(8.1)	(27)	(218)	(72)	(27)	(34)	15	(118)	(35)	(27)	(30)	32	(60)
Beginning cash and equivalents	846	842	560	472	846	499	404	316	308	499	282	210	183	149	282	164	129	102	72	164
Ending cash and equivalents	842	560	472	494	499	404	316	308	282	282	210	183	149	164	164	129	102	72	103	103

Source: Company reports and Ascendant Capital Markets estimates

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Groupon, Inc.



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

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

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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	45	100%	18	40%

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