



Groupon, Inc.

Q1 miss and lowered 2022 guidance. New CEO and outlook should improve with economies reopenings. Lowering P/T to \$20.

COMPANY UPDATE

Rating: BUY

Ticker: GRPN

Price: \$15.45

Target: \$20.00
(from \$30)

Q1 miss: Groupon recently (on May 9) reported its fiscal Q1 2022 (ending March) results. Revenue was \$153 million (-42% y-o-y), compared to our estimate of \$165 million and consensus of \$166 million. EBITDA was \$(7) million, compared with our estimate of \$2 million and \$30 million (y-o-y). Pro forma EPS was \$(0.80), compared to our estimate of \$(0.40) and consensus of \$(0.52). Q1 guidance was for revenue of \$160 - 170 million, and EBITDA of breakeven.

Pandemic still impacting Local: In early Q2 2020 (starting in mid-March 2020), the world economy was shut down (due to SIP orders) and demand for Groupon's Local inventory was reduced dramatically, with local units declining 80% y-o-y in April. However, as the pandemic is ending as vaccines are being rollout throughout the world, the company is seeing significant improvements in its business. However, there is still significant quarterly volatility as COVID cases grow and ebb and with new variants. In Q1, Omicron continued to negatively impacted results particularly early in the quarter.

But merchants slow to come back: Due to increased demand and capacity issues, Groupon merchants did not need to leverage the Groupon marketplace as much in Q1.

Cost savings: Since March 2020, Groupon has executed a restructuring plan along with reducing costs during the coronavirus pandemic, which realized ~\$140 million of cost savings in 2020 and is on track for ~\$225 million in annualized cost savings. The company has identified cost savings to be a major near term focus.

New CEO: In December 2021, Groupon appointed Kedar Deshpande as the company's Chief Executive Officer replacing interim CEO Aaron Cooper. Mr. Deshpande has spent the last 10 years at Zappos in roles of escalating responsibility, culminating with his appointment to CEO.

Lowered guidance: The company lowered 2022 EBITDA guidance to \$60 - 80 million from \$112 million. The company provided initial 2022 revenue guidance of \$670 - 700 million.

Lowering estimates: We are lowering our 2022 estimates for revenue to \$700 million, from \$784 million, and for EPS to \$0.03 from \$1.53.

Rebound leverage: With new management in place (since March 2020) and now a new CEO (December 2021) and CFO (October 2021), significant cost restructuring, and a potential rebound in its business, the company has provided very broad general qualitative guidance for 15 - 20% EBITDA margins and \$100 million in annual FCF starting in 2023.

Risk/reward favorable: We acknowledge that Groupon may continue to trade in a volatile range, but believe its valuations currently still presents a favorable risk/reward based on its growth potential. With the economies of the world opening up (even if lumpy at times), 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 \$20 from \$30, which reflects a P/E of ~10x our 2023 EPS estimate of \$2.06. The P/E is about inline with our expectation for EPS growth over the next several years.

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

June 1, 2022

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$11.17 - 47.55
Shares Outstanding (million):	30
Market cap (\$million):	\$464
EV (\$million):	\$385
Debt (\$million):	\$324
Cash (\$million):	\$403
Avg. Daily Trading Vol. (\$million):	\$17
Float (million shares):	15
Short Interest (million shares):	5
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2022E</u> <u>(Cur.)</u>	<u>2022E</u> <u>(Old)</u>	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>
Q1 Mar	153A	165E	160E	181E
Q2 Jun	159E	190E	177E	206E
Q3 Sep	177E	206E	193E	223E
Q4 Dec	<u>210E</u>	<u>223E</u>	<u>210E</u>	<u>232E</u>
Total	700E	784E	740E	841E
EV/Revs	0.6x		0.5x	

Earnings per Share (pro forma)

	<u>2022E</u> <u>(Cur.)</u>	<u>2022E</u> <u>(Old)</u>	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>
Q1 Mar	(0.80)A	(0.40)E	(0.10)E	0.07E
Q2 Jun	(0.30)E	0.38E	0.59E	0.80E
Q3 Sep	0.45E	0.65E	0.87E	1.15E
Q4 Dec	<u>0.64E</u>	<u>0.82E</u>	<u>0.67E</u>	<u>0.97E</u>
Total	\$0.03E	\$1.53E	\$2.06E	\$3.00E
P/E	515x		8x	

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 9.

OVERVIEW

- Groupon recently (on May 9) reported its fiscal Q1 2022 (ending March) results.
- Revenue was \$153 million (-42% y-o-y), compared to our estimate of \$165 million and consensus of \$166 million.
- EBITDA was \$(7) million, compared with our estimate of \$2 million and \$30 million (y-o-y).
- Pro forma EPS was \$(0.80), compared to our estimate of \$(0.40) and consensus of \$(0.52).
- Q1 guidance was for revenue of \$160 - 170 million, and EBITDA of breakeven.
- The company lowered 2022 EBITDA guidance to \$60 - 80 million from \$112 million. The company provided initial 2022 revenue guidance of \$670 - 700 million.
- Initial Q2 guidance is for revenue of \$155 - 165 million, and EBITDA of \$0 - 10 million.
- We are lowering our 2022 estimates for revenue to \$700 million, from \$784 million, and for EPS to \$0.03 from \$1.53.
- We are lowering our 2023 estimates for revenue to \$740 million, from \$841 million, and for EPS to \$2.06 from \$3.00.

ADDITIONAL DETAILS

- Gross billings was \$461 million (-17% y-o-y), compared with our expectation of \$576 million and \$554 million in Q1 2021.
- Gross profit was \$134 million, compared with our expectation of \$137 million and \$167 million in Q1 2021.
- Gross margin was 87%, versus our expectation of 83% and 63% in Q1 2021.
- Operating expenses were \$166 million, compared with our expectation of \$175 million.
- Operating loss was \$32 million, versus our expectation of a loss of \$38 million.
- Pro forma net loss was \$24 million, versus our expectation of a loss of \$12 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 December 2021, Groupon appointed Kedar Deshpande as the company's Chief Executive Officer replacing interim CEO Aaron Cooper.

The company's balance sheet is relatively steady with \$403 million in cash and \$324 million in debt (~\$3/share in net cash), compared with \$499 million in cash and \$323 million in debt in December.

Exhibit 1: Groupon Q2 & 2022 Outlook (as of 5/9/22)

2Q & FY22 perspective

Q2 Outlook:

- Revenue expected to be \$155 million to \$165 million
- Adjusted EBITDA* expected to be \$0 million to \$10 million

FY Outlook:

- Revenue expected to be \$670 million to \$700 million
- Adjusted EBITDA* expected to be \$60 million to \$80 million

Factors to Consider

- April Global Local Billings in-line to slightly better than Q1 as a % of 2019
- 2H Local recovery rate assumptions (as a % of 2019):
 - Low end of guidance range: Improve slightly vs. current recovery levels
 - High end of guidance range: In-line with 2H 2021
- Outlook assumes Global Goods continues at Q1 performance levels (as % of 2019)
- Global Goods fully transitioned to a 3P marketplace; Revenue recognized on a net basis
- Marketing as % of GP to be in the low 20% range
- Expect SG&A to be in-line to slightly down versus prior year despite increased costs related to wage inflation and cloud migration



...to Unlock Sustainable Financial Model

Expect improved financial results in Full Year 2023

2023 AND BEYOND

15-20%

Sustainable Annual Adjusted EBITDA margins*



\$100M

Minimum Annual Free Cash Flow*

Source: Company reports.

Exhibit 2: Groupon Long-Term Growth Plan

All of our focus will be applied to improving **three** key areas



Reduce Cost Structure

- Incorporate operational excellence approach and challenge base-level assumptions
- Streamline our technology platform and overall operating processes
- Right-size our cost structure to ensure the right mix of variable and fixed costs



Fix Core Business

- Improve inventory density across markets
- Create a better customer experience
- Increase customer trust



Differentiate Inventory to Drive Growth

- **Grow** top line by expanding our inventory through differentiation
- **Create** curated inventory collections that combine Local inventory in new, unique ways
- **Launch** a premium beauty and wellness marketplace experience to better serve high-intent customers

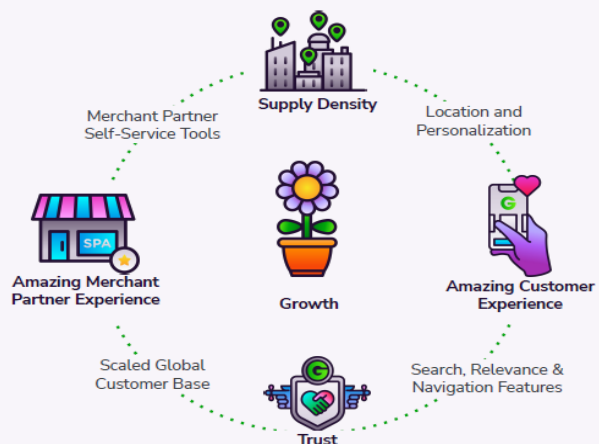
Long-Term Growth Plan

Strategy to unlock value



- **Fix our Core Business**
 - Improve Inventory Density, Customer Experience & Trust
 - Reduce our cost structure
- **Differentiate our Inventory**
 - Create unique inventory through curation
 - Expand inventory with new Beauty & Wellness marketplace

Potential to unlock marketplace flywheel and significant shareholder value



Source: Company reports.

Exhibit 3: Groupon stock price (5 years)



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

Exhibit 4: Consensus Expectations (as of May 9, 2022)

	Revenue (mils)			EPS	
	<u>2022E</u>	<u>2023E</u>		<u>2022E</u>	<u>2023E</u>
Q1 Mar	\$166E		Q1 Mar	\$(0.52)E	
Q2 Jun	\$202E		Q2 Jun	\$0.19E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$837E	\$914E	Total	\$1.26E	\$2.28E

*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-20	Jun-20	Sep-20	Dec-20	2020	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
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	374	396	304	343	1,417	264	266	214	223	967	153	159	177	210	700	160	177	193	210	740
Cost of Revenues	173	258	144	164	740	97	72	33	28	230	19	24	27	32	101	22	25	27	29	104
Gross Profit	201	137	160	179	677	167	194	181	195	737	134	135	151	179	598	138	152	166	181	637
Marketing	60	25	31	38	155	34	44	53	58	189	39	38	37	36	150	40	35	39	44	158
Selling, general and administrative	207	144	124	128	603	127	138	119	126	511	126	127	121	139	513	122	118	120	130	490
Depreciation and amortization					0					0					0					0
Restructuring and other	132	40	21	4	197	7	14	12	8	42	0			0	0					0
Total operating expenses	399	209	176	170	954	168	196	185	192	742	166	165	158	175	664	162	154	159	175	648
Operating income (loss)	(198)	(72)	(16)	9	(277)	(1)	(2)	(4)	2	(5)	(32)	(30)	(7)	4	(65)	(24)	(2)	8	6	(12)
Interest income (expense)		(2)		5	3		(3)			(3)		(4)	(4)	(4)	(12)	(4)	(4)	(4)	(4)	(16)
Other income (expense)	(22)	1	(1)	0	(21)	18	(0)	82	(6)	94	(5)	0	0	0	(5)	0	0	0	0	0
Income before income taxes	(220)	(73)	(17)	14	(295)	17	(5)	78	(4)	86	(38)	(34)	(11)	0	(83)	(28)	(6)	4	2	(28)
Income taxes	(6)	(1)	(0)	(0)	(8)	2	(2)	0	(33)	(32)	(3)	0	0	5	2	0	0	0	5	5
Net income (loss)	(214)	(72)	(16)	14	(288)	15	(3)	78	29	119	(35)	(34)	(11)	(5)	(85)	(28)	(6)	4	(3)	(33)
Preferred dividends/minority interest					0					0					0					0
Net income (loss) for shareholders	(214)	(72)	(16)	14	(288)	15	(3)	78	29	119	(35)	(34)	(11)	(5)	(85)	(28)	(6)	4	(3)	(33)
Nonrecurring/noncash adjustments	167	46	21	1	235	(7)	14	(66)	(23)	(82)	11	25	25	25	86	25	25	25	25	100
Net income (pro forma)	(46)	(27)	5	15	(53)	8	11	13	6	37	(24)	(9)	14	20	1	(3)	19	29	22	67
EBITDA	(22)	1	31	40	50	30	41	35	37	143	(7)	10	33	44	80	16	38	48	46	148
Shares, Basic	28	28	29	29	29	29	29	30	30	29	30	30	31	31	31	32	32	33	33	33
Shares, Diluted	28	28	29	30	29	30	34	33	33	33	30	30	31	31	31	32	32	33	33	33
EPS Basic (Pro forma)	(\$1.63)	(\$0.93)	\$0.16	\$0.53	(\$1.86)	\$0.26	\$0.38	\$0.42	\$0.20	\$1.26	(\$0.80)	(\$0.30)	\$0.45	\$0.64	\$0.03	(\$0.10)	\$0.59	\$0.87	\$0.67	\$2.06
EPS Diluted (Pro forma)	(\$1.63)	(\$0.93)	\$0.15	\$0.51	(\$1.86)	\$0.25	\$0.33	\$0.38	\$0.18	\$1.13	(\$0.80)	(\$0.30)	\$0.45	\$0.64	\$0.03	(\$0.10)	\$0.59	\$0.87	\$0.67	\$2.06
Margins																				
Gross margin	53.8%	34.7%	52.6%	52.1%	47.8%	63.3%	72.9%	84.7%	87.3%	76.2%	87.4%	85.0%	85.0%	85.0%	85.5%	86.0%	86.0%	86.0%	86.0%	86.0%
Marketing	16.1%	6.4%	10.3%	11.0%	10.9%	12.8%	16.4%	24.8%	26.1%	19.5%	25.7%	24.0%	21.0%	17.0%	21.5%	25.0%	20.0%	20.0%	21.0%	21.4%
Selling, general and administrative	55.4%	36.3%	40.9%	37.4%	42.6%	48.2%	51.9%	55.8%	56.7%	52.8%	82.5%	80.0%	68.0%	66.0%	73.3%	76.0%	67.0%	62.0%	62.0%	66.2%
Operating margin	-53%	-18%	-5%	3%	-20%	0%	-1%	-2%	1%	0%	-21%	-19%	-4%	2%	-9%	-15%	-1%	4%	3%	-2%
Tax rate, GAAP	3%	1%	3%	-2%	3%	14%	35%	0%	892%	-37%	7%	0%	0%	3139%	-3%	0%	0%	0%	221%	-18%
Net margin	-57%	-18%	-5%	4%	-20%	6%	-1%	36%	13%	12%	-23%	-22%	-6%	-2%	-12%	-18%	-3%	2%	-1%	-4%
Y/Y % change																				
Total Revenue	-35%	-26%	-39%	-44%	-36%	-29%	-33%	-30%	-35%	-32%	-42%	-40%	-17%	-6%	-28%	4%	11%	9%	0%	6%
Gross margin	-34%	-53%	-42%	-42%	-43%	-17%	41%	13%	9%	9%	-20%	-30%	-17%	-8%	-19%	3%	13%	10%	1%	6%
Marketing	-36%	-72%	-58%	-54%	-54%	-44%	73%	69%	54%	22%	17%	-13%	-30%	-39%	-20%	1%	-7%	4%	24%	5%
Selling, general and administrative	-2%	-32%	-37%	-32%	-25%	-39%	-4%	-4%	-1%	-15%	-1%	-8%	1%	10%	0%	-4%	-7%	-1%	-6%	-4%
Operating income (loss)	-9114%	910%	-449%	-78%	-793%	-99%	-97%	-77%	-75%	-98%	2476%	1415%	92%	84%	1300%	-25%	-94%	-209%	50%	-82%
Net income (loss)	403%	79%	-2%	-82%	1199%	-107%	-95%	-580%	110%	-141%	-339%	911%	-114%	-116%	-172%	-20%	-83%	-133%	-43%	-61%
EPS Diluted (Pro forma)	-380%	-495%	-43%	-65%	-174%	-115%	-135%	145%	-65%	-161%	-423%	-193%	20%	260%	-97%	-88%	-295%	94%	4%	7072%

Source: Company reports and Ascendant Capital Markets estimates. *Reflects a 1-for-20 Reverse Stock Split in June 2020

Groupon, Inc.																
Balance Sheet (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	\$667	\$785	\$779	\$851	\$677	\$565	\$477	\$499	\$403	\$421	\$491	\$585	\$438	\$487	\$522	\$572
Short term investments										0	0	0	0	0	0	0
Accounts receivable, net	45	55	45	43	45	37	34	37	52	35	39	47	36	39	43	47
Prepaid expenses and other current	67	52	52	40	41	45	50	53	54	24	27	32	24	26	29	32
Deferred income taxes										0	0	0	0	0	0	0
Total current assets	779	891	876	934	763	647	562	588	509	480	557	663	498	553	594	650
Property and equipment, net	103	90	88	85	83	81	78	74	71	66	61	56	51	46	41	36
Goodwill	244	212	213	215	217	218	217	216	216	216	216	216	216	216	216	216
Intangibles, net		32	31	30	29	28	26	24	23	23	23	23	23	23	23	23
Deferred income taxes									63	63	63	63	63	63	63	63
Equity investment	34	34	36	38	36	36	123	120	120	120	120	120	120	120	120	120
Other	122	110	105	110	274	99	83	73	69	69	69	69	69	69	69	69
Total assets	1,283	1,369	1,350	1,412	1,402	1,109	1,088	1,158	1,069	1,035	1,107	1,208	1,038	1,088	1,124	1,175
Liabilities and stockholders' equity																
Accounts payable	26	45	42	33	39	40	37	22	29	16	18	21	16	18	19	21
Accrued merchant payable	311	395	382	411	329	290	230	270	232	242	298	353	288	318	325	353
Accrued expenses	242	247	257	295	299	283	242	239	218	226	252	299	227	251	275	299
Deferred income tax										0	0	0	0	0	0	0
Other										0	0	0	0	0	0	0
Due related parties										0	0	0	0	0	0	0
Short term debt	150	200	200	200	100	100	100	100	100	100	100	100	100	100	100	100
Total current liabilities	729	887	881	939	767	713	608	631	579	584	668	773	631	687	719	773
Deferred income taxes										0	0	0	0	0	0	0
Other long term liabilities	143	143	144	135	128	117	107	93	81	81	81	81	81	81	81	81
Minority interest	0	(0)	(0)	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0
Long term debt	218	222	226	229	442	223	223	223	224	224	224	224	224	224	224	224
Total other liabilities	362	365	370	365	569	340	330	317	305	305	305	305	305	305	305	305
Preferred stock										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	2,323	2,330	2,338	2,348	2,261	2,258	2,266	2,294	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301
Retained earnings	(1,246)	(1,319)	(1,335)	(1,321)	(1,258)	(1,262)	(1,184)	(1,157)	(1,192)	(1,226)	(1,237)	(1,242)	(1,270)	(1,276)	(1,272)	(1,275)
Accumulated other comprehensive (loss)	37	29	18	3	(14)	(18)	(11)	(5)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Unearned compensation										0	0	0	0	0	0	0
Other										(5)	(5)	(5)	(5)	(5)	(5)	(5)
Total stockholders' equity	191	118	99	108	66	56	149	210	185	146	135	130	102	96	100	97
Total stockholders' equity and liabilities	\$1,283	\$1,369	\$1,350	\$1,412	\$1,402	\$1,109	\$1,088	\$1,158	\$1,069	\$1,035	\$1,107	\$1,208	\$1,038	\$1,088	\$1,124	\$1,175

Balance Sheet Drivers

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	18%	13%	17%	12%	16%	17%	24%	24%	35%	15%	15%	15%	15%	15%	15%	15%
Accounts payable as % of total rev	7%	11%	14%	10%	15%	15%	17%	10%	19%	10%	10%	10%	10%	10%	10%	10%
Accrued merchant payable as % of gross	39%	68%	64%	65%	59%	48%	42%	43%	50%	50%	50%	50%	50%	50%	50%	50%
Accrued expenses as % of total rev	65%	62%	85%	86%	113%	106%	113%	107%	142%	142%	142%	142%	142%	142%	142%	142%
Activity Ratios																
A/R Days Sales Outstanding	11	12	13	11	15	13	14	15	31	20	20	20	20	20	20	20
A/P Days Payable	14	16	26	18	36	50	101	70	136	60	60	60	64	64	64	64
Merchant Days Payable	35	61	58	58	53	43	37	39	45	45	45	45	45	45	45	45
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$6.74	\$4.14	\$3.35	\$3.63	\$2.17	\$1.66	\$4.47	\$6.29	\$6.19	\$4.80	\$4.36	\$4.13	\$3.19	\$2.96	\$3.03	\$2.90
Cash per Share (diluted)	\$23.51	\$27.54	\$26.46	\$28.67	\$22.36	\$16.84	\$14.29	\$14.94	\$13.50	\$13.86	\$15.92	\$18.65	\$13.76	\$15.04	\$15.88	\$17.15
Net cash per Share (diluted)	\$10.52	\$12.73	\$12.00	\$14.19	\$4.45	\$7.23	\$4.61	\$5.25	\$2.65	\$3.19	\$5.43	\$8.33	\$3.60	\$5.04	\$6.03	\$7.44

Source: Company reports and Ascendant Capital Markets estimates

Groupon, Inc.

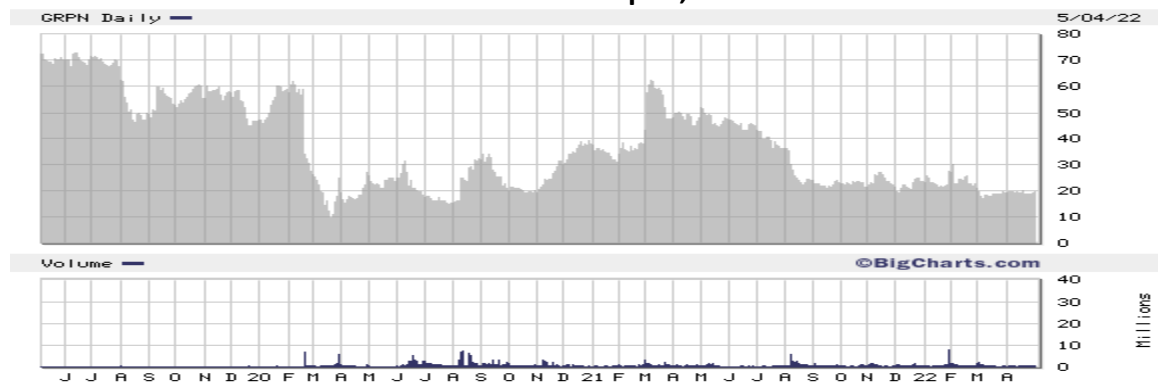
Cash Flow Statement (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(210)	(73)	(17)	14	(286)	14	(3)	79	30	120	(34)	(34)	(11)	(5)	(85)	(28)	(6)	4	(3)	(33)
Depreciation	23	22	16	17	78	15	17	15	17	64	15	20	20	20	75	20	20	20	20	80
Amortization	3	2	2	2	10	2	2	2	2	9	2	0	0	0	2	0	0	0	0	0
Provision for accounts receivable					0					0					0					0
Deferred income taxes				(7)	(7)				(34)	(34)		0	0	0	0	0	0	0	0	0
Stock comp	14	9	8	8	39	7	10	8	8	33	8	20	20	20	68	20	20	20	20	80
Amortization of financing	4	4	4	4	15	0	1	0	0	2					0					0
Tax benefit of stock option exercises					0					0		(20)	(20)	(20)	(60)	(20)	(20)	(20)	(20)	(80)
Impairments	139	14		4	157			8		8					0					0
Other gains/losses	1				1		(0)	(91)	(0)	(91)					0					0
Acquisition/restructuring expense			3		3	(32)				(32)					0					0
Other	7	5	6	5	22			0	(0)	0					0					0
Changes in operating assets and liabilities:																				
Restricted cash					0					0					0					0
Accounts receivable	8	(9)	10	4	14	(3)	8	3	(3)	5	(16)	17	(4)	(7)	(10)	11	(4)	(4)	(4)	0
Prepaid expenses & other curre	13	15	0	13	42	3	3	(2)	(2)	3	3	30	(3)	(5)	25	8	(3)	(3)	(3)	0
Accounts payable	6	19	(4)	(9)	11	6	1	(3)	(14)	(10)	7	(13)	2	3	(1)	(5)	2	2	2	0
Accrued merchant	(223)	80	(20)	21	(143)	(77)	(41)	(58)	41	(134)	(36)	10	55	56	85	(66)	30	7	28	0
Accounts expenses	(12)	5	10	34	36	10	(17)	(37)	(1)	(45)	(26)	8	26	47	55	(72)	24	24	24	0
Deferred revenue					0					0					0					0
Income tax payable and other	(8)	(5)	(15)	(28)	(56)	7	(16)	1	(14)	(21)	(0)	0	0	0	(0)	0	0	0	0	0
Net cash (used in) provided by	(236)	87	5	81	(64)	(46)	(34)	(74.2)	31	(124)	(78)	38	86	109	154	(131)	63	50	65	47
Cash flow from investing activities																				
Purchases of property and equip	(11)	(14)	(12)	(12)	(49)	(12)	(12)	(13)	(12)	(50)	(13)	(15)	(15)	(15)	(58)	(15)	(15)	(15)	(15)	(60)
Purchases of short-term investr	32				32		4	3	0	7					0					0
Sale of short-term investments					0					0					0					0
Acquisitions	(1)	(1)	(1)	(1)	(4)	(1)	(1)	(1)	(1)	(3)	(1)				(1)					0
Other					0					0		0	0	0	0	0	0	0	0	0
Net cash used in investing activ	20	(16)	(12)	(13)	(21)	(13)	(9)	(11.5)	(12)	(46)	(14)	(15)	(15)	(15)	(59)	(15)	(15)	(15)	(15)	(60)
Cash flow from financing activities																				
Issuance of debt	150			(1)	149	68	25	0		93		0	0	0	0	0	0	0	0	0
Repayment of debt	(3)	(3)	(3)	(1)	(9)		(253)	(1)	(0)	(254)	(0)				(0)					0
Issuance of stock					0					0		0	0	0	0	0	0	0	0	0
Repurchase of common stock					0					0					0					0
Proceeds from stock option exe	(2)	(4)	(1)	(2)	(9)	(5)	(11)	(1)	(2)	(20)	(3)				(3)					0
Other		49			49	(0)	(2)		(1)	(3)					0					0
Dividends and distributions	(4)	0	1	0	(3)					0		0	0	0	0	0	0	0	0	0
Cash provided by (used in) fina	141	43	(4)	(4)	177	63	(241)	(2.0)	(3)	(184)	(3)	0	0	0	(3)	0	0	0	0	0
Effect of exchange rate on cash a	(9)	3	5.0	7	7	(7)	3	(1)	7	2	(1)				(1)					0
Net increase (decrease) in cash	(85)	118	(6)	72	98	(4)	(281)	(88.6)	22	(352)	(96)	23	71	94	91	(146)	48	35	50	(13)
Beginning cash and equivalents	747	663	780	774	747	846	842	560	472	846	494	398	421	491	494	585	438	487	522	585
Ending cash and equivalents	663	780	774	846	846	842	560	472	494	494	398	421	491	585	585	438	487	522	572	572

Source: Company reports and Ascendant Capital Markets estimates

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Groupon, Inc.



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

Report	Report Date	Rating	Price 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

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Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

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 Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of April 17, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	13	32%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	13	31%

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