

Groupon, Inc.

NASDAQ: GRPN

Raising Our Price Target To >\$88 Following Recent News That Shows Groupon's ~5% Stake In SumUp Is Likely Worth More Than Its Entire Market Cap

The recent news of SumUp seeking to raise capital at a \$22.5B valuation validates our original thesis and significantly increases the upside for Groupon ("GRPN" or the "Company"). This is the first ever public data point discussing SumUp's valuation and GRPN's windfall could be greater than \$1B, which exceeds its entire current market value. We expect this news to set off a series of catalysts that will propel GRPN shares significantly higher in short order.

Summary Highlights:

- Based on recent news that SumUp is seeking to raise capital at a \$22.5Bn valuation, Groupon's ~5% stake in SumUp could be worth >\$1Bn, which is more than Groupon's entire current market capitalization and is almost 4.2x higher than our original base case estimate
- Based on our revised valuation for Groupon's SumUp stake, we are raising our price target for Groupon shares to >\$88/share, 225% higher than the current share price
- We believe the recent news of SumUp's proposed funding round will set off a series of catalysts that will result in a rapid increase in Groupon shares. These catalysts include 1) public confirmation by Groupon of its ownership percentage in SumUp, 2) increased price targets from sell side analysts, 3) incremental investments from value and arbitrage funds and 4) covering by crowded short sellers
- **We urge Groupon to publicly disclose its ownership percentage in SumUp and update the market on a path toward stake monetization and plans for the proceeds (e.g. special dividend, share buyback, etc.).**

DATE OF REPORT
01/31/22

SHARE PRICE
\$27.11

AVG DAILY VOL
1.8 mil

MARKET CAP
\$801 mil

SHORT INTEREST
13.9%

On 01/26/2022, [Bloomberg](#) broke news that SumUp is seeking to raise new money that would value the mobile payments company at ~\$22.5 billion. In our initial [report](#), we estimated that Groupon owned ~5% of SumUp.¹ Independently, a large shareholder recently informed us that **former Groupon CEO Mr. Aaron Cooper confirmed to them last year that Groupon's SumUp ownership stake was in the "mid-single-digits."**

Based on an estimated ownership of 5% and the proposed \$22.5 billion valuation, we calculate that Groupon's stake could be worth >\$1 billion. In other words, **the market is currently assigning negative value to Groupon's core business** which is amidst a major turnaround, flush with cash, and poised for growth with a new ambitious CEO.

¹ See Appendix A for our assumptions to calculate Groupon's ownership percentage in SumUp.

Inclusive Of A Mid-Single Digits SumUp Stake, The Market Assigns A Negative Value To Groupon's Core Business

(\$ in millions)		GRPN's SumUp Stake Value	GRPN's Current Enterprise Value	Implied GRPN Core Business Valuation
	4.0%	\$900.0	\$877.5	(\$22.5)
Groupon's SumUp Ownership	4.5%	\$1,012.5	\$877.5	(\$135.0)
	5.0%	\$1,125.0	\$877.5	(\$247.5)
	5.5%	\$1,237.5	\$877.5	(\$360.0)

Source: €20.0 billion = ~\$22.5 billion, [Bloomberg](#), Groupon ownership of "mid-single digits"

Based on the new SumUp information, we are significantly raising our estimates for Groupon's fair market value. We value Groupon's core business at 6.0x (above current levels, but well below the historical average) our FY 23 adj. EBITDA of \$286.6 million, or \$55.35/share + the SumUp stake at \$1,125.0 million, or \$32.83/share, resulting in a **base case price target of \$88.17**. A more bullish case, assuming FY 23 adj. EBITDA of \$340.9 million and an 8.0x multiple (in-line with historical levels) + \$32.83/share for SumUp, results in a **bull case price target of \$117.58**.

Groupon Shares Are Worth Multiples of the Current Price

(\$ in millions)	Base	Bull
FY 23 adj. EBITDA	\$286.6	\$340.9
EV/EBITDA multiple	6.0x	8.0x
Enterprise value	\$1,719.6	\$2,727.1
Net cash	\$177.0	\$177.0
Equity value	\$1,896.6	\$2,904.1
Shares outstanding (diluted)	34.3	34.3
Core business share price [a]	\$55.35	\$84.75
Value of Groupon's SumUp investment	\$1,125.0	\$1,125.0
Shares outstanding (diluted)	34.3	34.3
SumUp investment share price [b]	\$32.83	\$32.83
Price Target [a] + [b]	\$88.17	\$117.58
Current price	\$27.11	\$27.11
% Upside	225.2%	333.7%

Source: Prescience Point estimates

[b] SumUp investment price-per-share assumes a €20 billion total SumUp valuation (~\$22.5 billion) and a 5% GRPN stake. Share count assumes ~1.0 mil of additional share dilution in FY 22 and FY 23.

The Large Disconnect Between Groupon's Share Price And Fundamental Value Should Close Quickly

Until recently, the market has been slow to wake up to the fact that Groupon is an arbitrage opportunity and one of, if not the most, undervalued companies in the technology sector. However, we believe the recent news of SumUp's proposed funding round, which confirms the significant value of Groupon's SumUp stake, will be the spark that sets off a series of positive catalysts that will drive Groupon shares significantly higher in short order. These catalysts include the following:

- **Public confirmation by Groupon of its ownership percentage in SumUp:** Although former CEO Mr. Aaron Cooper recently confirmed to a major shareholder that GRPN owns a "mid-single digits" stake in SumUp, Groupon has not publicly disclosed its current ownership percentage in this business. However, given the significant and increasing size and importance of its SumUp stake, we believe Groupon should and will soon confirm its ownership percentage in SumUp either at its upcoming Q4 2021 earnings call and/or via a press release. We believe the removal of this uncertainty will catalyze a major re-rating of Groupon's equity.

In addition to publicly confirming its ownership percentage in SumUp, we believe the Company should also begin to discuss with the market a path toward monetization. In our original [report](#), we hypothesized that SumUp would look to IPO within the next three years. Given the size of this equity funding round (€500 million) compared to previous equity rounds (less than \$20 million), we believe our thesis is correct and Groupon could monetize its stake via SumUp's IPO. After monetization, the Company could then issue a special dividend and/or initiate a large share repurchase program.

- **Upgrades and increased price targets from sell-side analysts:** Now that the significant value of SumUp has been confirmed, we believe that sell-side analysts covering Groupon will have no choice but to incorporate SumUp in their valuation models, which should result in a series of analyst upgrades and increased price targets. The gross negligence of sell-side analysts covering Groupon is confounding. None of these analysts have ever discussed Groupon's SumUp stake or included it in their valuation analysis. Groupon even wrote up the book value of its SumUp investment by ~\$90 million last quarter, yet there has been silence from the sell-side. When this new funding round closes, Groupon will have to write up its stake once again and by a massive amount. It's inexcusable for the analysts at JP Morgan ([Mr. Douglas Anmuth](#)), Barclays ([Mr. Trevor Young](#)), and Wedbush ([Mr. Ygal Arounian](#)) to have missed something this big.²
- **Incremental buying from value and arbitrage funds:** As discussed earlier, at the current share price of \$27.11, the market is currently assigning negative value to Groupon's core business. As such, we believe Groupon is an ideal investment for both value and arbitrage investors. The recent media attention around the SumUp stake has drawn more eyes to Groupon, and we expect this increased attention will soon result in a significant increase in investments from value and arbitrage funds.
- **Significant covering by crowded shorts who have overplayed their hand:** In our original [report](#), we discussed that Groupon's short interest was more crowded than it appeared as Groupon co-founder Mr. Eric Lefkowsky owned ~16.3% of the float had not sold any shares since 2019 despite opportunities to divest at multiples of the current share price. Over the last several months, Groupon's shareholder base has become increasingly concentrated with large new investors that share our enthusiasm and conviction in Groupon's near and long-term business prospects. We estimate that ~45% of the current float is held by Mr. Lefkowsky and investment managers who share our conviction in Groupon's business. As such, we believe the current short interest of 13.9% of total float is significantly more crowded than it appears, and short covering will catalyze further upside momentum.

² See Appendix B for our Twitter [thread](#) for more background on SumUp and the negligence of these sell-side analysts.

Groupon is also an incredibly attractive acquisition target at these levels and the recent media attention could spark interest from potential acquirors. Now that Groupon's business has stabilized, strategic acquirors will begin to see the immense value in its core user base, unique marketplace of inventory, and merchant relationships. The SumUp stake also creates a rare special situation for a take private transaction. Groupon has an ~\$800 million market cap, trading at trough multiples on trough earnings, minimal debt, a big cash balance, and we estimate will do run-rate free cash flow per annum of at least \$150 million to \$200 million, plus a massive pending cash inflow from monetizing its SumUp stake. The return on investment would be massive.

Appendix A: Groupon's SumUp Investment

The timeline of publicly available information related to Groupon's investment in SumUp is as follows:

- **SumUp's Press Release announcing Series B (June 2013):** In a [Press Release](#) on 05/28/13, SumUp announced Groupon was a new investor in its Series B funding round.
- **Groupon disclosed Series B stake:** In its [Q1 13 10Q](#), Groupon disclosed it had acquired a 10.3% ownership interest in a non-U.S.-based payment processor (SumUp) for \$13.1 million.

In February 2013, the Company acquired a 10.3% ownership interest in a non-U.S.-based payment processor for \$13.1 million. ([Q1 13 10Q](#))

- **Groupon disclosed Series C investment:** In its [FY 14 10K](#), Groupon disclosed it purchased an additional \$2.1 million preferred shares in SumUp for \$2.1 million. However, the incremental ownership acquired was not disclosed.

In February 2013, the Company purchased preferred shares in a non-U.S.-based payment processor for \$13.6 million. The Company purchased \$2.1 million of additional preferred shares from that entity in July 2014. ([FY 14 10K](#))

- **Groupon sold half of stake to raise liquidity during pandemic:** In Q1 20, Groupon sold 50% of its stake in an other equity method investment for \$34.0 million, which we believe to be SumUp. Groupon valued its remaining SumUp ownership stake at \$33.7 million. Based on the sale and previous disclosures, we estimate Groupon now has a ~5% ownership interest in SumUp.

During the first quarter 2020, we sold 50% of our shares in an other equity investment for total cash consideration of \$34.0 million, which approximated cost adjusted for observable price changes as of December 31, 2019. In addition, we recorded a \$6.7 million impairment during the first quarter 2020 to an other equity method investment as a result of revised cash flow projections and a deterioration in financial condition due to COVID-19. ([Q1 20 10Q](#))

- **Groupon wrote up its SumUp investment by 3.5x:** In Q3 21, Groupon wrote up its investment in a "mobile payments company" (i.e., SumUp) by \$89.1 million to \$122.9 million. Groupon attributed the write up to "an observable price change in an orderly transaction" and classified it as an unrealized gain excluded from adjusted EBITDA and Earnings.

During the third quarter 2021, we adjusted the carrying value of an other equity investment in a mobile payments company due to an observable price change in an orderly transaction, which resulted in an unrealized gain of \$89.1 million for the three and nine months ended September 30, 2021. ([Q3 21 10Q](#)) [emphasis added]

SumUp has not raised equity since 2017 to avoid dilution, issued debt instead

We believe SumUp has raised up to ~\$70m in Series A-E funding rounds from 2012 through 2017. Recently, SumUp has issued debt to finance growth initiatives and raised over \$1.2B since July 2019.

(\$/€ in millions)	Date	Capital Raised	Investors / Lenders
Series A	8/23/12	\$20.0	Btov Partners, Daniel Guenberg, HV Capital, Klaus Hommels, Shortcut Ventures, TA Ventures, TEV Ventures
Series B	5/28/13	\$17.2	Groupon , American express, BBVA Ventures, Btov Partners, Klaus Hommels, Propel Venture Partners, Short Ventures, TEV Ventures
Series C	8/15/14	\$13.0	Groupon , BBV Ventures, Life.SREDA VC, Raffay, Rancilio Cube
Later Stage VC	6/10/15	€10.0	VI Partners
Series D	8/27/15	€10.0	Groupon , American express, BBVA Ventures, RTP Global, Seventure Partners
Series E	5/01/17	Undisclosed	Alberto Chalon, Anya Capital, Cenciarini, Seven Investments, VIS Capital
Debt Raise #1	7/16/19	€330.0	Bain Capital Specialty Finance, Bain Capital Credit, Barclays, Goldman Sachs Asset Management, Goldman Sachs Growth Equity, HPS investment Partners, Sixth Street Partners
Debt Refinancing & Raise #2	3/16/21	€750.0	Oaktree Specialty Lending, Oaktree Strategic Income II, Oaktree Capital Management, Bain Capital Credit, Crestline Investors, Tesamek Holdings, Goldman Sachs

Source: Crunchbase & Press Releases

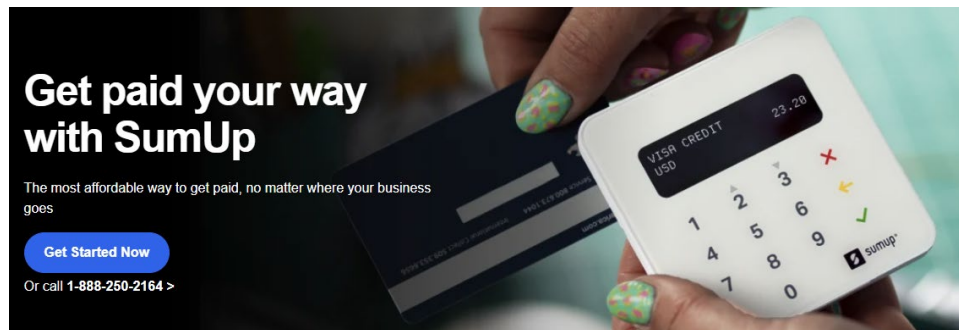
Appendix B: Background on SumUp & Negligence from Sell-Side

[1] This is why Wall St research is 🧐'ing. Incompetent analysts covering \$GRPN at @jpmorgan @barclays @wedbush failed to attribute any value to \$GRPN's stake in @SumUp when \$GRPN was just forced to mark up its stake \$90m, now a \$123m asset on its balance sheet \$GRPN has >167% upside

[2] Over the past week we've heard from many \$GRPN investors that are unfamiliar w/ SumUp's biz & \$GRPN's stake. Frankly this is unsurprising as @SumUp generally avoids the public eye & operates outside the US, primarily in Europe & LatAm



[4] First things first. What does @SumUp do? SumUp provides mobile point of sale "mPOS" hardware & software that allows merchants to accept card payments online & in-person (think @Square). SumUp charges a small fee for hardware & ~1.5% to 2.75% of all card transactions



[5] How is @SumUp unique? While mPOS competitors cobble together different pymt platforms via M&A to satisfy varying local banking regs, SumUp built a single platform mPOS ecosystem to be easily deployed across borders. This creates a real moat that the competition doesn't have.

[6] Take it straight from the horse's mouth. SumUp's co-founder called the business "The @Square of the World." SumUp's single platform already operates in 34 countries across multiple continents. Not all mPOS platforms are created equal & @SumUp was developed for global expansion

Video link: <https://www.youtube.com/watch?v=jjHOJlGn2Gw>

[7] Why isn't @Square a threat to @SumUp? While \$SQ pitches Intl. expansion as a \$2.9T opp, it's too late. \$SQ rev is ~97% US, and \$SQ underestimates the complexity/time req. to satisfy Intl. regulations. Plus, \$SQ isn't even competitive w/ SumUp pricing. Why would merchants switch?

Square Charges Merchants 2.6% And A Fixed Fee, >50% Expensive Than SumUp... Why Would Merchant's Switch?

Square's Fees and Accepted Cards

What are your fees?

Square's standard processing fee is 2.6% + 10¢ for contactless payments, swiped or inserted chip cards, and swiped magstripe cards. Payments that are manually keyed-in, processed using **Card on File**, or manually entered using **Virtual Terminal** have a 3.5% + 15¢ fee. **Invoices** cost 2.9% + 30¢ or 3.5% + 15¢ if processed using Card on File.

Source: Square

SumUp's UK Transaction Fee Is A Fraction Of What Square Charges And Excludes A Per Transaction Fixed Fee

Flexible

No binding contracts or hidden costs. Just a fixed low fee per transaction.

Affordable

High-tech, low-cost card readers and remote payment solutions.

Simple

Sign up online in minutes. Manage your profile with the free **SumUp App**.

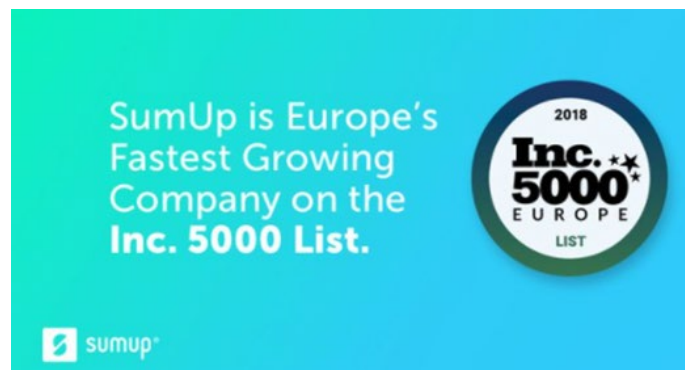
A card reader to suit every business

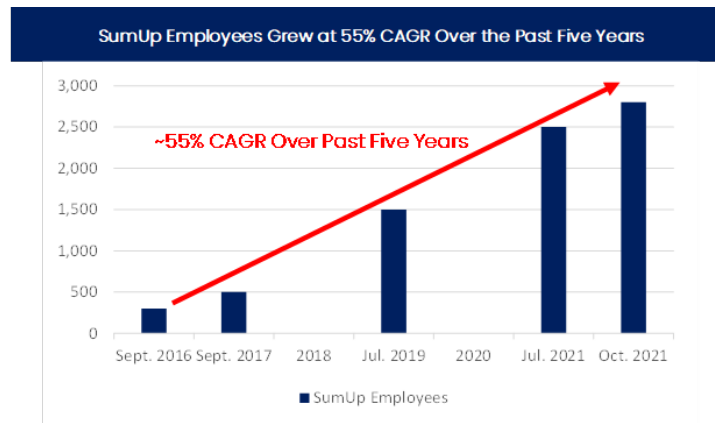
Accept card, contactless, Apple and Google Pay for just **1.69% per transaction** anytime, anywhere.

*UK Pricing

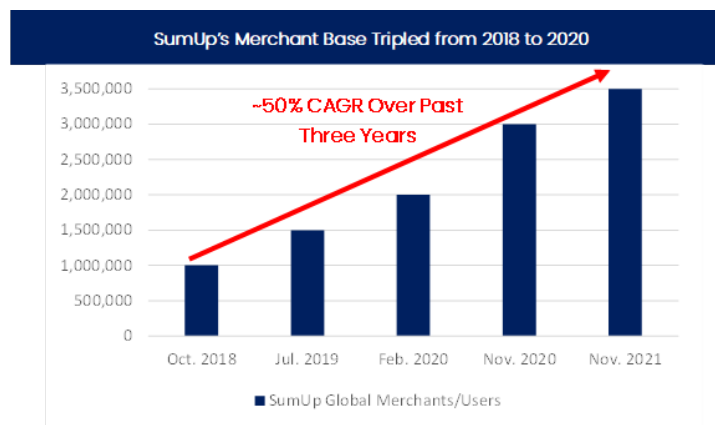
Source: <https://sumup.co.uk/>

[8] How fast is @SumUp growing? In the hundreds of docs we reviewed, SumUp seldomly disclosed KPIs. But, after aggregating these sporadic disclosures, a sustained +50% organic growth CAGR is undeniable. No wonder SumUp was crowned Europe's fastest growing Company!

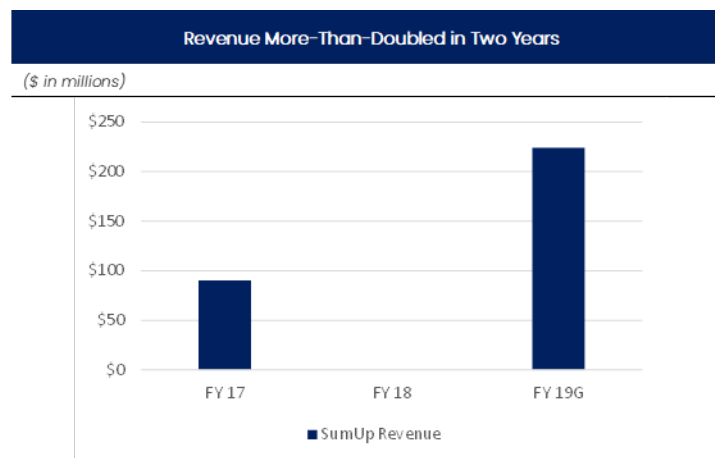




Source: Press Releases, News Articles



Source: Press Releases, News Articles



Source: Press Releases.

[9] Shockingly, our estimate of 50% rev growth may be too conservative. In July 2019 @SumUp execs said rev doubled in two consecutive years (i.e., 4X in 2 yrs). \$GRPN holds a hidden jewel that would make top VC firms envious. Truly a once in a blue moon opp. for public mkt investors

Video link: <https://www.youtube.com/watch?v=5BGuncS8SEI&t=234s>



Source: NOAH Conference Presentation, 07/13/19

[10] What is \$GRPN's @SumUp stake worth? We believe \$GRPN's investment in SumUp is worth multiples of its current book value of ~\$123 million, and may be worth upwards of \$480 million, providing massive upside few recognize.

SumUp is Worth at Least Mid-Single Digit Billions		
(\$ in millions)	Base	Bull
FY 22 SumUp revenue estimate	\$570.2	\$705.0
EV/Sales multiple	11x	15x
Enterprise value	\$6,272.7	\$10,574.6
Net debt ¹	\$900.0	\$900.0
Equity value	\$5,373.2	\$9,674.6
Groupon ownership stake in SumUp	5.0%	5.0%
Value of Groupon's SumUp investment	\$268.6	\$483.7

Source: Prescience Point estimates

[10] While @SumUp is tight lipped about its parabolic growth, \$GRPN has disclosed its SumUp investment multiple times; it should be common knowledge. \$GRPN wrote up the book value of its @SumUp investment twice in the past two years and mentioned it by name as recently as Q4 19.

Groupon Called Out SumUp Investment by Name as Recently as Q4 19

Fourth Quarter 2019 Summary

North America

- North America gross profit in the fourth quarter 2019 decreased 16% to \$207.3 million primarily due to fewer customers, lower traffic and increased competition in our Goods category. The decrease was partially offset by higher gross profit per customer. In Local, gross profit decreased 6% to \$169.7 million. Goods gross profit decreased 45% to \$30.6 million. Gross profit in Travel decreased 41% to \$6.9 million.

- North America active customers were 26.5 million as of December 31, 2019, and gross profit per active customer increased 5% for the year ended December 31, 2019.

International

- International gross profit in the fourth quarter 2019 decreased 13% to \$102.8 million (11% FX-neutral) driven by intense competition in our Goods category, weak consumer sentiment in Europe, particularly in the United Kingdom, and a customer shift toward lower margin Local offerings. Local gross profit decreased 8% (6% FX-neutral). Goods gross profit decreased 28% (26% FX-neutral). Gross profit in Travel decreased 14% (11% FX-neutral).
- International active customers were 17.1 million as of December 31, 2019, and gross profit per active customer decreased 10% (5% FX-neutral) for the year ended December 31, 2019.

Consolidated

- Revenue was \$612.3 million in the fourth quarter 2019, down 23% (23% FX-neutral).
- Gross profit was \$310.0 million in the fourth quarter 2019, down 15% (15% FX-neutral).
- SG&A was \$187.7 million in the fourth quarter 2019 compared with \$194.6 million in the fourth quarter 2018. The decrease was primarily driven by lower performance-based compensation, partially offset by an increase in stock-based compensation.
- Marketing expense declined by 25% to \$82.1 million in the fourth quarter 2019 as we continued to manage our marketing spend in line with our payback threshold.
- Other income, net was \$39.3 million in the fourth quarter 2019, compared with \$13.2 million of Other expense, net in the fourth quarter 2018 driven primarily by an observable price change for our **SumUp** investment in the fourth quarter 2019.

Source: Q4 19 Earnings Release

[11] In Q3 21, \$GRPN reported the highest seasonal GAAP EPS in its history! Glancing at the Income Statement, the @SumUp writeup is brazenly obvious! Yet, neither of the two analysts on the earnings call asked about @SumUp or discussed it in post-earnings notes.

	Three Months Ended September 30,	
	2021	2020
Revenue:		
Service	\$ 190,976	\$ 155,073
Product	15,195	148,946
Total revenue	214,171	304,019
Cost of revenue:		
Service	15,127	17,665
Product	33,605	126,992
Total cost of revenue	92,732	143,997
Gross profit	181,439	160,022
Operating expenses:		
Marketing	53,159	31,386
Selling, general and administrative	119,494	124,257
Goodwill impairment	—	—
Long-lived asset impairment	—	—
Restructuring and related charges	12,483	20,559
Total operating expenses	185,136	176,202
Income (loss) from operations	(3,697)	(16,180)
Other income (expense), net	82,533	(867)
Income (loss) from continuing operations before provision (benefit) for income taxes	78,836	(17,047)
Provision (benefit) for income taxes	135	(486)
Income (loss) from continuing operations	78,701	(16,561)
Income (loss) from discontinued operations, net of tax	—	—
Net income (loss)	78,701	(16,561)
Net (income) loss attributable to noncontrolling interests	(554)	291
Net income (loss) attributable to Groupon, Inc.	\$ 78,147	\$ (16,270)
Basic net income (loss) per share:		
Continuing operations	\$ 1.04	\$ (0.97)

[12] At this point, you may be asking yourself, "How the hell could professional analysts who are paid to follow \$GRPN miss this goldmine!?" The existence of \$GRPN's @SumUp stake is not an opinion, it's a fact, and its omission by these purported "experts" borders on gross negligence

[13] Just as inept, JP Morgan & Barclays lowered their \$GRPN price targets 2 weeks ago, but neither accounted for @SumUp in their \$GRPN valuation. We won't quibble about their core biz estimates, but how can a firm propagate price targets of a biz they don't fully understand

JP Morgan Left Long-Term Investment Line-Item Blank Following A ~\$90m Write-Up					
Balance Sheet & Cash Flow Statement	FY19A	FY20A	FY21E	FY22E	FY23E
Cash and cash equivalents	751	851	552	705	926
Accounts receivable	55	43	41	46	56
Inventories	-	-	-	-	-
Other current assets	82	40	47	65	74
Current assets	888	934	640	816	1,056
PP&E	125	85	80	91	106
LT investments	-	-	-	-	-
Other non current assets	574	392	448	448	448
Total assets	1,587	1,412	1,169	1,355	1,610

Source: JP Morgan Groupon Research Note 11.07.21

Barclay's Truncated Balance Sheet Model Omits Investments Line Item					
Groupon, Inc. (GRPN)					
Income statement (\$mn)	2020A	2021E	2022E	2023E	CAGR
Revenue	1,417	963	955	1,114	-7.7%
Gross profit	677	733	830	978	13.0%
EBITDA (adj)	50	134	172	225	65.4%
EBIT (adj)	-277	-8	56	96	N/A
Pre-tax income (adj)	-255	125	98	145	N/A
Net income (adj)	-264	120	86	130	N/A
EPS (adj) (\$)	-9.17	3.79	2.53	3.75	N/A
Diluted shares (mn)	28.8	31.6	34.0	34.6	6.3%
DPS (\$)	0.00	0.00	0.00	0.00	N/A
Margin and return data					Average
EBITDA (adj) margin (%)	3.5	13.9	18.0	20.2	13.9
EBIT (adj) margin (%)				8.6	-1.5
Pre-tax (adj) margin (%)				13.0	4.5
Net (adj) margin (%)				11.6	3.6
ROIC (%)				21.8	-10.0
ROE (%)	-114.7	67.6	25.1	28.5	1.9
Balance sheet and cash flow (\$mn)					CAGR
Tangible fixed assets	85	70	48	29	-29.9%
Intangible fixed assets	30	26	26	26	-5.0%
Cash and equivalents	851	555	666	838	-0.5%
Total assets	1,412	1,119	1,216	1,376	-0.8%
Short and long-term debt	229	223	223	223	-0.9%
Other long-term liabilities	135	107	107	107	-7.5%
Total liabilities	1,074	742	745	765	-10.7%
Shareholders' equity	108	154	248	389	53.4%
Net debt/(funds)	-10	4	-134	-256	N/A

Where is SumUp?? Barclays doesn't even include an other assets or long-term investments line item!

Source: Barclays Groupon Post Q3 Model Update 12.10.21

[14] Recently lowered price targets are downright laughable. \$GRPN's @SumUp stake alone could be worth more than the market is currently valuing all of \$GRPN. Meanwhile, \$GRPN stands at the precipice of the most favorable growth prospects & leanest cost structure in its history.

[15] As the old adage goes "In the land of the blind, the one-eyed man is king." We hope this thread will open the eyes of @JPMorgan @Wedbush & @Barclays, for a halfway competent sell-side would represent a marked improvement from the current predicament where the blind lead the blind

Disclaimer

This research report expresses our research opinions, which we have based upon certain facts, all of which are based upon publicly available information, and all of which are set out in this research report. Any investment involves substantial risks, including complete loss of capital. Any forecasts or estimates are for illustrative purpose only and should not be taken as limitations of the maximum possible loss or gain. Any information contained in this report may include forward looking statements, expectations, and projections. You should assume these types of statements, expectations, and projections may turn out to be incorrect for reasons beyond Prescience Point Capital Management's ("Prescience Point") control. This report should only be considered in its entirety. Each section should be read in the context of the entire report, and no section, paragraph, sentence or phrases is intended by its authors to stand alone or to be interpreted in isolation without reference to the rest of the report. The section headings contained in this report are for reference purposes only and may only be considered in reference to the detailed statements of opinions in their respective sections. This is not investment advice nor should it be construed as such. Use of Prescience Point's research is at your own risk. You should do your own research and due diligence before making any investment decision with respect to securities covered herein.

You should assume that as of the publication date of any report or letter, Prescience Point (possibly along with or through our members, partners, affiliates, employees, and/or consultants) along with our clients and/or investors has a long position in all stocks and warrants (and/or are long call/short put options of the stock) covered herein, including without limitation Groupon Inc ("GRPN"), and therefore stands to realize significant gains in the event that the price of its stock increases. Following publication of any report or letter, we intend to continue transacting in the securities covered therein, and we may be long, short, or neutral at any time hereafter regardless of our initial recommendation.

This is not an offer to sell or a solicitation of an offer to buy any security, nor shall any security be offered or sold to any person, in any jurisdiction in which such offer would be unlawful under the securities laws of such jurisdiction.

To the best of our ability and belief, as of the date hereof, all information contained herein is accurate and reliable and does not omit to state material facts necessary to make the statements herein not misleading, and all information has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer, or to any other person or entity that was breached by the transmission of information to Prescience Point. However, Prescience Point recognizes that there may be non-public information in the possession of GRPN or other insiders of GRPN that has not been publicly disclosed by GRPN. Therefore, such information contained herein is presented "as is," without warranty of any kind – whether express or implied. Prescience Point makes no other representations, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results to be obtained from its use.