

Groupon, Inc.
Form 10-Q
May 15, 2012
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 1-353335

Groupon, Inc.
(Exact name of registrant as specified in its charter)
Delaware 27-0903295
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

600 West Chicago Avenue, Suite 620 60654
Chicago, Illinois
(Address of principal executive offices) (Zip Code)

312-676-5773
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer "

Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

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Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 11, 2012
Class A Common Stock	643,398,438 Shares
Class B Common Stock	2,399,976 shares

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FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations. The words “may,” “will,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “continue” and other similar expressions are intended to identify forward-looking statements. We have based these forward looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short term and long-term business operations and objectives, and financial needs. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in “Item 1A: Risk Factors” of our Annual Report on Form 10-K and Part II, Item I.A of this Quarterly Report on Form 10-Q, as well as in our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission, or the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

ITEM 1. FINANCIAL STATEMENTS

GROUPON, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	December 31, 2011	March 31, 2012 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$1,122,935	\$1,160,989
Accounts receivable, net	108,747	122,644
Prepaid expenses and other current assets	91,645	101,275
Total current assets	1,323,327	1,384,908
Property and equipment, net of accumulated depreciation of \$14,627 and \$21,167, respectively	51,800	59,713
Goodwill	166,903	185,336
Intangible assets, net	45,667	56,836
Investments in equity interests	50,604	48,477
Deferred income taxes, non-current	46,104	47,656
Other non-current assets	90,071	87,937
Total Assets	\$1,774,476	\$1,870,863
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$40,918	\$40,374
Accrued merchant payable	520,723	576,480
Accrued expenses	212,007	233,778
Due to related parties	246	246
Deferred income taxes, current	76,841	77,868
Other current liabilities	144,427	137,631
Total current liabilities	995,162	1,066,377
Deferred income taxes, non-current	7,428	12,466
Other non-current liabilities	70,766	75,189
Total Liabilities	1,073,356	1,154,032
Commitments and contingencies (see Note 7)		
Redeemable noncontrolling interests	1,653	7,211
Groupon, Inc. Stockholders' Equity		
Class A common stock, par value \$0.0001 per share, 2,000,000,000 shares authorized, 641,745,225 shares issued and outstanding at December 31, 2011; 2,000,000,000 shares authorized, 642,851,431 shares issued and outstanding at March 31, 2012	64	65
Class B common stock, par value \$0.0001 per share, 10,000,000 shares authorized, 2,399,976 shares issued and outstanding at December 31, 2011; 10,000,000 shares authorized, 2,399,976 shares issued and outstanding at March 31, 2012	—	—

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Common stock, par value \$0.0001 per share, 2,010,000 shares authorized, and no shares issued and outstanding as of December 31, 2011 and March 31, 2012	—	—
Additional paid-in capital	1,388,253	1,401,581
Accumulated deficit	(698,704)	(703,177)
Accumulated other comprehensive income	12,928	14,194
Total Groupon, Inc. Stockholders' Equity	702,541	712,663
Noncontrolling interests	(3,074)	(3,043)
Total Equity	699,467	709,620
Total Liabilities and Equity	\$1,774,476	\$1,870,863

See Notes to unaudited Condensed Consolidated Financial Statements.

GROUPON, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except share and per share amounts)
 (unaudited)

	Three Months Ended March 31,	
	2011	2012
	(Restated)	
Revenue (gross billings of \$668,174 and \$1,354,800, respectively)	\$295,523	\$559,283
Costs and expenses:		
Cost of revenue	39,765	119,498
Marketing	230,085	116,615
Selling, general and administrative	142,821	283,583
Acquisition-related	—	(52)
Total operating expenses	412,671	519,644
(Loss) income from operations	(117,148)	39,639
Interest and other income (expense), net	1,060	(3,539)
Equity-method investment activity, net of tax	(882)	(5,128)
(Loss) income before provision for income taxes	(116,970)	30,972
Provision (benefit) for income taxes	(3,079)	34,565
Net loss	(113,891)	(3,593)
Less: Net loss (income) attributable to noncontrolling interests	11,223	(880)
Net loss attributable to Groupon, Inc.	(102,668)	(4,473)
Redemption of preferred stock in excess of carrying value	(34,327)	—
Adjustment of redeemable noncontrolling interests to redemption value	(9,485)	(7,222)
Net loss attributable to common stockholders	\$(146,480)	\$(11,695)
Net loss per share		
Basic	\$(0.48)	\$(0.02)
Diluted	\$(0.48)	\$(0.02)