UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022

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 001-39021

WM TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**98-1605615**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
41 Discovery **Irvine, California**	**92618**
(Address of Principal Executive Offices)	(Zip Code)

(844) 933-3627
(Registrant' telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.0001 par value per share	MAPS	The Nasdaq Global Select Market
Warrants, each whole warrant exercisable for one share of Class A Common Stock at an exercise price of $11.50 per share	MAPSW	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

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 ☒ 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐		
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 5, 2022, there were 89,028,275 shares of the registrant's Class A common stock outstanding and 56,274,066 shares of Class V common stock outstanding.

WM TECHNOLOGY, INC.

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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, as amended, (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "anticipate," "believe," "continue," "could," "design," "estimate," "expect," "intend," "may," "plan," "potentially," "predict," "project," "should," "will," "would," or the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our financial and business performance, including key business metrics and any underlying assumptions thereunder;
- our market opportunity and our ability to acquire new clients and retain existing clients;
- our expectations and timing related to commercial product launches;
- the success of our go-to-market strategy;
- our ability to scale our business and expand our offerings;
- our competitive advantages and growth strategies;
- our future capital requirements and sources and uses of cash;
- our ability to obtain funding for our future operations;
- the outcome of any known and unknown litigation and regulatory proceedings;
- changes in domestic and foreign business, market, financial, political and legal conditions;
- future global, regional or local economic and market conditions affecting the cannabis industry;
- the development, effects and enforcement of and changes to laws and regulations, including with respect to the cannabis industry;
- our ability to successfully capitalize on new and existing cannabis markets, including our ability to successfully monetize our solutions in those markets;
- our ability to manage future growth;
- our ability to develop new products and solutions, bring them to market in a timely manner, and make enhancements to our platform and our ability to maintain and grow our two sided digital network, including our ability to acquire and retain paying clients;
- the effects of competition on our future business;
- our success in retaining or recruiting, or changes required in, officers, key employees or directors; and
- the possibility that we may be adversely affected by other economic, business or competitive factors.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe," and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

Part I - Financial Information

Item 1. Financial Statements

WM TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except for share data)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash	$ 47,604	$ 67,777
Accounts receivable, net	27,305	17,550
Prepaid expenses and other current assets	15,375	13,607
Total current assets	90,284	98,934
Property and equipment, net	21,211	13,283
Goodwill	67,156	45,295
Intangible assets, net	11,259	8,299
Right-of-use assets	33,805	36,549
Deferred tax assets	183,222	152,097
Other assets	10,774	10,687
Total assets	$ 417,711	$ 365,144
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 31,317	$ 23,155
Deferred revenue	7,522	8,057
Operating lease liabilities, current	5,885	5,463
Other current liabilities	98	1,125
Total current liabilities	44,822	37,800
Operating lease liabilities, non-current	36,321	39,377
Tax Receivable Agreement liability	142,726	128,567
Warrant liability	13,445	27,460
Other long-term liabilities	2,473	—
Total liabilities	239,787	233,204
Commitments and contingencies (Note 3)		
Stockholders' equity		
Preferred Stock - $0.0001 par value; 75,000,000 shares authorized; no shares issued and outstanding at June 30, 2022 and December 31, 2021	—	—
Class A Common Stock - $0.0001 par value; 1,500,000,000 shares authorized; 88,836,328 shares issued and outstanding at June 30, 2022 and 65,677,361 shares issued and outstanding at December 31, 2021	9	7
Class V Common Stock - $0.0001 par value; 500,000,000 shares authorized, 56,466,013 shares issued and outstanding at June 30, 2022 and 65,502,347 shares issued and outstanding at December 31, 2021	5	7
Additional paid-in capital	59,135	2,173
Retained earnings	59,168	61,369
Total WM Technology, Inc. stockholders' equity	118,317	63,556
Noncontrolling interests	59,607	68,384
Total equity	177,924	131,940
Total liabilities and equity	$ 417,711	$ 365,144

The accompanying notes are an integral part of these condensed consolidated financial statements.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except for share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 58,294	$ 46,931	$ 115,746	$ 88,085
Operating expenses				
Cost of revenues	3,858	1,908	7,598	3,765
Sales and marketing	22,123	15,271	44,005	24,388
Product development	13,263	10,271	26,353	18,139
General and administrative	29,610	33,770	58,665	47,136
Depreciation and amortization	2,458	988	6,403	1,990
Total operating expenses	71,312	62,208	143,024	95,418
Operating loss	(13,018)	(15,277)	(27,278)	(7,333)
Other income (expenses)				
Change in fair value of warrant liability	32,234	37,791	14,015	37,791
Other expense, net	(678)	(6,069)	(1,180)	(6,041)
Income (loss) before income taxes	18,538	16,445	(14,443)	24,417
Benefit from income taxes	(1,310)	(392)	(3,058)	(151)
Net income (loss)	19,848	16,837	(11,385)	24,568
Net income (loss) attributable to noncontrolling interests	8,156	12,574	(9,184)	20,305
Net income (loss) attributable to WM Technology, Inc.	$ 11,692	$ 4,263	$ (2,201)	$ 4,263
Class A Common Stock:				
Basic income (loss) per share	$ 0.14	$ 0.07	$ (0.03)	$ 0.07
Diluted income (loss) per share	$ 0.13	$ (0.17)	$ (0.03)	$ (0.17)
Class A Common Stock:				
Weighted average basic shares outstanding	86,425,352	63,738,563	79,476,383	63,738,563
Weighted average diluted shares outstanding	87,230,850	71,347,746	79,476,383	71,347,746

The accompanying notes are an integral part of these condensed consolidated financial statements.

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WM TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands, except for share data)

	Three and Six Months Ended June 30, 2022								
	Common Stock Class A		Common Stock Class V		Additional Paid-in Capital	Retained Earnings	Total WM Technology, Inc. Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Par Value	Shares	Par Value					
As of December 31, 2021	65,677,361	$ 7	65,502,347	$ 7	$ 2,173	$ 61,369	$ 63,556	$ 68,384	$ 131,940
Stock-based compensation	—	—	—	—	7,246	—	7,246	681	7,927
Issuance of common stock - vesting of restricted stock units, net of shares withheld for taxes	879,284	—	—	—	(6)	—	(6)	(7)	(13)
Issuance of common stock for acquisition (Note 6)	4,721,706	—	—	—	12,836	—	12,836	15,889	28,725
Issuance of common stock - Class A Unit exchange	4,295,574	1	(4,295,574)	(1)	3,669	—	3,669	(3,669)	—
Issuance of common stock - Class P Unit exchange	7,525,045	—	—	—	6,427	—	6,427	(6,427)	—
Issuance of common stock - warrants exercised	20	—	—	—	—	—	—	—	—
Impact of Tax Receivable Agreement due to exchanges of Class A Units	—	—	—	—	11,625	—	11,625	—	11,625
Net loss	—	—	—	—	—	(13,893)	(13,893)	(17,340)	(31,233)
As of March 31, 2022	83,098,990	8	61,206,773	6	43,970	47,476	91,460	57,511	148,971
Share-based compensation	—	—	—	—	8,015	—	8,015	598	8,613
Distributions	—	—	—	—	—	—	—	(1,790)	(1,790)
Issuance of common stock - vesting of restricted stock units	543,118	—	—	—	—	—	—	—	—
Impact of Tax Receivable Agreement due to exchanges of Class A Units		—	—	—	2,282	—	2,282	—	2,282
Class A Common shares issued - Class A Unit exchange	4,740,760	1	(4,740,760)	(1)	4,436	—	4,436	(4,436)	—
Class A Common shares issued - Class P Unit exchange	453,460	—	—	—	432	—	432	(432)	—
Net income	—	—	—	—	—	11,692	11,692	8,156	19,848
As of June 30, 2022	88,836,328	$ 9	56,466,013	$ 5	$ 59,135	$ 59,168	$ 118,317	$ 59,607	$ 177,924

The accompanying notes are an integral part of these condensed consolidated financial statements.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands, except for share data)
(Continued)

	Three and Six Months Ended June 30, 2021									
	Common Stock Class A		Common Stock Class V							
	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Total WM Technology, Inc. Stockholders' Equity	Non-controlling Interests	Members' Equity	Total Equity
As of December 31, 2020	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ 29,271	$ 29,271
Distributions to members	—	—	—	—	—	—	—	—	(10,513)	(10,513)
Repurchase of Class B Units	—	—	—	—	—	—	—	—	(106)	(106)
Net income	—	—	—	—	—	—	—	—	7,731	7,731
As of March 31, 2021	—	—	—	—	—	—	—	—	26,383	26,383
Share-based compensation	—	—	—	—	—	—	—	19,433	—	19,433
Distributions to members	—	—	—	—	—	—	—	—	(7,597)	(7,597)
Repurchase of Class B Units	—	—	—	—		—	—	—	(5,459)	(5,459)
Proceeds and shares issued in the Business Combination (Note 6)	63,738,563	6	65,502,347	7	(20,212)	986	(19,213)	(45,425)	(20,674)	(85,312)
Net income	—	—		—	—	4,263	4,263	5,227	7,347	16,837
As of June 30, 2021	63,738,563	$ 6	65,502,347	$ 7	$ (20,212)	$ 5,249	$ (14,950)	$ (20,765)	$ —	$ (35,715)

The accompanying notes are an integral part of these condensed consolidated financial statements.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities		
Net (loss) income	$ (11,385)	$ 24,568
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,403	1,990
Change in fair value of warrant liability	(14,015)	(37,791)
Impairment loss on right-of-use asset	551	2,372
Stock-based compensation	15,611	19,433
Deferred income taxes	(3,058)	(392)
Provision for doubtful accounts	4,691	660
Changes in operating assets and liabilities:		
Accounts receivable	(13,612)	(2,104)
Prepaid expenses and other assets	2,867	4,362
Other assets	(87)	32
Accounts payable and accrued expenses	8,851	1,737
Deferred revenue	(631)	1,672
Net cash (used in) provided by operating activities	(3,814)	16,539
Cash flows from investing activities		
Purchases of property and equipment	(8,554)	(836)
Cash paid for acquisitions, net of cash acquired	(713)	—
Cash paid for acquisition holdback release	(1,000)	—
Net cash used in investing activities	(10,267)	(836)
Cash flows from financing activities		
Taxes paid related to net share settlement of equity awards	(13)	—
Proceeds from the Business Combination	—	80,284
Repayment of note payable	—	(205)
Distributions	(1,790)	(18,110)
Repurchase of Class B Units	—	(5,565)
Repayments of insurance premium financing	(4,289)	(364)
Net cash (used in) provided by financing activities	(6,092)	56,040
Net (decrease) increase in cash	(20,173)	71,743
Cash – beginning of period	67,777	19,919
Cash – end of period	$ 47,604	$ 91,662

The accompanying notes are an integral part of these condensed consolidated financial statements.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)
(Continued)

	Six Months Ended June 30,	
	2022	**2021**
Supplemental disclosures of noncash activities		
Issuance of equity for acquisitions	$ 28,725	$ —
Insurance premium financing	$ 4,598	$ 11,092
Stock-based compensation capitalized for software development	$ 929	$ —
Accrued liabilities assumed in connection with acquisition	$ 586	$ —
Holdback liability recognized in connection with acquisition	$ 98	$ —
Capitalized assets included in accounts payable and accrued expenses	$ 1,434	$ —
Warranty liability assumed from the Business Combination	$ —	$ 193,978
Tax receivable agreement liability recognized in connection with the Business Combination	$ —	$ 126,150
Deferred tax assets recognized in connection with the Business Combination	$ —	$ 147,973
Other assets assumed from the Business Combination	$ —	$ 1,053

The accompanying notes are an integral part of these condensed consolidated financial statements.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business and Organization

WM Technology, Inc. (the "Company") is one of the oldest and largest marketplace and technology solutions providers exclusively servicing the cannabis industry, primarily consumers, retailers, delivery services and brands in the United States state-legal and Canadian cannabis markets. The Company's business primarily consists of its commerce-driven marketplace, Weedmaps, and its monthly subscription software offering, WM Business. The Company's Weedmaps marketplace provides information on the cannabis plant and the industry and advocates for legalization. The Weedmaps marketplace provides consumers with information regarding cannabis retailers and brands, as well as the strain, pricing, and other information regarding locally available cannabis products, through the Company's website and mobile apps, permitting product discovery, access to deals and discounts, and reservation of products for pickup by consumers or delivery to consumers by participating retailers. WM Business, the Company's subscription package, is a comprehensive set of eCommerce and compliance software solutions catered towards cannabis retailers, delivery services and brands where clients receive access to a standard listing page and its suite of software solutions, including WM Orders, WM Dispatch, WM Store, WM Dashboard, WM Connectors (integrations and API platform), as well as access to its WM Exchange products, where available. The Company charges a monthly fee to clients for access to its WM Business subscription package and then offers other add-on products for additional fees, including its featured listings and its Sprout (client relationship management), Cannveya (delivery and logistics software) and Enlighten (software, digital signage services and multi-media offerings) solutions. The Company sells its WM Business offering in the United States, currently offers some of its WM Business solutions in Canada and has a limited number of non-monetized listings in several other countries including Austria, Germany, the Netherlands, Spain and Switzerland. The Company operates in the United States, Canada, and other foreign jurisdictions where medical and/or adult cannabis use is legal under state or applicable national law. The Company is headquartered in Irvine, California.

WM Technology, Inc. was initially incorporated in the Cayman Islands on June 7, 2019 under the name "Silver Spike Acquisition Corp" ("Silver Spike"). Silver Spike was formed for the purpose of effecting a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. On June 16, 2021 (the "Closing Date"), Silver Spike consummated the business combination (the "Business Combination"), pursuant to that certain Agreement and Plan of Merger, dated December 10, 2020 (the "Merger Agreement"), by and among Silver Spike, Silver Spike Merger Sub LLC, a Delaware limited liability company and a wholly owned direct subsidiary of Silver Spike Acquisition Corp. ("Merger Sub"), WM Holding Company, LLC, a Delaware limited liability company (when referred to in its pre-Business Combination capacity, "Legacy WMH" and following the Business Combination, "WMH LLC"), and Ghost Media Group, LLC, a Nevada limited liability company, solely in its capacity as the initial holder representative (the "Holder Representative"). On the Closing Date, and in connection with the closing of the Business Combination (the "Closing"), Silver Spike was domesticated and continues as a Delaware corporation, changing its name to WM Technology, Inc.

The Company was reorganized into an Up-C structure, in which substantially all of the assets and business of the Company are held by WMH LLC and continue to operate through WMH LLC and its subsidiaries, and WM Technology, Inc.'s material assets are the equity interests of WMH LLC indirectly held by it. Legacy WMH was determined to be the accounting acquirer in the Business Combination, which was accounted for as a reverse recapitalization in accordance with accounting principles generally accepted in the United States of America ("GAAP").

2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding the Company’s condensed consolidated financial statements. Such condensed consolidated financial statements and accompanying notes are the representations of the Company’s management, who is responsible for their integrity and objectivity. Management believes that these accounting policies conform to GAAP in all material respects, and have been consistently applied in preparing the accompanying condensed consolidated financial statements.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for quarterly reports on Form 10-Q and Article 10-1 of Regulation S-X. Accordingly, certain information and footnotes required by GAAP in annual financial statements have been omitted or condensed and these interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022. The condensed financial statements of the Company include all adjustments of a normal recurring nature which, in the opinion of management, are necessary for a fair statement of the Company’s financial position as of June 30, 2022, and results of its operations and its cash flows for the interim periods presented. The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the entire year. There have been no significant changes in the Company’s accounting policies from those described in the Company’s audited consolidated financial statements and the related notes to those statements.

Pursuant to the Merger Agreement, the Business Combination was accounted for as a reverse recapitalization in accordance with GAAP (the “Reverse Recapitalization”). Under this method of accounting, Silver Spike was treated as the acquired company and Legacy WMH was treated as the acquirer for financial statement reporting purposes.

Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of Legacy WMH issuing stock for the net assets of Silver Spike, accompanied by a recapitalization.

Legacy WMH was determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Legacy WMH Class A Unit holders, through their ownership of the Class V Common Stock, had the greatest voting interest in the Company with over 50% of the voting interest;
- Legacy WMH selected the majority of the new board of directors of the Company;
- Legacy WMH senior management was the senior management of the Company; and
- Legacy WMH was the larger entity based on historical operating activity and had the larger employee base.

Thus, the financial statements included in this quarterly report reflect (i) the historical operating results of Legacy WMH prior to the Business Combination; (ii) the combined results of the WMH LLC and Silver Spike following the Business Combination; and (iii) the acquired assets and liabilities of Silver Spike stated at historical cost, with no goodwill or other intangible assets recorded.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of WM Technology, Inc. and WM Holding Company, LLC, including their wholly and majority owned subsidiaries. In conformity with GAAP, all significant intercompany accounts and transactions have been eliminated.

Foreign Currency

Assets and liabilities denominated in a foreign currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Revenue and expense accounts are translated at the average exchange rates during the periods. The impact of exchange rate fluctuations from translation of assets and liabilities is insignificant for the three and six months ended June 30, 2022 and 2021.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made by management include, among others, the valuation of accounts receivable, the useful lives of long-lived assets, income taxes, website and internal-use software development costs, leases, valuation of goodwill and other intangible assets, valuation of warrant liability, deferred tax asset, tax receivable agreement liability, revenue recognition, stock-based compensation, and the recognition and disclosure of contingent liabilities.

Risks and Uncertainties

The Company operates in a relatively new industry where laws and regulations vary significantly by jurisdiction. Currently, the majority of U.S. states permit medical cannabis, and several permit adult use. Additionally, while a number of U.S. legislators have introduced various bills to legalize cannabis at the federal level, none of these bills has become law. Currently, under federal law, cannabis, other than hemp (defined by the U.S. government as Cannabis sativa L. with a THC concentration of not more than 0.3% on a dry weight basis), is still a Schedule I controlled substance under the Controlled Substances Act ("CSA"). Even in states or territories that have legalized cannabis to some extent, the cultivation, possession, and sale of cannabis all violate the CSA and are punishable by imprisonment, substantial fines, and forfeiture. Moreover, individuals and entities may violate federal law if they aid and abet another in violating the CSA, or conspire with another to violate the law, and violating the CSA is a predicate for certain other crimes, including money laundering laws and the Racketeer Influenced and Corrupt Organizations Act. If any of the states that permit use of cannabis were to change their laws or the federal government was to actively enforce the CSA or other laws related to the federal prohibition on cannabis, the Company's business could be adversely affected.

In addition, the Company's ability to grow and meet its operating objectives depends largely on the continued legalization and regulation of cannabis on a widespread basis. There can be no assurance that such legalization will occur on a timely basis, or at all.

Fair Value Measurements

The Company follows the guidance in ASC 820 - *Fair Value Measurements* for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs based on the Company assessment of the assumptions that market participants would use in pricing the asset or liability.

Accounts Receivable

Accounts receivable is recorded at the invoiced amount and does not bear interest.

The Company measures credit losses on its trade accounts receivable using the current expected credit loss model under ASC 326 *Financial Instruments – Credit Losses*, which is based on the expected losses rather than incurred losses. Under the credit loss model, lifetime expected credit losses are measured and recognized at each reporting date based on historical, current and forecast information.

The Company calculates the expected credit losses on a pool basis for those trade receivables that have similar risk characteristics. For those trade receivables that do not share similar risk characteristics, the allowance for doubtful accounts is calculated on an individual basis. Risk characteristics relevant to the Company's accounts receivable include balance of customer account and aging status.

Account balances are written off against the allowance when it is determined that it is probable that the receivable will not be recovered. The Company recorded a provision for doubtful accounts of $8.0 million and $5.2 million as of June 30, 2022 and December 31, 2021, respectively.

The following table summarizes the changes in the allowance for doubtful accounts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Allowance, beginning of period	$ 7,242	$ 675	$ 5,169	$ 914
Addition to allowance	1,932	545	4,691	660
Write-off, net of recoveries	(1,203)	(501)	(1,889)	(855)
Allowance, end of period	$ 7,971	$ 719	$ 7,971	$ 719

Investments in Equity Securities

Investments in equity securities that do not have a readily determinable fair value and qualify for the measurement alternative for equity investments provided in ASC 321, *Investments – Equity Securities* are accounted for at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. As of June 30, 2022 and December 31, 2021, the carrying value of the Company's investments in equity securities without a readily determinable fair value was $6.5 million, which is recorded within Other assets on the Company's condensed consolidated balance sheets.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, and consist of internally developed software, computer equipment, furniture and fixtures and leasehold improvements. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and generally over five years for computer equipment, seven years for furniture and fixtures and five years for leasehold improvements. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Company's condensed consolidated statements of operations.

Capitalized website and internal-use software development costs are included in property and equipment in the accompanying condensed consolidated balance sheets. The Company capitalizes certain costs related to the development and enhancement of the Weedmaps platform and SaaS solutions. The Company began to capitalize these costs when preliminary development efforts were successfully completed, management has authorized and committed project funding, and it was probable that the project would be completed and the software would be used as intended. Capitalization ceases upon completion of all substantial testing. Maintenance and training costs are expensed as incurred. Such costs are amortized when placed in service, on a straight-line basis over the estimated useful life of the related asset, generally estimated to be three years. Costs incurred for enhancements that were expected to result in additional features or functionality are capitalized and expensed over the estimated useful life of the enhancements, generally three years. Product development costs that do not meet the criteria for capitalization are expensed as incurred.

The Company assess impairment of property and equipment when an event and change in circumstance indicates that the carrying value of such assets may not be recoverable. If an event and a change in circumstance indicates that the carrying amount of an asset (or asset group) may not be recoverable and the expected undiscounted cash flows attributable to the asset are less than its carrying value, an impairment loss, if any, equals to the excess of the asset's carrying value over its fair value is recognized.

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Leases

The Company classifies arrangements meeting the definition of a lease as operating or financing leases, and leases are recorded on the consolidated balance sheet as both a right-of-use asset (“ROU”) and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company’s incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right-of-use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right-of-use asset and lease liability, the Company elects to combine lease and non-lease components for all classes of assets. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election, and instead recognizes rent expense on a straight-line basis over the lease term.

The Company assess impairment of ROU assets when an event and change in circumstance indicates that the carrying value of such ROU assets may not be recoverable. If an event and a change in circumstance indicates that the carrying value of an ROU asset may not be recoverable and the estimated fair value attributable to the ROU asset is less than its carrying value, an impairment loss, if any, equals to the excess of the ROU asset’s carrying value over its fair value is recognized.

Total net lease costs for the three and six months ended June 30, 2022 were $2.3 million and $4.8 million, respectively. Total lease costs for the three and six months ended June 30, 2021 were $3.1 million and $6.0 million, respectively.

Sublease rental income is recognized as a reduction to the related lease expense on a straight-line basis over the sublease term. For the three and six months ended June 30, 2022, the Company recorded contra rent expense of $0.4 million and $0.8 million, respectively.

During the three and six months ended June 30, 2022, the Company recognized an impairment charge of $0.6 million and an impairment charge of $2.4 million for the three and six months ended and June 30, 2021 related to certain ROU assets reducing the carrying values of the lease assets to their estimated fair values. The fair values were estimated using an income approach based on management’s forecast of future cash flows expected to be derived based on the sublease market rent. The impairment charges are included in general and administrative expenses in the consolidated statements of operations.

Warrant Liability

The Company assumed 12,499,993 public warrants originally issued in the initial public offering of Silver Spike (the “Public Warrants”) and 7,000,000 Private Placement Warrants that were originally issued in a private placement by Silver Spike (the “Private Placement Warrants” and together with the Public Warrants, the “Warrants”) upon the Closing, all of which were issued in connection with Silver Spike’s initial public offering and entitle the holder to purchase one share of Class A Common Stock at an exercise price of at $11.50 per share. As of June 30, 2022, 12,499,973 Public Warrants and 7,000,000 Private Placement Warrants remained outstanding. The Public Warrants are publicly traded and are exercisable for cash unless certain conditions occur, such as the failure to have an effective registration statement related to the shares issuable upon exercise or redemption by the Company under certain conditions, at which time the warrants may be cashless exercised. The Private Placement Warrants are transferable, assignable or salable in certain limited exceptions. The Private Placement Warrants are exercisable for cash or on a cashless basis, at the holder’s option, and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will cease to be Private Placement Warrants, and become Public Warrants and be redeemable by the Company and exercisable by such holders on the same basis as the other Public Warrants.

The Company evaluated the Warrants under ASC 815-40 - *Derivatives and Hedging* - *Contracts in Entity’s Own Equity*, and concluded they do not meet the criteria to be classified in stockholders’ equity. Specifically, the exercise of the Warrants may be settled in cash upon the occurrence of a tender offer or exchange that involves 50% or more of our Class A equity holders. Because not all of the voting stockholders need to participate in such tender offer or exchange to trigger the potential cash settlement and the Company does not control the occurrence of such an event, the Company concluded that the Warrants do not meet the conditions to be classified in equity. Since the Warrants meet the definition of a derivative under ASC 815, the Company recorded these warrants as liabilities on the condensed consolidated balance sheets at fair value, with subsequent changes in their respective fair values recognized in change in fair value of warrant liabilities within the condensed consolidated statements of operations at each reporting date.

Tax Receivable Agreement

In connection with the Business Combination, the Company entered into a tax receivable agreement (the "Tax Receivable Agreement") with continuing members that provides for a payment to the continuing Class A Unit holders of 85% of the amount of tax benefits, if any, that the Company realizes, or is deemed to realize, as a result of redemptions or exchanges of Units. In connection with such potential future tax benefits resulting from the Business Combination, the Company has established a deferred tax asset for the additional tax basis and a corresponding TRA liability of 85% of the expected benefit. The remaining 15% is recorded to additional paid-in capital.

Revenue Recognition

The Company's revenues are derived primarily from monthly subscriptions and additional offerings for access to the Company's Weedmaps platform and SaaS solutions. The Company recognizes revenue when the fundamental criteria for revenue recognition are met. The Company recognizes revenue by applying the following steps: the contract with the customer is identified; the performance obligations in the contract are identified; the transaction price is determined; the transaction price is allocated to the performance obligations in the contract; and revenue is recognized when (or as) the Company satisfies these performance obligations in an amount that reflects the consideration it expects to be entitled to in exchange for those services. The Company excludes sales taxes and other similar taxes from the measurement of the transaction price. For clients that pay in advance for listing and other services, the Company records deferred revenue and recognizes revenue over the applicable subscription term.

The Company offers WM Business subscriptions, which include access to the Weedmaps marketplace and certain SaaS solutions. As add-ons for additional fees, the Company offers other products, including featured listings, placements, promoted deals, nearby listings, other display advertising, client relationship management, digital menu, and delivery and logistics services. The Company's WM Business subscriptions generally have one-month terms that automatically renew unless notice of cancellation is provided in advance. The Company has a fixed inventory of featured listing and display advertising in each market, and price is generally determined through a competitive auction process that reflects local market demand. Revenues for these arrangements are recognized over-time, generally during a month-to-month subscription period as the products are provided. The Company rarely needs to allocate the transaction price to separate performance obligations. In the rare case that allocation of the transaction price is needed, the Company recognizes revenue in proportion to the standalone selling prices of the underlying services at contract inception.

Disaggregation of revenue

The following table presents the Company's revenues disaggregated by major source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Revenues:				
WM Business subscriptions	$ 11,563	$ 10,636	$ 22,984	$ 20,258
Featured listings	29,634	25,809	60,119	48,609
Other Ad and SaaS solutions	17,097	10,486	32,643	19,218
Total revenues	$ 58,294	$ 46,931	$ 115,746	$ 88,085

Deferred revenue primarily consists of billings or payments received in advance of revenue recognition from subscription offerings, as described above, and is recognized as the revenue recognition criteria are met. Deferred revenue as of December 31, 2021 of $8.1 million was fully recognized in the first quarter of fiscal year 2022, and the deferred revenue balance as of June 30, 2022 of $7.5 million is expected to be fully recognized within the next twelve months. The Company generally invoices customers and receives payment on an upfront basis and payments do not include significant financing components or variable consideration and there are generally no rights of return or refunds after the subscription period has passed.

All revenues during the periods presented were recognized over time, as opposed to at a point in time. Substantially all of the revenue has been generated in the United States during the periods presented.

Cost of Revenues

The Company's cost of revenue primarily consists of web hosting, internet service costs, credit card processing costs and inventory costs related to multi-media offerings.

Product Development Costs

Product development costs include salaries and benefits for employees, including engineering and technical teams who are responsible for building new products, as well as improving existing products. Product development costs that do not meet the criteria for capitalization are expensed as incurred.

Advertising

The Company expenses the cost of advertising in the period incurred. Advertising expense totaled $5.4 million and $4.8 million for the three months ended June 30, 2022 and 2021, respectively, and $10.3 million and $7.8 million for the six months ended June 30, 2022 and 2021, respectively, and are included in sales and marketing expense in the accompanying condensed consolidated statements of operations.

Stock-Based Compensation

The Company measures fair value of employee stock-based compensation awards on the date of grant and allocates the related expense over the requisite service period. The fair value of restricted stock units and performance-based restricted stock units is equal to the market price of the Company's common stock on the date of grant. The fair value of the Class P Units is measured using the Black-Scholes-Merton valuation model. The expected volatility is based on the historical volatility and implied volatilities for comparable companies, the expected life of the award is based on the simplified method. When awards include a performance condition that impacts the vesting of the award, the Company records compensation cost when it becomes probable that the performance condition will be met and the expense will be attributed over the performance period.

The Company accounts for nonemployee stock-based transactions using the fair value of the consideration received (i.e., the value of the goods or services) or the fair value of the equity instruments issued, whichever is more reliably measurable.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes under ASC 740 - Income Taxes. Under the guidance, deferred tax assets and liabilities are recognized for the future tax consequences of (i) temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and (ii) operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are based on enacted tax rates applicable to the future period when those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the rate change is enacted. A valuation allowance is provided for deferred tax assets when it is more-likely-than-not the deferred tax assets will not be realized.

The tax provision for interim periods is determined using an estimate of the Company's annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of its annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period. The quarterly tax provision, and estimate of the Company's annual effective tax rate, is subject to variation due to several factors, including variability in pre-tax income (or loss), revaluations of the warrant liability, changes in flow-through income not subject to tax and tax law developments.

As a result of the Business Combination, WM Technology, Inc. became the sole managing member of WMH LLC, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, WMH LLC is not subject to U.S. federal and certain state and local income taxes. Accordingly, no provision for U.S. federal and state income taxes has been recorded in the financial statements for the period of January 1 to June 16, 2021 as this period was prior to the Business Combination. Any taxable income or loss generated by WMH LLC is passed through to and included in the taxable income or loss of its members, including WM Technology, Inc. following the Business Combination, on a pro rata basis. WM Technology, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to its allocable share of any taxable income of WMH LLC following the Business Combination. The Company is also subject to taxes in foreign jurisdictions.

For the three and six months ended June 30, 2022, the Company recorded an income tax benefit of $1.3 million and $3.1 million, respectively, and for the three and six months ended June 30, 2021 an income tax benefit of $0.4 million and $0.2 million was recorded. The income tax benefit for the three and six months quarter of 2022 was the result of the tax benefit of the Company's pro rata share of losses and tax credits flowing through from WM Holding LLC. The tax benefit related to U.S. federal and state tax benefits from certain Business Combination-related expenses offset, in part, by income taxes recorded during the period ended March 31, 2021 as a result of an audit performed by the Canada Revenue Agency on prior years income taxes paid by the Company's subsidiary, WM Canada Holdings, Inc. The effective tax rates differ from the federal statutory rate of 21% primarily due to the impact of warrant valuations, non-controlling interests represented by the portion of the flow-through income not subject to tax, permanent stock-based compensation and state taxes.

During the six months ended June 30, 2022, the Company acquired additional interest in WM Holding Company LLC ("LLC Interests") in connection with the exchange of LLC Interests, and activity relating to its stock compensation plan. The Company recognized a deferred tax asset in the amount of $28.1 million associated with the basis difference in its investment in WM Holding Company LLC upon acquisition of these LLC Interests, some of which are related to the additional tax basis increases generated from expected future payments under the Tax Receivable Agreement ("TRA"), some of which are partially offset by the TRA liability amount of $14.2 million, and these amounts were recorded through equity.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. The Company does not believe it has any uncertain income tax positions that are more-likely-than-not to materially affect its condensed consolidated financial statements.

Segment Reporting

The Company and its subsidiaries operate in one business segment.

Earnings Per Share

Basic income (loss) per share is computed by dividing net income (loss) attributable to WM Technology, Inc. by the weighted-average number of shares of Class A Common Stock outstanding during the period.

Diluted income (loss) per share is computed giving effect to all potential weighted-average dilutive shares for the period. The dilutive effect of outstanding awards or financial instruments, if any, is reflected in diluted income (loss) per share by application of the treasury stock method or if-converted method, as applicable. Stock awards are excluded from the calculation of diluted EPS in the event they are antidilutive or subject to performance conditions for which the necessary conditions have not been satisfied by the end of the reporting period. See Note 12 for additional information on dilutive securities.

Prior to the Business Combination, the membership structure of Legacy WMH included units which had profit interests. The Company analyzed the calculation of earnings per unit for periods prior to the Business Combination and determined that it resulted in values that would not be meaningful to the users of these condensed consolidated financial statements. As a result, earnings per share information has not been presented for periods prior to the Business Combination on June 16, 2021.

Concentrations of Credit Risk

The Company's financial instruments are potentially subject to concentrations of credit risk. The Company places its cash with high quality credit institutions. From time to time, the Company maintains cash balances at certain institutions in excess of the Federal Deposit Insurance Corporation limit. Management believes that the risk of loss is not significant and has not experienced any losses in such accounts.

Recent Accounting Pronouncements

In October 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08"). The amendments in ASU 2021-08 require that an entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts from Customers ("ASC 606"). At the acquisition date, an acquirer should account for the related revenue contracts in accordance with ASC 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied ASC 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements (if the acquiree financial statements were prepared in accordance with generally accepted accounting principles). For public business entities, the amendments in ASU 2021-08 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption of ASU 2021-08 is permitted, including adoption in an interim period. An entity that early adopts in an interim period should apply the amendments (1) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. The Company adopted this new guidance as of January 1, 2022. The adoption did not have a material impact on the Company's condensed consolidated financial statements.

3. Commitments and Contingencies

Litigation

During the ordinary course of the Company's business, it is subject to various claims and litigation. Management believes that the outcome of such claims or litigation will not have a material adverse effect on the Company's financial position, results of operations or cash flow.

4. Fair Value Measurements

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis at June 30, 2022 and December 31, 2021, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value (in thousands):

	Level	June 30, 2022	December 31, 2021
Liabilities:			
Warrant liability – Public Warrants	1	$ 8,125	$ 16,750
Warrant liability – Private Placement Warrants	3	5,320	10,710
Total warrant liability		$ 13,445	$ 27,460

The following tables summarize the changes in the fair value of the warrant liabilities (in thousands):

	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Public Warrants	Private Placement Warrants	Warrant Liabilities	Public Warrants	Private Placement Warrants	Warrant Liabilities
Fair value, beginning of period	$ 27,500	$ 18,179	$ 45,679	$ 16,750	$ 10,710	$ 27,460
Change in valuation inputs or other assumptions	(19,375)	(12,859)	(32,234)	(8,625)	(5,390)	(14,015)
Fair value, end of period	$ 8,125	$ 5,320	$ 13,445	$ 8,125	$ 5,320	$ 13,445

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	Three and Six Months Ended June 30, 2021		
	Public Warrants	Private Warrants	Warrant Liabilities
Fair value, beginning of period	$ —	$ —	$ —
Warrant liability acquired	100,750	93,228	193,978
Change in valuation inputs or other assumptions	(21,375)	(16,416)	(37,791)
Fair value, end of period	$ 79,375	$ 76,812	$ 156,187

Public Warrants

The Company determined the fair value of the Public Warrants, based on the publicly listed trading price of such warrants as of the valuation date. Accordingly, the Public Warrants are classified as Level 1 financial instruments. The fair value of the Public Warrants was $8.1 million and $16.8 million as of June 30, 2022 and December 31, 2021, respectively.

Private Placement Warrants

The estimated fair value of the Private Placement Warrants is determined with Level 3 inputs using the Black-Scholes model. The significant inputs and assumptions in this method are the stock price, exercise price, volatility, risk-free rate, and term or maturity. The underlying stock price input is the closing stock price as of each valuation date and the exercise price is the price as stated in the warrant agreement. The volatility input was determined using the historical volatility of comparable publicly traded companies which operate in a similar industry or compete directly against the Company. Volatility for each comparable publicly traded company is calculated as the annualized standard deviation of daily continuously compounded returns. The Black-Scholes analysis is performed in a risk-neutral framework, which requires a risk-free rate assumption based upon constant-maturity treasury yields, which are interpolated based on the remaining term of the Private Placement Warrants as of each valuation date. The term/maturity is the duration between each valuation date and the maturity date, which is five years following the date the Business Combination closed, or June 16, 2026.

The following table provides quantitative information regarding Level 3 fair value measurements inputs at their measurement dates:

	June 30, 2022	December 31, 2021
Exercise price	$ 11.50	$ 11.50
Stock price	$ 3.29	$ 5.98
Volatility	67.5 %	52.4 %
Term (years)	3.96	4.46
Risk-free interest rate	3.00 %	1.18 %

Significant changes in the volatility would result in a significant lower or higher fair value measurement, respectively.

The fair value of the Private Placement Warrants was $5.3 million and $10.7 million as of June 30, 2022 and December 31, 2021, respectively.

The Warrants were accounted for as liabilities in accordance with ASC 815- *Derivatives and Hedging* and are presented within warrant liability on the accompanying condensed consolidated balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liability in the condensed consolidated statements of operations.

There were no transfers in or out of Level 3 from other levels in the fair value hierarchy.

5. Business Combination

As previously discussed in Note 1, on June 16, 2021, the Company consummated the Business Combination pursuant to the Merger Agreement.

In connection with the Closing, the following occurred:

- Silver Spike was domesticated and continues as a Delaware corporation, changing its name to "WM Technology, Inc."
- The Company was reorganized into an Up-C structure, in which substantially all of the assets and business of the Company are held by WMH LLC and continue to operate through WMH LLC and its subsidiaries, and WM Technology, Inc.'s material assets are the equity interests of WMH LLC indirectly held by it.
- The Company consummated the sale of 32,500,000 shares of Class A Common Stock for a purchase price of $10.00 per share (together, the "PIPE Financing") pursuant to certain subscription agreements dated as of December 10, 2020, for an aggregate price of $325.0 million.
- The Company contributed approximately $80.3 million of cash to WMH LLC, representing (a) the net amount held in the Company's trust account following the redemption of 10,012 shares of Class A Common Stock originally sold in the Silver Spike's initial public offering, less (b) cash consideration of $455.2 million paid to Legacy WMH Class A equity holders, plus (c) $325.0 million in aggregate proceeds from the PIPE Financing, less (d) the aggregate amount of transaction expenses incurred by the parties to the Business Combination Agreement.
- The Company transferred $455.2 million to the Legacy WMH equity holders as cash consideration.
- The Legacy WMH equity holders retained an aggregate of 65,502,347 Class A Units and 25,896,042 Class P Units.
- The Company issued 65,502,347 shares of Class V Common Stock to Class A Unit holders, representing the same number of Class A Units retained by the Legacy WMH equity holders.
- The Company, the Holder Representative and the Class A Unit holders entered into the Tax Receivable Agreement, pursuant to which WM Technology, Inc. will pay to WMH LLC Class A equity holders 85% of the net income tax savings that WM Technology, Inc. actually realizes as a result of increases in the tax basis of WMH LLC's assets as a result of the exchange of Units for cash in the Business Combination and future exchanges of the Class A Units for shares of Class A Common Stock or cash pursuant to the Exchange Agreement, and certain other tax attributes of WMH LLC and tax benefits related to the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement.

Concurrently with the closing of the Business Combination, the Unit holders entered into the Exchange Agreement. The terms of the Exchange Agreement, among other things, provide the Unit holders (or certain permitted transferees thereof) with the right from time to time at and after 180 days following the Business Combination to exchange their vested Paired Interests for shares of Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications, or Class P Units for shares of Class A Common Stock with a value equal to the value of such Class P Units less their participation threshold, or in each case, at the Company's election, the cash equivalent of such shares of Class A Common Stock.

6. Acquisitions

Eyechronic

On January 14, 2022, the Company acquired all the equity interests of Eyechronic LLC ("Eyechronic") d/b/a Enlighten, a Delaware limited liability company and a provider of software, digital signage services and multi-media offerings to dispensaries and brands, for total consideration of approximately $29.4 million. The Company accounted for the Eyechronic acquisition as an acquisition of a business under ASC 805.

The acquired assets and liabilities of Eyechronic were recorded at their preliminary acquisition date fair values. The purchase price allocations are subject to change as the Company continues to gather information relevant to its determination of the fair value of the assets and liabilities acquired primarily related to, but not limited to, intangible assets. Any adjustments to the purchase price allocations will be made as soon as practicable but no later than one year from the acquisition date.

The following table summarizes the components of consideration and the preliminary estimated fair value of assets acquired (in thousands):

Consideration Transferred:		
Cash consideration (1)	$	697
Share consideration (2)		28,725
Total consideration	$	29,422

(1) Includes $0.2 million settlement of pre-existing accounts payable with seller and holdback of $0.1 million recorded within other current liabilities on the Company's condensed consolidated balance sheets.
(2) The fair value of share consideration was calculated based on 5,399,553 shares of Class A common stock multiplied by the share price on the closing date of $5.32. This includes 677,847 of holdback shares to be issued subject to customary indemnification obligations.

Estimated Assets Acquired and Liabilities Assumed:		
Assets acquired:		
Cash	$	118
Accounts receivable		835
Other current assets		37
Fixed assets		2,826
Software technology		826
Trade name		103
Customer relationships		3,203
Order Backlog		199
Goodwill		21,861
Total assets acquired		30,008
Liabilities assumed:		
Accounts payable	$	(460)
Other current liabilities		(8)
Deferred revenue		(96)
Other liabilities		(22)
Total liabilities assumed		(586)
Total net assets acquired	$	29,422

During the six months ended June 30, 2022, the Company incurred transaction expenses associated with the Eyechronic acquisition of $0.1 million, which is included in general and administrative expenses in the condensed consolidated statements of operations.

The revenue and operating loss from Eyechronic included the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2022 were not material. Pro forma revenue and earnings amounts on a combined basis have not been presented as they are not material to the Company's historical pre-acquisition financial statements.

For acquisitions, the excess of the purchase price over the estimated fair values of the net assets acquired, including identifiable intangible assets, is recorded as goodwill. Goodwill is primarily attributable to the expected synergies from combining operations. Goodwill recognized was allocated to the Company's one operating segment and is generally deductible for tax purposes.

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The fair values of the trade name and software technology intangible assets are determined using an “income approach”, specifically, the relief-from royalty approach, which is a commonly accepted valuation approach. This approach is based on the assumption that in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of these assets. Owning these intangible assets means that the underlying entity wouldn’t have to pay for the privilege of deploying those assets. Therefore, a portion of the acquired entity’s earnings, equal to the after-tax royalty that would have been paid for the use of the assets, can be attributed to the firm’s ownership. The fair values of the customer relationships and customer backlog assets were also determined using an “income approach”, specifically a multi-period excess earnings approach, which is a commonly accepted valuation approach. Under this approach, the net earnings attributable to the asset or liability being measured are isolated using the discounted projected net cash flows. These projected cash flows are isolated from the projected cash flows of the combined asset group over the remaining economic life of the intangible asset or liability being measured. Both the amount and the duration of the cash flows are considered from a market participant perspective. Where appropriate, the net cash flows were adjusted to reflect the potential attrition of existing customers in the future, as existing customers are a “wasting” asset and are expected to decline over time.

Sprout

On September 3, 2021, the Company acquired certain assets and liabilities of the Sprout business (“Sprout"), a leading, cloud-based customer relationship management (“CRM”) and marketing platform for the cannabis industry, for total consideration of approximately $31.2 million. The Company accounted for the Sprout acquisition as an acquisition of a business under ASC 805- *Business Combinations*.

The acquired assets and liabilities of Sprout were recorded at their preliminary acquisition date fair values. The purchase price allocations are subject to change as the Company continues to gather information relevant to its determination of the fair value of the assets and liabilities acquired primarily related to, but not limited to, intangible assets. Any adjustments to the purchase price allocations will be made as soon as practicable but no later than one year from the acquisition date.

The following table summarizes the components of consideration and the preliminary estimated fair value of assets acquired (in thousands):

Consideration Transferred:		
Cash consideration	$	12,000
Share consideration[1]		19,186
Total consideration	$	31,186
Estimated Assets Acquired and Liabilities Assumed:		
Assets acquired:		
Software technology	$	2,973
Trade name		217
Customer relationships		1,410
Goodwill		26,686
Total assets acquired		31,286
Liabilities assumed:		
Other current liabilities		(100)
Total net assets acquired	$	31,186

(1) The fair value of share consideration issued in connection with the Spout acquisition was calculated based on 1,244,258 shares of Class A common stock issued multiplied by the share price on the closing date of $15.42.

For acquisitions, the excess of the purchase price over the estimated fair values of the net assets acquired, including identifiable intangible assets, is recorded as goodwill. Goodwill is primarily attributable to the expected synergies from combining operations. Goodwill recognized was allocated to the Company’s one operating segment and is generally deductible for tax purposes.

The fair values of the trade name intangible assets are determined using an "income approach", specifically, the relief-from royalty approach, which is a commonly accepted valuation approach. This approach is based on the assumption that in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset. Owning that intangible asset means that the underlying entity wouldn't have to pay for the privilege of deploying that asset. Therefore, a portion of the acquired entity's earnings, equal to the after-tax royalty that would have been paid for the use of the asset, can be attributed to the firm's ownership. The fair value of the software technology intangible asset was also determined using an "income approach", specifically a multi-period excess earnings approach, which is a commonly accepted valuation approach. Under this approach, the net earnings attributable to the asset or liability being measured are isolated using the discounted projected net cash flows. These projected cash flows are isolated from the projected cash flows of the combined asset group over the remaining economic life of the intangible asset or liability being measured. Both the amount and the duration of the cash flows are considered from a market participant perspective. Where appropriate, the net cash flows were adjusted to reflect the potential attrition of existing customers in the future, as existing customers are a "wasting" asset and are expected to decline over time. The fair value of the customer relationships are determined using an "income approach", specifically, the With-and-Without method, which is a commonly accepted valuation approach. This method estimates the value of customer-related assets by quantifying the impact on cash flows under a scenario in which the customer-related assets must be replaced and assuming all of the existing assets are in place except the customer-related assets. Essentially, it estimates the intangible asset's value by calculating the difference between the two discounted cash-flow models. One that represents the status quo for the business enterprise with the asset in place and the second that represents the business enterprise with everything in place besides the customer-related asset. The projected cash flow period is the time-period it takes to build back up to that status quo. The difference between the two cash flows represents the calculated value of the customer-related asset.

Transport Logistics Holding

On September 29, 2021, the Company acquired all of the equity interests of Transport Logistics Holding Company, LLC ("TLH"), a logistics platform that enables the compliant delivery of cannabis, for total consideration of approximately $15.1 million. The Company accounted for the TLH acquisition as an acquisition of a business under ASC 805- *Business Combinations*.

The acquired assets of TLH were recorded at their preliminary acquisition date fair values. The purchase price allocations are subject to change as the Company continues to gather information relevant to its determination of the fair value of the assets and liabilities acquired primarily related to, but not limited to, intangible assets. Any adjustments to the purchase price allocations will be made as soon as practicable but no later than one year from the acquisition date.

The following table summarizes the components of consideration and the preliminary estimated fair value of assets acquired (in thousands):

Consideration Transferred:		
Cash consideration (1)	$	5,000
Share consideration(2)		10,126
Total consideration	$	15,126
Estimated Assets Acquired:		
Software technology	$	249
Trade name		59
Customer relationships		170
Goodwill		14,648
Total asset acquired	$	15,126

(1) Includes holdback of $1.0 million, which was paid during the second quarter of 2022.
(2) The fair value of share consideration issued in connection with the TLH acquisition was calculated based on 694,540 shares of Class A common stock issued multiplied by the share price on the closing date of $14.58.

For acquisitions, the excess of the purchase price over the estimated fair values of the net assets acquired, including identifiable intangible assets, is recorded as goodwill. Goodwill is primarily attributable to the expected synergies from combining operations. Goodwill recognized was allocated to the Company's one operating segment and is generally deductible for tax purposes.

The fair values of the trade name intangible assets are determined using an "income approach", specifically, the relief-from royalty approach, which is a commonly accepted valuation approach. This approach is based on the assumption that in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset. Owning that intangible asset means that the underlying entity wouldn't have to pay for the privilege of deploying that asset. Therefore, a portion of the acquired entity's earnings, equal to the after-tax royalty that would have been paid for the use of the asset, can be attributed to the firm's ownership. The fair value of the software technology intangible asset was also determined using an "income approach", specifically a multi-period excess earnings approach, which is a commonly accepted valuation approach. Under this approach, the net earnings attributable to the asset or liability being measured are isolated using the discounted projected net cash flows. These projected cash flows are isolated from the projected cash flows of the combined asset group over the remaining economic life of the intangible asset or liability being measured. Both the amount and the duration of the cash flows are considered from a market participant perspective. Where appropriate, the net cash flows were adjusted to reflect the potential attrition of existing customers in the future, as existing customers are a "wasting" asset and are expected to decline over time. The fair value of the customer relationships are determined using an "income approach", specifically, the With-and-Without method, which is a commonly accepted valuation approach. This method estimates the value of customer-related assets by quantifying the impact on cash flows under a scenario in which the customer-related assets must be replaced and assuming all of the existing assets are in place except the customer-related assets. Essentially, it estimates the intangible asset's value by calculating the difference between the two discounted cash-flow models. One that represents the status quo for the business enterprise with the asset in place and the second that represents the business enterprise with everything in place besides the customer-related asset. The projected cash flow period is the time-period it takes to build back up to that status quo. The difference between the two cash flows represents the calculated value of the customer-related asset.

7. Goodwill and Intangible Assets

A summary of changes in goodwill for the six months ended June 30, 2022 is as follows (in thousands):

	Goodwill
Balance at December 31, 2021	$ 45,295
Acquisition of Eyechronic	21,861
Balance at June 30, 2022	$ 67,156

Intangible assets consisted of the following as of June 30, 2022 and December 31, 2021 (in thousands):

	June 30, 2022			
	Weighted Average Amortization Period (Years)	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Trade and domain names	14.4	$ 7,634	$ (4,388)	$ 3,246
Software technology	6.9	7,520	(3,852)	3,668
Customer relationships	11.2	4,783	(545)	4,238
Order backlog	1.0	199	(92)	107
Total intangible assets	10.7	$ 20,136	$ (8,877)	$ 11,259

	December 31, 2021			
	Weighted Average Amortization Period (Years)	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Trade and domain names	14.3	$ 7,532	$ (4,081)	$ 3,451
Software technology	7.7	6,691	(3,222)	3,469
Customer relationships	3.4	1,580	(201)	1,379
Total intangible assets	10.4	$ 15,803	$ (7,504)	$ 8,299

Amortization expense for intangible assets was $0.8 million and $1.4 million during the three and six months ended June 30, 2022, respectively. Amortization expense for intangible assets was $0.2 million and $0.4 million for the three and six months ended June 30, 2021, respectively.

The estimated future amortization expense of intangible assets as of June 30, 2022 is as follows (in thousands):

Remaining period in 2022 (six months)	$ 1,324
Year ended December 31, 2023	2,135
Year ended December 31, 2024	1,898
Year ended December 31, 2025	1,565
Year ended December 31, 2026	1,318
Thereafter	3,019
	$ 11,259

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	June 30, 2022	December 31, 2021
Accounts payable	$ 10,098	$ 4,298
Accrued employee expenses	11,659	10,088
Other accrued liabilities	9,560	8,769
	$ 31,317	$ 23,155

As of June 30, 2022 and December 30, 2021, other accrued liabilities included short-term insurance premium financing of $4.5 million and $4.2 million, respectively.

9. Warrant Liability

At June 30, 2022, there were 12,499,973 Public Warrants outstanding and 7,000,000 Private Placement Warrants outstanding.

As part of Silver Spike's initial public offering, 12,500,000 Public Warrants were sold. The Public Warrants entitle the holder thereof to purchase one share of Class A Common Stock at a price of $11.50 per share, subject to adjustments. The Public Warrants may be exercised only for a whole number of shares of Class A Common Stock. No fractional shares will be issued upon exercise of the warrants. The Public Warrants will expire at 5:00 p.m. New York City time on June 16, 2026, or earlier upon redemption or liquidation. The Public Warrants are listed on the NYSE under the symbol "MAPSW."

The Company may redeem the Public Warrants starting July 16, 2021, in whole and not in part, at a price of $0.01 per Public Warrant, upon not less than 30 days' prior written notice of redemption to each holder of Public Warrants, and if, and only if, the reported last sales price of the Company's Class A Common Stock equals or exceeds $18.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalization and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date the Company sends the notice of redemption to the holders of Public Warrants.

Simultaneously with Silver Spike's initial public offering, Silver Spike consummated a private placement of 7,000,000 Private Placement Warrants with Silver Spike's sponsor ("Silver Spike Sponsor"). Each Private Placement Warrant is exercisable for one share of Class A Common Stock at a price of $11.50 per share, subject to adjustment. The Private Placement Warrants (including the shares of Class A Common Stock issuable upon exercise of the Private Placement Warrants) are not transferable, assignable or salable until 30 days after the completion of the Business Combination, subject to certain exceptions, and they are nonredeemable as long as they are held by Silver Spike Sponsor or its permitted transferees. Silver Spike Sponsor, as well as its permitted transferees, has the option to exercise the Private Placement Warrants on a cashless basis and will have certain registration rights related to such Private Placement Warrants. Otherwise, the Private Placement Warrants have terms and provisions that are identical to those of the Public Warrants. If the Private Placement Warrants are held by holders other than Silver Spike Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

The Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of Class A Common Stock issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, the Public Warrants will not be adjusted for issuances of shares of Class A Common Stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants.

The Private Placement Warrants are identical to the Public Warrants underlying the units sold in the initial public offering, except that the Private Placement Warrants and the Class A Common Stock issuable upon the exercise of the Private Placement Warrants were not transferable, assignable or salable until 30 days after the completion of the Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company concluded the Public Warrants and Private Placement Warrants, or the Warrants, meet the definition of a derivative under ASC 815-Derivatives and Hedging (as described in Note 2) and are recorded as liabilities. Upon the Closing, the fair value of the Warrants was recorded on the balance sheet. The fair value of the Warrants are remeasured as of each balance sheet date, which resulted in non-cash gains of $32.2 million and $14.0 million in the condensed consolidated statements of operations for the three and six months ended June 30, 2022 and a non-cash gain of $37.8 million in the condensed consolidated statements of operations for the three and six months ended June 30, 2021.

10. Equity

Class A Common Stock

Voting Rights

Each holder of the shares of Class A Common Stock is entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. The holders of the shares of Class A Common Stock do not have cumulative voting rights in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class. Notwithstanding the foregoing, the holders of the outstanding shares of Class A Common Stock are entitled to vote separately upon any amendment to the Company's certificate of incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such class of common stock in a manner that is disproportionately adverse as compared to the Class V Common Stock.

Dividend Rights

Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of Class A Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Company's board of directors out of funds legally available therefor.

Rights upon Liquidation, Dissolution and Winding-Up

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of the shares of Class A Common Stock are entitled to share ratably in all assets remaining after payment of the Company's debts and other liabilities, subject to prior distribution rights of preferred stock or any class or series of stock having a preference over the shares of Class A Common Stock, then outstanding, if any.

Preemptive or Other Rights

The holders of shares of Class A Common Stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the shares of Class A Common Stock. The rights, preferences and privileges of holders of shares of Class A Common Stock will be subject to those of the holders of any shares of the preferred stock that the Company may issue in the future.

Class V Common Stock

Voting Rights

Each holder of the shares of Class V Common Stock is entitled to one vote for each share of Class V Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. The holders of shares of Class V Common Stock do not have cumulative voting rights in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class. Notwithstanding the foregoing, the holders of the outstanding shares of Class V Common Stock are entitled to vote separately upon any amendment to the Company's certificate of incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such class of common stock in a manner that is disproportionately adverse as compared to the Class A Common Stock.

Dividend Rights

The holders of the Class V Common Stock will not participate in any dividends declared by the Company's board of directors.

Rights upon Liquidation, Dissolution and Winding-Up

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, the holders of Class V Common Stock are not entitled to receive any of the Company's assets.

Preemptive or Other Rights

The holders of shares of Class V Common Stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class V Common Stock.

Issuance and Retirement of Class V Common Stock

In the event that any outstanding share of Class V Common Stock ceases to be held directly or indirectly by a holder of Class A Units, such share will automatically be transferred to us for no consideration and thereupon will be retired. The Company will not issue additional shares of Class V Common Stock other than in connection with the valid issuance or transfer of Units in accordance with the governing documents of WMH LLC.

Preferred Stock

Pursuant to the amended and restated certificate of incorporation in effect as of June 15, 2021, the Company was authorized to issue 75,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of June 30, 2022, there were no shares of preferred stock issued or outstanding.

Noncontrolling Interests

The noncontrolling interest represents the Units held by holders other than the Company. As of June 30, 2022, the noncontrolling interests owned 41.7% of the Units outstanding. The noncontrolling interests' ownership percentage can fluctuate over time, including as the WMH LLC equity holders elect to exchange Units for Class A Common Stock. The Company has consolidated the financial position and results of operations of WMH LLC and reflected the proportionate interest held by the WMH LLC Unit equity holders as noncontrolling interests.

11. Stock-based Compensation

WM Holding Company, LLC Equity Incentive Plan

The Company has accounted for the issuance of Class A-3 and Class B Units issued under WM Holding Company, LLC's Equity Incentive Plan in accordance with ASC 718 - *Stock Based Compensation*. The Company considers the limitation on the exercisability of the Class A-3 and Class B Units to be a performance condition and records compensation cost when it becomes probable that the performance condition will be met.

In connection with the Business Combination, each of the Class A-3 Units outstanding prior to the Business Combination were cancelled, and the holder thereof received a number of Class A units representing limited liability company interests of WMH LLC (the "Class A Units") and an equivalent number of shares of Class V Common Stock, par value $0.0001 per share (together with the Class A Units, the "Paired Interests"), and each of the Class B Units outstanding prior to the Business Combination were cancelled and holders thereof received a number of Class P units representing limited liability company interests of WMH LLC (the "Class P Units" and together with the Class A Units, the "Units"), each in accordance with the Merger Agreement.

Concurrently with the closing of the Business Combination, the Unit holders entered into an exchange agreement (the "Exchange Agreement"). The terms of the Exchange Agreement, among other things, provide the Unit holders (or certain permitted transferees thereof) with the right from time to time at and after 180 days following the Business Combination to exchange their vested Paired Interests for shares of Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications, or Class P Units for shares of Class A Common Stock with a value equal to the value of such Class P Units less their participation threshold, or in each case, at the Company's election, the cash equivalent of such shares of Class A Common Stock.

A summary of the Class P Unit activity for the six months ended June 30, 2022 is as follows:

	Number of Units
Outstanding Class P Units, December 31, 2021	25,660,529
Cancellations	(27,891)
Exchanged for Class A Common Stock	(9,892,357)
Outstanding, Class P Units, June 30, 2022	15,740,281
Vested, June 30, 2022	14,575,755

As of June 30, 2022, unrecognized stock-based compensation expense for non-vested Class P Units was $2.9 million, which is expected to be recognized over a weighted-average period of 1.7 years. For the three and six months ended June 30, 2022, the Company recorded stock-based compensation expense for the Class P Units of $0.6 million and $1.3 million, respectively. For the three and six months ended June 30, 2021, the Company recorded stock-based compensation expense for the Class P Units of $19.4 million, which represented the life-to-date expense on the Class P Units through June 30, 2021. Due to the Business Combination completed in the second quarter of 2021, certain limitations on exercisability related to the Class P Units were removed. The stock-based compensation during the 2021 period also included a one-time incremental expense of $4.1 million related to an award modification as a result of an advisory agreement entered into with a former executive.

WM Technology, Inc. Equity Incentive Plan

In connection with the Business Combination, the Company adopted the WM Technology, Inc. 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan permits the granting of incentive stock options to employees and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of stock awards to employees, directors and consultants. As of June 30, 2022, 25,768,971 shares of Class A

Common Stock are authorized for issuance pursuant to awards under the 2021 Plan. The number of shares of Class A Common stock reserved for issuance under the 2021 Plan will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to five percent (5%) of the total number of shares of the Company's capital stock outstanding on December 31 of the preceding year; provided, however that the Board may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Common Stock. As of June 30, 2022, 11,662,673 shares of Class A Common Stock are available for future issuance.

A summary of the restricted stock unit ("RSU") activity for the six months ended June 30, 2022 is as follows:

	Number of RSUs	Weighted-average Grant Date Fair Value
Non-vested at December 31, 2021	5,829,881	$ 10.91
Granted	5,976,006	$ 5.78
Vested	(855,788)	$ 8.99
Forfeited	(705,915)	$ 10.90
Non-vested at June 30, 2022	10,244,184	$ 8.08

As of June 30, 2022, unrecognized stock-based compensation expense for non-vested RSUs was $75.9 million, which is expected to be recognized over a weighted-average period of 3.0 years. For the three and six months ended June 30, 2022, the Company recorded stock-based compensation expense for the RSUs of $5.6 million and $10.6 million, respectively.

The Company grants performance-based restricted stock units ("PRSUs") with performance and service-based vesting conditions. The level of achievement of such goals may cause the actual number of units that ultimately vest to range from 0% to 200% of the original units granted. The Company recognizes expense ratably over the vesting period for the PRSUs when it is probable that the performance criteria specified will be achieved. The fair value is equal to the market price of the Company's common stock on the date of grant.

A summary of the PRSU activity for the six months ended June 30, 2022 is as follows:

	Number of PRSUs	Weighted-average Grant Date Fair Value
Non-vested at December 31, 2021	2,437,500	$ 6.40
Granted	—	$ —
Vested	—	$ —
Forfeited	—	$ —
Non-vested at June 30, 2022	2,437,500	$ 6.40

As of June 30, 2022, unrecognized stock-based compensation expense for non-vested PRSUs was $11.4 million, which is expected to be recognized over a weighted-average period of 1.5 years. For the three and six months ended June 30, 2022, the Company recorded stock-based compensation expense for the PRSUs of $1.9 million and $3.8 million, respectively.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company recorded stock-based compensation cost related to the Class P Units, RSUs and PRSUs in the following expense categories on the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Sales and marketing	$ 2,072	$ 3,826	$ 3,883	$ 3,826
Product development	1,516	1,994	2,928	1,994
General and administrative	4,506	13,613	8,800	13,613
Total stock-based compensation expense	8,094	19,433	15,611	19,433
Amount capitalized to software development	519	—	929	—
Total stock-based compensation cost	$ 8,613	$ 19,433	$ 16,540	$ 19,433

12. Earnings Per Share

Basic income (loss) per share of Class A Common Stock is computed by dividing net earnings (loss) attributable to WM Technology, Inc. by the weighted-average number of shares of Class A Common Stock outstanding during the period. Diluted income (loss) per share of Class A Common Stock adjusts basic net income (loss) per share of Class A Common Stock for the potentially dilutive impact of securities. For warrants that are liability-classified, during periods when the impact is dilutive, the Company assumes share settlement of the instruments as of the beginning of the reporting period and adjusts the numerator to remove the change in fair value of the warrant liability, net of the portion attributable to non-controlling interests, and adjusts the denominator to include the dilutive shares calculated using the treasury stock method.

Prior to the Business Combination, the membership structure of WMH included units which had profit interests. The Company analyzed the calculation of net earnings (loss) per unit for periods prior to the Business Combination and determined that it resulted in values that would not be meaningful to the users of these condensed consolidated financial statements. Therefore, net earnings per share information has not been presented for periods prior to the Business Combination on June 16, 2021.

WM TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The computation of income (loss) per share attributable to WM Technology, Inc. and weighted-average shares of the Company's Class A Common Stock outstanding are as follows for the three and six months ended June 30, 2022 and June 30, 2021 (amounts in thousands, except for share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator:				
Net income (loss)	$ 19,848	$ 16,837	$ (11,385)	$ 24,568
Less: net income attributable to WMH prior to the Business Combination	—	7,347	—	15,078
Less: net income (loss) attributable to noncontrolling interests after the Business Combination	8,156	5,227	(9,184)	5,227
Net income (loss) attributable to WM Technology, Inc. Class A Common Stock - basic	11,692	4,263	(2,201)	4,263
Effect of dilutive securities:				
Public and Private Placement Warrants, net of amounts attributable to noncontrolling interests	—	16,061	—	16,061
Net income (loss) attributable to WM Technology, Inc. Class A Common Stock - diluted	$ 11,692	$ (11,798)	$ (2,201)	$ (11,798)
Denominator:				
Weighted average of shares of Class A Common Stock outstanding - basic	86,425,352	63,738,563	79,476,383	63,738,563
Weighted average effect of dilutive securities:				
Public warrants	—	4,877,681	—	4,877,681
Private warrants	—	2,731,502	—	2,731,502
Acquisition holdback shares	677,847	—	—	—
Restricted stock units	127,651	—	—	—
Weighted average of shares of Class A Common Stock outstanding - diluted	87,230,850	71,347,746	79,476,383	71,347,746
Net income (loss) per share of Class A Common Stock - basic	$ 0.14	$ 0.07	$ (0.03)	$ 0.07
Net income (loss) per share of Class A Common Stock - diluted	$ 0.13	$ (0.17)	$ (0.03)	$ (0.17)

Shares of the Class V Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class V Common Stock under the two-class method has not been presented.

The Company excluded the following securities from its computation of diluted shares outstanding, as their effect would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Class A Units	56,466,013	65,502,347	56,466,013	65,502,347
Class P Units	15,740,281	25,679,121	15,740,281	25,679,121
RSUs	—	— —	10,244,184	—
PRSUs	2,437,500	—	2,437,500	—
Public Warrants	12,499,973	—	12,499,973	—
Private Placement Warrants	7,000,000	—	7,000,000	—
Acquisition holdback shares	—	—	677,847	—

13. Related Party Transactions

During the second quarter of 2022, the Company entered into a sublease agreement with an affiliate to a member of the board of directors. The sublease commenced on June 1, 2022, and the term is for the remainder of the original lease and will expire on February 28, 2025, or sooner in the event that the original lease is cancelled prior to the expiration date. The monthly base rent, after the rent abatement period for the first four months, is $69,095. As of June 30, 2022, the security deposit for the sublease of approximately $0.1 million is included in other long-term liabilities on the accompanying condensed balance sheets. For the three and six months ended June 30, 2022, income on the sublease was approximately $0.1 million and this amount is netted with rent expense and included in general and administrative expenses on the accompanying condensed statements of operations.

14. Subsequent Events

To decrease costs and maintain a streamlined organization to support its business, the Company committed to a reduction in force that resulted in the termination of approximately 10% of the Company’s workforce on August 4, 2022. In connection with the reduction in force, the Company currently estimates it will incur between approximately $2 million and $3 million of costs, consisting primarily of cash severance costs, which the Company expects to recognize in the third quarter of 2022. The estimates of costs and expenses that the Company expects to incur in connection with the workforce reduction are subject to a number of assumptions and actual results may differ. The Company may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the workforce reduction.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and the related notes to those statements included in Item 1 "Financial Statements" in this Quarterly Report on Form 10-Q. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and included elsewhere herein and in our Annual Report on Form 10-K for the year ended December 31, 2021.

Overview

On June 16, 2021, WM Holding Company, LLC (when referred to in its pre-Business Combination capacity, "Legacy WMH" and following the Business Combination, "WMH LLC") completed its previously announced business combination with Silver Spike Acquisition Corp ("Silver Spike"). Legacy WMH was deemed to be the accounting acquirer under accounting principles generally accepted in the United States of America ("GAAP"). In connection with the closing, Silver Spike changed its name to WM Technology, Inc. As used in this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to the "Company," "we," "us," and "our," and similar references refer to WM Technology, Inc, and its subsidiaries following the Business Combination and to Legacy WMH prior to the Business Combination.

WM Technology, Inc. is one of the oldest and largest marketplace and technology solutions providers exclusively servicing the cannabis industry, primarily consumers, retailers and brands in the United States state-legal and Canadian cannabis markets. Our business primarily consists of our commerce-driven marketplace, Weedmaps, and our monthly subscription software offering, WM Business. Our Weedmaps marketplace provides information on the cannabis plant and the industry and advocates for legalization. The Weedmaps marketplace provides consumers with information regarding cannabis retailers and brands, as well as the strain, pricing, and other information regarding locally available cannabis products, through our website and mobile apps, permitting product discovery, access to deals and discounts, and reservation of products for pickup by consumers or delivery to consumers by participating retailers. We believe the size of our user base and the frequency of consumption of cannabis of that user base is highly valuable to our clients and results in clients paying for our services. WM Business, our subscription package, is a comprehensive set of eCommerce and compliance software solutions catered towards cannabis retailers, delivery services and brands where clients receive access to a standard listing page and our suite of software solutions, including WM Orders, WM Dispatch, WM Store, WM Dashboard, our WM Connectors (integrations and API platform), as well as access to our WM Exchange products, where available. We charge a monthly fee to clients for access to our WM Business subscription package and then offer other add-on products for additional fees, including our featured listings and our Sprout (customer relationship management), Cannveya (delivery and logistics software) and Enlighten (software, digital signage services and multi-media offerings) solutions. We sell our WM Business offering in the United States, currently offer some of our WM Business solutions in Canada (including a third party integration that enables our clients to accept payments from consumers, currently available only in Canada) and have a limited number of non-monetized listings in several other countries, including Austria, Germany, the Netherlands, Spain and Switzerland. We operate in the United States, Canada, and other foreign jurisdictions where medical and/or adult cannabis use is legal under state or applicable national law. We are headquartered in Irvine, California.

We were founded in 2008 and operate a leading online marketplace with a comprehensive set of eCommerce and compliance software solutions sold to retailers and brands in the U.S. state-legal and Canadian cannabis markets. The Company's mission is to power a transparent and inclusive global cannabis economy. We address the challenges facing both consumers seeking to understand cannabis products and businesses who serve cannabis patients and customers in a legally compliant fashion with our Weedmaps marketplace and WM Business software solutions. Over the past 13 years, we have grown the Weedmaps marketplace to become a premier destination for cannabis consumers to discover and browse information regarding cannabis and cannabis products, permitting product discovery and order-ahead for pickup or delivery by participating retailers. WM Business is a set of eCommerce-enablement tools designed to help our retailer and brand clients get the best out of their Weedmaps experience, while creating labor efficiency and managing their compliance needs.

We have grown the Weedmaps marketplace to become the premier destination for cannabis consumers to discover and browse information regarding cannabis and cannabis products with 17.4 million monthly active users ("MAUs") as of June 30, 2022 on the demand side and 5,537 and 5,282 average monthly paying business clients during the three and six months ended June 30, 2022, respectively, on the supply-side of our marketplace, see "—Monthly Active Users" below for additional information regarding MAUs. These paying clients include retailers, brands and other client types (such as doctors). Further, these clients, who can choose to purchase multiple listings solutions for each business, had purchased over 9,400 listing pages as of June 30, 2022 (of the over 17,600 listing pages on the marketplace). The Weedmaps marketplace provides consumers with information regarding cannabis retailers and brands, as well as the strain, pricing, and other information regarding locally available cannabis products, through our website and mobile apps, permitting product discovery and order-ahead for pickup or delivery by participating retailers. Our weedmaps.com site, our iOS Weedmaps mobile application and our Android Weedmaps mobile application also have educational content including news articles, information about cannabis strains, a number of "how-to" guides, policy white-papers and research to allow consumers to educate themselves on cannabis and its history, uses and legal status. While consumers can discover cannabis products, brands, and retailers on our site, we neither sell (or fulfill purchases of) cannabis products, nor do we process payments for cannabis transactions across our marketplace or SaaS solutions.

Business Combination and Public Company Costs

On June 16, 2021, Silver Spike consummated the business combination (the "Business Combination") pursuant to the certain Agreement and Plan of Merger, dated December 10, 2020 (the "Merger Agreement"), by and among Silver Spike, Silver Spike Merger Sub LLC, a Delaware limited liability company and a wholly owned direct subsidiary of Silver Spike Acquisition Corp. ("Merger Sub"), Legacy WMH, and Ghost Media Group, LLC, a Nevada limited liability company, solely in its capacity as the initial holder representative (the "Holder Representative"). Pursuant to the Merger Agreement, Merger Sub merged with and into Legacy WMH, whereupon the separate limited liability company existence of Merger Sub ceased and Legacy WMH became the surviving company and continued in existence as a subsidiary of Silver Spike. On the Closing Date, and in connection with the Closing, Silver Spike changed its name to WM Technology, Inc. Legacy WMH was deemed to be the accounting acquirer in the Business Combination based on an analysis of the criteria outlined in Accounting Standards Codification 805. While Silver Spike was the legal acquirer in the Business Combination, because Legacy WMH was deemed the accounting acquirer, the historical financial statements of Legacy WMH became the historical financial statements of the combined company, upon the Closing.

The Business Combination was accounted for as a "reverse recapitalization." A reverse recapitalization does not result in a new basis of accounting, and the financial statements of the combined entity represent the continuation of the financial statements of Legacy WMH in many respects. Under this method of accounting, Silver Spike was treated as the "acquired" company for financial reporting purposes. For accounting purposes, Legacy WMH was deemed to be the accounting acquirer in the transaction and, consequently, the transaction was treated as a recapitalization of Legacy WMH (i.e., a capital transaction involving the issuance of stock by Silver Spike for the stock of Legacy WMH). Accordingly, the consolidated assets, liabilities and results of operations of Legacy WMH became the historical financial statements of the combined company, and Silver Spike's assets, liabilities and results of operations were consolidated with Legacy WMH beginning on the acquisition date. Operations prior to the Business Combination are presented as those of Legacy WMH. The net assets of Silver Spike were recognized at historical cost (which are consistent with carrying value), with no goodwill or other intangible assets recorded.

As a consequence of the Business Combination, Legacy WMH became the successor to an SEC-registered and Nasdaq-listed company which requires us to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We have and expect to continue to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting, legal and administrative resources, including increased audit and legal fees.

Key Operating and Financial Metrics

We monitor the following key financial and operational metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(dollars in thousands, except for revenue per paying client)			
Revenues	$ 58,294	$ 46,931	$ 115,746	$ 88,085
Net income (loss)	$ 19,848	$ 16,837	$ (11,385)	$ 24,568
EBITDA(1)	$ 20,996	$ 17,433	$ (8,040)	$ 26,407
Adjusted EBITDA(1)	$ (595)	$ 8,503	$ (1,548)	$ 17,477
Average monthly revenue per paying client(2)	$ 3,509	$ 3,706	$ 3,652	$ 3,609
Average monthly paying clients(3)	5,537	4,221	5,282	4,068
MAUs (in thousands)(4)	17,402	12,302	17,402	12,302

(1) For further information about how we calculate EBITDA and Adjusted EBITDA as well as limitations of its use and a reconciliation of EBITDA and Adjusted EBITDA to net income, see "—EBITDA and Adjusted EBITDA" below.
(2) Average monthly revenue per paying client is defined as the average monthly revenue for any particular period divided by the average monthly paying clients in the same respective period.
(3) Average monthly paying clients are defined as the average of the number of paying clients billed in a month across a particular period (and for which services were provided).
(4) See "—Monthly Active Users" below for additional information regarding MAUs.

Revenue

We offer WM Business subscriptions, which include access to the Weedmaps marketplace and certain SaaS solutions. As add-ons for additional fees, we offer other products, including featured listings, placements, promoted deals, nearby listings, other display advertising, customer relationship management, digital menus, and delivery and logistics services. Our WM Business subscriptions generally have one-month terms that automatically renew unless notice of cancellation is provided in advance. We have a fixed inventory of featured listing and display advertising in each market, and price is generally determined through a competitive auction process that reflects local market demand, though we are testing a more dynamic, performance-based pricing model for these solutions across several markets. For clients that pay us in advance for listing and other services we record deferred revenue and recognize revenue over the applicable subscription term.

EBITDA and Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed EBITDA and Adjusted EBITDA, both of which are non-GAAP financial measures that we calculate as net income (loss) before interest, taxes and depreciation and amortization expense in the case of EBITDA and further adjusted to exclude stock-based compensation, change in fair value of warrant liability, transaction related bonuses, transaction costs, legal settlements and other non-cash, unusual and/or infrequent costs in the case of Adjusted EBITDA. Below we have provided a reconciliation of net (loss) income (the most directly comparable GAAP financial measure) to EBITDA and from EBITDA to Adjusted EBITDA.

We present EBITDA and Adjusted EBITDA because these metrics are a key measure used by our management to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of investment capacity. Accordingly, we believe that EBITDA and Adjusted EBITDA provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management.

EBITDA and Adjusted EBITDA have limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are as follows:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and both EBITDA and Adjusted EBITDA do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; and
- EBITDA and Adjusted EBITDA do not reflect tax payments that may represent a reduction in cash available to us.

Because of these limitations, you should consider EBITDA and Adjusted EBITDA alongside other financial performance measures, including net income and our other GAAP results.

A reconciliation of net income (loss) to non-GAAP EBITDA and Adjusted EBITDA is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Net income (loss)	$ 19,848	$ 16,837	$ (11,385)	$ 24,568
Benefit from income taxes	(1,310)	(392)	(3,058)	(151)
Depreciation and amortization expenses	2,458	988	6,403	1,990
EBITDA	20,996	17,433	(8,040)	26,407
Stock-based compensation	8,094	19,433	15,611	19,433
Change in fair value of warrant liability	(32,234)	(37,791)	(14,015)	(37,791)
Transaction related bonuses	1,073	1,550	3,030	1,550
Transaction costs	—	—	251	—
Legal settlements and other legal costs	925	—	1,064	—
Warrant transaction costs	—	5,506	—	5,506
Impairment of right-of-use assets	551	2,372	551	2,372
Adjusted EBITDA	$ (595)	$ 8,503	$ (1,548)	$ 17,477

Average Monthly Revenue Per Paying Client

Average monthly revenue per paying client measures how much clients, for the period of measurement, are willing to pay us for our subscription and additional offerings and the efficiency of the bid-auction process for our featured listings placements. We calculate this metric by dividing the average monthly revenue for any particular period by the average monthly number of paying clients in the same respective period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Average monthly revenue per paying client	$ 3,509	$ 3,706	$ 3,652	$ 3,609

Average Monthly Paying Clients

We define average monthly paying clients as the monthly average of clients billed each month over a particular period (and for which services were provided). Our paying clients include both individual cannabis businesses as well as retail sites or businesses within a larger organization that have independent relationships with us, many of whom are owned by holding companies where decision-making is decentralized such that purchasing decisions are made, and relationships with us are located, at a lower organizational level. In addition, any client may choose to purchase multiple listing solutions for each of their retail sites or businesses. Average monthly paying clients for the three months ended June 30, 2022 increased approximately 31% to 5,537 average monthly paying clients from 4,221 average monthly paying clients in the same period in 2021. Average monthly paying clients for the six months ended June 30, 2022 increased approximately 30% to 5,282 average monthly paying clients from 4,068 average monthly paying clients in the same period in 2021. The increase in average monthly paying clients in the three and six months ended June 30, 2022 as compared to the same periods in 2021 was primarily due to broad increases throughout our Featured Listing product, WM Business subscription offering and other ad solutions.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Average monthly paying clients	5,537	4,221	5,282	4,068

Monthly Active Users

In any given period, we calculate our monthly active users by determining the total number of unique users who opened our Weedmaps mobile app or gained access to our Weedmaps.com website during the final calendar month of the period. This number has been reported as Monthly Active Users ("MAUs"). This statistic includes users who gain access to the website through paid advertising channels. In the second quarter of 2022, our board of directors received an internal complaint regarding the calculation, definition, and reporting of our MAUs. In response, the board of directors formed a special committee (the "Special Committee") of independent directors to conduct an internal investigation with the assistance of outside counsel. As a result of this internal investigation, we have determined to provide the following information.

As we have previously disclosed, one of the ways in which we acquire users is through paid advertising. To an increasing degree over time, growth of our monthly active users, reported as MAUs, has been driven by the purchase of pop-under advertisements, which are marketing advertisements on third party websites that automatically present our platform on users' screens in certain circumstances. Our internal data suggests that the vast majority of users who are directed to weedmaps.com via pop-under advertisements close the site without clicking on any links. Based on management's review, users whose access to the website resulted from these pop-under advertisements represented approximately 65% of our MAUs as of June 30, 2022, and 54%, 50% and 54% of our MAUs as of March 31, 2022, December 31, 2021 and September 30, 2021, respectively.

Our management has utilized pop-under advertisements, and other digital marketing strategies, based on the belief that they have provided a cost-effective means of promoting awareness of the weedmaps.com website and Weedmaps mobile apps. However, we expect to shift our marketing spend in the coming months to rely less on the use of pop-under advertisements.

In addition, there are inherent limitations on the ability of online platforms to identify unique, rather than repeat, users across sessions. In particular, incognito browsing, usage across devices or mobile and internet platforms, blocking or deleting cookies and IP addresses or other similar methods employed by users limits our ability to identify unique users and, as a result, we believe it is likely that our MAUs may include a significant number of repeat underlying users.

Prior to and in the course of the internal investigation described above, we have continued to review user engagement metrics to determine which metrics may be most useful for investors in evaluating our evolving business and quarterly results of operations, and we intend to update investors on those efforts in connection with the results of operations for the quarter ending September 30, 2022.

The information described above and currently under further review by the Special Committee is not expected to affect our financial results under GAAP or the reporting or disclosure of any currently disclosed non-GAAP financial metric.

	As of June 30,	
	2022	**2021**
MAUs (in thousands)	17,402	12,302

For information regarding risks associated with relying on certain metrics, including MAUs, see "Part II—Item 1A. Risk Factors" below.

Factors Affecting Our Performance

Growth of Our Two-Sided Weedmaps Marketplace

We have historically grown through and intend to focus on continuing to grow through the expansion of our two-sided marketplace, which occurs through growth of the number and type of businesses and consumers that we attract to our platform. We believe that expansion of the number and types of cannabis businesses that choose to list on our platform will continue to make our platform more compelling for consumers and drive traffic and consumer engagement, which in turn will make our platform more valuable to cannabis businesses.

Growth and Retention of Our Paying Clients

Our revenue grows primarily through acquiring and retaining paying clients and increasing the revenue per paying client over time. We have a history of attracting new paying clients and increasing their annual spend with us over time, primarily due to the value they receive once they are onboarded and able to take advantage of the benefits of participating in our two-sided marketplace and leveraging our software solutions. Our monthly net dollar retention, which is defined as total revenue from clients in a given month who were paying clients in the immediately preceding month, averaged at 98% in the first half of 2022.

Prices of certain commodity products, including gas prices, are historically volatile and subject to fluctuations arising from changes in domestic and international supply and demand, labor costs, competition, market speculation, government regulations, trade restrictions and tariffs, the effects of the coronavirus (COVID-19) pandemic and Russia's initiation of military action against Ukraine. Increasing prices in the component materials for the goods or services of our clients may impact their ability to maintain or increase their spend with us and their ability to pay their invoices on time. Rapid and significant changes in commodity prices, such as fuel, may negatively affect our revenue if our clients are unable to mitigate inflationary increases through various customer pricing actions and cost reduction initiatives. This could also negatively impact our net dollar retention and collections on our accounts receivable.

Regulation and Maturation of Cannabis Markets

We believe that we will have significant opportunities for greater growth as more jurisdictions legalize cannabis for medical and/or adult-use and the regulatory environment continues to develop. Thirty-eight U.S. states, the District of Columbia, Puerto Rico, and several U.S. territories have legalized some form of whole-plant cannabis cultivation, sales, and use for certain medical purposes. Nineteen of those states and the District of Columbia have also legalized cannabis use by adults for non-medical or adult-use purposes, and several other states are at various stages of similar legalization measures. We intend to explore new expansion opportunities as additional jurisdictions legalize cannabis for medical or adult use and leverage our business model informed by our 13-year operating history to enter new markets.

We also have a significant opportunity to monetize transactions originating from users engaging with a retailer on the Weedmaps marketplace or tracked via one of our WM Business solutions. Given U.S. federal prohibitions on plant-touching businesses and our current policy not to participate in the chain of commerce associated with the sale of cannabis products, we do not charge take-rates or payment fees for transactions originating from users who engage with a retailer on the Weedmaps platform or tracked via one of our WM Business solutions. A change in U.S. federal regulations could result in our ability to engage in such monetization efforts without adverse consequences to our business.

Our long-term growth depends on our ability to successfully capitalize on new and existing cannabis markets. Each market must reach a critical mass of both cannabis businesses and consumers for listing subscriptions, advertising placements and other solutions to have meaningful appeal to potential clients. As regulated markets mature and as we incur expenses to attract paying clients and convert non-paying clients to paying clients, we may generate losses in new markets for an extended period.

Furthermore, we compete with cannabis-focused and general two-sided marketplaces, internet search engines, and various other newspaper, television and media companies and other software providers. We expect competition to intensify in the future as the regulatory regime for cannabis becomes more settled and the legal market for cannabis becomes more accepted, which may encourage new participants to enter the market, including established companies with substantially greater financial, technical and other resources than existing market participants. Our current and future competitors may also enjoy other competitive advantages, such as greater name recognition, more offerings and larger marketing budgets.

Brand Recognition and Reputation

We believe that maintaining and enhancing our brand identity and our reputation is critical to maintaining and growing our relationships with clients and consumers and to our ability to attract new clients and consumers. Historically, a substantial majority of our marketing spending was on out-of-home advertising on billboards, buses and other non-digital outlets. Starting in 2019, consistent with the overall shift in perceptions regarding cannabis, a number of demand-side digital advertising platforms allowed us to advertise online. We also invested in growing our internal digital performance advertising team. We believe there is an opportunity to improve market efficiency through digital channels and expect to shift our marketing spending accordingly. Over the longer term, we expect to shift and accelerate our marketing spend to additional online and traditional channels, such as broadcast television or radio, as they become available to us.

Negative publicity, whether or not justified, relating to events or activities attributed to us, our employees, clients or others associated with any of these parties, may tarnish our reputation and reduce the value of our brand. Given our high visibility and relatively long operating history compared to many of our competitors, we may be more susceptible to the risk of negative publicity. Damage to our reputation and loss of brand equity may reduce demand for our platform and have an adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time consuming, and such efforts may not ultimately be successful.

We also believe that the importance of our brand recognition and reputation will continue to increase as competition in our market continues to develop. If our brand promotion activities are not successful, our operating results and growth may be adversely impacted.

Investments in Growth

We intend to continue to make focused organic and inorganic investments to grow our revenue and scale operations to support that growth.

Given our long operating history in the United States and the strength of our network, often businesses will initially list on our platform without targeted sales or marketing efforts by us. However, we plan to accelerate our investments in marketing to maintain and increase our brand awareness through both online and offline channels. We also plan to invest in expanding our business listings thereby enhancing our client and consumer experience, and improving the depth and quality of information provided on our platform. We also intend to continue to invest in several areas to continue enhancing the functionality of our WM Business offering. We expect significant near-term investments to enhance our data assets and evolve our current listings and software offerings to our brand clients, among other areas. We anticipate undertaking such investments in order to be positioned to capitalize on the rapidly expanding cannabis market.

On January 14, 2022, we acquired Eyechronic LLC ("Eyechronic") d/b/a Enlighten, a Delaware limited liability company and a provider of software, digital signage services and multi-media offerings to dispensaries and brands. We are continuing to integrate Eyechronic and our other acquisitions and will continue to invest in them appropriately to scale during this fiscal year 2022.

On September 3, 2021, the Company acquired certain assets of the Sprout business ("Sprout"), a leading, cloud-based customer relationship management ("CRM") and marketing platform for the cannabis industry.

On September 29, 2021, the Company acquired all of the equity interests of Transport Logistics Holding Company, LLC ("TLH"), which is the parent company of Cannveya & CannCurrent. Cannveya is a logistics platform that enables the compliant delivery of cannabis and CannCurrent is a technology integrations and connectors platform facilitating custom integrations with third party technology providers.

As operating expenses and capital expenditures fluctuate over time, we may accordingly experience short-term, negative impacts to our operating results and cash flows.

Components of Our Results of Operations

Revenues

We offer WM Business subscriptions, which include access to the Weedmaps marketplace and certain SaaS solutions. As add-ons for additional fees, we offer other products, including featured listings, placements, promoted deals, nearby listings, other display advertising, customer relationship management, digital menus, and delivery and logistics services. Our WM Business subscriptions generally have one-month terms that automatically renew unless notice of cancellation is provided in advance. We have a fixed inventory of featured listing and display advertising in each market, and price is generally determined through a competitive auction process that reflects local market demand, though we are testing a more dynamic, performance-based pricing model for these solutions across several markets. For clients that pay us in advance for listing and other services we record deferred revenue and recognize revenue over the applicable subscription term.

Cost of Revenues

Cost of revenues primarily consists of web hosting, internet service, credit card processing costs and inventory costs related to multi-media offerings.

Selling and Marketing Expenses

Selling and marketing expenses consist of salaries, benefits, travel expense and incentive compensation for our sales and marketing employees. In addition, sales and marketing expenses include business acquisition marketing, events cost, and branding and advertising costs. We expect our sales and marketing expenses to increase on an absolute basis as we enter new markets. Over the longer term, we expect sales and marketing expense to increase in a manner consistent with revenue growth, however, we may experience fluctuations in some periods as we enter and develop new markets or have large one-time marketing projects.

Product Development Expenses

Product development costs consist of salaries and benefits for employees, including engineering and technical teams who are responsible for building new products, as well as maintaining and improving existing products. Product development costs that do not meet the criteria for capitalization are expensed as incurred. The majority of our new software development costs have historically been expensed. We believe that continued investment in our platform is important for our growth and expect our product development expenses will increase in a manner consistent with revenue growth as our operations grow.

General and Administrative Expenses

General and administrative expenses consist primarily of payroll and related benefit costs for our employees involved in general corporate functions including our senior leadership team as well as costs associated with the use by these functions of software and facilities and equipment, such as rent, insurance, and other occupancy expenses. General and administrative expenses also include professional and outside services related to legal and other consulting services. General and administrative expenses are primarily driven by increases in headcount required to support business growth and meeting our obligations as a public company. We expect general and administrative expenses to decline as a percentage of revenue as we scale our business and leverage investments in these areas.

Depreciation and Amortization Expenses

Depreciation and amortization expenses primarily consist of depreciation on computer equipment, furniture and fixtures, leasehold improvements, capitalized software development costs and amortization of purchased intangibles. We expect depreciation and amortization expenses to increase on an absolute basis for the foreseeable future as we scale our business.

Results of Operations

The following tables set forth our results of operations for the periods presented and express the relationship of certain line items as a percentage of net sales for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Revenues	$ 58,294	$ 46,931	$ 115,746	$ 88,085
Operating expenses:				
Cost of revenues	3,858	1,908	7,598	3,765
Sales and marketing	22,123	15,271	44,005	24,388
Product development	13,263	10,271	26,353	18,139
General and administrative	29,610	33,770	58,665	47,136
Depreciation and amortization	2,458	988	6,403	1,990
Total operating expenses	71,312	62,208	143,024	95,418
Operating loss	(13,018)	(15,277)	(27,278)	(7,333)
Other income (expenses)				
Change in fair value of warrant liability	32,234	37,791	14,015	37,791
Other expense, net	(678)	(6,069)	(1,180)	(6,041)
Income (loss) before income taxes	18,538	16,445	(14,443)	24,417
Benefit from income taxes	(1,310)	(392)	(3,058)	(151)
Net income (loss)	19,848	16,837	(11,385)	24,568
Net income (loss) attributable to noncontrolling interests	8,156	12,574	(9,184)	20,305
Net income (loss) attributable to WM Technology, Inc.	$ 11,692	$ 4,263	$ (2,201)	$ 4,263

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	100 %	100 %	100 %	100 %
Operating expenses:				
Cost of revenues	7 %	4 %	7 %	4 %
Sales and marketing	38 %	33 %	38 %	28 %
Product development	23 %	22 %	23 %	21 %
General and administrative	51 %	72 %	51 %	54 %
Depreciation and amortization	4 %	2 %	6 %	2 %
Total operating expenses	122 %	133 %	124 %	108 %
Operating (loss) income	(22)%	(33)%	(24)%	(8)%
Other income (expenses)				
Change in fair value of warrant liability	55 %	81 %	12 %	43 %
Other income, net	(1)%	(13)%	(1)%	(7)%
Income (loss) before income taxes	32 %	35 %	(12)%	28 %
Benefit from income taxes	(2)%	(1)%	(3)%	0 %
Net income (loss)	34 %	36 %	(10)%	28 %
Net income (loss) attributable to noncontrolling interests	14 %	27 %	(8)%	23 %
Net income (loss) attributable to WM Technology, Inc.	20 %	9 %	(2)%	5 %

Comparison of Three Months Ended June 30, 2022 and 2021

Revenues

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Revenues	$ 58,294	$ 46,931	$ 11,363	24

Total revenues increased by $11.4 million, or 24% for the three months ended June 30, 2022 compared to the same period in 2021. The increase was primarily driven by a 31% increase in average monthly paying clients. Our growth in average monthly paying clients primarily reflects growth in our featured listing product of $3.8 million, WM Business subscription offering of $0.9 million and other ad and SaaS solutions of $6.6 million, which includes revenues attributable to companies we acquired since the second quarter of 2021. For the three months ended June 30, 2022, featured listing product, WM Business subscription offering and other ad and SaaS solutions represented 51%, 20% and 29% of our total revenues, respectively.

Cost of Revenues

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Cost of revenues	$ 3,858	$ 1,908	$ 1,950	102
Gross margin	93 %	96 %		

Cost of revenues was $3.9 million for the three months ended June 30, 2022 compared to $1.9 million for the same period in 2021. The increase was primarily related to an increase of $1.6 million attributable to inventory costs of certain advertising revenue as well as the cost of revenue attributable to a company we acquired in the third quarter of 2021.

Sales and Marketing Expenses

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Sales and marketing expenses	$ 22,123	$ 15,271	$ 6,852	45
Percentage of revenue	38 %	33 %		

Sales and marketing expenses increased by $6.9 million, or 45% for the three months ended June 30, 2022 compared to the same period in 2021. The increase was primarily due to increases in personnel-related costs of $4.9 million, branding and advertising costs of $1.0 million, outside services costs of $0.8 million, website advertising expense of $0.3 million as more advertising options become available in the cannabis industry, and travel and entertainment expense of $0.5 million, offset by a decrease in event expense of $1.0 million. The increase in personnel-related costs was attributable to increased headcount and a $0.8 million of bonus expense related to future bonus payouts in connection with prior acquisitions, offset by a decrease in stock-based compensation expense of $1.8 million due to additional stock-based compensation expense recognized in the 2021 period as a result of the Business Combination.

Product Development Expenses

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Product development expenses	$ 13,263	$ 10,271	$ 2,992	29
Percentage of revenue	23 %	22 %		

Product development expenses increased by $3.0 million, or 29% for the three months ended June 30, 2022 compared to the same period in 2021. This increase was primarily due to an increase in personnel-related costs of $7.0 million and an increase in outside services of $0.6 million, offset by capitalized software costs of $4.6 million. The increase in personnel related costs was primarily due to increases in salaries and wages of $4.8 million and an increase in bonus expense of $1.4 million.

General and Administrative Expenses

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
General and administrative expenses	$ 29,610	$ 33,770	$ (4,160)	(12)
Percentage of revenue	51 %	72 %		

General and administrative expenses decreased by $4.2 million, or 12% for the three months ended June 30, 2022 compared to the same period in 2021. This decrease was primarily due to decreases in personnel-related costs of $9.5 million and impairment of right-of-use assets of $1.8 million, offset by increases in insurance costs of $2.2 million for additional insurance coverage as a public company, software costs of $1.2 million, bad debt expense of $1.4 million and professional fees of $2.3 million. The decrease in personnel-related costs includes a decrease in stock-based compensation expense of $9.1 million as a result of the additional stock-based compensation expense recognized in the 2021 period as a result of the Business Combination.

Depreciation and Amortization Expenses

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Depreciation and amortization expenses	$ 2,458	$ 988	$ 1,470	149
Percentage of revenue	4 %	2 %		

Depreciation and amortization expenses increased $1.5 million, or 149% for the three months ended June 30, 2022 compared to the same period in 2021. The increase was primarily due to increases in capitalized software amortization of $0.9 million and amortization of intangible assets of $0.3 million.

Other Income (Expense), net

	Three Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Change in fair value of warrant liability	$ 32,234	$ 37,791	(5,557)	(15)
Other expense, net	(678)	(6,069)	5,391	(89)
Other income (expense), net	$ 31,556	$ 31,722	(166)	(1)
Percentage of revenue	54 %	68 %		

Other income (expense), net decreased by $0.2 million for the three months ended June 30, 2022 compared to the same period in 2021. The decrease in other income was primarily due to comparatively unfavorable changes in fair value of warrant liability of $5.6 million, offset by a decrease in other expense, net of $5.4 million primarily attributable to transaction costs of $5.5 million recognized in the 2021 period related to the Business Combination.

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Comparison of Six Months Ended June 30, 2022 and 2021

Revenues

	Six Months Ended June 30,		Change	
	2022	**2021**	**($)**	**(%)**
	(dollars in thousands)			
Revenues	$ 115,746	$ 88,085	$ 27,661	31

Total revenues increased by $27.7 million, or 31%, for the six months ended June 30, 2022 compared to the same period in 2021. The increase was driven by a 30% increase in average monthly paying clients. Our growth in average monthly revenue per paying client and average monthly paying clients primarily reflects growth in our featured listing product of $11.5 million, WM Business subscription offering of $2.7 million and other ad and SaaS solutions of $13.4 million, which includes revenues attributable to companies we acquired since the second quarter of 2021. For the six months ended June 30, 2022, featured listing product, WM Business subscription offering and other ad and SaaS solutions represented 52%, 20% and 28% of our total revenues, respectively.

Cost of Revenues

	Six Months Ended June 30,		Change	
	2022	**2021**	**($)**	**(%)**
	(dollars in thousands)			
Cost of revenues	$ 7,598	$ 3,765	$ 3,833	102
Gross margin	93 %	96 %		

Cost of revenues increased by $3.8 million, or 102%, for the six months ended June 30, 2022 compared to the same period in 2021. The increase was primarily related to an increase of $3.1 million attributable to inventory costs of certain advertising revenue as well as the cost of revenue attributable to a company we acquired in the third quarter of 2021.

Sales and Marketing Expenses

	Six Months Ended June 30,		Change	
	2022	**2021**	**($)**	**(%)**
	(dollars in thousands)			
Sales and marketing expenses	$ 44,005	$ 24,388	$ 19,617	80
Percentage of revenue	38 %	28 %		

Sales and marketing expenses increased by $19.6 million, or 80%, for the six months ended June 30, 2022 compared to the same period in 2021. The increase was primarily due to increases in personnel-related costs of $13.8 million, outside services costs of $2.6 million, branding and advertising expense of $1.5 million and website advertising expense of $1.3 million. The increase in personnel-related costs was primarily due to increased headcount, including increases in salaries and wages of $8.6 million and bonus expense of $4.1 million, which includes $2.0 million of expense related to future bonus payouts in connection with prior acquisitions.

Product Development Expenses

	Six Months Ended June 30,		Change	
	2022	**2021**	**($)**	**(%)**
	(dollars in thousands)			
Product development expenses	$ 26,353	$ 18,139	$ 8,214	45
Percentage of revenue	23 %	21 %		

Product development expenses increased by $8.2 million, or 45% for the six months ended June 30, 2022 compared to the same period in 2021. The increase was primarily due to increases in personnel-related costs of $14.9 million and outside services costs of $1.4 million, offset by an increase in capitalized software development costs of $8.3 million. The increase in personnel-related costs was primarily due to increases in salaries, wages and bonus of $11.9 million, due to increased headcount, and stock-based compensation costs of $1.9 million driven by the issuance of restricted stock units to our employees during the second half of 2021 and the first half of 2022. Bonus expense for the first half of 2022 includes $0.7 million of expense related to future bonus payouts in connection with prior acquisitions.

General and Administrative Expenses

	Six Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
General and administrative expenses	$ 58,665	$ 47,136	$ 11,529	24
Percentage of revenue	51 %	54 %		

General and administrative expenses increased by $11.5 million, or 24%, for the six months ended June 30, 2022 compared to the same period in 2021. This increase was primarily due to increases in salaries and wages of $2.7 million, insurance costs of $5.4 million as a result of additional insurance coverage as a public company, bad debt expense of $4.0 million due to higher reserves for past due balances, professional services of $3.5 million and software expense of $2.6 million. These increases were partially offset by a decrease in stock-based compensation expense of $4.8 million and a decrease in impairment loss on right-of-use assets of $1.8 million. The decrease in stock-based compensation expense was a result of additional stock-based compensation expense recognized in the 2021 period in connection with the Business Combination.

Depreciation and Amortization Expenses

	Six Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Depreciation and amortization expenses	$ 6,403	$ 1,990	$ 4,413	222
Percentage of revenue	6 %	2 %		

Depreciation and amortization expenses increased $4.4 million for the six months ended June 30, 2022 compared to the same period in 2021. The increase was primarily due to increases in capitalized software amortization of $2.6 million, fixed asset depreciation of $0.9 million and intangible asset amortization of $0.9 million. Capitalized software amortization included accelerated depreciation of $1.1 million related to discontinued product features of WM Retail in the first quarter of 2022.

Other (Expense) Income , net

	Six Months Ended June 30,		Change	
	2022	2021	($)	(%)
	(dollars in thousands)			
Change in fair value of warrant liability	$ 14,015	$ 37,791	(23,776)	(63)
Other expense, net	(1,180)	(6,041)	4,861	(80)
Other (expense) income, net	$ 12,835	$ 31,750	(18,915)	(60)
Percentage of revenue	11 %	36 %		

Other (expense) income, net decreased by $18.9 million for the six months ended June 30, 2022 compared to the same period in 2021. The decrease in other (expense) income, net was primarily due to comparatively unfavorable changes in fair value of warrant liability of $23.8 million, which was partially offset by a decrease in other expense, net of $4.9 million, primarily attributable to transaction costs of $5.5 million recognized in the 2021 period related to the Business Combination.

Seasonality

Our rapid growth and recent changes in legislation have historically offset seasonal trends in our business. While seasonality has not had a significant impact on our results in the past, our clients may experience seasonality in their businesses which in turn can impact the revenue generated from them. Our business may become more seasonal in the future and historical patterns in our business may not be a reliable indicator of future performance.

Liquidity and Capital Resources

The following tables show our cash, accounts receivable and working capital as of the dates indicated:

		June 30, 2022		December 31, 2021
		(in thousands)		
Cash	$	47,604	$	67,777
Accounts receivable, net		27,305		17,550
Working capital		45,462		61,134

As of June 30, 2022, we had cash of $47.6 million. During the second quarter of 2021, we completed the Business Combination, resulting in proceeds of approximately $80.0 million. Our funds are being used for funding our current operations and potential strategic acquisitions in the future. We also intend to increase our capital expenditures to support the organic growth in our business and operations. We expect to fund our near-term capital expenditures from cash provided by operating activities. We believe that our existing cash and cash generated from operations will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, our liquidity assumptions may prove to be incorrect, and we could exhaust our available financial resources sooner than we currently expect. We may seek to raise additional funds at any time through equity, equity-linked or debt financing arrangements. Our future capital requirements and the adequacy of available funds will depend on many factors. We may not be able to secure additional financing to meet our operating requirements on acceptable terms, or at all.

Sources of Liquidity

We primarily finance our operations and capital expenditures through cash flows generated by operations.

To the extent existing cash and investments and cash from operations are not sufficient to fund future activities, we may need to raise additional funds. We may seek to raise additional funds through equity, equity-linked or debt financings. If we raise additional funds through the incurrence of indebtedness, such indebtedness may have rights that are senior to holders of our equity securities and could contain covenants that restrict operations. Any additional equity financing may be dilutive to stockholders. We may enter into investment or acquisition transactions in the future, which could require us to seek additional equity financing, incur indebtedness, or use cash resources.

Cash Flows

	Six Months Ended June 30,			
		2022		2021
		(in thousands)		
Net cash (used in) provided by operating activities	$	(3,814)	$	16,539
Net cash used in investing activities	$	(10,267)	$	(836)
Net cash (used in) provided by financing activities	$	(6,092)	$	56,040

Net Cash (Used In) Provided by Operating Activities

Cash from operating activities consists primarily of net income (loss) adjusted for certain non-cash items, including depreciation and amortization, change in fair value of warrant liability, impairment charges, stock-based compensation, provision for doubtful accounts, deferred taxes and the effect of changes in working capital.

Net cash used in operating activities for the six months ended June 30, 2022 was $3.8 million, which resulted from a net loss of $11.4 million, together with net cash outflows of $2.6 million from changes in operating assets and liabilities, and non-cash items of $10.2 million, consisting of depreciation and amortization of $6.4 million, fair value of warrant liability of $14.0 million, stock-based compensation of $15.6 million, deferred income taxes of $3.1 million, provision for doubtful accounts of $4.7 million and impairment loss on right-of-use asset of $0.6 million. Net cash outflows from changes in operating assets and liabilities were primarily due to an increase in accounts receivable of $13.6 million, partially offset by a decrease in prepaid expenses and other assets of $2.9 million and an increase in accounts payable and accrued expenses of $8.9 million. The changes in operating assets and liabilities are mostly due to fluctuations in timing of cash receipts and payments.

Net cash provided by operating activities for the six months ended June 30, 2021 was $16.5 million, which resulted from net income of approximately $24.6 million, together with net cash inflows of approximately $5.7 million from changes in operating assets and liabilities, and non-cash items of $13.7 million, consisting of depreciation and amortization of $2.0 million, fair value of warrant liability of $37.8 million, stock-based compensation of $19.4 million, impairment loss on right-of-use asset of $2.4 million, provision for doubtful accounts of $0.7 million and deferred income taxes of $0.4 million. The net cash inflows from changes in operating assets and liabilities were primarily due to a decrease in prepaid expenses and other current assets of $4.4 million, an increase in accounts payable and accrued expenses of $1.7 million, an increase in deferred revenue of $1.7 million. These changes were partially offset by an increase in accounts receivables of $2.1 million. The changes in operating assets and liabilities are mostly due to fluctuations in timing of cash receipts and payments.

Net Cash Used in Investing Activities

Cash used in investing activities for the six months ended June 30, 2022 was $10.3 million, which resulted from $8.6 million cash paid for purchases of property and equipment, including certain capitalized software development costs, net cash paid for acquisition of $0.7 million and cash paid for an acquisition holdback release of $1.0 million.

Cash used in investing activities for the six months ended June 30, 2021 was $0.8 million for purchases of property and equipment.

Net Cash (Used in) Provided by Financing Activities

Cash outflows from financing activities for the six months ended June 30, 2022 was $6.1 million, which primarily consists of repayments of insurance premium financing of $4.3 million and distributions of $1.8 million to the Unit holders other than the Company.

Net cash used in financing activities for the six months ended June 30, 2021 was $56.0 million, which resulted from proceeds from the Business Combination of $80.3 million, distributions of $18.1 million, repurchase of Class B Units of $5.6 million and repayments of insurance premium financing of $0.4 million.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with revenue recognition, income taxes, stock-based compensation, capitalized software development costs, goodwill and intangible assets and fair value measurements to have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see Note 2 to our condensed consolidated financial statements included herein.

Revenue Recognition

Our revenues are derived primarily from monthly subscriptions and additional offerings for access to the Weedmaps platform and SaaS solutions. We recognize revenue when the fundamental criteria for revenue recognition are met. We recognize revenue by applying the following steps: the contract with the customer is identified; the performance obligations in the contract are identified; the transaction price is determined; the transaction price is allocated to the performance obligations in the contract; and revenue is recognized when (or as) we satisfy these performance obligations in an amount that reflects the consideration we expect to be entitled to in exchange for those services. We exclude sales taxes and other similar taxes from the measurement of the transaction price. The determination of the performance obligations and the timing of satisfaction of such obligations either over time or at a point-in-time requires us to make significant judgement and estimates.

Substantially all of our revenue is generated by providing standard listing subscription services and other paid listing subscriptions services, including featured listings, placements, promoted deals, nearby listings, other display advertising as well as customer relationship management and delivery and logistic services. These arrangements are recognized over-time, generally during a month-to-month subscription period as the products are provided.

Income Taxes

As a result of the Business Combination, WM Technology, Inc. became the sole managing member of WMH LLC, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, WMH LLC is not subject to U.S. federal and certain state and local income taxes. Accordingly, no provision for U.S. federal and state income taxes has been recorded in the financial statements for the period of January 1 to June 16, 2021 as this period was prior to the Business Combination.

WM Technology, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to its allocable share of any taxable income of WMH LLC following the Business Combination. The Company is also subject to taxes in foreign jurisdictions. Any taxable income or loss generated by WMH LLC is passed through to and included in the taxable income or loss of its members, including WM Technology, Inc. following the Business Combination, on a pro rata basis. WM Technology, Inc. is also subject to taxes in foreign jurisdictions. Tax laws and regulations are complex and periodically changing and the determination of our provision for income taxes, including our taxable income, deferred tax assets and tax receivable agreement liability, requires us to make significant judgment, assumptions and estimates. In connection with the Business Combination, the Company entered into a Tax Receivable Agreement ("TRA") with continuing members that provides for a payment to the continuing members of 85% of the amount of tax benefits, if any, that WM Technology, Inc. realizes, or is deemed to realize, as a result of redemptions or exchanges of WMH Units. In connection with such potential future tax benefits resulting from the Business Combination, the Company has established a deferred tax asset for the additional tax basis and a corresponding TRA liability of 85% of the expected benefit. The remaining 15% is recorded within paid-in capital. To date, no payments have been made with respect to the TRA. Our calculation of the TRA asset and liability requires estimates of its future qualified taxable income over the term of the TRA as a basis to determine if the related tax benefits are expected to be realized. As of June 30, 2022, total net deferred tax assets and TRA liability were $183.2 million and $142.7 million, respectively.

Stock-based Compensation

We measure fair value of employee stock-based compensation awards on the date of grant and allocate the related expense over the requisite service period. The fair value of restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs") is equal to the market price of our Class A common stock on the date of grant. The fair value of the Class P Units is measured using the Black-Scholes-Merton valuation model. When awards include a performance condition that impacts the vesting of the award, we record compensation cost when it becomes probable that the performance condition will be met. The level of achievement of such goals in the performance-based restricted stock awards may cause the actual number of units that ultimately vest to range from 0% to 200% of the original units granted. Forfeitures of stock-based awards are recognized as they occur. For the three and six months ended June 30, 2022, we recognized stock-based compensation expense of $8.1 million and $15.6 million, respectively, and for the three and six months ended June 30, 2021, we recognized stock-based compensation expense of $19.4 million. See Note 11 to our condensed consolidated financial statements included herein.

Capitalized Software Development Costs

We capitalize certain costs related to the development and enhancement of the Weedmaps platform and SaaS solutions. In accordance with authoritative guidance, we began to capitalize these costs when preliminary development efforts were successfully completed, management has authorized and committed project funding, and it was probable that the project would be completed and the software would be used as intended. Such costs are amortized when placed in service, on a straight-line basis over the estimated useful life of the related asset, generally estimated to be three years. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded in product development expenses on our consolidated statements of operations. Costs incurred for enhancements that were expected to result in additional features or functionality are capitalized and expensed over the estimated useful life of the enhancements, generally three years. The accounting for website and internal-use software costs requires us to make significant judgement, assumptions and estimates related to the timing and amount of recognized capitalized software development costs. For the three and six months ended June 30, 2022, we capitalized $4.5 million and $8.6 million of costs related to the development of software applications, respectively.

Goodwill and Intangible Assets

Assets and liabilities acquired from acquisitions are recorded at their estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired, including identifiable intangible assets, is recorded as goodwill. The accounting for goodwill and intangible assets requires us to make significant judgement, estimates and assumptions. Significant estimates and assumptions in valuing acquired intangible assets and liabilities include projected cash flows attributable to the assets or liabilities, asset useful lives and discount rates.

Goodwill is not amortized and is subject to annual impairment testing, or between annual tests if an event or change in circumstance occurs that would more likely than not reduce the fair value of a reporting unit below its carrying value. Intangible assets deemed to have finite lives are amortized on a straight-line basis over their estimated useful lives, where the useful life is the period over which the asset is expected to contribute directly, or indirectly, to our future cash flows. Intangible assets are reviewed for impairment on an interim basis when certain events or circumstances exist. For amortizable intangible assets, impairment exists when the carrying amount of the intangible asset exceeds its fair value. At least annually, the remaining useful life is evaluated. See Note 2 to our consolidated financial statements included herein.

Fair Value Measurements

In connection with the Business Combination, we assumed 12,499,993 Public Warrants and 7,000,000 Private Placement Warrants. As of June 30, 2022, 12,499,973 of the Public Warrants and all of the Private Placement Warrants remained outstanding . The warrants are measured at fair value under ASC 820 - *Fair Value Measurements*. The fair value of the Public Warrants is classified as Level 1 financial instruments and is based on the publicly listed trading price of our Public Warrants. The fair value of the Private Warrants is determined with Level 3 inputs using the Black-Scholes model. The fair value of the Private Placement Warrants may change significantly as additional data is obtained. In evaluating this information, considerable judgment is required to interpret the data used to develop the assumptions and estimates. The estimates of fair value may not be indicative of the amounts that could be realized in a current market exchange. Accordingly, the use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value, and such changes could materially impact our results of operations in future periods. As of June 30, 2022 and December 31, 2021, warranty liability was $13.4 million and $27.5 million, respectively. See Note 4 to our condensed consolidated financial statements included herein.

Recent Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements included herein.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have operations both within the United States and in foreign jurisdictions, and we are exposed to market risks in the ordinary course of our business, including the effects of foreign currency fluctuations, interest rate changes and inflation. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Interest Rate Fluctuation Risk

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2022, we did not have any cash equivalents.

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because we only hold cash and, our portfolio's fair value is insensitive to interest rate changes. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives.

Inflation

Other than as set forth in the note above titled "*Growth and Retention of Our Paying Clients*", we do not believe that inflation has had a material effect on our business, financial condition or results of operations. We continue to monitor the impact of inflation in order to minimize its effects through pricing strategies, productivity improvements and cost reductions. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control Over Financial Reporting

Other than execution of the material weakness remediation activities described below, there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), during the three months ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Remediation of Previously Disclosed Material Weakness

We previously identified and disclosed in our 2021 Annual Report, as well as in our Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2022, a material weakness in our operation of controls over the classification and accounting for the private placement warrants and public warrants (collectively, the “warrants”), which were initially issued by Silver Spike Acquisition Corp in connection with its initial public offering and assumed by the Company in connection with the consummation of the Business Combination. As of June 30, 2022, Management has completed the implementation of our remediation efforts of the material weakness related to accounting for the warrants. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our remediation efforts included demonstrating our ability to effectively operate our controls and enhancing our control design to require the formalized consideration of obtaining additional technical guidance in connection with evaluating significant or unusual transactions. These additional considerations include items such as obtaining additional accounting pronouncements or performing consultations with third party accounting specialists, authoritative bodies or regulators.

Part II - Other Information

Item 1. Legal Proceedings

The information set forth under "Commitment and Contingencies—Litigation" in Note 3 of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1.

Additionally, from time to time, we are involved in legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of legal proceedings and claims cannot be predicted with certainty, to our knowledge we are not currently party to any legal proceedings which, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. We also pursue litigation to protect our legal rights and additional litigation may be necessary in the future to enforce our intellectual property and our contractual rights, to protect our confidential information or to determine the validity and scope of the proprietary rights of others.

Item 1A. Risk Factors

Investment in our securities involves risk. An investor or potential investor should consider the risks summarized below and under the caption "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 (our "2021 Form 10-K") and the risk factor discussed below when making investment decisions regarding our securities. Except for the risk factor discussed below, we do not believe that there have been any material changes to the risk factors disclosed our 2021 Form 10-K.

"We track certain performance metrics, including MAUs, with internal tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We calculate and track performance metrics with internal tools, which are not independently verified by any third-party. While we believe our metrics are reasonable estimates of our user or client base for the applicable period of measurement, the methodologies used to measure these metrics and how we define such metrics require significant judgment and may be susceptible to algorithm or other technical errors. For example, user accounts are based on email addresses, and a user could use multiple email addresses to establish multiple accounts, and clients in many instances will have multiple accounts. Additionally, a user could also use technology (such as incognito browsing, blocking or deleting cookies and IP addresses or other similar methods) that may decrease our ability to obtain useful information with respect to the number of and behavior of users, and as a result, we may include users who are not actively engaging with our platform in the manner in which we assume, and/or we may count as unique users multiple visits by the same underlying user. As a result, the data we report may not be accurate, and we believe unique user statistics could include a significant number of repeat underlying users. Our internal tools and processes we use to identify multiple accounts or fraudulent accounts have a number of limitations, and our methodologies for tracking key metrics may change over time, which could result in unexpected changes to our metrics, including historical metrics. Our ability to recalculate our historical metrics may be impacted by data limitations or other factors that require us to apply different methodologies for such adjustments and we generally do not intend to update previously disclosed metrics for any such changes. Though we regularly review our processes for calculating metrics and may adjust our processes for calculating metrics to improve their accuracy, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer term strategies. If our performance metrics are not accurate representations of our business, user or client base, or traffic levels; if we discover material inaccuracies in our metrics; or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, user or client base or traffic levels, we may not be able to effectively implement our business strategy, our reputation may be harmed, and our operating and financial results could be adversely affected.

Our clients and investors rely on our key metrics as a representation of our performance. If these third parties do not perceive our user metrics to be accurate representations of our user base or user engagement, or if we discover material inaccuracies in our user metrics, our reputation may be harmed and retailers may be less willing to list a business on our platform, which could negatively affect our business, financial condition, or results of operations.

Our ability to successfully drive engagement on our platform, as well as changes to our user engagement and advertising strategy and practices, pose risks to our business.

Our clients use our products and services as they believe the value received from paying for our products and services justifies the cost of those services. We believe the overall level of engagement of our users with our clients is critical to our success and our long-term financial performance. As we evolve our user engagement and advertising strategy and practices, we may not be successful in improving user engagement in a cost-efficient manner, or at all. Certain operating decisions, including the likelihood of decreased usage of pop-under advertisements, may significantly decrease our reported user engagement and/or traffic, increase the cost of generating user engagement and/or traffic or decrease our overall success rate in promoting engagement on our platform. Declining user growth, engagement or traffic could make us less attractive to our clients, which may seriously harm our business. In addition, we continue to compete with other companies to attract and retain consumer attention. A number of factors have affected and could potentially negatively affect our reported user engagement and/or traffic and our overall user engagement with our clients, including if:

- we do not provide a compelling consumer experience to entice consumers to use our products and services, or our consumers don't have the ability to maximize the consumer experience;
- we are unable to convince consumers and clients of the value and usefulness of our platform and services;
- we are unable to find cost-effective marketing channels or other strategies to drive traffic to our website, including replacing any pop-under advertisements that we have or may discontinue;
- our products fail to operate effectively on the iOS or Android mobile operating systems;
- we are unable to continue to develop products that work with a variety of mobile operating systems, networks, and smartphones;
- we do not provide a compelling consumer experience because of the decisions we make regarding the type and frequency of advertisements that we display or the structure and design of our products;
- consumers engage more with competing platforms or products at the expense of ours or those of our clients;
- if the manner in which we promote engagement or traffic is seen by consumers or clients as unappealing or harm our brand image or reputation;
- there are concerns about the privacy implications, safety, or security of our products;
- our products are subject to increased regulatory scrutiny or approvals, or there are changes in our products that are mandated or prompted by legislation, regulatory authorities, executive actions, or litigation, including settlements or consent decrees, that adversely affect the consumer experience;
- technical or other problems frustrate the consumer experience, including by providers that host our platforms, particularly if those problems prevent us from delivering our product experience in a fast and reliable manner;
- we, our partners, or other companies in our industry segment are the subject of adverse media reports or other negative publicity, some of which may be inaccurate or include confidential information that we are unable to correct or retract; or
- our current or future products reduce consumer activity on our website or our applications by making it easier for our consumers to interact directly with our clients.

Any decrease to consumer retention, growth, or engagement could render our products less attractive to consumers, advertisers, or partners, and could seriously harm our business.

Future investments in alternative revenue streams or acquisitions could disrupt our business and adversely affect our operating results, financial condition and cash flows.

We believe that our long-term growth depends in part on our ability to develop and monetize additional aspects of our platform. Developing new products and solutions may involve significant investments of capital, time, resources and managerial attention. We have limited experience with developing, implementing and managing revenue streams other than our core listing business, and there can be no assurance that we will successfully implement any new products or solutions. External factors, such as additional regulatory compliance obligations, may also affect the successful implementation of new products and solutions through our platform.

Additionally, we have made acquisitions recently and may make additional acquisitions that could be material to our business, operating results, financial condition and cash flows. Our ability as an organization to successfully acquire and integrate technologies or businesses is unproven. Acquisitions involve many risks, including the following:

- an acquisition may negatively affect our operating results, financial condition or cash flows because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;

- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us, and potentially across different cultures and languages in the event of a foreign acquisition;
- we may see the acquired business lose customers or contractual partners who no longer wish to do business with the acquired business once we acquire it;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of sales for both us and the company we acquired due to uncertainty about continuity and effectiveness of products or support from either company;
- we may encounter difficulties in, or may be unable to, successfully sell any acquired products;
- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- potential strain on our financial and managerial controls and reporting systems and procedures;
- potential known and unknown liabilities associated with an acquired company;
- if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants;
- the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions;
- to the extent that we issue a significant amount of equity or convertible debt securities in connection with future acquisitions, existing equity holders may be diluted and earnings per share may decrease; and
- managing the varying intellectual property protection strategies and other activities of an acquired company.

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant delay in achieving integration, could have a material adverse effect on our business, operating results, financial condition and cash flows.

A significant portion of our total outstanding shares of our Class A Common Stock may be sold into the market in the near future. This could cause the market price of our Class A Common Stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our Class A Common Stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A Common Stock. We are unable to predict the effect that sales may have on the prevailing market price of our Class A Common Stock and the public warrants originally issued in the initial public offering of Silver Spike (the “Public Warrants”).

To the extent our Warrants are exercised, additional shares of our Class A Common Stock will be issued, which will result in dilution to the holders of our Class A Common Stock and increase the number of shares eligible for resale in the public market. Sales, or the potential sales, of substantial numbers of shares in the public market by the Selling Securityholders, subject to certain restrictions on transfer until the termination of applicable lock-up periods, could increase the volatility of the market price of our Class A Common Stock or adversely affect the market price of our Class A Common Stock.”

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit No.	Description
3.1	Certificate of Incorporation of the Company, dated June 15, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 21, 2021).
3.2	Amended and Restated Bylaws of the Company, dated June 16, 2021 (incorporated by reference to Exhibit 3.2 to the Current report on Form 8-K filed on June 21, 2021).
31.1	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

# Indicates management contract or compensatory plan, contract or agreement.

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WM TECHNOLOGY, INC.

Date: August 9, 2022	By:	/s/ Christopher Beals	
		Name:	Christopher Beals
		Title:	Chief Executive Officer
			(Principal Executive Officer)
Date: August 9, 2022	By:	/s/ Arden Lee	
		Name:	Arden Lee
		Title:	Chief Financial Officer
			(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher Beals, certify that:

I have reviewed this Quarterly Report on Form 10-Q of WM Technology Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) (Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942);

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	August 9, 2022	By:	/s/ Christopher Beals

Christopher Beals

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Arden Lee, certify that:

I have reviewed this Quarterly Report on Form 10-Q of WM Technology Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) (Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942);

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

By: /s/ Arden Lee

Arden Lee

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher Beals, the Chief Executive Officer of WM Technology, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of WM Technology, Inc. for the quarterly period ended June 30, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of WM Technology, Inc.

Date:	August 9, 2022	By:	/s/ Christopher Beals
			Christopher Beals
			Chief Executive Officer
			(Principal Executive Officer)

I, Arden Lee, the Chief Financial Officer of WM Technology, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of WM Technology, Inc. for the quarterly period ended June 30, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of WM Technology, Inc.

Date:	August 9, 2022	By:	/s/ Arden Lee
			Arden Lee
			Chief Financial Officer
			(Principal Financial Officer and Principal Accounting Officer)