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 March 31, 2024

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 May 13, 2024, there were 95,051,735 shares of the registrant's Class A common stock outstanding and 55,486,361 shares of Class V common stock outstanding.

WM TECHNOLOGY, INC.

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CAUTIONARY NOTE REGARDING 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 impact of material weaknesses in our internal controls and our ability to remediate any such material weakness on the timing we anticipate, or at all;
- the impact of the restatement on our reputation and investor confidence in us and the increased possibility of legal proceedings and regulatory inquiries;
- the outcome of any known and unknown litigation and regulatory proceedings;
- changes in domestic and foreign business, market, financial, political and legal conditions;
- the effect of macroeconomic conditions, including but not limited to inflation, uncertain credit and global financial markets, recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures; recent and potential future geopolitical events, including the military conflicts between Russia and Ukraine and Israel and Hamas; and the occurrence of a catastrophic event, including but not limited to severe weather, war, or terrorist attack;
- 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 effectively anticipate and address changes in the end-user market in the cannabis industry;
- 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 marketplace, 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;
- cyber-attacks and security vulnerabilities; 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, 2023, filed with the SEC on May 24, 2024. 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)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash	$ 35,717	$ 34,350
Accounts receivable, net	7,893	11,158
Prepaid expenses and other current assets	6,651	5,978
Total current assets	50,261	51,486
Property and equipment, net	25,766	24,255
Goodwill	68,368	68,368
Intangible assets, net	2,369	2,507
Right-of-use assets	14,441	15,629
Other assets	4,644	4,776
Total assets	$ 165,849	$ 167,021
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 16,553	$ 21,182
Deferred revenue	5,786	5,918
Operating lease liabilities, current	5,900	6,493
Tax receivable agreement liability, current	1,756	122
Total current liabilities	29,995	33,715
Operating lease liabilities, non-current	25,414	26,550
Tax receivable agreement liability, non-current	543	1,634
Warrant liability	1,435	585
Other long-term liabilities	1,634	1,386
Total liabilities	59,021	63,870
Commitments and contingencies (Note 4)		
Stockholders' equity		
Preferred Stock - $0.0001 par value; 75,000,000 shares authorized; no shares issued and outstanding at March 31, 2024 and December 31, 2023	—	—
Class A Common Stock - $0.0001 par value; 1,500,000,000 shares authorized; 95,051,735 shares issued and outstanding at March 31, 2024 and 94,383,053 shares issued and outstanding at December 31, 2023	9	9
Class V Common Stock - $0.0001 par value; 500,000,000 shares authorized, 55,486,361 shares issued and outstanding at March 31, 2024 and December 31, 2023	5	5
Additional paid-in capital	84,056	80,884
Accumulated deficit	(63,278)	(64,518)
Total WM Technology, Inc. stockholders' equity	20,792	16,380
Noncontrolling interests	86,036	86,771
Total stockholders' equity	106,828	103,151
Total liabilities and stockholders' equity	$ 165,849	$ 167,021

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 March 31, 2024	Three Months Ended March 31, 2023 As Restated[1]
Net revenues	$ 44,389	$ 46,416
Costs and expenses		
Cost of revenues (exclusive of depreciation and amortization shown separately below)	2,302	3,494
Sales and marketing	9,634	12,060
Product development	9,229	10,934
General and administrative	16,526	20,909
Depreciation and amortization	2,937	3,167
Total costs and expenses	40,628	50,564
Operating income (loss)	3,761	(4,148)
Other income (expenses), net		
Change in fair value of warrant liability	(850)	725
Change in tax receivable agreement liability	(543)	(100)
Other income (expense)	(400)	(446)
Income (loss) before income taxes	1,968	(3,969)
Provision for income taxes	9	—
Net income (loss)	1,959	(3,969)
Net income (loss) attributable to noncontrolling interests	719	(1,494)
Net income (loss) attributable to WM Technology, Inc.	$ 1,240	$ (2,475)
Class A Common Stock:		
Basic income (loss) per share	$ 0.01	$ (0.03)
Diluted income (loss) per share	$ 0.01	$ (0.03)
Class A Common Stock:		
Weighted average basic shares outstanding	94,704,164	92,323,757
Weighted average diluted shares outstanding	96,023,352	92,323,757

[1]. For the three months ended March 31, 2023, net revenues and general and administrative expenses have been retrospectively adjusted to reflect the restatement of previously reported revenue and credit losses. See Note 2, “Summary of Significant Accounting Policies,” for further information.

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)

	Three Months Ended March 31, 2024								
	Common Stock Class A		Common Stock Class V						
	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Total WM Technology, Inc. Stockholders' Equity	Non-controlling Interests	Total Equity
As of December 31, 2023	94,383,053	$ 9	55,486,361	$ 5	$ 80,884	$ (64,518)	$ 16,380	$ 86,771	$ 103,151
Stock-based compensation	—	—	—	—	3,115	—	3,115	60	3,175
Issuance of common stock - vesting of restricted stock units, net of shares withheld for taxes	628,941	—	—	—	(2)	—	(2)	—	(2)
Distributions	—	—	—	—	—	—	—	(1,455)	(1,455)
Issuance of common stock - Class P Unit exchange	39,741	—	—	—	59	—	59	(59)	—
Net income	—	—	—	—	—	1,240	1,240	719	1,959
As of March 31, 2024	95,051,735	$ 9	55,486,361	$ 5	$ 84,056	$ (63,278)	$ 20,792	$ 86,036	$ 106,828

	Three Months Ended March 31, 2023								
	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	Total Equity
As of December 31, 2022	92,062,468	$ 9	55,486,361	$ 5	$ 67,986	$ (54,620)	$ 13,380	$ 101,397	$ 114,777
Stock-based compensation	—	—	—	—	4,396	—	4,396	285	4,681
Issuance of common stock - vesting of restricted stock units, net of shares withheld for taxes	475,510	—	—	—	—	—	—	—	—
Distributions	—	—	—	—	—	—	—	(250)	(250)
Issuance of common stock - Class P Unit exchange	35,488	—	—	—	62	—	62	(62)	—
Net loss	—	—	—	—	—	(2,475)	(2,475)	(1,494)	(3,969)
As of March 31, 2023	92,573,466	$ 9	55,486,361	$ 5	$ 72,444	$ (57,095)	$ 15,363	$ 99,876	$ 115,239

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)

	Three Months Ended March 31, 2024	2023 As Restated[1]
Cash flows from operating activities		
Net income (loss)	$ 1,959	$ (3,969)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,937	3,167
Change in fair value of warrant liability	850	(725)
Change in tax receivable agreement liability	543	100
Amortization of right-of-use lease assets	1,188	1,202
Stock-based compensation	2,819	4,383
Provision (benefit) for credit losses	(658)	360
Changes in operating assets and liabilities:		
Accounts receivable	3,923	1,677
Prepaid expenses and other current assets	(673)	2,447
Other assets	36	25
Accounts payable and accrued expenses	(3,661)	(5,130)
Deferred revenue	(132)	109
Operating lease liabilities	(1,729)	(1,489)
Net cash provided by operating activities	7,402	2,157
Cash flows from investing activities		
Capitalized software and expenditures	(4,540)	(3,226)
Net cash used in investing activities	(4,540)	(3,226)
Cash flows from financing activities		
Repayments of insurance premium financing	—	(1,450)
Distributions	(1,589)	(250)
Proceeds from repayment of related party note	96	88
Taxes paid related to net share settlement of equity awards	(2)	—
Net cash used in financing activities	(1,495)	(1,612)
Net increase (decrease) in cash	1,367	(2,681)
Cash – beginning of period	34,350	28,583
Cash – end of period	$ 35,717	$ 25,902
Supplemental disclosures of noncash investing and financing activities		
Stock-based compensation capitalized for software development	$ 356	$ 298

1. For the three months ended March 31, 2023, provision (benefit) for credit losses and change in accounts receivable have been retrospectively adjusted to reflect the restatement of previously reported revenue and credit losses. See Note 2, “Summary of Significant Accounting Policies,” for further information.

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

Founded in 2008, and headquartered in Irvine, California, WM Technology, Inc. (the "Company") operates a leading online cannabis marketplace for consumers together with a comprehensive set of eCommerce and compliance software solutions for cannabis businesses, which are sold to both storefront locations and delivery operators ("retailers") and brands in the U.S. states and U.S. territories legalized cannabis markets. The Company's comprehensive business-to-consumer and business-to-business suite of products afford cannabis retailers and brands of all sizes integrated tools to compliantly run their businesses and to reach, convert, and retain consumers.

The Company's business primarily consists of its commerce-driven marketplace ("Weedmaps"), and its fully integrated suite of end-to-end Software-as-a-Service ("SaaS") solutions software offering ("Weedmaps for Business"). The Weedmaps marketplace provides cannabis consumers with information regarding cannabis retailers and brands. In addition, the Weedmaps marketplace aggregates data from a variety of sources, including retailer point-of-sale solutions ("POS"), to provide consumers with the ability to browse by strain, price, cannabinoids and other information regarding locally available cannabis products, through the Company's website and mobile apps. The marketplace provides consumers with product discovery, access to deals and discounts, and reservation of products for pickup by consumers or delivery to consumers by participating retailers (retailers complete orders and process payments outside of the Weedmaps marketplace as Weedmaps serves only as a portal, passing a consumer's inquiry to the dispensary). The marketplace also provides education and learning information to help newer consumers learn about the types of products to purchase. The Company believes the size, loyalty and engagement of its user base and the frequency of consumption of cannabis by its user base makes the Weedmaps marketplace highly valuable to its clients.

Weedmaps for Business, the Company's SaaS offering, is a comprehensive set of eCommerce and compliance software solutions catered towards cannabis retailers, delivery services and brands that streamline front and back-end operations and help manage compliance needs. With the development of Weedmaps for Business, the Company offers an end-to-end platform for licensed cannabis retailers to comply with state law. The Company sells a monthly subscription offering to storefront, delivery and brand clients as well as upsell and add-on offerings to licensed clients. The Company also offers other add-on products for additional fees.

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, 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., 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. 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.

Legacy WHM was reorganized into an Up-C structure, in which substantially all of the assets and business of Legacy WHM 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").

As of March 31, 2024, the Company had an accumulated deficit of $63.3 million. The Company has funded its operations primarily with customer payments for its services and proceeds from the issuance of common stock in connection with its initial public offering and follow-on offering. As of March 31, 2024, the Company had cash of $35.7 million. The Company believes that its existing sources of liquidity will satisfy its working capital and capital requirements for at least the next twelve months.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and the rules and regulations of the 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, 2023, filed with the SEC on May 24, 2024. The condensed consolidated 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 March 31, 2024, and results of its operations and its cash flows for the interim periods presented. Certain prior period amounts have been reclassified to conform to the current period presentation. The results of operations for the three months ended March 31, 2024 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.

Principles of Consolidation

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

Restatement of Previously Reported 2023 Quarterly Revenue and Credit Losses

In connection with the preparation of the Company's Consolidated Financial Statements as of and for the fiscal year ended December 31, 2023, the Company discovered that in 2023, it had an inadequate policy associated with its revenue recognition related to the cash collection of a certain subset of its customers that had been placed on cash basis in 2023. For these customers, because the determination had been made that there was significant collection risk and the Company had no ability to estimate the collectability of the consideration it was entitled to, revenue recognition was prohibited under Accounting Standards Codification, ("ASC"), Topic 606, *"Revenue from Contracts with Customers"* until cash was collected for the services that were provided. The Company refers to the customers in this situation as customers that have been placed on cash basis. As further discussed below, in 2023 the Company misapplied this policy in each of the first three quarters of 2023 by failing to apply (in certain cases) cash receipts to prior accounts receivable (via a credit loss recovery) and instead recognized additional revenue for the cash receipt.

The Company recognizes revenue from contracts with customers under ASC 606. The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Once the Company believes that it is no longer probable of collecting substantially all of the consideration to which it will be entitled in exchange for the goods or services transferred to the customer and as such is prohibited from recognizing revenue until it is probable that it will be entitled to all of the consideration. As such, when a customer with significant collection risk is identified, the Company fully reserves for all outstanding accounts receivable and records a credit loss for these receivables.

Initially, revenue for contracts that the Company assesses are not probable of collection is not recognized until the customer has paid or settled all outstanding accounts receivable balances. Collectability is reassessed when there is a significant change in facts or circumstances. The assessment of collectability considers whether the Company may limit its exposure to credit risk through its right to stop transferring additional service in the event the customer is delinquent. When services are still provided to customers that have been identified with significant collection risk, the Company initially applies all payments received against the customers oldest invoices. However, if the Company continues to provide services to these customers for a significant period of time, cash collections have stabilized and other factors indicate it is appropriate, cash collections are assessed to determine if any of the on-going cash receipts should be accounted for as variable consideration under ASC 606 for on-going services instead of recovery of credit losses. To date, no material variable consideration has been recognized and after applying the corrections shown in the table below, all cash collections for these customers are reflected as recovery of credit losses.

Due to the inconsistency of the cash application related to the cash basis customers, and the prohibition on recognizing revenue when the Company does not believe it will receive the consideration it is entitled to, the Company had determined that it had improperly recognized revenue for these customers and should have instead recognized a credit loss recovery related to these cash receipts.

All periods presented below have been retrospectively restated to reflect the effects of the change to revenues and operating expenses. There was no impact to operating income (loss), net income (loss), net income (loss) per share, net cash provided by operating activities and adjusted EBITDA for any periods presented. The consolidated statement of equity is not effected by this restatement.

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

The Company has restated its unaudited condensed consolidated statements of operations for the period ended March 31, 2023 as follows (in thousands):

	Three Months Ended March 31, 2023		
	Previously Reported	Adjustment	As Restated
Net revenues	$ 48,007	$ (1,591)	$ 46,416
General and administrative expenses	$ 22,500	$ (1,591)	$ 20,909
Total costs and expenses	$ 52,155	$ (1,591)	$ 50,564

The Company has restated its unaudited condensed consolidated Statements of Cash Flows for period ended March 31, 2023 as follows (in thousands):

	Three Months Ended March 31, 2023		
	Previously Reported	Adjustment	As Restated
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Provision for credit losses	$ 1,951	$ (1,591)	$ 360
Changes in operating assets and liabilities:			
Accounts receivable	$ 86	$ 1,591	$ 1,677

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 months ended March 31, 2024 and 2023.

Use of Estimates

The preparation of condensed 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, the allowance for credit losses, 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 assets and the related valuation allowance, tax receivable agreement (“TRA”) liability, revenue recognition, performance and 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, thirty-nine states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam have legalized some form of cannabis use for certain medical purposes. Twenty-four of those states, the District of Columbia, Guam, and Northern Mariana have legalized cannabis for adults for non-medical purposes as well (sometimes referred to as adult or recreational use). Eight additional states have legalized forms of low-potency cannabis, for select medical conditions. Only three states continue to prohibit cannabis entirely. 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 can be a predicate for certain other crimes, including money laundering laws and the Racketeer Influenced and Corrupt Organizations Act. If any state that permits use of cannabis was 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.

The geographic concentration of the Company's clients makes the Company vulnerable to a downturn in the local market area. Historically, the Company's business operations have been located primarily in the State of California. See Note 3, "Revenue from Contracts with Customers," to these condensed consolidated financial statements for additional information.

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. See Note 5, "Fair Value Measurements" to these condensed consolidated financial statements for additional information.

Accounts Receivable, Net

A receivable is recorded when an unconditional right to invoice and receive payment exists. Accounts receivable primarily include amounts related to receivables from customers. Receivables are shown net of allowance for credit losses which is maintained at a level that management believes to be sufficient to absorb estimated losses in the accounts receivable portfolio. The Company measures credit losses on its trade accounts receivable using the current expected credit loss model under ASC 326 *Financial Instruments – Credit Losses*.

The Company calculates the expected credit losses on a pool basis for trade receivables that have similar risk characteristics. For trade receivables that do not share similar risk characteristics, the allowance for credit losses 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 had allowance for credit losses of $6.6 million and $8.7 million as of March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023, no customer accounted for more than 10% of the total gross accounts receivable outstanding.

The following table summarizes the changes in the allowance for credit losses:

	Three Months Ended March 31,	
	2024	2023 As Restated[1]
Allowance, beginning of period	$ 8,748	$ 12,232
Provision (benefit) for credit losses	(658)	360
Write-off, net of recoveries	(1,494)	(770)
Allowance, end of period	$ 6,596	$ 11,822

[1] The Provision (benefit) for credit losses for the three months ended March 31, 2023 and related allowance at the end of the period March 31, 2023, has been retrospectively adjusted to reflect the restatement of previously reported credit losses. See Note 2, "Summary of Significant Accounting Policies," for further information.

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 March 31, 2024 and December 31, 2023, the carrying value of the Company's investments in equity securities without a readily determinable fair value was nil, which is recorded within other assets on the Company's condensed consolidated balance sheets.

The Company performs a qualitative assessment at each reporting date to evaluate whether the investments in equity securities are impaired. When a qualitative assessment indicates that an investment is impaired, the investment is written down to its fair value and the impairment charge is included in asset impairment charges in the accompanying condensed consolidated statements of operations. No impairments to investments in equity securities were recorded during the three months ended March 31, 2024 and 2023.

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 three years for computer equipment, seven years for furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the remaining term of the related lease. 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.

The Company assesses 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 equals to the excess of the asset's carrying value over its fair value is recognized. No impairments to property and equipment were recorded during the three months ended March 31, 2024 and 2023.

Capitalized Software

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 include 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.

As of March 31, 2024 and December 31, 2023, the Company has $ 24.2 million and $23.1 million in capitalized software costs, net, respectively which are recorded within property and equipment, net on the Company's condensed consolidated balance sheets. During the three months ended March 31, 2024 and 2023, the Company amortized $2.5 million and $1.5 million, respectively, of internal-use software development costs included in depreciation and amortization expense in the accompanying condensed consolidated statements of operations.

Goodwill and Intangible Assets

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Goodwill is reviewed for impairment each year using a qualitative or quantitative process that is performed at least annually as of December 31, such as changes in the business climate, poor indicators of operating performance or the sale or disposition of a significant portion of a reporting unit.

In testing for goodwill impairment, the Company may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit exceeds the carrying value. If it is determined that it is unlikely that the carrying value exceeds the fair value, the Company is not required to complete the quantitative goodwill impairment evaluation. If it is determined that the carrying value may exceed fair value when considering qualitative factors, a quantitative goodwill impairment evaluation is performed. When performing the quantitative evaluation, if the carrying value of the reporting unit exceeds its fair value, an impairment loss equal to the difference will be recorded.

Intangible assets are recorded at cost less accumulated amortization. Intangible assets are reviewed for impairment whenever events or changes in circumstances may affect the recoverability of the net assets. Such reviews may include an analysis of current results and take into consideration the undiscounted value of projected operating cash flows. See Note 6, “Intangible Assets,” to these condensed consolidated financial statements for additional information.

Leases

The Company’s operating leases consist of office space located in the United States. The Company does not have any leases classified as financing leases. The Company classifies arrangements meeting the definition of a lease as operating or financing leases, and leases are recorded on the condensed consolidated balance sheets 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. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments 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 assesses 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 equals to the excess of the ROU asset’s carrying value over its fair value is recognized.

The fair values of ROU assets 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. First, the Company tests the asset group for recoverability by comparing the undiscounted cash flows of the asset group, which include expected future lease payments related to the lease agreement offset by expected sublease income, to the carrying amount of the asset group. If the first step of the long-lived asset impairment test concludes that the carrying amount of the asset group is not recoverable, the Company performs the second step of the long-lived asset impairment test by comparing the fair value of the asset group to its carrying amount and recognizing a lease impairment charge for the amount by which the carrying amount exceeds the fair value. To estimate the fair value of the asset group, the Company relies on a discounted cash flow approach using market participant assumptions of the expected cash flows. Net rent expense for the three months ended March 31, 2024 and 2023 was $2.2 million and $2.2 million, respectively and is included in general and administrative expense in the accompanying condensed consolidated statements of operations.

In 2022, the Company entered into a sublease agreement with an affiliate of the Executive Chair. 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. See Note 13, “Related Party Transactions,” to these condensed consolidated financial statements for additional information.

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 months ended March 31, 2024 and 2023, the Company recorded rent income related to a sublease of $0.5 million and $0.5 million, respectively.

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 March 31, 2024, 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. See Note 9, "Warrant Liability," to these consolidated financial statements for additional information.

Tax Receivable Agreement

In connection with the Business Combination, the Company entered into a TRA 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.

The TRA liability is subject to remeasurement each reporting period, due to various factors, including changes in federal and state income tax rates and assessment of the probability of payment. As these remeasurement changes are subsequent to the initial measurement, the impact of the remeasurement is recorded in other income (loss) on the condensed consolidated statements of operations. As of March 31, 2024 and December 31, 2023, tax receivable agreement liability was $2.3 million and $1.8 million, respectively. During the three months ended March 31, 2024 and 2023, the Company recognized a loss of $0.5 million and $0.1 million, respectively, related to the remeasurement of its TRA liability. See *Income Taxes* below for information related to the Company's allowance against its net deferred tax assets.

Revenue Recognition

The Company recognizes revenue when the fundamental criteria for revenue recognition are met. In accord ance with ASC Topic 606, *"Revenue from Contracts with Customers,"* the Company recognizes revenue by applying the following five 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. The transaction price reflects the amount the Company expects to receive for such goods, net of discounts. Discounts issued are primarily related to the Company's WM Teal program, which stands for "Together for Equity Access and Legislation", through which the Company provides discounts including free software, advertising, educational materials and training programs to applicants or licenses under social equity licensing programs. The Company provides a discount to license holders who were awarded special status by the state based on owner qualifications. These are typically given in new markets to add more diversity and inclusion in the cannabis space. A license's social equity status is validated by the Company on the applicable state's website. During the three months ended March 31, 2024 and 2023, total discount issued was $0.2 million and $1.1 million, respectively. 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's revenues are derived primarily from monthly subscriptions to Weedmaps for Business, featured and deal listings and other WM Ad solutions. The Company's Weedmaps for Business subscriptions generally have one-month terms that automatically renew unless notice of cancellation is provided in advance. Featured and deal listings and other WM Ad solutions are offered as add-on products to the Weedmaps for Business subscriptions. Featured and deal listings provide customers with premium placement ad solutions and discount and promotion pricing tools. Other WM Ad solutions include banner ads and promotion tiles on the Company's marketplace ad as well as other advertising products on and off the Weedmaps marketplace. 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 services 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.

Revenue for service contracts that the Company assesses are not probable of collection is not recognized until the contract is completed and payment is received. Collectability is reassessed when there is a significant change in facts or circumstances. The assessment of collectability considers whether the Company may limit its exposure to credit risk through its right to stop transferring additional service in the event the customer is delinquent. See Note 3, “Revenue from Contracts with Customers,” to these condensed consolidated financial statements for additional information.

Cost of Revenues (Exclusive of Depreciation and Amortization)

The Company’s cost of revenue primarily consists of web hosting, internet service costs, credit card processing costs and other third party services.

Advertising

The Company expenses the cost of advertising in the period incurred. Advertising expense totaled $ 2.5 million and $1.0 million for the three months ended March 31, 2024 and 2023, 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. See Note 11, “Stock-based Compensation,” to these condensed consolidated financial statements for additional information.

Employee Benefit Plan

The Company’s 401(k) saving plan is a tax-qualified deferred compensation arrangement under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, participating U.S. employees may contribute a portion of their eligible earnings, subject to applicable U.S. Internal Revenue Service and plan limits. The Company matches up to 3.5% of the employee’s eligible compensation, vested upon two years of service. For the three months ended March 31, 2024 and 2023, the Company expensed $0.5 million and $0.6 million, respectively, related to employer contributions for the 401(k) saving plan.

Other Income (Expense), net

Other income (expense), net consists primarily of change in fair value of warrant liability, TRA liability remeasurement and other tax related expenses.

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 basis 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.

The Company assesses whether it is “more-likely-than-not” that it will realize its deferred tax assets. The Company establishes a valuation allowance when available evidence indicates that it is more-likely-than-not that the deferred tax asset will not be realized. In assessing the need for a valuation allowance, the Company considers the amounts and timing of expected future deductions or carry forwards and sources of taxable income that may enable utilization. This includes an analysis of the Company’s current financial position, results of operations for the current and prior years and all currently available information about future years. This assessment and estimates require significant management judgment. The Company maintains an existing valuation allowance until enough positive evidence exists to support its reversal. Change in the amount or timing of expected future deductions or taxable income may have a material impact on the level of income tax valuation allowances.

For the year ending December 31, 2023 and for three months ended March 31, 2024, the Company conducted similar analyses, and determined that a full valuation allowance was still required. As of March 31, 2024 and December 31, 2023, tax receivable agreement liability $2.3 million and $1.8 million, respectively.

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, valuation allowances 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. 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. 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.

WMH LLC will generally be required from time to time to make pro rata distributions in cash to the Company and the other holders of WMH Units at certain assumed tax rates in amounts that are intended to be sufficient to cover the taxes on the Company’s and the other WMH equity holders’ respective allocable shares of the taxable income of WMH LLC

For the three months ended March 31, 2024, the Company recorded $ 9 thousand in income tax provisions due to the impact of the full valuation allowance on its net deferred assets. For the three months ended March 31, 2023, the Company recorded zero income tax provisions due to the impact of the full valuation allowance on its net deferred assets. The effective tax rates differ from the federal statutory rate of 21% primarily due to the impact of valuation allowances, 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.

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 has identified one business segment which management also considers to be one reporting unit as the Company’s Executive Chair and Interim Chief Financial Officer allocate resources, assess performance and manage the businesses as one segment.

Earnings (Loss) 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. Potential common shares 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, “Earnings Per Share,” for additional information on dilutive securities.

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 and the Company's cash balances at these institutions typically exceed the Federal Deposit Insurance Corporation limit. As of March 31, 2024, the Company had cash balances that exceeded the deposit insurance limit with four financial institutions. Management believes that the risk of loss is not significant and has not experienced any losses in such accounts.

Recently Adopted Accounting Pronouncements

The Company reviewed the accounting pronouncements that became effective for fiscal year 2024 and determined that either they were not applicable, or they did not have a material impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2023-09, *"Income Taxes - Improvements to Income Tax Disclosures"* requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. We are currently evaluating the impact of the adoption of this standard.

The Company also reviewed other recently issued accounting pronouncements to be adopted in future periods and determined that they are not expected to have a material impact on the consolidated financial statements.

3. Revenue from Contracts with Customers

The Company sells a monthly subscription offering to retailer and brand clients as well as upsell and add-on offerings to licensed clients. The Company's current Weedmaps for Business monthly subscription package includes:

- WM Listings: A listing page with product menu for a retailer or brand on the Weedmaps marketplace, enabling the Company's clients to be discovered by the marketplace's users. This also allows clients to disclose their license information, hours of operation, contact information, discount policies and other information that may be required under applicable state law.
- WM Orders: Software for retailers to receive pickup and delivery orders directly from a Weedmaps listing and connect orders directly with a client's POS system (for certain POS systems). The marketplace also enables brands to route customer purchase interest to a retailer that carries the brand's product. After a dispensary receives the order request from the consumer, the dispensary and the consumer can continue to communicate, adjust items in the request, and handle any stock issues, prior to and while the dispensary processes and fulfills the order.
- WM Store: Customizable order and menus embed which allows retailers and brands to import their Weedmaps listing menu or product reservation functionality to their own white-labeled WM Store website or separately owned website. WM Store facilitates customer pickup or delivery orders and enables retailers to reach more customers by bringing the breadth of the Weedmaps marketplace to a client's own website.
- WM Connectors: A centralized integration platform, including API tools, for easier menu management, automatic inventory updates and streamlined order fulfillment to enable clients to save time and more easily integrate into the WM Technology ecosystem and integrate with disparate software systems. This creates business efficiencies and improves the accuracy and timeliness of information across Weedmaps, creating a more positive experience for consumers and businesses.
- WM Insights: An insights and analytics platform for clients leveraging data across the Weedmaps marketplace and software solutions. WM Insights provides data and analytics on user engagement and traffic trends to a client's listing page. For Brand clients, WM Insights allows them to monitor their brand and product rankings, identify retailers not carrying products and keep track of top brands and products by category and state.

The Company also offers other add-on products for additional fees, including:

- WM Ads: Ad solutions on the Weedmaps marketplace designed for clients to amplify their businesses and reach more highly engaged cannabis consumers throughout their buying journey including:
    - Featured Listings: Premium placement ad solutions on high visibility locations on the Weedmaps marketplace (desktop and mobile) to amplify our clients' businesses and maximize clients' listings and deal presence.

- ◦ WM Deals: Discount and promotion pricing tools that let clients strategically reach prospective price-conscious cannabis customers with deals or discounts to drive conversion. In some jurisdictions, it is required by applicable law to showcase discounts.
- ◦ Other WM Ads solutions: Includes banner ads and promotion tiles on our marketplace as well as banner ads that can be tied to keyword searches. These products provide clients with targeted ad solutions in highly visible slots across our digital surfaces.
- WM Dispatch: Compliant, automated and optimized logistics and fulfillment last-mile delivery software (including driver apps) that helps clients manage their delivery fleets. This product streamlines the delivery experience from in-store to front-door.

In December 2023, we completed the sunset of WM AdSuite, WM CRM and WM Screens product offerings as we continue to focus our efforts on other Weedmaps for Business products that support the Weedmaps marketplace and improve the eCommerce experience for our clients and users.

Disaggregation of revenue

The following table summarizes the Company's disaggregated net revenues information (in thousands):

	Three Months Ended March 31,	
	2024	2023 As Restated[2]
Net revenues:		
Weedmaps for Business and other SaaS solutions	$ 13,282	$ 11,310
Featured and deal listings	28,166	32,280
Subtotal	41,448	43,590
Other ad solutions	2,941	2,826
Total net revenues[1]	$ 44,389	$ 46,416

[1] Net revenues are net of discounts of $0.2 million and $1.1 million, respectively, for three months ended March 31, 2024 and 2023.

[2] For the three months ended March 31, 2023, net revenue has been retrospectively adjusted to reflect the restatement of previously reported 2023 revenue. See Note 2, "Summary of Significant Accounting Policies," for further information.

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 balance as of March 31, 2024 and December 31, 2023 were $5.8 million and $5.9 million, respectively, and the balance 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.

Substantially all of the Company's revenue has been generated in the United States for the three months ended March 31, 2024 and 2023. For three months ended March 31, 2024, approximately 52% of the Company's net revenue originated in California compared with 53% of the for the three months ended March 31, 2023.

4. 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.

Purchase Obligations

The Company has minimum outstanding purchase obligations of $ 5.3 million for the remaining nine months in 2024, $ 7.3 million in 2025 and $7.5 million in 2026, due under software license agreements, of which the majority relates to the Company's three-year AWS Enterprise agreement.

5. 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.

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis at March 31, 2024 and December 31, 2023, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value (in thousands):

	Level	March 31, 2024	December 31, 2023
Liabilities:			
Warrant liability – Public Warrants	1	$ 875	$ 375
Warrant liability – Private Placement Warrants	3	560	210
Total warrant liability		$ 1,435	$ 585

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

	Three Months Ended March 31, 2024		
	Public Warrants	Private Placement Warrants	Warrant Liabilities
Fair value, beginning of period	$ 375	$ 210	$ 585
Change in valuation inputs or other assumptions	500	350	850
Fair value, end of period	$ 875	$ 560	$ 1,435

	Three Months Ended March 31, 2023		
	Public Warrants	Private Placement Warrants	Warrant Liabilities
Fair value, beginning of period	$ 1,250	$ 840	$ 2,090
Change in valuation inputs or other assumptions	(375)	(350)	(725)
Fair value, end of period	$ 875	$ 490	$ 1,365

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 $0.9 million and $0.4 million as of March 31, 2024 and December 31, 2023, 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:

	March 31, 2024	December 31, 2023
Exercise price	$ 11.50	$ 11.50
Stock price	$ 1.33	$ 0.72
Volatility	83.0 %	87.5 %
Term (years)	2.21	2.46
Risk-free interest rate	4.55 %	4.13 %

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 $0.6 million and $0.2 million as of March 31, 2024 and December 31, 2023, respectively. There were no transfers in or out of Level 3 from other levels in the fair value hierarchy.

6. Intangible Assets

Intangible assets consisted of the following as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024			
	Weighted Average Amortization Period (Years)	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Trade and domain names	15.0	$ 7,256	$ (5,128)	$ 2,128
Software technology	5.0	249	(125)	124
Customer relationships	8.0	170	(53)	117
Total intangible assets	14.5	$ 7,675	$ (5,306)	$ 2,369

	December 31, 2023			
	Weighted Average Amortization Period (Years)	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Trade and domain names	15.0	$ 7,256	$ (5,008)	$ 2,248
Software technology	5.0	249	(112)	137
Customer relationships	8.0	170	(48)	122
Total intangible assets	14.5	$ 7,675	$ (5,168)	$ 2,507

Amortization expense for intangible assets was $0.1 million and $0.6 million, respectively, for the three months ended March 31, 2024 and 2023. The estimated future amortization expense of intangible assets as of March 31, 2024 is as follows (in thousands):

Remaining period in 2024 (nine months)	$ 416
Year ended December 31, 2025	555
Year ended December 31, 2026	543
Year ended December 31, 2027	505
Year ended December 31, 2028	222
Thereafter	128
Total	$ 2,369

7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of March 31, 2024 and December 31, 2023 consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Prepaid insurance	$ 696	$ 1,530
Prepaid marketing	320	387
Prepaid software	2,402	2,406
Other prepaid expenses and other current assets	3,233	1,655
Total	$ 6,651	$ 5,978

The Company capitalizes implementation costs incurred in cloud computing arrangements that are service contracts if they meet certain requirements. Those requirements are similar to the requirements for capitalizing implementation costs incurred to develop internal-use software. Amortization is computed using the straight-line method over the term of the associated hosting arrangement. These implementation costs are classified on the balance sheet in prepaid and other current assets, and the related cash flows are presented as cash outflows from operations. Impairment is recognized and measured when it is no longer probable that the computer software project will be completed and placed in service.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of March 31, 2024 and December 31, 2023 consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Accounts payable and other accrued liabilities	$ 8,793	$ 7,323
Accrued employee expenses	7,760	13,859
Total	$ 16,553	$ 21,182

Accrued employee expenses include accrued bonuses and commission of $ 2.7 million and $7.4 million as of March 31, 2024 and December 31, 2023 respectively. The decrease in accrued bonuses and commission as of March 31, 2024 compared to December 31, 2023 is primarily due to payment of accrued bonus and commission related to the year ended December 31, 2023.

9. Warrant Liability

At March 31, 2024, there were 12,499,973 Public Warrants outstanding and 7,000,000 Private Placement Warrants outstanding.

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.

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 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 a non-cash loss of $0.9 million and non-cash gain of $0.7 million on the condensed consolidated statements of operations for the three months ended March 31, 2024 and 2023, respectively. For additional information, see Note 5, "Fair Value Measurements."

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 March 31, 2024, 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 March 31, 2024, the noncontrolling interests owned 38.2% 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 three months ended March 31, 2024 is as follows:

	Number of Units
Outstanding Class P Units, December 31, 2023	14,804,507
Cancellations	—
Exchanged for Class A Common Stock	(125,000)
Outstanding, Class P Units, March 31, 2024	14,679,507
Vested, March 31, 2024	14,619,079

As of March 31, 2024, unrecognized stock-based compensation expense for non-vested Class P Units was $ 0.2 million, which is expected to be recognized over a weighted-average period of 0.7 years. For the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense for the Class P Units of $0.1 million and $0.3 million, respectively.

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 March 31, 2024, 33,146,412 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 March 31, 2024, 22,446,927 shares of Class A Common Stock are available for future issuance.

A summary of the restricted stock unit (“RSU”) activity for the three months ended March 31, 2024 is as follows:

	Number of RSUs	Weighted-average Grant Date Fair Value
Non-vested at December 31, 2023	7,683,598	$ 2.96
Granted	151,516	$ 0.99
Vested	(629,884)	$ 4.03
Forfeited	(710,060)	$ 2.37
Non-vested at March 31, 2024	6,495,170	$ 2.87

As of March 31, 2024, unrecognized stock-based compensation expense for non-vested RSUs was $ 16.0 million, which is expected to be recognized over a weighted-average period of 1.6 years. For the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense for the RSUs of $2.7 million and $4.0 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.

	Number of PRSUs	Weighted-average Grant Date Fair Value
Non-vested at December 31, 2023	234,375	$ 6.40
Granted	—	$ —
Vested	—	$ —
Forfeited	—	$ —
Non-vested at March 31, 2024	234,375	$ 6.40

The performance period for PRSUs ended at December 31, 2023 and the estimated attainment is 25.0%. For the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense for the PRSUs of $0.0 million and $0.1 million, respectively.

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

	Three Months Ended March 31,	
	2024	2023
Sales and marketing	$ 380	$ 897
Product development	855	1,168
General and administrative	1,584	2,318
Total stock-based compensation expense	2,819	4,383
Amount capitalized to software development	356	298
Total stock-based compensation cost	$ 3,175	$ 4,681

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.

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 months ended March 31, 2024 and 2023 (amounts in thousands, except for share and per share amounts):

	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net income (loss)	$ 1,959	$ (3,969)
Less: net income (loss) attributable to noncontrolling interests	719	(1,494)
Net income (loss) attributable to WM Technology, Inc. Class A Common Stock - basic and diluted	$ 1,240	$ (2,475)
Effect of dilutive securities:		
Less: fair value change of Public and Private Placement Warrants, net of amounts attributable to noncontrolling interests	—	—
Net income (loss) attributable to WM Technology, Inc. Class A Common Stock - diluted	$ 1,240	$ (2,475)
Denominator:		
Weighted average of shares of Class A Common Stock outstanding - basic	94,704,164	92,323,757
Weighted average effect of dilutive securities:		
Public warrants[1]	—	—
Private warrants[1]	—	—
Restricted stock units[1]	1,319,188	—
Weighted average of shares of Class A Common Stock outstanding - diluted	96,023,352	92,323,757
Net income (loss) per share of Class A Common Stock - basic	$ 0.01	$ (0.03)
Net income (loss) per share of Class A Common Stock - diluted	$ 0.01	$ (0.03)

[1] Calculated using the treasury stock method.

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. However, shares of the Class V Common Stock outstanding for the period are considered potentially dilutive shares of Class A common stock under application of the if-converted method and are included in the computation of diluted earnings (loss) per share, except when the effect would be anti-dilutive.

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

	Three Months Ended March 31,	
	2024	2023
Class V Units	55,486,361	55,486,361
Class P Units	14,679,507	15,024,862
RSUs	6,495,170	5,909,464
PRSUs	—	859,375
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 of the Executive Chair. 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 $69,000. As of March 31, 2024 and December 31, 2023, rent receivable was $0.8 million and $0.7 million, respectively, and these amounts are included in prepaid expenses and other current assets on the accompanying condensed balance sheets. Rent receivable of $0.7 million was subsequently collected in April 2024. For the three months ended March 31, 2024 and 2023, income on the sublease with related party were $0.2 million. The income on sublease is netted with rent expense and included in general and administrative expenses on the consolidated statements of operations.

In connection with the Business Combination, the Company paid $ 1.1 million in certain transaction costs reimbursable by Silver Spike's sponsor ("Silver Spike Sponsor"), an affiliate to a member of the board of directors. On March 16, 2023, Silver Spike Holdings, an affiliate of Silver Spike Sponsor, entered into a promissory note with the Company and agreed to pay the principal amount of $1.1 million in 12 equal quarterly installments commencing on March 31, 2023. The promissory note bears interest at a rate of 5% per annum commencing on March 31, 2023. In an event of default, the outstanding principal amount shall bear interest for the entire period during which the principal balance is unpaid at a rate which is equal to 10% per annum.

As of March 31, 2024, the remaining balance of the promissory note receivable was $ 0.6 million of which $0.3 million was included in prepaid expenses and other current assets and $0.3 million was included in other assets on the consolidated balance sheets. As of December 31, 2023, the remaining balance of the promissory note receivable was $0.7 million of which, $0.4 million was included in prepaid expenses and other current assets and $0.3 million was included in other assets on the consolidated balance sheets. During the three months ended March 31, 2024, interest income on the promissory note was less than $0.1 million, which is included in other income (expense), net on the condensed consolidated statements of operations.

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, 2023.

First Quarter 2024 Financial Highlights

- Net Revenue was $44.4 million as compared to $46.4 million in the prior year.
- Average monthly paying clients was 4,937, as compared to 5,641 in the prior year.
- Average monthly revenue per paying clients was $2,997, as compared to $2,743 in the prior year.
- Net income was $2.0 million as compared to net loss of $4.0 million in the prior year.
- Adjusted EBITDA was $9.6 million.

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 (loss), see "Net Income (Loss) to EBITDA and Adjusted EBITDA" in Non-GAAP Financial Measurements below.

Overview

Founded in 2008, and headquartered in Irvine, California, WM Technology, Inc. operates a leading online cannabis marketplace for consumers together with a comprehensive set of eCommerce and compliance software solutions for cannabis businesses, which are sold to both storefront locations and delivery operators ("retailers") and brands in the legalized cannabis markets in states and territories of the United States. Our comprehensive business-to-consumer and business-to-business suite of products afford cannabis retailers and brands of all sizes integrated tools to compliantly run their businesses and to reach, convert, and retain consumers.

Our business primarily consists of our commerce-driven marketplace ("Weedmaps"), and our fully integrated suite of end-to-end Software-as-a-Service ("SaaS") solutions software offering ("Weedmaps for Business"). The Weedmaps marketplace is a premier destination for cannabis consumers to discover and browse information regarding cannabis and cannabis products with 4,937 average monthly paying business clients during the three months ended March 31, 2024 on the supply-side of our marketplace. 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 approximately 7,800 listing pages as of March 31, 2024.

We sell our Weedmaps for Business suite in the United States and have a limited number of non-monetized listings in several other countries including Austria, Canada, 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 national law. As of March 31, 2024, we actively operated in over 35 U.S. states and territories that have adult-use and/or medical-use regulations in place. Substantially all of our revenue was generated in the United States during the periods presented. We define actively operated markets as those U.S. states or territories with greater than $1,000 monthly revenue.

Our mission is to power a transparent and inclusive global cannabis economy. Our technology addresses the challenges facing both consumers seeking to understand cannabis products and businesses who serve cannabis users in a legally compliant fashion. Since our founding in 2008, Weedmaps has 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. Weedmaps for Business is a set of eCommerce-enablement tools designed to help retailers and brands get the best out of the Weedmaps' consumer experience, create labor efficiencies and manage compliance needs.

As we continue to expand the presence and increase the number of consumers on the Weedmaps marketplace and broaden our offerings, we generate more value for our business clients. As we continue to expand the presence and increase the number of cannabis businesses listed on weedmaps.com, we become a more compelling marketplace for consumers. To capitalize on the growth opportunities of our two-sided marketplace and solutions, we plan to continue making investments in raising brand awareness, increasing penetration within existing markets and expanding to new markets, as well as continuing to develop and monetize new solutions to extend the functionality of our platform. These investments serve to deepen the consumer experience with our platform and continue to provide a high level of support to our business clients.

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. The following table summarize our financial performance for three months ended March 31, 2024 compared with the same period in 2023. For a detailed discussion of our results of operations, see “Results of Operations” below.

	Three Months Ended March 31,	
	2024	2023
	(dollars in thousands, except for revenue per paying client)	
Net revenues [4]	$ 44,389	$ 46,416
Net income (loss)	$ 1,959	$ (3,969)
EBITDA[1]	$ 4,894	$ (802)
Adjusted EBITDA[1]	$ 9,599	$ 7,130
Average monthly revenue per paying client[2][4]	$ 2,997	$ 2,743
Average monthly paying clients[3]	4,937	5,641

(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 (loss), see “Net income (loss) to 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) For the three months ended March 31, 2023, net revenues has been retrospectively adjusted to reflect the restatement of previously reported revenue. See Note 2, “Summary of Significant Accounting Policies,” for further information.

Non-GAAP Financial Measures

Net Income (loss) to EBITDA and Adjusted EBITDA

Our financial statements, including net income (loss), are prepared in accordance with GAAP. For more information regarding the components within our net income (loss), see “Components of Our Results of Operations” below.

Net income for the three months ended March 31, 2024 was $2.0 million compared to net loss of $4.0 million for the three months ended March 31, 2023. The increase in net income was primarily due to decrease in operating expenses of $9.9 million, which was partially offset by a decrease in revenue of $2.0 million and unfavorable change in fair value of warrant liability of $1.6 million. For more information regarding the components of our net income (loss), see “Components of Our Results of Operations” below.

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 bonus, legal settlements and other legal costs, reduction in force, asset impairment charges, change in TRA liability and other non-cash, unusual and/or infrequent costs in the case of Adjusted EBITDA. Below we have provided a reconciliation of net income (loss) (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.

Each of EBITDA and Adjusted EBITDA has limitations as an analytical tool, and you should not consider any of these non-GAAP financial measures 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 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 (loss) and our other GAAP results.

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

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net income (loss)	$ 1,959	$ (3,969)
Provision for income taxes	9	—
Depreciation and amortization expenses	2,937	3,167
Interest income	(11)	—
EBITDA	4,894	(802)
Stock-based compensation	2,819	4,383
Change in fair value of warrant liability	850	(725)
Transaction related bonuses	—	2,842
Legal settlements and other legal costs	493	867
Reduction in force	—	465
Change in tax receivable agreement liability	543	100
Adjusted EBITDA	$ 9,599	$ 7,130

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. The increase in our average monthly revenue per paying client for the three months ended March 31, 2024 compared to the same period in 2023 was due to sunset of certain products, which had lower average monthly spending clients, in the fourth quarter of 2023.

	Three Months Ended March 31,	
	2024	2023
Average monthly revenue per paying client	$ 2,997	$ 2,743

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 websites 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 websites or businesses.

Average monthly paying clients for the three months ended March 31, 2024 decreased 12% to 4,937 average monthly paying clients from 5,641 average monthly paying clients in the same period in 2023. The decrease in average monthly paying clients in the three months ended March 31, 2024 as compared to the same period in 2023 was primarily due to elevated churn as a result of the cannabis industry facing price deflation.

	Three Months Ended March 31,	
	2024	2023
Average monthly paying clients	4,937	5,641

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.

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, inflation, the military conflict between Russia and Ukraine and the recent state of war between Israel and Hamas and the related risk of a larger regional conflict. 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 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 our collections on 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. Currently, thirty-nine states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and the Northern Mariana have legalized some form of cannabis use for certain medical purposes. Twenty-four of those states, the District of Columbia, Guam and Northern Mariana have legalized cannabis for adults for non-medical purposes as well (sometimes referred to as adult or recreational use). Eight additional states have legalized forms of low-potency cannabis, for select medical conditions. Only three states continue to prohibit cannabis entirely. 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 15-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 Weedmaps for 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 Weedmaps for 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. A change in U.S. federal regulations could also increase access to capital and remove limitations of Section 280E of the Internal Revenue Code of 1986, as amended, thus allowing deduction or credit for certain expenses of cannabis business to increase our cash flow and liquidity, as well as those of many industry participants.

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. Further, we have begun reinvesting in our own on-the-ground and field marketing presence and are increasing the types and cadence of client events. These events and in-store activations allow Weedmaps to engage with consumers at the point of purchase and also afford Weedmaps with the opportunity to engage directly with our clients, understand their needs and challenges and foster goodwill.

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 Weedmaps for 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.

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

Our revenues are derived primarily from monthly subscriptions to Weedmaps for Bu siness, featured and deal listings and other WM Ad solutions. Our Weedmaps for Business subscriptions generally have one-month terms that automatically renew unless notice of cancellation is provided in advance. Featured and deal listings and other WM Ad solutions are offered as add-on products to the Weedmaps for Business subscriptions. Featured and deal listings provide customers with premium placement ad solutions and discount and promotion pricing tools. Other WM Ad solutions include banner ads and promotion tiles on the Company's marketplace ad as well as other advertising products on and off the Weedmaps marketplace. 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. Revenues for these arrangements are recognized over-time, generally during a month-to-month subscription period as the products are provided. We rarely need to allocate the transaction price to separate performance obligations. In the rare case that allocation of the transaction price is needed, we recognize revenue in proportion to the standalone selling prices of the underlying services at contract inception.

Costs and Expenses

Our cost structure has two components: cost of revenues and operating expenses. Our operating expenses include costs related to selling and marketing, product development, general and administrative functions and depreciation and amortization. Certain of our costs and expenses, including those associated with the operation of our technical infrastructure as well as components of our operating expenses, are generally less variable in nature and may not correlate to changes in revenue.

Cost of Revenues (Exclusive of Depreciation and Amortization)

Cost of revenues excludes depreciation and amortization expense and primarily consists of web hosting, internet service and credit card processing costs. Cost of revenues is primarily driven by fluctuations in revenue leading to increases or decreases in credit card processing and web hosting cost. We expect our cost of revenue to continue to increase on an absolute basis and remain relatively flat as a percentage of revenue as we scale our business and inventory costs related to multi-media offerings.

Selling and Marketing Expenses

Selling and marketing expenses consist of salaries and benefits, stock-based compensation expense, travel expense and incentive compensation for our sales and marketing employees. In addition, sales and marketing expenses include customer acquisition marketing, events cost and branding and advertising costs. 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 and stock-based compensation expense 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. Amortization expense related to capitalized software development cost is included in depreciation, amortization and asset impairment expense in the consolidated statements of operations. 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, benefit costs and stock-based compensation expense 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 provision for doubtful accounts and professional and outside services related to legal and other consulting services. General and administrative expenses are primarily driven by headcount required to support our business and meet our obligations as a public company. We expect general and administrative expenses to decline as 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 intangibles. We expect depreciation and amortization expenses to increase on an absolute basis for the foreseeable future as we scale our business.

Other Income (Expense), Net

Other income (expense), net consists primarily of change in fair value of warrant liability. TRA liability remeasurement, legal settlements and other legal costs, interest income and other tax related expenses.

Provision for Income Taxes

We account for income taxes pursuant to the asset and liability method which requires the recognition of deferred income tax assets and liabilities related to the expected future tax consequences arising from temporary differences between the carrying amounts and tax bases of assets and liabilities based on enacted statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Any effects of changes in income tax rates or laws are included in income tax expense in the period of enactment. A valuation allowance is recognized if we determine it is more-likely-than-not that all or a portion of a deferred tax asset will not be recognized. In making such determination, we consider all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operation. See Note 2, “Summary of Significant Accounting Policies” to our condensed consolidated financial statements for further information.

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 March 31,			
	2024		2023 [1]	
	Amount	% Revenue	Amount	% Revenue
	(in thousands, except percentages)			
Net revenues	$ 44,389	100 %	$ 46,416	100 %
Costs and expenses:				
Cost of revenues (exclusive of depreciation and amortization)	2,302	5 %	3,494	8 %
Sales and marketing	9,634	22 %	12,060	26 %
Product development	9,229	21 %	10,934	24 %
General and administrative	16,526	37 %	20,909	45 %
Depreciation and amortization	2,937	7 %	3,167	7 %
Total operating expenses	40,628	92 %	50,564	109 %
Operating income (loss)	3,761	8 %	(4,148)	(9) %
Other income (expense), net:				
Change in fair value of warrant liability	(850)	(2) %	725	2 %
Change in tax receivable agreement liability	(543)	(1) %	(100)	— %
Other income (expense)	(400)	(1) %	(446)	(1) %
Income (loss) before income taxes	1,968	4 %	(3,969)	(9) %
Provision for income taxes	9	— %	—	— %
Net income (loss)	1,959	4 %	(3,969)	(9) %
Net income (loss) attributable to noncontrolling interests	719	2 %	(1,494)	(3) %
Net income (loss) attributable to WM Technology, Inc.	$ 1,240	3 %	$ (2,475)	(5) %

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1. For the three months ended March 31, 2023, net revenues and general and administrative expenses have been retrospectively adjusted to reflect the restatement of previously reported revenue and credit losses. See Note 2, “Summary of Significant Accounting Policies,” for further information.

Comparison of Three Months Ended March 31, 2024 and 2023

Revenues

	Three Months Ended March 31,		Change	
	2024	2023 [1]	($)	(%)
	(dollars in thousands)			
Net revenues	$ 44,389	$ 46,416	$ (2,027)	(4)%

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1. For the three months ended March 31, 2023, net revenues has been retrospectively adjusted to reflect the restatement of previously reported revenue. See Note 2, “Summary of Significant Accounting Policies,” for further information.

Total revenues decreased by $2.0 million or 4% for the three months ended March 31, 2024 compared to the same period in 2023. The decrease was primarily due to a decrease in revenue from our Featured Listing and WM Deal products of $4.1 million, partially offset by an increase in revenue from our Weedmaps for Business of $2.0 million and an increase in revenue from other WM Ad solutions of $0.1 million.

For the three months ended March 31, 2024, Featured Listing and WM Deal products, Weedmaps for Business and other ad solutions represented approximately 63%, 30% and 7% our total net revenues, respectively.

Costs and Expenses

The following table shows our total costs and expenses:

	Three Months Ended March 31,		Change	
	2024	2023 [1]	($)	(%)
	(dollars in thousands)			
Cost of revenues	$ 2,302	$ 3,494	$ (1,192)	(34)%
Sales and marketing	9,634	12,060	(2,426)	(20)%
Product development	9,229	10,934	(1,705)	(16)%
General and administrative	16,526	20,909	(4,383)	(21)%
Depreciation and amortization	2,937	3,167	(230)	(7)%
Total costs and expenses	$ 40,628	$ 50,564	$ (9,936)	(20)%

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[1.] For the three months ended March 31, 2023, general and administrative expenses have been retrospectively adjusted to reflect the restatement of previously reported credit losses. See Note 2, “Summary of Significant Accounting Policies,” for further information.

Cost of Revenues

Cost of revenues was $2.3 million or 5% of net revenues, for the three months ended March 31, 2024 compared to $3.5 million, or 8% of net revenues, for the same period in 2023. The decrease of $1.2 million was primarily related to a decrease of $0.9 million for cost of revenues associated with multi-channel marketing and cloud communication platforms primarily due to the sunset of WM CRM, WM Screens and WM AdSuite and a decrease of $0.3 million in server costs.

Sales and Marketing Expenses

The decrease in sales and marketing expenses was primarily related to a decrease in personnel-related costs of $3.6 million , outside services expense of $0.3 million, branding and advertising expenses of $0.3 million, partially offset by an increase in web advertising of $1.0 million, an increase in print and products expense of $0.4 million and an increase in events expense of $0.2 million. The decrease in personnel-related costs was primarily related to a decrease in transaction related bonuses of $1.8 million and the impact of a reduction in workforce, including decreases in salaries and wages of $1.0 million and stock-based compensation expense of $0.5 million.

Product Development Expenses

The decrease in product development expenses was primarily due to a decrease in personnel-related costs of $2.0 million, partially offset by an increase in outside services expense of $0.2 million. The decrease in personnel-related costs was primarily related to the impact of a reduction in workforce, including decreases in salaries and wages of $1.1 million and stock-based compensation expense of $0.3 million and a decrease in transaction related bonuses of $1.0 million.

General and Administrative Expenses

The decrease in general and administrative expenses was primarily due to decreases in provision (benefit) for credit losses of $1.1 million, stock-based compensation expense of $0.7 million, salaries and wages of $0.7 million, insurance expense of $0.5 million, software expense of $0.5 million, employee benefits expense of $0.3 million, professional fees of $0.2 million and facilities expense of $0.2 million.

Depreciation and Amortization Expenses

The decrease in depreciation and amortization expense was primarily due lower amortization expense related to intangible assets that have been fully amortized of 0.5 million, partially offset by an increase in depreciation of $0.1 million.

Other Income (Expense), net

	Three Months Ended March 31,		Change	
	2024	2023	($)	(%)
	(dollars in thousands)			
Change in fair value of warrant liability	$ (850)	$ 725	$ (1,575)	217 %
Change in tax receivable agreement liability	(543)	(100)	(443)	(443)%
Other income (expense)	(400)	(446)	46	10 %
Other income (expense), net	$ (1,793)	$ 179	$ (1,972)	1102 %

The decrease in other income (expense) net was primarily due to comparatively unfavorable changes in fair value of warrant liability of $1.6 million.

Provision for Income Taxes

	Three Months Ended March 31,		Change	
	2024	2023	($)	(%)
	(dollars in thousands)			
Provision for income taxes	$ 9	$ —	$ 9	N/M

N/M - Not meaningful

For the three months ended March 31, 2024 and March 31, 2023, the Company recorded $9 thousand in income tax provisions due to the impact of the full valuation allowance on its net deferred assets. See Note 2, "Summary of Significant Accounting Policies," for further information.

Seasonality

The cannabis industry has certain industry holidays that in recent years have resulted in increased purchases by cannabis consumers. Such "holidays" include, but are not limited to 420, July 10th and the Wednesday before Thanksgiving ("Green Wednesday"). Likewise, our clients will typically increase spend heading into these events. We also typically invest in marketing spend around these holidays which can create some seasonality in our sales and market expenses from quarter to quarter. 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:

	March 31, 2024	December 31, 2023
	(in thousands)	
Cash	$ 35,717	$ 34,350
Accounts receivable, net	7,893	11,158
Working capital	20,266	17,771

As of March 31, 2024 and December 31, 2023, we had cash of $35.7 million and $34.4 million, respectively. 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 liquidity requirements from cash and working capital on hand at March 31, 2024, as well as 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

	Three Months Ended March 31,	
	2024	**2023**
	(in thousands)	
Net cash provided by operating activities	$ 7,402	$ 2,157
Net cash used in investing activities	$ (4,540)	$ (3,226)
Net cash used in financing activities	$ (1,495)	$ (1,612)

Net Cash 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, change in TRA liability, stock-based compensation, deferred taxes, provision (benefit) for credit losses, net of recoveries and the effect of changes in working capital.

Net cash provided by operating activities for the three months ended March 31, 2024 was $7.4 million, which resulted from net income of $2.0 million, together with net cash outflows of $2.2 million from changes in operating assets and liabilities, and non-cash items of $7.7 million, consisting of depreciation and amortization of $2.9 million, fair value of warrant liability of $0.9 million, stock-based compensation of $2.8 million, amortization of right-of-use lease assets of $1.2 million, and change in tax receivable agreement of $0.5 million, partially offset by provision (benefit) for credit losses, net of recoveries of $0.7 million. Net cash outflows from changes in operating assets and liabilities was primarily due to a decrease in accounts payable and accrued expenses of $3.7 million, a decrease in operating lease liabilities of $1.7 million, an increase in prepaid expenses and other current assets of $0.7 million, a decrease in deferred revenue of $0.1 million, partially offset by a decrease in accounts receivable of $3.9 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 three months ended March 31, 2023 was $2.2 million, which resulted from net loss of approximately $4.0 million, together with net cash outflows of approximately $2.4 million from changes in operating assets and liabilities, and non-cash items of $8.5 million, consisting of depreciation and amortization of $3.2 million, fair value of warrant liability of $0.7 million, stock-based compensation of $4.4 million, amortization of right-of-use lease assets of $1.2 million, provision (benefit) for credit losses of $0.4 million and change in tax receivable agreement of $0.1 million.

Net cash outflows from changes in operating assets and liabilities were primarily due to a decrease in accounts payable and accrued expenses of $5.1 million and a decrease in operating lease liabilities of $1.5 million, offset by a decrease in accounts receivables of $1.7 million, an increase in deferred revenue of $0.1 million and a decrease in prepaid expenses and other current assets of $2.4 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 three months ended March 31, 2024 was $4.5 million, which resulted from $4.5 million cash paid for capital expenditures which include purchases of property and equipment and capitalized software development costs.

Cash used in investing activities for the three months ended March 31, 2023 was $3.2 million, which resulted from $3.2 million cash paid for purchases of property and equipment, which includes capitalized software development cost.

Net Cash Used in Financing Activities

Cash outflows from financing activities for the three months ended March 31, 2024 was $1.5 million, which primarily consists of $1.6 million in distributions payments to members of WMH LLC and $0.1 million in proceeds from collection of related party note receivable.

Cash outflows from financing activities for three months ended March 31, 2023 was $1.6 million, which primarily consists of $1.5 million in repayments of insurance premium financing, $0.3 million in distributions payments to members of WMH LLC, and $0.1 million in proceeds from collection of related party note receivable.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed 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, provision for doubtful accounts, 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, “Summary of Significant Accounting Policies,” to our condensed consolidated financial statements included herein.

Revenue Recognition

We recognize revenue when the fundamental criteria for revenue recognition are met. We recognize revenue by applying the following five 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 it expects 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 transaction price reflects the amount we expect to receive for such goods, net of discounts.

Our revenues are derived primarily from monthly subscriptions to Weedmaps for Business, featured and deal listings and other WM Ad solutions. Our Weedmaps for Business subscriptions generally have one-month terms that automatically renew unless notice of cancellation is provided in advance. Featured and deal listings and other WM Ad solutions are offered as add-on products to the Weedmaps for Business subscriptions. Featured and deal listings provide customers with premium placement ad solutions and discount and promotion pricing tools. Other WM Ad solutions include banner ads and promotion tiles on our marketplace ad as well as other advertising products on and off the Weedmaps marketplace. 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. Revenues for these arrangements are recognized over-time, generally during a month-to-month subscription period as the products are provided. We rarely need to allocate the transaction price to separate performance obligations. In the rare case that allocation of the transaction price is needed, We recognize revenue in proportion to the standalone selling prices of the underlying services at contract inception. 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 judgment and estimates.

When a customer is identified to be a significant collection risk, the Company fully reserves for all outstanding accounts receivable and records a credit loss for these receivables. Revenue for any new service provided to the customer is not probable of collection until the Company has collected or reached a settlement on the customers old outstanding accounts receivable balances. The Company applies all payments received against the customers oldest invoices and does not recognize revenue for any new services provided until the company has collected or reached a settlement on all prior outstanding accounts receivable. Collectability is reassessed when there is a significant change in facts or circumstances. The assessment of collectability considers whether the Company may limit its exposure to credit risk through its right to stop transferring additional service in the event the customer is delinquent. See “Restatement of Previously Reported 2023 Quarterly Revenue and Credit Losses” of Note 2, “Summary of Significant Accounting Policies and Note 3, “Revenue from Contracts with Customers ,” to our condensed consolidated financial statements for further discussion.

Critical Accounting Estimates

The Company had no significant changes to our critical accounting estimates from those disclosed in “Part I. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2023 that was filed with the SEC on May 24, 2024.

Recent Accounting Pronouncements

We currently have no material recent accounting pronouncements yet to be adopted..

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.

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 months ended March 31, 2024 and 2023. For all periods presented, we believe the exposure to foreign currency fluctuation from operating expenses is immaterial as the related costs do not constitute a significant portion of our total expenses.

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 March 31, 2024, 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, 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. A hypothetical 100 basis point increase or decrease in interest rates would not have a material effect on our financial results.

Concentrations of Credit Risk

Our financial instruments are potentially subject to concentrations of credit risk. We place our cash with high quality credit institutions. From time to time, we maintain cash balances at certain institutions in excess of the Federal Deposit Insurance Corporation limit. As of March 31, 2024, we had cash balances that exceeded the deposit insurance limit with five financial institutions. Management believes that the risk of loss is not significant and has not experienced any losses in such accounts.

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. We do not believe that inflation has had a material effect on our business, financial condition or results of operations during the three months ended March 31, 2024.

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 our executive chair and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. 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.

With the foregoing in mind, our executive chair and chief financial officer ("Certifying Officers") evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024, pursuant to Rule 13a-15(b) under the Exchange Act. Based on the evaluation, our executive chair and chief financial officer have concluded that as of March 31, 2024, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting described below.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the dispositions of our assets; (2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Under the supervision of and with the participation of our management, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). 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.

The following entity-level material weaknesses have been identified: We did not fully maintain components of the COSO framework, including elements of the control environment, risk assessment, information and communication and monitoring activities components, relating to (i) developing general control activities over technology to support the achievement of objectives across the entity, (ii) sufficiency of processes related to identifying and analyzing risks to the achievement of objectives, including technology, across the entity, and (iii) sufficiency of selecting and developing control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

The entity-level material weaknesses contributed to other material weaknesses within our system of internal control over financial reporting as follow:

- We did not design and maintain effective information technology (IT) general controls for certain information systems supporting our key financial reporting processes. Specifically, we did not design, implement and maintain (a) change management controls to ensure that program and data changes affecting financial applications and underlying accounting records are identified, tested, authorized and implemented appropriately, (b) access controls to ensure appropriate IT segregation of duties are maintained that adequately restrict and segregate privileged access between environments which support development and production, and (c) controls to monitor on an on-going basis for the proper segregation of privileged access between environments which support development and production. As a result, IT application controls and business process controls that are dependent on the ineffective IT general controls, or that rely on data produced from systems impacted by the ineffective IT general controls, are also deemed ineffective, which affects substantially all of our financial statement account balances and disclosures.
- We did not design and maintain effective information technology (IT) general controls for certain information systems supporting our key financial reporting processes. Specifically, we did not design, implement and maintain sufficient change management, security, and operations controls for certain in-scope on-premise applications and vendor-supported applications.
- We did not design and maintain effective process-level controls related to the order-to-cash cycle (including revenues, accounts receivables, and deferred revenue), procure-to-pay-cycle (including operating expenses, prepaid expenses and other current assets, accounts payable and accrued expenses), capitalized software, and long-term assets.The material weakness related to the order-to-cash cycle resulted in an inadequate policy associated with our revenue recognition policies related to the cash collection of a certain subset of our customers that had been placed on a cash basis and, in

turn, the restatement of our unaudited condensed consolidated financial statements in its prior three quarters reported in 2023 as of and for the three months ended March 31, 2023, six months ended June 30, 2023 and nine months ended September 30, 2023 included in our quarterly reports on Form 10-Q for the corresponding periods. Additionally, this material weakness could result in a misstatement of any account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

For the year ended December 31, 2022, we identified a material weakness in internal control related to ineffective IT general controls in the areas of user access and program change-management over certain information technology systems that support our financial reporting processes. We took measures to remediate this material weakness, specifically by undertaking the following measures:

- removing developers' administrative access from production systems;
- removing the ability for certain users, including developers, to access other users' accounts; and
- implementing audit trails to log and monitor system configuration and data changes made by users to detect erroneous or unauthorized changes.

Our remediation efforts concluded as of June 30, 2023 when we determined that the above measures had been implemented. As of July 2023, administrative access to the sandbox environment where development activities take place was extended to users with administrative access to the production environment, thereby negating the remediation efforts taken. This access was not subject to our monthly monitoring control activity and persisted through the remainder of fiscal 2023. The lack of successful completion of our remediation efforts related to this material weakness identified for the year ended December 31, 2022 is reflected in the first bullet of our 2023 material weaknesses discussed above.

Remediation

We have begun the process of evaluating the material weaknesses and developing our full remediation plan. Until the remediation plan is implemented, tested, and deemed effective we cannot assure that our actions will adequately remediate the material weaknesses or that additional material weaknesses in our internal controls will not be identified in the future. If we are unable to remediate the material weaknesses, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected and could reduce the market's confidence in our financial statements and harm our stock price.

Part II - Other Information

Item 1. Legal Proceedings

The information set forth under "Commitments and Contingencies—Litigation" in Note 4 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.

As previously disclosed, in the second quarter of 2022, our board of directors received an internal complaint regarding the calculation, definition and reporting of our monthly active users (“MAUs”) metric. In response, the board of directors formed a special committee of independent directors to conduct an internal investigation with the assistance of outside counsel. As a result of the findings of that internal investigation, we provided certain additional information regarding the growth and nature of our previously-reported MAUs in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 filed with the SEC on August 9, 2022. This investigation found no impact on our financial results under accounting principles generally accepted in the United States of America (“GAAP”) or the reporting or disclosure of any currently disclosed non-GAAP financial metric. As also previously reported, in the third quarter of 2022, we determined not to report MAUs going forward. In August 2022, our board of directors determined to voluntarily report the internal complaint and subsequent internal investigation to the SEC. Since that date, we have received two subpoenas from the SEC’s Division of Enforcement requesting additional information and documents. In addition, the SEC issued subpoenas to several of our current and former employees seeking their testimony, and their testimony occurred in July and August of 2023. We have been fully cooperating with the SEC’s investigation. Such investigations are inherently uncertain and their results cannot be predicted with certainty, but could result in penalties or other sanctions against us, as well as negative publicity and reputational harm. Regardless of the outcome, such proceedings can have an adverse impact on us because of legal costs, diversion of management resources and other factors.

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 under the caption “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 (our “2023 Form 10-K”) when making investment decisions regarding our securities. The risk factors that were disclosed in our 2023 Form 10-K have not materially changed since the date of our 2023 Form 10-K was filed.

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)

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* 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: May 24, 2024	By:	/s/ Douglas Francis	
		Name:	Douglas Francis
		Title:	Executive Chair
			(Principal Executive Officer)
Date: May 24, 2024	By:	/s/ Susan Echard	
		Name:	Susan Echard
		Title:	Interim 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, Douglas Francis, 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:	May 24, 2024	By:	/s/ Douglas Francis
			Douglas Francis
			Executive Chair
			(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, Susan Echard, 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:	May 24, 2024	By:	/s/ Susan Echard

Susan Echard

Interim Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATIONS OF EXECUTIVE CHAIR 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, Douglas Francis, the Executive Chair 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 March 31, 2024, 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:	May 24, 2024	By:	/s/ Douglas Francis
			Douglas Francis
			Executive Chair
			(Principal Executive Officer)

I, Susan Echard, 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 March 31, 2024, 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:	May 24, 2024	By:	/s/ Susan Echard
			Susan Echard
			Interim Chief Financial Officer
			(Principal Financial Officer and Principal Accounting Officer)