

REFINITIV

DELTA REPORT

10-Q

LEAFLY HOLDINGS, INC. /DE

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1874

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| █ | CHANGES | 237 |
| █ | DELETIONS | 842 |
| █ | ADDITIONS | 795 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**
FORM 10-Q

(Mark One)

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

For the quarterly period ended **June September** 30, 2023

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: 001-39119

Leafly Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

84-2266022

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

113 Cherry Street, PMB 88154

98104-2205

Seattle, Washington

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (206) 455-9504

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|----------------------|---|
| Common Stock, \$0.0001 Par Value | LFLY | The Nasdaq Stock Market LLC |
| Warrants, exercisable for shares of common stock at an exercise price of \$11.50 per share | LFLYWW | The Nasdaq Stock Market LLC |

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 every Interactive Data File required to be submitted 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 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 | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input checked="" type="checkbox"/> | | |

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 Exchange Act). Yes No

As of August 7, 2023 November 8, 2023, the registrant had 44,494,659 2,177,721 shares of common stock, \$0.0001 par value per share, outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Quarterly Report") contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of present or historical fact included in or incorporated by reference in this Quarterly Report regarding Leafly Holdings, Inc.'s (the "Company's") future financial performance, as well as the Company's strategy, future operations, future operating results, financial position, estimated revenues, and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "expect," "anticipate," "contemplate," "believe," "estimate," "intend," "project," "budget," "forecast," "plan," "will," "could," "should," "predict," "would," "potential," "strategy," "focus," and "continue" or similar words. These forward-looking statements include all matters that are not historical facts. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other "forward-looking" information.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report.

All forward-looking statements included herein attributable to the Company or any person acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. These cautionary statements are being made pursuant to federal securities laws with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. Except to the extent required by applicable laws and regulations, the Company undertakes no obligations to update these forward-looking statements to reflect events or circumstances after the date of this Quarterly Report or to reflect the occurrence of unanticipated events.

There may be events in the future that the Company is not able to predict accurately or over which it has no control. The section in the Company's Annual Report on Form 10-K for the year ended 2022 ("2022 Annual Report") and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 ("1Q 2023 10-Q") and June 30, 2023 ("2Q 2023 10-Q," collectively the "2023 10-Qs") and in this Quarterly Report entitled "Risk Factors," and the section of this Quarterly Report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other cautionary language discussed in this report provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by the Company in such forward-looking statements. These examples include:

- the Company's inability to raise sufficient capital or financing in the future to execute its business plan;
- the size, demands and growth potential of the markets for the Company's products and services and the Company's ability to serve these markets;
- the impact of worldwide economic conditions, including the resulting effect on consumer spending at local businesses; cannabis retailers; and the level of advertising spending by local businesses; such retailers;
- the degree of market acceptance and adoption of the Company's products, services and pricing changes;
- the Company's ability to attract and retain customers;
- the Company's success in retaining or recruiting officers, key employees or directors;
- the Company's ability to satisfy the Nasdaq Stock Market LLC's ("Nasdaq") continued listing requirements and maintain the listing of the Company's shares of common stock on Nasdaq or another national securities exchange;
- the impact of the regulatory environment and complexities with compliance related to such environment, including compliance with restrictions imposed by federal law; and
- factors relating to the business, operations and financial performance of the Company and its subsidiaries.

Note Regarding Reverse Stock Split

On September 12, 2023, the Company implemented a one-for-twenty reverse split of its common stock ([Note 12](#)). To facilitate comparative analysis, all statements in this Quarterly Report regarding numbers of shares of common stock and all references to prices of a share of common stock, if referencing events or circumstances occurring prior to September 12, 2023, have been retroactively restated to reflect the effect of the reverse stock split on a pro forma basis.

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Part I - Financial Information

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

LEAFLY HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|-----------------------|----------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 14,11 8 | \$ 24,594 | \$ 14,469 | \$ 24,594 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,404 and \$908, respectively | 3,589 | 3,298 | | |
| Accounts receivable, net of allowance for doubtful accounts of \$1,400 and \$908, respectively | | | 3,409 | 3,298 |
| Prepaid expenses and other current assets | 3,186 | 1,792 | 2,339 | 1,792 |
| Restricted cash | 360 | 360 | — | 360 |
| Total current assets | 21,25 3 | 30,044 | 20,217 | 30,044 |
| Property, equipment, and software, net | 2,649 | 2,285 | 2,541 | 2,285 |
| Restricted cash - long-term portion | 251 | 248 | 249 | 248 |
| Other assets | 75 | 135 | 55 | 135 |
| Total assets | \$ 24,22 8 | \$ 32,712 | \$ 23,062 | \$ 32,712 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 962 | \$ 1,625 | \$ 1,609 | \$ 1,625 |
| Accrued expenses and other current liabilities | 3,838 | 6,235 | 2,990 | 6,235 |
| Deferred revenue | 2,017 | 1,958 | 2,095 | 1,958 |

| | | | | |
|--|---------------|-----------|-----------|-----------|
| Total current liabilities | 6,817 | 9,818 | 6,694 | 9,818 |
| Non-current liabilities | | | | |
| Non-current portion of convertible promissory notes, net | 29,13 6 | 28,863 | 29,272 | 28,863 |
| Private warrants derivative liability | 121 | 182 | 113 | 182 |
| Escrow shares derivative liability | 6 | 52 | 5 | 52 |
| Stockholder earn-out rights derivative liability | 30 | 204 | 25 | 204 |
| Total non-current liabilities | 29,29 3 | 29,301 | 29,415 | 29,301 |
| Total liabilities | 36,11 0 | 39,119 | 36,109 | 39,119 |
| Commitments and contingencies (Note 8) | | | | |
| Stockholders' deficit | | | | |
| Preferred stock: \$0.0001 par value; 5,000 and 5,000 authorized; 0 and 0 issued and outstanding; aggregate liquidation preference of \$0 and \$0 at June 30, 2023 and December 31, 2022, respectively | — | — | — | — |
| Common stock: \$0.0001 par value; 200,000 and 200,000 authorized; 44,456 and 43,275 issued at June 30, 2023 and December 31, 2022, respectively | 4 | 4 | — | — |
| Treasury stock: 3,081 and 3,081 shares held at June 30, 2023 and December 31, 2022, respectively | (31,66 3) | (31,663) | — | — |
| Preferred stock: \$0.0001 par value; 5,000 and 5,000 authorized; 0 and 0 issued and outstanding; aggregate liquidation preference of \$0 and \$0 at September 30, 2023 and December 31, 2022, respectively | — | — | — | — |
| Common stock: \$0.0001 par value; 200,000 and 200,000 authorized; 2,311 and 2,164 issued at September 30, 2023 and December 31, 2022, respectively | — | — | — | — |
| Treasury stock: 154 and 154 shares held at September 30, 2023 and December 31, 2022, respectively | (31,663) | (31,663) | — | — |
| Additional paid-in capital | 91,31 0 | 89,952 | 92,359 | 89,956 |
| Accumulated deficit | (71,53 3) | (64,700) | (73,743) | (64,700) |
| Total stockholders' deficit | (11,88 2) | (6,407) | (13,047) | (6,407) |
| Total liabilities and stockholders' deficit | \$ 24,22 8 | \$ 32,712 | \$ 23,062 | \$ 32,712 |

See Notes to Condensed Consolidated Financial Statements.

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LEAFLY HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|-------------------------------------|--------------------|--------|------------------|--------|--------------------|-----------|-------------------|-----------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenue | 10,67 | 12,05 | 21,9 | 23,47 | | | 32,50 | |
| | \$ 5 | \$ 0 | \$ 24 | \$ 0 | \$ 10,583 | \$ 11,781 | \$ 7 | \$ 35,251 |
| Cost of revenue | | | 2,58 | | | | | |
| | 1,238 | 1,441 | 4 | 2,896 | 1,163 | 1,515 | 3,747 | 4,411 |
| Gross profit | | 10,60 | 19,3 | 20,57 | | | 28,76 | |
| | 9,437 | 9 | 40 | 4 | 9,420 | 10,266 | 0 | 30,840 |
| Operating expenses | | | | | | | | |
| Sales and marketing | | | 7,76 | 15,12 | | | 10,32 | |
| | 2,852 | 8,112 | 3 | 6 | 2,563 | 6,403 | 6 | 21,529 |
| Product development | | | 5,60 | | | | | |
| | 2,320 | 4,056 | 0 | 7,521 | 2,533 | 3,406 | 8,133 | 10,927 |
| General and administrative | | | 11,6 | 14,24 | | | 17,47 | |
| | 5,016 | 7,310 | 76 | 1 | 5,799 | 6,489 | 5 | 20,730 |
| Total operating expenses | | | 25,0 | 36,88 | | | 35,93 | |
| | 10,18 | 19,47 | 39 | 8 | 10,895 | 16,298 | 4 | 53,186 |
| Loss from operations | | (8,86) | (5,69) | (16,3) | | | | |
| | (751) | 9) | 9) | 14) | (1,475) | (6,032) | (7,174) | 6) |
| Interest expense, net | | | (1,43 | (1,41 | | | | |
| | (724) | (717) | 7) | 4) | (720) | (705) | (2,157) | (2,119) |
| Change in fair value of derivatives | | 24,39 | | 14,00 | | | | |
| | 14 | 7 | 281 | 0 | 14 | 22,264 | 295 | 36,264 |
| Other income (expense), net | | (52) | 22 | (889) | (29) | (73) | (7) | (962) |

| | | | | | | | | |
|--------------------------------------|-----------------|---------------|-----------------|-----------------|------------|-----------|------------|-----------|
| Net (loss) income | (1,43) \$ 6) | 14,75 \$ 9 | (6,83) \$ 3) | (4,61) \$ 7) | \$ (2,210) | \$ 15,454 | \$ (9,043) | \$ 10,837 |
| Net (loss) income per share: | | | | | | | | |
| Basic | \$ (0.04) | \$ 0.39 | \$ (0.17) | \$ (0.13) | \$ (1.10) | \$ 8.69 | \$ (4.58) | \$ 6.15 |
| Diluted | \$ (0.04) | \$ 0.37 | \$ (0.17) | \$ (0.13) | \$ (1.10) | \$ 5.64 | \$ (4.58) | \$ 5.45 |
| Weighted average shares outstanding: | | | | | | | | |
| Basic | 39,50 9 | 37,41 5 | 39,1 09 | 35,09 7 | 2,011 | 1,779 | 1,974 | 1,763 |
| Diluted | 39,50 9 | 42,04 1 | 39,1 09 | 35,09 7 | 2,011 | 2,149 | 1,974 | 1,924 |

See Notes to Condensed Consolidated Financial Statements.

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LEAFLY HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

(in thousands)

| Three and Six Months Ended June 30, 2023 | | | | | | | Three and Nine Months Ended September 30, 2023 | | | | | | | | | | | | | | |
|--|--------------|------------|----------------|------------|----------------------------|------------|--|---------------------------------|------------|------------|-----------------|--------------|------------|----------------|------------|----------------------------|------------|------------|---------------------------------|--|--|
| Preferred Stock | Common Stock | | Treasury Stock | | Additiona l Paid- In | | | Accu mula ted Defic it | | | Preferred Stock | Common Stock | | Treasury Stock | | Additiona l Paid- In | | | Accu mula ted Defic it | | |
| | Shar es | Amo unt | Shar es | Amo unt | Shar es | Amo unt | Shar es | Amo unt | Shar es | Amo unt | | Shar es | Amo unt | Shar es | Amo unt | Shar es | Amo unt | Shar es | Amo unt | | |
| | | | | | | | | | | | | | | | | | | | | | |

| Bala nce at Janu ary 1, 2023 | 2023 | | | | | | | | 2024 | | | | | | | |
|---|------|-----|------|-----|---------|-------|---------|------------|------|------|----|---------|-------|---------|------------|--|
| | 43, | (3, | (3 | 89, | (6 | (6, | — | \$ — | 2,1 | \$ — | (1 | (3 | 89, | (6 | (6, | |
| — | \$ — | 27 | \$ 4 | 08) | \$ 1,6) | \$ 95 | \$ 4,7) | \$ 40) | — | \$ — | 64 | \$ 1,6) | \$ 95 | \$ 4,7) | \$ 40) | |
| | | 5 | | 1 | 63 | 2 | 00 | 7 | | | 54 | 63 | 6 | 00 | 7 | |
| N et lo ss | — | — | — | — | — | — | — | (5, 39) | — | — | — | — | — | — | (5, 39) | |
| St oc k- ba se d co m pe ns ati on | — | — | — | — | — | — | — | 7 | — | — | — | — | — | — | 7 | |
| Ex er ci se of st oc k op tio ns | — | — | — | — | — | — | — | 65 | — | 65 | — | 65 | — | 65 | — | |
| | | | | | | | | 8 | — | 8 | — | 8 | — | 8 | — | |

| Statement of Cash Flows | | | | | | | | | | |
|-----------------------------------|----------------------|--------------|--------------|----------------------------|---------------------------|------------------------------|---------------------|-----------------------------------|----------------|----------------|
| For the Year Ended March 31, 2023 | | | | | | | | | | |
| Category | Operating Activities | | | | | Investing Activities | | | | |
| | Net Income | Depreciation | Amortization | Loss on Disposal of Assets | Change in Working Capital | Proceeds from Sale of Assets | Capital Expenditure | Proceeds from Sale of Investments | Dividends Paid | Interest Paid |
| Net Income | 28 | — | — | — | — | — | — | — | 14 | — |
| Depreciation | 5 | — | — | — | — | — | — | — | — | — |
| Amortization | — | — | — | — | — | — | — | — | — | — |
| Loss on Disposal of Assets | — | — | — | — | — | — | — | — | — | — |
| Change in Working Capital | — | — | — | — | — | — | — | — | — | — |
| Proceeds from Sale of Assets | — | — | — | — | — | — | — | — | — | — |
| Capital Expenditure | — | — | — | — | — | — | — | — | — | — |
| Proceeds from Sale of Investments | — | — | — | — | — | — | — | — | — | — |
| Dividends Paid | — | — | — | — | — | — | — | — | — | — |
| Interest Paid | — | — | — | — | — | — | — | — | — | — |
| Balances at March 31, 2023 | — | \$ — | 2,1 | \$ — | (1 | (3 | 90, | \$ 73 | \$ 0,0) | \$ 1,0) |
| Balances at April 1, 2023 | 43, | (3, | (3 | 90, | (7 | (1 | — | 2,1 | (1 | (1 |
| | — | 84 | 4 | 08) | 1,6) | 73 | 0,0) | 92 | 1,6) | 73 |
| | — | 9 | 1 | 63 | 0 | 97 | 26 | 54 | 63 | 4 |
| | — | — | — | — | — | — | — | — | — | — |
| Net Loss | — | — | — | — | — | (1, | (1, | — | — | (1, |
| | — | — | — | — | — | 43) | 43) | — | — | 43) |
| | — | — | — | — | — | 6 | 6 | — | — | 6 |

| is su an ce of co m m on st oc k up on ve sti ng of re str ict ed st oc k un its | — | — | 60 | — | — | — | — | — | — | — | — | — | 31 | — | — | — | — | — | — |
|--|---|------|-----|------|-----|---------|-------|---------|---------|---|---|----|-----|------|---------|-------|---------|---------|------|
| ala ce t une 0, 023 | — | \$ — | 44, | (3, | (3 | 91, | (7 | (1 | | | | | 2,2 | \$ — | (1 | (3 | 91, | (7 | (1 |
| | | | 45 | \$ 4 | 08) | \$ 1,6) | \$ 31 | \$ 1,5) | \$ 1,8) | | | 23 | | 54 | \$ 1,6) | \$ 31 | \$ 1,5) | \$ 1,8) | |
| | | | 6 | 1 | 63 | 0 | 33 | 82 | | | | | | | 63 | 4 | 33 | 82 | |
| ala ce t uly , | | | | | | | | | | | | | 2,2 | | (1 | (3 | 91, | (7 | (1 |
| 023 | | | | | | | | | | | | | 23 | | 54 | 1,6) | 31 | 1,5) | 1,8) |
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| nce | — | — | — | — | — | — | — | — | |
| at | — | — | — | — | — | — | — | — | |
| Sept | — | — | 2,3 | — | (1) | (3 | 92, | (7 | (1 |
| emb | — | \$ | 11 | \$ | 54 | \$ 1,6) | \$ 35 | \$ 3,7) | \$ 3,0) |
| er | — | — | — | — | — | 63 | 9 | 43 | 47 |
| 30, | — | — | — | — | — | — | — | — | — |
| 2023 | — | — | — | — | — | — | — | — | — |

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LEAFLY HOLDINGS, INC

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT (Continued)

(in thousands)

| Three and Six Months Ended June 30, 2022 | | | | | | | | | | Three and Nine Months Ended September 30, 2022 | | | | | | | | | | | | | | | |
|---|-----------------|------------|--------------|------------|----------------|---------------|--|---------|------------|--|---|------------|-----------------|---------------|-----------------|------------|----------------|-----------|-----------|--|----------|-----------|-----------------------------------|--|--|
| | Preferred Stock | | Common Stock | | Treasury Stock | | Addit ional Paid- In Capit al | | | Accu muat ed Defici t | | | Preferred Stock | | Common Stock | | Treasury Stock | | | Addit ional Paid- In Capit al | | | Accu muat ed Defici t | | |
| | Shar es | Amou nt | Shar es | Amo unt | Shar es | Amo unt | | | | | | | Shar es | Amo unt | Shar es | Amo unt | | | | | | | | | |
| | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | | |
| Balance at January 1, 2022 | 6,1 40 | \$ 1 08 | 25, — | \$ 3 — | 61, \$ 19 | (69 \$ 77) | (8, \$ 57) | 30 7 | \$ 1 54 | 1,2 — | — | \$ 19 — | 61, \$ 77) | (69 \$ 57) | 6,1 7 | (69 0) | (8, 2) | 61, 7 | (69 0) | (8, 2) | 6,1 7 | (69 0) | (8, 2) | | |
| Net loss | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | | |
| Stock- based comp- ensati- on | — | — | — | — | — | — | 1,9 24 | — | 1,9 24 | — | — | — | — | — | — | — | — | 1,9 24 | — | 1,9 24 | — | 1,9 24 | | | |
| Exerci- se of stock option s | — | — | 11 4 | — | — | — | 12 7 | — | 12 7 | — | — | 6 | — | — | — | — | — | 12 7 | — | 12 7 | — | 12 7 | | | |

| | | | | | | | | | | | | | | | |
|--|--------|-----|-----|---|---|---|-------|---|-------|-----|----|---|-------|---|-------|
| Conversion of 2021 Notes into Com mon Stock upon Business Combination | — | — | 4,1 | — | — | — | 33,02 | — | 33,02 | — | — | — | 33,02 | — | 33,02 |
| Conversion of Preferred Stock into Com mon Stock upon Business Combination | (6,14) | (1) | 6,1 | 1 | — | — | — | — | (30) | (1) | 30 | — | — | 1 | — |
| Merge and recapitalization, net of fees | — | — | 2,0 | — | — | — | 27,99 | — | 27,99 | — | — | — | 27,99 | — | 27,99 |
| | | | 07 | | | | 7 | | 7 | | 0 | | 7 | | 7 |

| | | | | | | | | | | | | | | | | | |
|--|---|---|-----|---|---|---|------------|---|------|---|------|---|---|---------|------------|---|-------------|
| Stock holder contri bution for debt issuan ce costs | — | — | — | — | — | — | 92 | — | 92 | — | — | — | — | — | 92 | — | 92 |
| | | | | | | | 4 | — | 4 | — | — | — | — | — | 4 | — | 4 |
| Escro w share s deriva tive liabilit y | — | — | 1,6 | — | — | — | (6, 25 | — | 86) | — | 86) | — | — | 81 | — | — | (6, 86) |
| | | | | | | | 7 | — | 7 | — | — | — | — | — | 7 | — | 7 |
| Privat e warra nts deriva tive liabilit y | — | — | — | — | — | — | (3, 91) | — | 91) | — | — | — | — | — | (3, 91) | — | (3, 91) |
| | | | | | | | 6 | — | 6 | — | — | — | — | — | 6 | — | 6 |
| Forwa rd share purch ase agree ment deriva tive liabilit y | — | — | 3,8 | — | — | — | (14 61 | — | ,17) | — | ,17) | — | — | 19 3 | — | — | (14 ,17) |
| | | | | | | | 0 | — | 0 | — | — | — | — | — | 0 | — | 0 |

| | | | | | | | | | | | | | | | | | |
|---|---|-------------|------------|-----------|------------|--------------|----------------|----------------|--------------|-----------|------|---|----------------------|----------------|-------------------|-------------------|----|
| Stock holder earn- out rights | — | — | — | — | — | — | (26) | (26) | — | — | — | — | — | (26) | (26) | | |
| deriva- tive liabili- ty | | | | | | | 1 | 1 | | | | | | 1 | 1 | | |
| Balance at March 31, 2022 | | | | | | | — | \$ 2,1 48 | — | — | \$ 0 | — | \$ 11 \$ 14) 6 | \$ (89) 6 | \$ (15) 6 | | |
| Balance at April 1, 2022 | — | \$ 42, — | \$ 96 1 | \$ 4 — | \$ 10 6 | \$ (89) 6 | (15) | — | — | 2,1 48 | — | — | — | 74, 11 0 | (89) ,14) 6 | (15) ,03) 6 | |
| Net incom- e | — | — | — | — | — | — | 14, 75 9 | 14, 75 9 | — | — | — | — | — | 14, 75 9 | 14, 75 9 | | |
| Stock- based comp- ensati- on | — | — | — | — | — | — | 46 4 | 46 4 | — | — | — | — | — | 46 4 | — | 46 4 | |
| Exerci- se of stock option s | — | — | 29 | — | — | — | 30 | — | 30 | — | — | 1 | — | — | 30 | — | 30 |
| Balance at June 30, 2022 | — | \$ 42, 0 | \$ 99 0 | \$ 4 — | \$ 60 0 | \$ (74) 7 | 21 | — | \$ 2,1 49 | — | — | — | — | 74, 60 4 | (74) ,38) 7 | 21 7 | |
| Balance at July 1, 2022 | | | | | | | — | — | 2,1 49 | — | — | — | — | 74, 60 4 | (74) ,38) 7 | 21 7 | |
| Net incom- e | | | | | | | — | — | — | — | — | — | — | 15, 45 4 | 15, 45 4 | | |

| | | | | | | | | | | | | |
|----------|---|----|-----|-----|-----|------|---------|-------|---------|--------|---|------|
| Share | | | | | | | | | | | | |
| s | — | — | (1) | — | — | — | — | — | — | — | — | — |
| cancel | | | | | | | | | | | | |
| ed | | | | | | | | | | | | |
| Stock- | | | | | | | | | | | | |
| based | | | | | | | | | | | | |
| comp | — | — | — | — | — | — | — | — | — | 77 | — | 77 |
| ensati | | | | | | | | | | 1 | — | 1 |
| on | | | | | | | | | | | | |
| Exerci | | | | | | | | | | | | |
| se of | | | | | | | | | | | | |
| stock | — | — | — | — | — | — | — | — | — | 1 | — | 1 |
| option | | | | | | | | | | | | |
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| Vestin | | | | | | | | | | | | |
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| restrict | | | | | | | | | | | | |
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| liabilit | | | | | | | | | | | | |
| y | | | | | | | | | | | | |
| Purch | | | | | | | | | | | | |
| ase of | | | | | | | | | | | | |
| treasu | — | — | — | — | (15 | 31 | 31, | | | | | |
| ry | 4 | | | |) | ,66) | 66 | — | — | | | |
| stock | | | | | | 3 | 3 | | | | | |
| Balance | — | — | — | — | — | — | — | — | — | — | — | — |
| at | | | | | | | | | | | | |
| Septemb | — | \$ | — | 2,1 | — | (15 | 31 | 89, | (58 | (1, | | |
| er 30, | | | | | 52 |) | \$,66) | \$ 19 | \$,93) | \$ 39) | | |
| 2022 | | | | | 4 | 3 | 3 | 8 | 3 | 8 | | |

See Notes to Condensed Consolidated Financial Statements.

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LEAFLY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Six Months Ended June 30, | | Nine Months Ended September 30, | |
|---|---------------------------|------------|---------------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities | | | | |
| Net loss | \$ (6,833) | \$ (4,617) | | |
| Net (loss) income | | | \$ (9,043) | \$ 10,837 |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 421 | 149 | 697 | 276 |
| Stock-based compensation expense | 1,238 | 2,388 | 2,235 | 3,159 |
| Bad debt expense, net of recoveries | 1,410 | 640 | 2,350 | 1,023 |
| Loss on disposition of assets | 9 | — | 63 | — |
| Noncash amortization of debt discount | 273 | 233 | 409 | 369 |
| Noncash interest expense associated with convertible debt | — | 243 | — | 243 |
| Noncash change in fair value of derivatives | (281) | (14,000) | (295) | (36,264) |
| Other | (6) | 13 | (1) | 15 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | (1,701) | (687) | (2,461) | (675) |
| Prepaid expenses and other current assets | (1,334) | (3,977) | (467) | (2,222) |
| Accounts payable | (663) | 1,456 | (16) | 173 |
| Accrued expenses and other current liabilities | (2,399) | (713) | (3,246) | (2,141) |
| Deferred revenue | 59 | 492 | 137 | 77 |
| Net cash used in operating activities | (9,807) | (18,380) | (9,638) | (25,130) |
| Cash flows from investing activities | | | | |
| Additions of property, equipment, and software | (788) | (1,415) | (1,042) | (2,194) |
| Proceeds from sale of property and equipment | | | 27 | — |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Net cash used in investing activities | (788) | (1,415) | (1,015) | (2,194) |
| Cash flows from financing activities | | | | |
| Proceeds from exercise of stock options | — | 157 | — | 158 |
| Proceeds from convertible promissory notes | — | 29,374 | — | 29,374 |
| Proceeds from business combination placed in escrow and restricted | — | 39,032 | — | 39,032 |
| Trust proceeds received from recapitalization at closing | — | 582 | — | 582 |
| Issuance of common stock under ESPP | 120 | — | 168 | — |
| Repurchase of common stock and settlement of forward purchase agreements | | | — | (31,303) |
| Transaction costs associated with recapitalization | — | (10,761) | — | (10,761) |
| Advances (repayments) of related party payables | 2 | (18) | 1 | (17) |
| Net cash provided by financing activities | 122 | 58,366 | 169 | 27,065 |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (10,473) | 38,571 | | |
| Net decrease in cash, cash equivalents, and restricted cash | | | (10,484) | (259) |
| Cash, cash equivalents, and restricted cash, beginning of period | 25,202 | 28,695 | 25,202 | 28,695 |
| Cash, cash equivalents, and restricted cash, end of period | \$ 14,729 | \$ 67,266 | \$ 14,718 | \$ 28,436 |

| | Six Months Ended June 30, | | Nine Months Ended September 30, | |
|--|---------------------------|--------|---------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Supplemental disclosure of non-cash financing activities: | | | | |
| Stockholder contribution for debt issuance costs | \$ — | \$ 924 | \$ — | \$ 924 |
| Repurchase of common stock in other accrued expenses | | | — | 360 |
| Conversion of promissory notes into common stock | — | 33,024 | — | 33,024 |
| Issuance of forward share purchase agreements | — | 14,170 | — | 14,170 |
| Issuance of private warrants | — | 3,916 | — | 3,916 |
| Issuance of sponsor shares subject to earn-out conditions | — | 6,867 | — | 6,867 |
| Issuance of stockholder earn-out rights | — | 26,131 | — | 26,131 |

See Notes to Condensed Consolidated Financial Statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in thousands, except per share amounts)

NOTE 1 — Description of the Business and Merger

Description of the Business

Leafly Holdings, Inc. ("Leafly" or "the Company") is a leading an online cannabis discovery marketplace and resource for cannabis consumers. Leafly provides an information resource platform with a deep library of content, including detailed information about cannabis strains, retailers and current events. Leafly was incorporated in the state of Delaware on June 20, 2019 and is headquartered in Seattle, Washington.

The Company has three wholly-owned subsidiaries, Leafly Canada Ltd., Leafly Deutschland GmbH and Leafly, LLC ("Legacy Leafly"). Legacy Leafly is the accounting predecessor of Leafly. The accompanying consolidated financial statements include the financial results of the Company and its wholly-owned subsidiaries.

Merger with Merida

On February 4, 2022, Leafly consummated the previously announced mergers and related transactions (collectively, the "Merger") pursuant to the Agreement and Plan of Merger dated August 9, 2021 and amended on September 8, 2021 and on January 11, 2022 (as amended, the "Merger Agreement"). Legacy Leafly (formerly known as Leafly Holdings, Inc.) entered into the Merger Agreement with Merida Merger Corp. I ("Merida"), Merida Merger Sub, Inc., a Washington corporation ("Merger Sub I") and Merida Merger Sub II, LLC, a Washington limited liability company ("Merger Sub II" and, together with Merger Sub I, the "Merger Subs"). Merger Sub I merged with and into Legacy Leafly, with Legacy Leafly surviving as a wholly-owned subsidiary of Merida, and following the initial Merger and as part of a single integrated transaction with the initial Merger, Legacy Leafly merged with and into Merger Sub II, with Merger Sub II surviving as a wholly-owned subsidiary of Merida. As a result of these Mergers, Legacy Leafly became a wholly owned subsidiary of Merida and was renamed Leafly, LLC, Merida was renamed Leafly Holdings, Inc. ("New Leafly"), and the securityholders of Legacy Leafly became security holders of New Leafly. We sometimes refer to the Mergers described above and the other transactions contemplated by the Merger Agreement and the other agreements being entered into by Merida and Legacy Leafly in connection with the Mergers as the "Business Combination" and to Merida following the Business Combination as "New Leafly."

While the legal acquirer in the Business Combination is Merida, for financial accounting and reporting purposes under accounting principles generally accepted in the United States of America ("GAAP"), Legacy Leafly is the accounting acquirer with the Merger accounted for as a "reverse recapitalization." A reverse recapitalization does not result in a new basis of accounting, and the financial statements of the combined entity represent the continuation of the financial statements of Legacy Leafly. Under this accounting method, Merida is treated as the "acquired" company and Legacy Leafly is the accounting acquirer, with the transaction treated as a recapitalization of Legacy Leafly. Merida's assets, liabilities and results of operations were consolidated with Legacy Leafly's beginning on the date of the Business Combination. Except for certain derivative liabilities, the assets and liabilities of Merida were recognized at historical cost (which is consistent with carrying value) and were not material, with no goodwill or other intangible assets recorded. The derivative liabilities, which are discussed in [Notes 13](#) and [18](#), were recorded at fair value. The consolidated assets, liabilities, and results of operations of Legacy Leafly became the historical financial statements, and operations prior to the closing of the Business Combination presented for comparative purposes are those of Legacy Leafly. Pre-Merger shares of common stock and preferred stock were converted to shares of common stock of the combined company using the conversion ratio of **0.3283 0.0164** and for comparative purposes, the shares and net loss per share of Legacy Leafly, prior to the Merger, have been retroactively restated using the conversion ratio.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

NOTE 2 — Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The interim condensed consolidated financial statements have been prepared in accordance with GAAP and the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021, and Management's Discussion and Analysis of Financial Condition and Results of Operations of Leafly for the year ended December 31, 2022, each of which was filed with the SEC on March 29, 2023 (the "2022 Financial Information").

These condensed consolidated financial statements are unaudited and, in management's opinion, include all adjustments, consisting of normal recurring estimates and accruals necessary for a fair presentation of our consolidated cash flows, operating results, and balance sheets for the periods presented. Actual results may differ from these estimates and assumptions. The results of operations for any interim periods are not necessarily indicative of the results that may be expected for the entire fiscal year or any other interim period. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted in accordance with the rules and regulations of the SEC for interim reporting. All intercompany balances and transactions have been eliminated upon consolidation.

Going Concern Evaluation

Under the rules of ASC Subtopic 205-40 "Presentation of Financial Statements-Going Concern" ("ASC 205-40"), reporting companies are required to evaluate whether conditions and/or events raise substantial doubt about their ability to meet their future financial obligations as they become due within one year after the date that the financial statements are issued. This evaluation takes into account a company's current available cash and projected cash needs over the one-year evaluation period but may not consider things beyond its control. Leafly has experienced revenue declines, incurred recurring operating losses, used cash from operations, and relied on the capital raised in the Business Combination to continue ongoing operations. These conditions, when considered in the aggregate, raise substantial doubt about Leafly's ability to continue as a going concern within one year of the date these financial statements are issued. In response to these conditions, Leafly management took the following actions:

- During the fourth quarter of 2022, Leafly implemented a restructuring plan, including a reduction in force reflecting primarily one-time sever and other employee-related termination benefits incurred during the fourth quarter of 2022.
- During the three months ended March 31, 2023, Leafly announced a second restructuring plan further seeking to reduce recurring costs operating expenditures and identifying cost savings based on a reduction in force reflecting primarily one-time severance and other empk related termination benefits incurred during the first quarter of 2023.

The restructuring plans above have been implemented and are expected to continue contributing to the cash savings of the Company. The Company's management is closely monitoring and reducing operating expenses where it is able to, while ensuring the trajectory and viability of the business remains intact. After considering all available evidence, Leafly's management determined that, based on the cost reduction measures outlined in both actions above, Leafly's current positive working capital will be sufficient to meet its capital requirements for a period of at least 12 months from the date that these **June 30, 2023** **September 30, 2023** financial statements are issued.

Reverse Stock Split

On September 12, 2023, the Company implemented a one-for-twenty reverse split of its common stock ([Note 12](#)). To facilitate comparative analysis, all statements in this Quarterly Report regarding numbers of shares of common stock and all references to prices of a share of common stock, if referencing events or circumstances occurring prior to September 12, 2023, have been retroactively restated to reflect the effect of the reverse stock split on a pro forma basis.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported net (loss) income.

Seasonality

We may experience seasonality in our business, which we believe has moderate impacts on our overall revenue. In certain years, we've seen seasonal fluctuations that coincide with either federal holidays, generally in the fourth quarter, or industry holidays and events, generally in the spring. Our industry and business history is limited and therefore we ~~can't~~ cannot be certain that these are known trends or that other trends may develop.

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Emerging Growth Company Status

Leafly is an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups Act ("JOBS Act"). Under the JOBS Act, EGCs can delay adopting new or revised accounting standards issued until such time as those standards apply to private companies. The Company has elected to use this extended transition period. In providing this relief, the JOBS Act does not preclude the Company from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. Leafly will continue to use this relief until the earlier of the date that it (a) is no longer an EGC or (b) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses in the condensed consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates. Such estimates include those related to the fair value of derivative liabilities; the allowance for doubtful accounts; the valuation allowance for deferred income tax assets; the fair value of the convertible promissory notes; the estimate of capitalized software costs and useful life of capitalized software; and the fair value of equity issuances. Management bases its estimates on historical experience, knowledge of current events and actions it may undertake in the future that management believes to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

Significant Accounting Policies

The unaudited interim financial statements should be read in conjunction with the Company's 2022 Financial Information, which describes the Company's significant accounting policies. There have been no material changes to the Company's significant accounting policies during the six nine months ended **June 30, 2023** **September 30, 2023** compared to our 2022 Annual Report on Form 10-K for the year ended December 31, 2022. Report.

Recent Accounting Pronouncements

Accounting Pronouncements Issued But Not Yet Adopted

Management does not believe that there are any recently issued, but not yet effective, accounting standards that, if currently adopted, would have a material effect on the Company's consolidated financial statements or related disclosures.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

NOTE 3 — Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash consisted of the following:

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|-------------------------------------|----------------------|--------------------------|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 14,118 | \$ 24,594 | \$ 14,469 | \$ 24,594 |
| Restricted cash | 360 | 360 | — | 360 |
| Restricted cash - long-term portion | 251 | 248 | 249 | 248 |
| | \$ 14,729 | \$ 25,202 | \$ 14,718 | \$ 25,202 |

The restricted cash **balance** at **June 30, 2023** and **December 31, 2022** **include** included \$360 of cash maintained in escrow related to Forward Share Purchase Agreements ("FPAs"). Effective August 1, 2022, the **FPA holders** **"FPA Holders"** elected to have Leafly repurchase their remaining **3,081** **154** shares covered by the FPAs for an aggregate repurchase price of \$31,663. As a result, the shares repurchased have been removed from Leafly's outstanding shares effective as of the date of purchase and placed into treasury. The **FPA holders** **Holders** elected to have all but \$360 disbursed from the escrow account and **are** **were** able to claim the remainder any time until August 1, 2023. **The amount was distributed subsequent to June 30, 2023** ([Note 19](#)). If unclaimed, the remaining **On July 11, 2023, Leafly returned \$360**

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funds in escrow would have been distributed **restricted cash** to the **Company** **FPA Holders** pursuant to the terms of the **FPAs**. Additional information regarding the **FPAs** is included in [Notes 13](#) and [18](#).

NOTE 4 — Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|-------------------------------------|-----------------|-------------------|--------------------|-------------------|
| Prepaid subscriptions | \$ 697 | \$ 916 | \$ 703 | \$ 916 |
| Prepaid insurance | 2,204 | 533 | 1,277 | 533 |
| Other prepaid assets | 254 | 272 | 186 | 272 |
| Other current assets | 31 | 71 | 173 | 71 |
| Subtotal, current portion | 3,186 | 1,792 | 2,339 | 1,792 |
| Prepaid expenses, long-term portion | 75 | 135 | 55 | 135 |
| Total | \$ 3,261 | \$ 1,927 | \$ 2,394 | \$ 1,927 |

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

NOTE 5 — Accounts Receivable, Net

Accounts receivable, net of \$3,589 \$3,409 and \$3,298 as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, consists consisted of amounts due from customers less an allowance for doubtful accounts. For further information about revenue and deferred revenues, see Note 9.

The following table presents the allowance for doubtful accounts and the changes therein:

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|---|--------------------|------|------------------|------|--------------------|----------|-------------------|----------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Balance, beginning of period | 1,09 | 1,68 | | 1,84 | | 1,40 | | |
| | \$ 1 | \$ 2 | \$ 908 | \$ 8 | \$ 4 | \$ 1,469 | \$ 908 | \$ 1,848 |
| Add: provision for doubtful accounts, net of recoveries | | | 1,41 | | | | 2,35 | |
| | 685 | 764 | 0 | 640 | 940 | 383 | 0 | 1,023 |

| | | | | | | | | | |
|------------------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|---------------|--------|
| Less: write-offs | (372) | (977) | (914) | (19) | (1,0) | (944) | (894) | (1,85) | (1,91) |
| Balance, end of period | 1,40 | 1,46 | 1,40 | 1,46 | 1,40 | 1,40 | 1,40 | 8 | 3 |
| | <u>\$ 4</u> | <u>\$ 9</u> | <u>\$ 4</u> | <u>\$ 9</u> | <u>\$ 0</u> | <u>\$ 958</u> | <u>\$ 0</u> | <u>\$ 958</u> | |

NOTE 6 — Property, Equipment, and Software, Net

Property, equipment, and software consisted of the following:

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|---|-----------------|-------------------|--------------------|-------------------|
| Furniture and equipment | \$ 706 | \$ 740 | \$ 454 | \$ 740 |
| Capitalized internal-use software | 3,095 | 2,310 | 3,352 | 2,310 |
| | <u>3,801</u> | <u>3,050</u> | <u>3,806</u> | <u>3,050</u> |
| Less: accumulated depreciation and amortization | (1,152) | (765) | (1,265) | (765) |
| | <u>\$ 2,649</u> | <u>\$ 2,285</u> | <u>\$ 2,541</u> | <u>\$ 2,285</u> |

The Company recognized depreciation and amortization expense as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|---------------|-------------------|---------------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Depreciation expense | \$ 21 | \$ 37 | \$ 68 | \$ 135 |
| Amortization of capitalized internal-use software | 255 | 90 | 629 | 141 |
| Total depreciation and amortization | <u>\$ 276</u> | <u>\$ 127</u> | <u>\$ 697</u> | <u>\$ 276</u> |

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During the nine months ended September 30, 2023, the Company disposed of equipment with a book value of \$90 for \$27, resulting in a loss on disposal of \$63. During the three months ended September 30, 2023, the Company disposed of equipment with a book value of \$88 for \$16, resulting in a loss on disposal of \$72.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

| | Three Months Ended June 30, | Six Months Ended June 30, |
|--|-----------------------------|---------------------------|
| | 2023 | 2022 |
| | | |
| | | |

| | | | | |
|---|---------------|--------------|---------------|---------------|
| Depreciation expense | \$ 24 | \$ 46 | \$ 47 | \$ 98 |
| Amortization of capitalized internal-use software | 202 | 51 | 374 | 51 |
| Total depreciation and amortization | <u>\$ 226</u> | <u>\$ 97</u> | <u>\$ 421</u> | <u>\$ 149</u> |

(in thousands, except per share amounts)

NOTE 7 — Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|-------------------------------------|-----------------|-------------------|--------------------|-------------------|
| Accrued bonuses | \$ 562 | \$ 1,309 | \$ 922 | \$ 1,309 |
| Other employee-related liabilities | 1,282 | 2,403 | 1,068 | 2,403 |
| Accrued interest | 1,000 | 1,000 | 400 | 1,000 |
| Other accrued expenses ¹ | 994 | 1,523 | 600 | 1,523 |
| | <u>\$ 3,838</u> | <u>\$ 6,235</u> | <u>\$ 2,990</u> | <u>\$ 6,235</u> |

1. There are no individual items within this balance that exceed 10% of the total of the table.

NOTE 8 — Commitments and Contingencies

In the normal course of business, the Company may receive inquiries or become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material adverse effect on the Company's consolidated financial statements.

Leases

The Company does not have any leases with an original term longer than 12 months as of **June 30, 2023** **September 30, 2023**. The Company has short-term arrangements with immaterial rental obligations for office space.

Nasdaq Notifications of Noncompliance

On October 28, 2022, the Company received a letter from the staff (the "Staff") of **The Nasdaq Stock Market LLC ("Nasdaq")** providing notification that the Company no longer complied with the \$50 million in market value of listed securities standard for continued listing on the Nasdaq Global Market under Nasdaq Listing Rule 5450(b)(2)(A) and that the Company also did not comply with either of the two alternative standards of Listing Rule 5450(b), the equity standard and the total assets and total revenue standard. On April 19, 2023, Nasdaq approved the Company's application to transfer the listing of its common stock and warrants from the Nasdaq Global Market to the Nasdaq Capital Market, effective April 21, 2023. **The, on the basis that the Company complies with the net income from continuing operations standard for continued listing on the Nasdaq Capital Market and under Nasdaq Listing Rule 5550(b)(3).** The transfer of the listing resolved the October 28, 2022 noncompliance notification.

On November 2, 2022, the Company received another a letter from the Staff providing notification of the Nasdaq indicating that for 30 consecutive business days, it did not meet the requirement to maintain a minimum bid price of the Company's common stock had closed below the \$1.00 1 per share, minimum bid price requirement which is imposed by Nasdaq Listing Rule 5450(a)(1) for continued listing on the Nasdaq under Global Market and by Nasdaq Listing Rule 5450(a)(1) 5550(a)(2) for continued listing on the Nasdaq Capital Market (the "Bid Price Requirement"). To and that it had until May 1, 2023 to regain compliance, the closing bid price compliance. On May 2, 2023, as a result of the Company's common stock must have been \$1.00 per share or more per share for a minimum of ten consecutive business days at any time before May 1, 2023.

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On May 2, 2023, Company not regaining compliance with the Bid Price Requirement, the Company received a letter from Nasdaq notifying it that the Company's common stock would be subject to delisting from Nasdaq unless the Company timely requested a hearing before a Nasdaq Hearings Panel (the "Panel"). On May 8, 2023, the Company timely requested and submitted a hearing before the Panel, and on May 11, 2023, the plan of compliance. The Company submitted a plan, of compliance and requested an extension of time to regain compliance with the Bid Price Requirement (the "Request"). On on May 23, 2023, the Company received a letter from Panel approved it, giving the Panel confirming that the Request was granted and that the Company has until October 17, 2023 to effect a reverse stock split and until October 30, 2023 to regain compliance with the Bid Price Requirement, subject to meeting certain milestones including obtaining stockholder approval Requirement. On September 12, 2023, the Company implemented a one-for-twenty reverse split of a reverse its common stock split on or before July 12, 2023. On July 12, 2023 (Note 19 12), at and on September 29, 2023, the Company's Annual Meeting of Stockholders, Company received formal notice from Nasdaq confirming that the stockholders approved a proposal to effect a reverse stock split of the Company's outstanding shares of common stock by a ratio of not less than 1 for 10 and not more than 1 for 25 at any time prior to the Company's 2024 Annual Meeting of Stockholders, Company regained compliance with the exact ratio Bid Price Requirement, will continue to be set by listed and traded on the Leafly Board Nasdaq Capital Market and the listing matter was closed.

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[Table of Directors \(the "Board"\) Contents](#)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in the future, if at all, within the above range in its sole discretion, without further approval or authorization of the Company's stockholders. The Request stayed any further action by Nasdaq, during the remainder of the approved extension. thousands, except per share amounts)

NOTE 9 — Revenue and Contract Balances

The following table presents the Company's revenue by service type:

| Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------|------|------------------------------|------|-------------------------------------|------|------------------------------------|------|
| 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | | | | | | |

| | | | | | | | | |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Advertising | \$ 10,5 54 | \$ 11,8 54 | \$ 21,7 40 | \$ 23,1 83 | \$ 10,3 86 | \$ 11,7 31 | \$ 32,1 26 | \$ 34,9 14 |
| Other services | | | | | | | | |
| 1 | 121 | 196 | 184 | 287 | 197 | 50 | 381 | 337 |

| | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ 10,6 75 | \$ 12,0 50 | \$ 21,9 24 | \$ 23,4 70 | \$ 10,5 83 | \$ 11,7 81 | \$ 32,5 07 | \$ 35,2 51 |
| | <u> </u> |

1. Amounts for the prior period have been reclassified to conform to the current period presentation.

The following table presents the Company's revenue by geographic region:

| | Three Months Ended | | Six Months Ended June | | Three Months Ended | | Nine Months Ended | |
|---------------------|--------------------|-------------------|-----------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | June 30, | | 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| United States | \$ 10,2 53 | \$ 11,0 76 | \$ 21,0 58 | \$ 21,6 02 | \$ 10,1 55 | \$ 11,1 40 | \$ 31,2 13 | \$ 32,7 42 |
| All other countries | | | | 1,86 | | | 1,29 | 2,50 |
| 1 | 422 | 974 | 866 | 8 | 428 | 641 | 4 | 9 |
| | \$ 10,6 75 | \$ 12,0 50 | \$ 21,9 24 | \$ 23,4 70 | \$ 10,5 83 | \$ 11,7 81 | \$ 32,5 07 | \$ 35,2 51 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

1. Amounts for the prior period have been reclassified to conform to the current period presentation.

The following table presents the Company's revenue by state:

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|------------|--------------------|------|------------------|------|--------------------|------|-------------------|------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Arizona | 20 % | 20 % | 20 % | 19 % | 20 % | 19 % | 20 % | 18 % |
| California | 12 % | 13 % | 12 % | 12 % | 12 % | 13 % | 12 % | 11 % |

| | | | | | | | | |
|------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Ore gon | 10% | 11% | 11% | 10% | 11% | 10% | 11% | 10% |
|------------|-----|-----|-----|-----|-----|-----|-----|-----|

No other state comprised 10% or more of Leafly's revenue during the **six** nine months ended **June 30, 2023** **September 30, 2023** and 2022. We have a diversified set of customers; no single customer accounted for 10% or more of our revenue for the **six** nine months ended **June 30, 2023** **September 30, 2023** or 2022.

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The following table presents the Company's revenue by timing of recognition:

| Over Time 1 | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------|--------------------------------|-------|------------------------------|-------|-------------------------------------|-------|------------------------------------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | | | | | | | |
| Retail | 8,84 | 9,06 | 18,3 | 18,2 | 9,26 | 9,04 | 27,5 | 27,2 |
| 2 | \$ 0 | \$ 5 | \$ 10 | \$ 44 | \$ 6 | \$ 2 | \$ 76 | \$ 86 |
| Brands | 1,28 | 1,74 | 2,64 | 3,30 | | 1,75 | 3,57 | 5,06 |
| 3 | 0 | 5 | 2 | 9 | 929 | 8 | 1 | 7 |
| | 10,1 | 10,8 | 20,9 | 21,5 | 10,1 | 10,8 | 31,1 | 32,3 |
| | 20 | 10 | 52 | 53 | 95 | 00 | 47 | 53 |
| Point in time 1 | | | | | | | | |
| Brands | | 1,24 | | 1,91 | | | 1,36 | 2,89 |
| 4 | 555 | 0 | 972 | 7 | 388 | 981 | 0 | 8 |
| | 10,6 | 12,0 | 21,9 | 23,4 | 10,5 | 11,7 | 32,5 | 35,2 |
| | \$ 75 | \$ 50 | \$ 24 | \$ 70 | \$ 83 | \$ 81 | \$ 07 | \$ 51 |

1. Amounts for the prior period have been reclassified to conform to the current period presentation.
2. Revenues from subscription services and display ads.
3. Revenues from brand profile subscriptions and digital media (including display ads and audience extension).
4. Revenues from channel advertising (including direct to consumer email).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

Revenues recognized over time are associated with software subscriptions, display ads and audience extension. Revenues recognized at a point in time are associated with branded content and channel advertising. There are no material variations in delivery and revenue recognition periods within the over time category.

Contract liabilities consist of deferred revenue, which is recorded on the Consolidated Balance Sheets when the Company has received consideration, or has the right to receive consideration, in advance of transferring the performance obligations under the contract to the customer.

The following table presents the Company's deferred revenue balances and changes therein:

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|--|--------------------|------|------------------|-------|--------------------|------|-------------------|------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Balance, beginning of period | 2,18 | 2,56 | 1,9 | 1,9 | 2,01 | 2,46 | 1,95 | 1,97 |
| | \$ 0 | \$ 6 | \$ 58 | \$ 75 | \$ 7 | \$ 7 | \$ 8 | \$ 5 |
| Add: net increase in current period contract liabilities | 1,71 | 1,59 | 1,9 | 2,2 | 1,99 | 1,63 | 2,08 | 1,97 |
| | 0 | 1 | 32 | 39 | 1 | 0 | 3 | 6 |
| Less: revenue recognized from beginning balance | (1,8 | (1,6 | (1,8 | (1,7 | (1,9 | (2,0 | (1,9 | (1,8 |
| | 73) | 90) | 73) | 47) | 13) | 45) | 46) | 99) |
| Balance, end of period | 2,01 | 2,46 | 2,0 | 2,4 | 2,09 | 2,05 | 2,09 | 2,05 |
| | \$ 7 | \$ 7 | \$ 17 | \$ 67 | \$ 5 | \$ 2 | \$ 5 | \$ 2 |

A majority of the deferred revenue balance as of **June 30, 2023** **September 30, 2023** is expected to be recognized in the subsequent 12-month period. No other contract assets or liabilities are recorded on the Company's Consolidated Balance Sheets as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

NOTE 10 — Income Taxes

The Company's effective tax rate was 0% for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022. The effective tax rate was lower than the U.S. federal statutory rate of 21% due to the Company's full valuation allowance recorded against

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its deferred tax assets.

The Company had net operating loss carryforwards ("NOLs") for federal, state and foreign income tax purposes of approximately \$85,430, \$60,478 and \$5,801, respectively, as of December 31, 2022. The Company's state NOL will begin to expire in 2039, and all of the Company's federal NOLs will last indefinitely.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes restrictions on the utilization of NOLs in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use NOLs may be limited as prescribed under Code Section 382 ("IRC Section 382"). Events which may cause limitations in the amount of the NOLs that the Company may use in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. Utilization of the federal and state NOLs may be subject to substantial annual limitation due to the ownership change limitations provided by the under IRC Section 382 and similar state provisions.

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. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of **June 30, 2023** **September 30, 2023** and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals, or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. Management believes all the income tax returns filed since inception remain open to examination by the major domestic and foreign taxing jurisdictions to which the Company is subject due to NOLs.

NOTE 11 — Convertible Promissory Notes

2022 Notes

Merida entered into a \$30,000 convertible note purchase agreement (the "Note Purchase Agreement") in January 2022, which Legacy Leafly subsequently guaranteed and joined as a party to the agreement on February 4, 2022 in connection with the Business Combination (the "2022 Notes"). Accordingly, post-Business Combination, the 2022 Notes are presented as a liability on Leafly's balance sheet, net of debt issuance costs and debt discount. The Company recognized debt issuance costs of \$714 paid in cash, and a debt discount of \$924 paid in shares transferred by Merida Holdings, LLC (the "Sponsor") to the holders of the 2022 Notes upon issuance. The 2022 Notes bear interest at 8% annually, paid in cash semi-annually in arrears on July 31 and January 31 of each year, and mature on January 31, 2025.

The 2022 Notes are unsecured convertible senior notes due 2025. They are convertible at the option of the holders at any time before maturity at an initial conversion share price of \$12.50 250.00 per \$1,000 principal amount of 2022 Notes and per \$1,000 of accrued but unpaid interest on any converted 2022 Notes. In addition, the Company may, at its election, force the conversion of the 2022 Notes on or after January 31, 2024, if the volume-weighted average trading price of the Company's common stock exceeds \$18.00 360.00 for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days. The Company also has the option, on or after January 31, 2023 and prior to the 40th trading day immediately before the maturity date and subject to the holders' ability to optionally convert, to redeem all or a portion of the 2022 Notes at a cash redemption price equal to 100% of the principal amount of the 2022 Notes, plus accrued and unpaid interest, if any. The holders of the 2022 Notes have the right to cause the Company to repurchase for cash all or a portion of the 2022 Notes held by such holder upon the occurrence of a "fundamental change" (as defined in the Note Purchase Agreement) or in connection with certain asset sales, in each case at a price equal to 100% of par plus accrued and unpaid interest, if any.

As of June 30, 2023 September 30, 2023, the net carrying amount of the 2022 Notes was \$29,136 29,272, which includes unamortized issuance costs and debt discount of \$864 728, which will be amortized over the remaining term. The estimated fair value of the convertible debt

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instruments was approximately \$27,000 as of June 30, 2023 September 30, 2023. The fair value of the 2022 Notes was measured using the Bloomberg OVCV model and CNVI model which modifies the underlying OVCV program. These models incorporate inputs for volatility, Leafly's stock price, time to maturity, the risk-free rate and Leafly's credit spread, some of which are considered Level 3 inputs in the fair value hierarchy.

2021 Notes

Legacy Leafly issued a series of convertible promissory notes in June 2021 totaling approximately \$23,970. In August 2021, Legacy Leafly issued additional convertible promissory notes totaling \$7,500 to Merida Capital, an affiliate of Merida. (Both note issuances are collectively referred to below as the "2021 Notes").

The 2021 Notes bore interest at 8% annually and were considered traditional convertible debt with the entire amount recognized as a liability (with no amount allocated to equity), reduced for direct issuance costs, with initial and subsequent recognition at amortized cost in accordance with the interest method. Unless converted, the entire balance of principal and accrued but unpaid interest was due on December 3, 2022. The 2021 Notes were contingently convertible upon the occurrence of certain events, to include a qualified financing, a non-qualified financing, or in a qualified public transaction.

On February 4, 2022, in connection with the Business Combination, the 2021 Notes were converted to approximately 4,128 206 shares of Leafly common stock at the conversion price of approximately \$2.63 52.60, which was 80% of the implied price per share of common stock in the Business Combination. Upon closing of the Business Combination, the shares of common

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

stock then converted to shares of common stock of the combined company using the conversion ratio of 0.3283 0.0164, which was used for conversion of all Leafly securities.

NOTE 12 — Stockholders' Deficit

Common Stock

Reverse Stock Split

On July 12, 2023, during the Company's 2023 Annual Meeting of Stockholders, Leafly's stockholders approved a proposal for a reverse stock split (the "Reverse Stock Split") as part of the Company's plan to regain compliance with the Bid Price Requirement under Nasdaq listing rules ([Note 8](#)). Effective September 12, 2023, the Company effected a one-for-twenty (1-for-20) Reverse Stock Split of its common stock. As a result of the Reverse Stock Split:

- Every twenty (20) shares of common stock issued and outstanding were combined and converted into one (1) issued and outstanding share of common stock.
 - The Reverse Stock Split did not change the authorized number of shares or the par value of the common stock, nor modify voting rights of the common stock, which continues to trade on the Nasdaq Capital Market under its existing symbol "LFLY" split-adjusted basis.
 - All shares of common stock that were held by a stockholder were aggregated and converted at the 1-for-20 reverse split subsequent to the Reverse Stock Split, and each fractional share held by a stockholder resulting from such aggregation conversion was rounded up to the next whole share.
 - Leafly issued 34 shares in connection with the above criteria. No fractional shares were issued in connection with the Reverse Stock Split.
- The Company's public warrants continue to trade on the Nasdaq Capital Market under the existing symbol "LFLY.W".
 - All outstanding warrants have been adjusted in accordance with their terms, resulting in the number of shares issuable upon exercise of a warrant holder's aggregate number of warrants, after adjustment, being rounded up to the nearest whole share; proportionate adjustments were made to the exercise price;
- All outstanding convertible notes have been adjusted such that the conversion rate and the conversion price have been rounded proportionate with the 1-for-20 reverse split ratio in accordance with their terms.
- Based on the 1-for-20 reverse split ratio, the number of shares of common stock issuable under the Company's outstanding equity awards decreased proportionately, with any fractional shares rounded down to the nearest whole share, with a corresponding adjustment made to the exercise prices of outstanding option awards, rounded up to the nearest whole cent.
 - In addition, the number of shares of common stock available for issuance under the Company's equity incentive plans were proportionately adjusted based on the 1-for-20 reverse split ratio, such that fewer shares are available for issuance under the equity incentive plans.

To facilitate comparative analysis, all statements in this Quarterly Report regarding numbers of shares of common stock and all references to prices of a share of common stock, if referencing events or circumstances occurring prior to September 12, 2023, have been retroactively restated to reflect the effect of the Reverse Stock Split on a pro forma basis.

Business Combination

The Consolidated Statements of Changes in Stockholders' Deficit reflect the reverse recapitalization on February 4, 2022, as discussed in [Note 1](#). Since Legacy Leafly was determined to be the accounting acquirer in the Business Combination, all periods presented prior to consummation of the Business Combination reflect the historical activity and balances of Legacy

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

Leafly (other than common and preferred stock and potentially issuable shares underlying stock options and convertible promissory notes, which have been retroactively restated).

Common Stock

On February 4, 2022, the Business Combination was consummated pursuant to the Merger Agreement. Prior to the Business Combination, Legacy Leafly's capital stock consisted of Series A preferred stock and common stock. Upon the consummation of the Business Combination, all issued and outstanding shares of Series A preferred stock converted to shares of nonredeemable common stock. In connection with the settlement of the FPAs ([Note 13](#)), approximately 251 shares of the Company's common stock held by the Sponsor were canceled, according to an agreement between the Company and the Sponsor entered into upon execution of the FPAs.

As of [June 30, 2023](#) [September 30, 2023](#), Leafly's authorized capital stock consisted of:

- 200,000 shares of Leafly common stock, \$0.0001 par value per share; and
- 5,000 shares of Leafly preferred stock, \$0.0001 par value per share.

Sponsor Shares Subject to Earn-Out Conditions

In accordance with the Merger Agreement, upon closing of the Business Combination, 1,625 81 of the shares of the Company's common stock held by the Sponsor were placed in escrow and subjected to earn-out conditions ("Escrow Shares"). Of these Escrow Shares, 50% will be released from escrow if and when the Company's common stock trades at or above \$13.50 270.00 for 20 out of 30 consecutive trading days at any time during the two-year period following closing of the Business Combination, and the remaining 50% will be released from escrow if and when the Company's common stock trades at or above \$15.50 310.00 for 20 out of 30 consecutive trading days at any time during the three-year period following closing of the Business Combination. In addition, all 1,625 81 Escrow Shares will be released upon a change in control.

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We account for the Escrow Shares as derivative liabilities, remeasured to fair value on a recurring basis, with changes in fair value recorded to earnings. See [Note 18](#) for additional information.

Treasury Stock

Effective August 1, 2022, the Company repurchased 3,081 154 shares of its common stock at a weighted-average price of \$10.28 205.60 per share for a total of \$31,663, with \$31,303 paid with restricted cash held in escrow at the time and \$360 remaining in accrued expenses and other current liabilities on our consolidated balance sheets sheet at [June 30, 2023](#) and December 31, 2022. These repurchases were in settlement of the FPAs. See [Notes 3](#) and [13](#) for additional information.

Stockholder Earn-Out Rights

Leafly stockholders, as of immediately prior to the closing of the Business Combination, were granted upon closing of the Business Combination, contingent rights to receive up to 5,429 271 shares of common stock (the "Rights") if the Company achieves certain earn-out conditions prior to the third anniversary of the Business Combination. We will account for the Rights as derivative liabilities, which we will remeasure to their current fair value as of the end of each reporting period, with changes in the fair value recorded to earnings. See [Note 18](#) for additional information.

The Rights will be earned and shares of common stock will be issued as follows:

First Tranche

Up to **2,715 136** shares will be issued if and when:

- revenue for the year ended December 31, 2022 equaled or exceeded \$65,000 ("first revenue target"), which was not met), or

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

- the date on which the volume-weighted average price of common stock for a period of at least 20 days out of 30 consecutive trading days ending on the trading day immediately prior to the date of determination is greater than or equal to **\$13.50 270.00** ("first target price") during the two-year period beginning on the trading day after the closing date of the Merger (as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combinations, exchanges of shares or other like changes or transactions with respect to shares of common stock occurring at or after the closing of the Business Combination) (the "first target period"), or
- a change of control occurs within the **two years after the closing date of the Business Combination** first target period at the first target or higher, or
- a pro rata portion of **2,715 136** shares (50%) if the revenue during the **first** target period meets or exceeds 90% of the first revenue target.

Second Tranche

Up to **2,715 136** shares will be issued if and when:

- revenue for the year ending December 31, 2023 equals or exceeds \$101,000 ("second revenue target"), or
- the date on which the volume-weighted average price of common stock for a period of at least 20 days out of 30 consecutive trading days ending on the trading day immediately prior to the date of determination is greater than or equal to **\$15.50 310.00** ("second target price") during the three-year period beginning on the trading day after the closing date of the **Merger Business Combination** (as adjusted for stock splits, reverse stock splits, stock dividends, reorganizations, recapitalizations, reclassifications, combinations, exchanges of shares or other like changes or transactions with respect to shares of common stock occurring at or after the closing of the Business Combination) (the "second target period"), or
- a change of control occurs within the **three years after the closing date of the Business Combination** second target period at the second target price or higher, or

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- a pro rata portion of **2,715 136** (50%) if the revenue during the second target period meets or exceeds 90% of the second revenue target.

If the second revenue target or second target price is met in full, the respective first revenue target or first target price, as applicable, will be deemed to have been met as well if it had not been met during the first target period.

Preferred Stock

The Board is authorized, subject to limitations prescribed by the law of the State of Delaware, to issue Leafly preferred stock from time to time in one or more series. The Board is authorized to establish the number of shares to be included in each such series and to fix the voting rights, if any, designations, powers, preferences and relative, participating, optional, special and other rights, if any, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. The Board is able, without stockholder approval, to issue Leafly preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the Leafly common stock and could have anti-takeover effects. The ability of the Board to issue Leafly preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of Leafly or the removal of existing management. Leafly did not have any issued and outstanding shares of preferred stock as of **June 30, 2023** **September 30, 2023** or December 31, 2022.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

NOTE 13 — Warrants and Forward Share Purchase Agreements

Public Warrants

At each of **June 30, 2023** **September 30, 2023** and December 31, 2022, there were 6,501 warrants outstanding to purchase an aggregate of 325 shares of common stock that had been included in the units issued in Merida's initial public offering (the "Public Warrants"). Each Public Warrant entitles the holder to purchase **one share** **0.05 shares** of common stock at an exercise price of **\$11.50** **230.00** per whole share. Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants became exercisable 30 days after the **completion** **closing** of the Business Combination. **No warrants will** **The Public Warrants may not** be exercisable for cash unless the Company has an effective and current registration statement covering the shares of common stock issuable upon exercise of the **warrants** **Public Warrants** and a current prospectus relating to such shares of common stock.

Notwithstanding the foregoing, if a registration statement covering the shares of common stock issuable upon exercise of the Public Warrants is not effective within a specified period following the consummation of a merger, warrant holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, **warrant holders may exercise warrants** **their Public Warrants** on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act, provided that such exemption is available. If that exemption, or another exemption, is not available, holders will not be able to exercise their **warrants** **Public Warrants** on a cashless basis. The Public Warrants will expire five years after the **completion** **closing** of a merger the **Business Combination** or earlier upon redemption or liquidation.

Once the warrants become exercisable, the **The** Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of **\$0.01** **0.20** per warrant;
- upon not less than 30 days' prior written notice of redemption;
- if, and only if, the reported last sale price of the Company's common stock equals or exceeds **\$18.00** **360.00** per share for any 20 trading days within a 30-trading day period commencing after the **warrants** **become** **became** exercisable and ending on the third business day prior to the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying the warrants.

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.

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Private Warrants

At each of **June 30, 2023** **September 30, 2023** and December 31, 2022, there were 3,950 warrants outstanding to purchase an aggregate of 198 shares of common stock that Merida had sold to the Sponsor and EarlyBirdCapital in a private placement that took place simultaneously with Merida's initial public offering ("the Private" (the "Private Warrants"). The Private Warrants are identical to the Public Warrants, except that the Private Warrants and the shares of common stock issuable upon the exercise of the Private Warrants were not transferable, assignable or salable until after the completion closing of the Business Combination, subject to certain limited exceptions. Additionally, the Private Warrants will be are exercisable for cash or on a cashless basis, at the holder's option, and be are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants. The exercise price and number of shares of common stock issuable upon exercise of the Private Warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the Private Warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Private Warrants.

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(in thousands, except per share amounts)

We account for the Private Warrants as derivative liabilities, remeasured to fair value on a recurring basis, with changes in the fair value recorded to earnings. See [Note 18](#) for additional information.

Forward Share Purchase Agreements

In December 2021 and January 2022, the Company entered into four separate FPAs with certain investors, the FPA Holders. The FPAs allowed the investors FPA Holders to sell and transfer common stock held by the investors, such holders, not to exceed a total of 4,000 200 shares in aggregate, to the Company in exchange for cash. The price to be paid by the Company was initially \$10.16 203.20 per share for up to 2,600 130 shares and \$10.01 200.20 per share for up to 1,400 70 shares. As required by the FPAs, \$39,032 of cash was placed into escrow upon closing of the Business Combination, to be used for the share purchases. If the FPAs were not exercised by the holders FPA Holders within their terms of three months post-Business Combination closing, the associated funds were to be released from escrow to the Company. We account for the FPAs as derivative liabilities, remeasured to fair value on a recurring basis, with changes in the fair value recorded to earnings.

On May 3, 2022, Leafly and the holders FPA Holders entered into amendments to the FPAs (the "Amended FPAs"). The Amended FPAs modified the price at which the applicable holder FPA Holder has the right, but not the obligation, to have Leafly repurchase certain shares held by the applicable holder FPA Holder as of the closing of the Business Combination and not later sold into the market to at a price of \$10.16 203.20 per share (with respect to 686 34 of the shares subject to the Amended FPAs) and \$10.31 206.20 per share (with respect to 2,404 120 of the shares subject to the Amended FPAs). The Amended FPAs also modified the date by which such holders may FPA Holders could elect to have Leafly repurchase their shares to August 1, 2022. In connection with the Amended FPAs, certain amendments were also made to the escrow agreements in respect of the escrow accounts.

During the year ended December 31, 2022, a total of \$8,089 was released from the escrow accounts due to the certain FPA holders Holders selling shares in the open market, which was accordingly reclassified on the Company's balance sheet from restricted cash to cash.

Effective August 1, 2022, the FPA holders Holders elected to have Leafly repurchase their remaining 3,081 154 shares covered by the FPAs for an aggregate repurchase price of \$31,663. As a result, the shares repurchased have been removed from Leafly's outstanding shares effective as of the date of purchase, and placed into treasury. The FPA holders Holders elected to have all but \$360 disbursed from the escrow account and are were able to claim the remainder any time until August 1, 2023. If unclaimed, the remaining funds in escrow will be distributed On July 11, 2023, Leafly returned \$360 of restricted cash to the Company. FPA Holders pursuant to the terms of the FPAs (Note 3). Also, in connection with the settlement, approximately 251 shares of the Company's common stock held by the Sponsor were canceled, according to an agreement between the Company and the Sponsor entered into upon execution of the FPAs.

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NOTE 14 — Equity Incentive and Other Plans

The Company currently has four equity plans: the New Leafly 2021 Equity Incentive Plan (the "2021 Plan"), the Legacy Leafly 2018 Equity Incentive Plan (the "2018 Plan"), the New Leafly Earn-Out Plan (the "Earn-Out Plan"), and the New Leafly 2021 Employee Stock Purchase Plan (the "ESPP"). Activity under the 2021 Plan and the ESPP are detailed below. There were no options or other equity awards granted under the 2018 Plan or the Earn-Out Plan during the six nine months ended June 30, 2023 September 30, 2023.

Stock-Based Compensation

2021 Plan

The 2021 Plan became effective immediately upon closing of the Business Combination. Pursuant to the 2021 Plan, 4,502 225 shares of common stock were initially reserved for issuance. During the term of the 2021 Plan, the number of shares of common stock thereunder automatically increases on each January 1, commencing on January 1, 2023, and ending on (and including) January 1, 2031, by the lesser of (i) 10% of the fully diluted shares of common stock as of the last day of the preceding fiscal year and (ii) 4,502 225 shares (adjusted pursuant to the terms of the 2021 Plan). Effective January 1, 2023, 4,416 221 shares of common stock were available for issuance under the 2021 Plan and 4,601 49 remained available at June 30, 2023 September 30, 2023.

2022 Awards

In August 2022 and October 2022, the compensation committee of the Board and an authorized executive of the Company as applicable, granted stock options to purchase an aggregate of approximately 1025 shares of common stock at a weighted-average exercise price of \$1.98 39.60 per share and granted an aggregate of 2,560 128 restricted stock units ("RSUs") and performance stock units ("PSUs"). Of the PSUs granted, 683 34 were market-based awards made to executives with a grant date fair value of \$0.04 0.80 per share with vesting based on achievement of a \$1.0 billion market cap by February 4, 2026, and 137 7 were performance awards made to executives with a grant date fair value of \$0.81 16.20 per share with vesting based in part on achievement of a fiscal year 2022 Adjusted adjusted EBITDA target, as defined in the award agreements, which was achieved. Prior to such grants, no grants had been made under the 2021 Plan. Leafly's compensation committee On March 13, 2023, the Company approved the vesting of 137 7 PSUs awarded in 2022, which vested based on the achievement of the Company's 2022 Adjusted adjusted EBITDA target, on March 13, 2023.

2023 Awards

Leafly's compensation committee approved the grant of The Company granted 631 32 annual incentive plan RSUs on March 14, 2023, which vested over four months. See

Note 19 On July 25, 2023, the Company granted 126 for equity awards subsequent service-based RSUs to June 30, 2023, employees, which are scheduled to vest over a two-year period from the initial vest date; 33 RSUs to non-employee Board members, which vested in full on August 20, 2023; and 24 PSUs to senior management, with vesting contingent upon the Company meeting certain fiscal year 2023 financial performance metrics, as specified in the award agreements.

Stock Options

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model. No options were granted under the 2021 Plan during the six nine months ended June 30, 2023 or 2022. September 30, 2023.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

Stock option activity under the 2021 Plan for the six nine months ended June 30, 2023 September 30, 2023 was as follows:

| | Numbe r of Shares | Weighted Average Remaining | | | | Numb er of Share s | Weighted Average Remaining | | | | |
|--------------------------------------|-------------------------|--|--------------------|-------------------------------------|---------------------------------------|-----------------------------|--|--------------------|-------------------------------------|---------------------------------------|--|
| | | Weighted Average Exercise Price | | Aggreg ate Intrinsic Value | | | Weighted Average Exercise Price | | Aggreg ate Intrinsic Value | | |
| | | Weighted Average Exercise Price | Intrinsic Value | Aggreg ate Intrinsic Value | Contractua l Term (in years) | | Weighted Average Exercise Price | Intrinsic Value | Aggreg ate Intrinsic Value | Contractua l Term (in years) | |
| Outstanding at January 1, 2023 | 101 | \$ 1.98 | \$ — | — | 9.61 | 5 | \$ 39.52 | \$ — | — | 9.61 | |
| Forfeited or expired | — | 1.60 | — | — | — | — | — | 32.08 | — | — | |
| Outstanding at March 31, 2023 | 101 | \$ 1.98 | — | — | — | 5 | \$ 39.55 | \$ — | — | 9.38 | |
| Forfeited or expired | (1) | 1.92 | — | — | — | — | — | 38.31 | — | — | |
| Outstanding at June 30, 2023 | 100 | \$ 1.98 | \$ — | — | 9.14 | 5 | \$ 39.56 | \$ — | — | 9.14 | |
| Forfeited or expired | — | — | — | — | — | — | — | 16.26 | — | — | |

| | | | | | | |
|---|------------|------|----------|------------|------|------|
| Outstanding at September 30, 2023 | | 5 | \$ 39.58 | \$ — | 8.88 | |
| Vested and exercisable | 33 \$ 1.98 | \$ — | 9.14 | 2 \$ 39.56 | \$ — | 8.87 |

As of **June 30, 2023** **September 30, 2023**, there was **\$75.68** of total unrecognized compensation cost related to stock options granted under the 2021 Plan. That cost is expected to be recognized over a weighted-average period of 2.61 years.

Restricted Stock Units and Performance Stock Units

RSU and PSU activity under the 2021 Plan for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** was as follows:

| | Weighted Average | | | Weighted Average | | |
|-----------------------------------|------------------------|------------|---------------------|------------------------|------------|---------------------|
| | Number of Shares | Grant Date | Total Fair Value | Number of Shares | Grant Date | Total Fair Value |
| Unvested at January 1, 2023 | 2,058 | \$ 1.30 | | 103 | \$ 25.92 | |
| Granted | 631 | 0.48 | \$ 305 | 32 | 9.65 | \$ 305 |
| Vested | (359) | 0.94 | \$ 188 | (18) | 18.79 | \$ 188 |
| Forfeited | (485) | 1.00 | | (24) | 20.07 | |
| Unvested at March 31, 2023 | 1,845 | 0.89 | | 93 | 17.81 | |
| Vested | (524) | 0.59 | \$ 199 | (26) | 11.88 | \$ 199 |
| Forfeited | (331) | 0.93 | | (17) | 18.61 | |
| Unvested at June 30, 2023 | 990 | \$ 1.03 | | 50 | 20.69 | |
| Granted | | | | 181 | 6.20 | \$ 1,128 |
| Vested | | | | (48) | 7.52 | \$ 323 |
| Forfeited | | | | (1) | 9.18 | |
| Unvested at September 30, 2023 | | | | 182 | \$ 9.77 | |

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

As of **June 30, 2023** **September 30, 2023**, there was **\$928** **1,432** total unrecognized compensation cost related to unvested RSUs and **\$10** **72** total unrecognized compensation cost related to **performance and market-based PSUs** granted under the 2021 Plan. The total cost is expected to be recognized over a weighted-average period of **2.61** **1.94** years.

2018 Plan

The 2018 Plan became effective on April 17, 2018. The 2018 Plan terminated upon closing of the Business Combination in 2022, but then-outstanding options under the 2018 Plan remain outstanding pursuant to their terms, with adjustments to the number of shares and exercise prices to reflect the terms of the Business Combination.

The fair value of each stock option award to employees is estimated on the date of grant using the Black-Scholes option pricing model. There were no grants made in 2023 or 2022 under the 2018 Plan.

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Stock option activity under the 2018 Plan for the periods presented was as follows:

| | Number of Shares | Weighted Average Remaining Contractual Term (in years) | | | Number of Shares | Weighted Average Remaining Contractual Term (in years) | | |
|--------------------------------|------------------|--|---------------------------|-----------------------------|------------------|--|---------------------------|-----------------------------|
| | | Weighted Average Exercise Price | Aggregate Intrinsic Value | Contractual Term (in years) | | Weighted Average Exercise Price | Aggregate Intrinsic Value | Contractual Term (in years) |
| | | | | | | | | |
| Outstanding at January 1, 2023 | 3,43 | | | | 172 | \$ 32.06 | | |
| Exercised | 1 | \$ 1.60 | | | — | 8.00 | | |
| Forfeited or expired | (446) | 0.40 | | | (22) | 27.97 | | |
| Outstanding at March 31, 2023 | 2,98 | | | | 150 | 32.68 | | |
| Forfeited or expired | 5 | \$ 1.63 | | | (26) | 25.50 | | |
| Outstanding at June 30, 2023 | 2,47 | | | | | | | |
| 1 | 2 | \$ 1.71 | \$ 6 | 4.88 | | | | |
| Outstanding at June 30, 2023 | | | | | 124 | 34.17 | | |
| Forfeited or expired | | | | | (7) | 31.57 | | |

| | | | | | | | | | |
|--|------|---|---------|------|------|----------|----------|------|------|
| Outstanding at September 30, 2023 ¹ | | | | | 117 | \$ 34.29 | \$ 8 | 4.90 | |
| Vested and exercisable | 1,38 | 0 | \$ 1.34 | \$ 6 | 5.58 | 53 | \$ 26.91 | \$ 8 | 5.98 |

1. Includes 1,416 64 and 1,056 53 awards accounted for as service-based and market-based options, respectively, that are vested, that the Company currently deems probable of vesting, or in the case of market-based options, that the Company is expensing so long as the respective service conditions are met. The market-based options will vest only if the price of the Company's common stock reaches a \$1 billion market capitalization target for any 20 days during a 30-day period on or before February 4, 2026.

As of **June 30, 2023** **September 30, 2023**, there was: (i) \$423 363 of unrecognized compensation cost related to service-based 2018 Plan option awards, which is expected to be recognized over a remaining weighted-average service period of approximately 1.81 1.63 years; and (ii) \$862 585 of unrecognized compensation cost related to market-based 2018 Plan option awards, which is expected to be recognized over a remaining weighted-average service period of approximately 0.81 0.57 years.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

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Stock-Based Compensation Expense

The following table presents the classification of stock-based compensation expense under the 2021 Plan, the 2018 Plan and the 2018 Plan:ESPP:

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-----------------------------------|--------------------------------|--------|------------------------------|----------|-------------------------------------|--------|------------------------------------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | | | | | | | |
| Sales and marketing | \$ 60 | \$ 26 | \$ 136 | \$ 60 | \$ 94 | \$ 77 | \$ 230 | \$ 137 |
| Product development | 97 | 19 | 206 | 37 | 141 | 86 | 347 | 123 |
| General and administrativ e | 423 | 419 | 896 | 2,291 | 762 | 608 | 1,658 | 2,899 |
| | \$ 580 | \$ 464 | \$ 1,238 | \$ 2,388 | \$ 997 | \$ 771 | \$ 2,235 | \$ 3,159 |

2022 Option Modification

Concurrent with the closing of the Business Combination, the vesting provisions of certain stock options previously granted in 2021 under the 2018 Plan to our Chief Executive Officer to purchase 2,917 146 shares of common stock were modified, and a corresponding charge of \$1,366 was recorded during the three months ended March 31, 2022 to general and administrative expenses and additional paid-in capital.

Earn-Out Plan

The Earn-Out Plan became effective immediately upon closing of the Business Combination. Pursuant to the Earn-Out Plan, approximately 571 shares of common stock have been reserved for issuance to employees and certain other eligible parties in the form of RSUs. These RSUs will vest if the Company achieves certain thresholds prior to the third anniversary of the Merger. No RSUs have been awarded under the Earn-Out Plan as of June 30, 2023.

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Employee Stock Purchase Plan

The ESPP became effective immediately upon closing of the Business Combination. Pursuant to the ESPP, 1,126 56 shares of common stock were initially reserved for issuance. During the term of the ESPP, the number of shares of common stock thereunder automatically increases on each January 1, commencing on January 1, 2023 and ending on (and including) January 1, 2031, by the lesser of (i) 2.5% of the fully diluted shares of common stock as of the last day of the preceding fiscal year and (ii) 1,126 56 shares (as adjusted pursuant to the terms of the ESPP). Effective January 1, 2023, 1,104 55 shares of common stock were available for issuance under the ESPP and 815 35 remained available at June 30, 2023 September 30, 2023. On March 15, 2023, Leafly's eligible employees purchased 289 14 shares for a total purchase price of \$120. On September 15, 2023, eligible employees purchased 6 shares for a total purchase price of \$49. The Company's current offering period runs from March 16, 2023 September 16, 2023 through September 15, 2023 March 15, 2024. Stock-based compensation expense includes \$11 and \$78 related to the ESPP for the three and nine months ended September 30, 2023 and \$12 for both the three and nine months ended September 30, 2022.

Earn-Out Plan

The Earn-Out Plan became effective immediately upon closing of the Business Combination. Pursuant to the Earn-Out Plan, approximately 29 shares of common stock have been reserved for issuance to employees and certain other eligible parties in the form of RSUs. These RSUs will vest if the Company achieves certain thresholds prior to the third anniversary of the closing of the Business Combination. No RSUs have been awarded under the Earn-Out Plan as of September 30, 2023.

Defined Contribution Plan

The Company recognized expense from matching contributions to the Company-sponsored defined contribution retirement (401k) plan as follows for the periods presented:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------|-----------------------------|--------|---------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| 401(k) matching contributions | \$ 153 | \$ 215 | \$ 386 | \$ 459 |

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|------|-------------------|------|
| | September 30, | 2023 | September 30, | 2023 |
| | | | | |

| | | | | |
|-------------------------------|--------|--------|--------|--------|
| 401(k) matching contributions | \$ 134 | \$ 225 | \$ 520 | \$ 684 |
|-------------------------------|--------|--------|--------|--------|

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

NOTE 15 — Related Party Transactions

In June 2021, Merida Capital, an affiliate of Merida, purchased a convertible promissory note totaling \$1,000. The note was issued as part of the existing series of 2021 Notes (see [Note 11](#)) and was subject to the same interest rate, maturity, and conversion terms. This note converted to shares of Leafly common stock upon closing of the Business Combination in February 2022, along with the other 2021 Notes.

At December 31, 2022, the Company owed \$10 to two members of its Board, which is included in accrued expenses and other current liabilities on Leafly's consolidated balance sheet and was repaid **prior** during the first quarter of 2023.

Effective September 1, 2023, the Company entered into a consulting agreement with Peter Lee, a member of the Company's Board of Directors, at a rate of \$30 per month for an initial term of two months, extendable for a second term of two months, for a total maximum term of four months. Under the agreement, Mr. Lee is providing the Company with certain consultancy services related to **June 30, 2023**, the Company's business strategies.

NOTE 16 — Net (Loss) Income Per Share

Basic and diluted net (loss) income per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Under the two-class method, basic net (loss) income per share attributable to common stockholders is computed by dividing the net (loss) income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Shares repurchased and held in treasury by the Company are removed from the weighted-average number of shares of common stock outstanding as of the date of repurchase.

The Company considers its preferred stock to be participating securities. As of **June 30, 2023**, **September 30, 2023** and **June 30, 2022**, the Company had **1,625** **81** outstanding shares of common stock that are in escrow and subject to earn-out conditions and thus forfeiture, which do not meet the criteria for participating securities (see [Note 12](#) for additional information). Net (loss) income is attributed to common stockholders and participating securities based on their participation rights. Net loss is not attributed to the preferred stock as the holders of the preferred stock do not have a contractual obligation to share in any losses.

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Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of non-participating shares of common stock that are subject to forfeiture, stock options, preferred stock, convertible notes, and other securities outstanding. Certain securities are antidilutive and as such, are excluded from the calculation of diluted earnings per share and disclosed separately. Because of the nature of the calculation, particular securities may be dilutive in some periods and anti-dilutive in other periods. The Class 1, 2, and 3 common shares presented below have been retroactively restated for all periods using the conversion ratio in connection with the Business Combination.

The following table presents the computation of basic and diluted net (loss) income per share attributable to common stockholders, as a group, for the periods presented:

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|---|--------------------|---------------|------------------|----------------|--------------------|-----------|-------------------|-----------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net (loss) income | \$ (1,43) 6 | \$ 14,75 9 | \$ (6,83) 3 | \$ (4,61) 7 | \$ (2,210) | \$ 15,454 | \$ (9,043) | \$ 10,837 |
| Income impact of FPAs | | | | | — | (3,939) | — | (346) |
| Income impact of convertible promissory notes | — | 600 | — | — | — | 600 | — | — |
| Total undistributed (loss) income | \$ (1,43) 6 | \$ 15,35 9 | \$ (6,83) 3 | \$ (4,61) 7 | \$ (2,210) | \$ 12,115 | \$ (9,043) | \$ 10,491 |
| Weighted average shares outstanding | 39,50 9 | 37,41 5 | 39,1 09 | 35,0 97 | 2,011 | 1,779 | 1,974 | 1,763 |
| Dilutive effect of FPAs | | | | | — | 177 | — | 57 |
| Dilutive effect of convertible promissory notes | — | 2,429 | — | — | — | 124 | — | — |
| Dilutive effect of stock-based awards | — | 2,197 | — | — | — | 69 | — | 104 |
| Common stock and common stock equivalents | 39,50 9 | 42,04 1 | 39,1 09 | 35,0 97 | 2,011 | 2,149 | 1,974 | 1,924 |
| Basic net (loss) income per share | \$ (0.04) | \$ 0.39 | \$ (0.17) | \$ (0.13) | \$ (1.10) | \$ 8.69 | \$ (4.58) | \$ 6.15 |

| | | | | | | | | |
|-------------------------------------|-----------|---------|-----------|-----------|-----------|---------|-----------|---------|
| Diluted net (loss) income per share | \$ (0.04) | \$ 0.37 | \$ (0.17) | \$ (0.13) | \$ (1.10) | \$ 5.64 | \$ (4.58) | \$ 5.45 |
|-------------------------------------|-----------|---------|-----------|-----------|-----------|---------|-----------|---------|

The following shares of common stock subject to certain instruments were excluded from the computation of diluted net income per share attributable to common stockholders for the periods presented as their effect would have been antidilutive (with figures recast using the conversion ratio for the Business Combination, as applicable):

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------|------------------|--------|--------------------|-------|-------------------|-------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Shares subject to warrants | 10,451 | 10,451 | 10,451 | 10,451 | 523 | 523 | 523 | 523 |
| Shares subject to convertible promissory notes | 2,480 | — | 2,480 | 2,429 | 124 | — | 124 | 121 |
| Shares subject to forward purchase agreements | — | 3,819 | — | 3,819 | | | | |
| Shares subject to ESPP | | | | | 13 | 14 | 11 | 14 |
| Escrow Shares | 1,625 | 1,625 | 1,625 | 1,625 | 81 | 81 | 81 | 81 |
| Shares subject to outstanding common stock options, RSUs and PSUs | 3,825 | 1,105 | 4,336 | 1,105 | 285 | 56 | 240 | 56 |
| Shares subject to stockholder earn-out rights | 5,429 | 5,429 | 5,429 | 5,429 | 271 | 271 | 271 | 271 |
| | 23,810 | 22,429 | 24,321 | 24,858 | 1,297 | 945 | 1,250 | 1,066 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

See [Note 11](#) for additional information regarding convertible promissory notes, [Note 12](#) for additional information regarding stockholder earn-out rights, preferred stock, and Escrow Shares, [Note 13](#) for additional information regarding warrants, and [Note 14](#) for additional information regarding stock options, RSUs and PSUs.

NOTE 17 — Segment Reporting

Segment revenue and gross profit were as follows during the periods presented:

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| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|----------------------|--------------------|----------|------------------|-------|--------------------|-----------|-------------------|-----------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenue: | | | | | | | | |
| Retail | | | 18,31 | 18,24 | | | | |
| | \$ 8,840 | \$ 9,065 | \$ 0 | \$ 4 | \$ 9,266 | \$ 9,042 | \$ 27,576 | \$ 27,286 |
| Brands | 1,835 | 2,985 | 3,614 | 5,226 | 1,317 | 2,739 | 4,931 | 7,965 |
| Total revenue | 10,67 | 12,05 | 21,92 | 23,47 | | | | |
| | \$ 5 | \$ 0 | \$ 4 | \$ 0 | \$ 10,583 | \$ 11,781 | \$ 32,507 | \$ 35,251 |
| Gross profit: | | | | | | | | |
| Retail | | | 16,25 | 16,21 | | | | |
| | \$ 7,863 | \$ 8,075 | \$ 4 | \$ 4 | \$ 8,234 | \$ 7,916 | \$ 24,374 | \$ 23,975 |
| Brands | 1,574 | 2,534 | 3,086 | 4,360 | 1,186 | 2,350 | 4,386 | 6,865 |
| Total gross profit | 9,437 | 9 | 0 | 4 | 9,420 | 10,266 | 28,760 | 30,840 |

Assets are not allocated to segments for internal reporting presentations, nor are depreciation and amortization.

Geographic Areas

The Company's operations are primarily in the U.S. and to a lesser extent, in Canada. Refer to [Note 9](#) for revenue classified by major geographic area.

NOTE 18 — Fair Value Measurements

The Company follows the guidance in ASC 820, "Fair Value Measurement," 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 our assessment of the assumptions that market participants would use in pricing the asset or liability.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

The Company's financial instruments include cash equivalents, restricted cash, accounts receivable from customers, accounts payable and accrued liabilities, all of which are typically short-term in nature. The Company believes that the carrying amounts of these financial instruments reasonably approximate their fair values due to their short-term nature.

The following table presents information about the Company's derivative liabilities that are measured at fair value on a recurring basis beginning February 4, 2022 (the date of closing of the Business Combination) when the derivative liabilities

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were assumed, and discloses the fair value hierarchy level of the valuation inputs the Company utilized to determine such fair value:

| Fair Value at | Change in Fair Value of Derivatives | Fair Value at | Change in Fair Value of Derivatives |
|---------------|--|---------------|--|
|---------------|--|---------------|--|

| | | | | | | | | | |
|---|--|-------|-------|-------|-------|-------|-------|-------|-------|
| T | | 3 | 6 | 2 | 1 | | 3 | 2 | |
| O | | 7 | 1 | 4 | 4 | | 7 | 2 | |
| t | | , | , | , | , | | , | , | |
| a | | 0 | 4 | 3 | 2 | 0 | 0 | 2 | 2 |
| l | | 15 | 17 | 43 | 8 | 8 | 9 | 8 | 0 |
| | | \$ 7 | \$ 1 | \$ 8 | \$ 5 | \$ 2 | \$ 14 | \$ 7 | \$ 0 |
| | | <hr/> |
| | | \$ 3 | \$ 7 | \$ 8 | \$ 7 | \$ 4 | \$ 14 | \$ 4 | \$ 5 |
| | | <hr/> |

1. The forward share purchase agreements were settled effective August 1, 2022, at which time the fair value was \$13,824 based on cash settlement.

Assumptions used to determine the fair values are presented in the following sections:

Private Warrants Derivative Liability

The Private Warrants were valued using a Black-Scholes model and the following Level 3 inputs:

| | June | March | Decemb | June | March | Septemb | June | Decemb | Septemb | June |
|--------|---------|---------|----------|---------|---------|---------|---------|----------|----------|--------|
| | 30, | 31, | er 31, | 30, | 31, | er 30, | 30, | er 31, | er 30, | 30, |
| | 2023 | 2023 | 2022 | 2022 | 2022 | 2023 | 2023 | 2022 | 2022 | 2022 |
| Exer | | | | | | | | | | |
| cise | 11.5 | 11.5 | | 11.5 | 11.5 | 230.0 | 230. | 230.0 | 230.0 | 230. |
| price | \$ 0 | \$ 0 | \$ 11.50 | \$ 0 | \$ 0 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| Stock | | | | | | | | | | 90.0 |
| price | \$ 0.29 | \$ 0.40 | \$ 0.65 | \$ 4.50 | \$ 8.28 | \$ 6.42 | \$ 5.80 | \$ 13.00 | \$ 13.60 | \$ 0 |
| Volati | | | | | | | | | | |
| lity | 99.9 % | 88.8 % | 75.0 % | 51.6 % | 36.7 % | 99.9 % | 99.9 % | 75.0 % | 98.0 % | 51.6 % |
| Term | | | | | | | | | | |
| (in | | | | | | | | | | |
| years | | | | | | | | | | |
|) | 3.60 | 3.84 | 4.09 | 4.59 | 4.85 | 3.35 | 3.60 | 4.09 | 4.34 | 4.59 |
| Risk- | | | | | | | | | | |
| free | | | | | | | | | | |
| rate | 4.5 % | 3.7 % | 4.1 % | 3.0 % | 2.4 % | 4.7 % | 4.5 % | 4.1 % | 4.1 % | 3.0 % |
| Divid | | | | | | | | | | |
| end | | | | | | | | | | |
| yield | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |

The volatility input was calculated using a weighted average of historical volatilities from select benchmark companies and the volatility of the Public Warrants. The term input represents the maximum contractual term, though the Private Warrants may be exercised earlier. The interest rate input is the U.S. Treasury constant maturity rate for the instrument that most closely matches the term input.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

Forward Share Purchase Agreements Derivative Liability

The FPAs were valued using a Black-Scholes model and the following Level 3 inputs:

| | June 30, 2022 | March 31, 2022 | June 30, 2022 |
|-----------------------------------|---------------|----------------|---------------|
| Exercise price - one agreement | \$ 10.31 | \$ 10.16 | \$ 206.20 |
| Exercise price - three agreements | \$ 10.16 | \$ 10.01 | \$ 203.20 |
| Stock price | \$ 4.50 | \$ 8.28 | \$ 90.00 |
| Volatility | 70.4% | 72.6% | 70.4% |
| Term (in years) | 0.09 | 0.09 | 0.09 |
| Risk-free rate | 1.3% | 0.2% | 1.3% |
| Dividend yield | 0.0% | 0.0% | 0.0% |

The volatility input was calculated using a weighted average of historical volatilities from select benchmark companies. The term input represents the maximum contractual term, though the shares underlying the FPAs were in some cases sold by the holders into the open market earlier (see [Note 13](#)). The interest rate input is the U.S. Treasury constant maturity rate for the instrument that most closely matches the term input.

Escrow Shares Derivative Liability

The Escrow Shares derivative liability was calculated using a Monte Carlo simulation and the following Level 3 inputs:

| | June 30, 2023 | March 31, 2023 | Decemb er 31, 2022 | June 30, 2022 | March 31, 2022 | Septemb er 30, 2023 | June 30, 2023 | Decemb er 31, 2022 | Septemb er 30, 2022 | June 30, 2022 |
|--------------------|---------------------|----------------------|--------------------------|---------------------|----------------------|---------------------------|---------------------|--------------------------|---------------------------|---------------------|
| First stock price | 13.5 | 13.5 | | 13.5 | 13.5 | 270.0 | 270. | 270.0 | 270.0 | 270. |
| trigger | \$ 0 | \$ 0 | \$ 13.50 | \$ 0 | \$ 0 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| Second stock price | 15.5 | 15.5 | | 15.5 | 15.5 | 310.0 | 310. | 310.0 | 310.0 | 310. |
| trigger | \$ 0 | \$ 0 | \$ 15.50 | \$ 0 | \$ 0 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| Stock price | \$ 0.29 | \$ 0.40 | \$ 0.65 | \$ 4.50 | \$ 8.28 | \$ 6.42 | \$ 5.80 | \$ 13.00 | \$ 13.60 | \$ 0 |
| Volatility | 98.6% | 87.5% | 86.0% | 68.0% | 63.0% | 98.6% | 98.6% | 86.0% | 79.0% | 68.0% |

| | | | | | | | | | | |
|-----------------|------|------|------|------|------|------|------|------|------|------|
| Term (in years) | 1.60 | 1.84 | 2.09 | 2.59 | 2.85 | 1.35 | 1.60 | 2.09 | 2.34 | 2.59 |
| Risk-free rate | 5.1% | 4.1% | 4.4% | 3.0% | 2.4% | 5.4% | 5.1% | 4.4% | 4.2% | 3.0% |
| Dividend yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

The volatility input was calculated using a weighted average of historical volatilities from select benchmark companies. The term input represents the maximum contractual term, though the shares may be released from escrow earlier. The interest rate input is the U.S. Treasury constant maturity rate for the instrument that most closely matches the term input.

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Stockholder Earn-Out Rights Derivative Liability

The stockholder earn-out rights were valued using a Monte Carlo simulation and the following Level 3 inputs:

| | June 30, 2023 | March 31, 2023 | Decemb er 31, 2022 | June 30, 2022 | March 31, 2022 | Septemb er 30, 2023 | June 30, 2023 | Decemb er 31, 2022 | Septemb er 30, 2022 | June 30, 2022 |
|------------------------------|---------------------|----------------------|--------------------------|---------------------|----------------------|---------------------------|---------------------|--------------------------|---------------------------|---------------------|
| First stock price trigger | 13.5 | 13.5 | | 13.5 | 13.5 | 270.0 | 270. | 270.0 | 270.0 | 270. |
| | \$ 0 | \$ 0 | \$ 13.50 | \$ 0 | \$ 0 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| Second stock price trigger | 15.5 | 15.5 | | 15.5 | 15.5 | 310.0 | 310. | 310.0 | 310.0 | 310. |
| | \$ 0 | \$ 0 | \$ 15.50 | \$ 0 | \$ 0 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| First revenue trigger | 65,0 | 65,0 | 65,00 | 65,0 | 65,0 | 65,00 | 65,0 | 65,00 | 65,00 | 65,0 |
| | \$ 00 | \$ 00 | \$ 0 | \$ 00 | \$ 00 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| Second revenue trigger | 101, | 101, | 101,0 | 101, | 101, | 101,0 | 101, | 101,0 | 101,0 | 101, |
| | \$ 000 | \$ 000 | \$ 00 | \$ 000 | \$ 000 | \$ 00 | \$ 000 | \$ 00 | \$ 00 | \$ 000 |
| Stock price | \$ 0.29 | \$ 0.40 | \$ 0.65 | \$ 4.50 | \$ 8.28 | \$ 6.42 | \$ 5.80 | \$ 13.00 | \$ 13.60 | \$ 0 |
| Base year revenue assumption | 44,0 | 44,0 | 48,00 | 49,5 | 55,5 | 42,00 | 44,0 | 48,00 | 47,50 | 49,5 |
| | \$ 00 | \$ 00 | \$ 0 | \$ 00 | \$ 00 | \$ 0 | \$ 00 | \$ 0 | \$ 0 | \$ 00 |
| Volatility | 98.6% | 87.5% | 86.0% | 68.0% | 63.0% | 98.6% | 98.6% | 86.0% | 79.0% | 68.0% |

| | | | | | | | | | | |
|-----------------|------|------|------|------|------|------|------|------|------|------|
| Term (in years) | 1.60 | 1.84 | 2.09 | 2.59 | 2.85 | 1.35 | 1.60 | 2.09 | 2.34 | 2.59 |
| Risk-free rate | 5.1% | 4.1% | 4.4% | 3.0% | 2.4% | 5.4% | 5.1% | 4.4% | 4.2% | 3.0% |
| Dividend yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

The revenue assumption input relates to projected revenue for fiscal year 2022 (for the periods ended **June 30, 2022** **September 30, 2022** and **March 31, 2022** **June 30, 2022**) and fiscal year 2023 (for the periods ended **June 30, 2023** **September 30, 2023** and **March 31, 2023** **June 30, 2023**) and represents the midpoint of revenue guidance the Company **had** provided in the respective **period** **periods**. The volatility input was calculated using a

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – Continued

(in thousands, except per share amounts)

weighted average of historical volatilities from select benchmark companies. The term input represents the maximum contractual term, though the stockholder earn-out rights may vest earlier. The interest rate input is the U.S. Treasury constant maturity rate for the instrument that most closely matches the term input.

NOTE 19 — Subsequent Events

Restricted Cash

On July 11, 2023, Leafly returned \$360 of restricted cash to the FPA Holders pursuant to the terms of the FPAs ([Note 3](#)).

Reverse Stock Split

On July 12, 2023, during the Company's 2023 Annual Meeting of Stockholders, Leafly's stockholders approved a proposal for a reverse stock split as part of the Company's plan to regain compliance with the Bid Price Requirement under Nasdaq listing rules ([Note 8](#)). The Board retains sole discretion to determine the ratio and effective date of the reverse stock split, if at all, at a later date.

Equity Awards

On July 25, 2023, Leafly awarded: 2,512 service-based RSUs to employees, which will vest over two years; 655 RSUs to non-employee Board members, which will vest on August 20, 2023; and 473 PSUs to senior management, contingent upon fiscal year 2023 financial performance.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with our financial statements and the notes related thereto which are included in "Part I, Item 1. Financial Statements" of this Quarterly Report on Form 10-Q. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "[Item 1A. Risk Factors](#)" and elsewhere in our 2022 Annual Report and [Q1 our 2023 10-Q. 10-Qs.](#)

Amounts in this section are presented in thousands, except for per share numbers and percentages.

Business Overview

Leafly is a leading online cannabis discovery marketplace and resource for cannabis consumers. Leafly provides an information resource platform with a deep library of content, including detailed information about cannabis strains, retailers and cannabis products. We are a trusted destination to discover legal cannabis products and order them from licensed retailers with offerings that include subscription-based products and digital advertising. Legacy Leafly was founded in 2010 and is headquartered in Seattle with [140 137](#) total employees, including [135 132](#) in the U.S. and 5 in Canada as of [June 30, 2023 September 30, 2023](#).

Leafly is one of the cannabis industry's leading marketplaces for brands and retailers to reach one of the largest audiences of consumers interested in cannabis. Our platform includes educational information, strains data, and lifestyle content, enabling consumers to use Leafly's content library to have an informed shopping experience. Leafly reduces the friction caused by fragmented regulation of cannabis across North America [and offers by](#) offering a compliant digital marketplace that connects cannabis consumers with legal and licensed retailers and brands nearest them.

Leafly allows each shopper to tailor their journey, [by](#) selecting the store, brand, and cannabis form-factor that appeals to them. Once that shopper builds a basket and is ready to order, our non-plant-touching business model sends that order reservation to the store for payment and fulfillment. By matching stores and shoppers, we deliver value to all constituencies. We monetize our platform primarily through the sale of subscription packages, bundling e-commerce software and advertising solutions, as well as non-subscription-based advertising to retailers and brands. [Through the participation on our platform, retailers and brands can reach and engage the millions of monthly average users \("MAUs"\) on our platform, one of the largest cannabis-focused audiences in the world.](#)

Significant Events

[Reverse Stock Split](#)

On September 12, 2023, the Company implemented a one-for-twenty reverse split of its common stock ([Note 12](#)). To facilitate comparative analysis, all statements in this Quarterly Report regarding numbers of shares of common stock and all references to prices of a share of common stock, if referencing events or circumstances occurring prior to September 12, 2023, have been retroactively restated to reflect the effect of the reverse stock split on a pro forma basis.

[Content Shift](#)

During the first half of 2023, in conjunction with our reductions in staffing and cost cutting (see "Reductions in Force" below), Leafly began its transition from a news-centric platform to a marketplace platform. In this "content shift," we changed our focus from [providing content](#) a content-driven approach to [drive traffic](#) one intended to [maximizing customer](#) [maximize consumer](#) demand for our [retailers](#) [retailer](#) [customers](#) by attracting visitors [that](#) [who](#) are more likely to order from our retailers. Leafly has enhanced its deal types, delivery options and created deeper search capabilities intended to drive conversion to sales back to retailers and brands. Our strategy is to focus on key and emerging retailer and brand accounts by strongly aligning our sales and marketing resources with their needs. In addition, at the end of the second quarter, we implemented select pricing increases, pass-throughs of certain costs and annual subscription agreements in select markets. As expected, we experienced [and continue to experience](#) some slowing of the topline [our revenue growth](#) as our team was focused on process change, which will likely continue into the [third](#) fourth quarter of 2023, but believe that with these changes, we are positioned to evolve to a healthier customer base [supporting more durable revenue over time.](#) [2023](#).

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Reductions in Force

In light of the current macroeconomic environment, we have taken steps to manage the business accordingly. We implemented plans to reduce operating expenses, including previously announced headcount reductions:

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- on October 18, 2022 of 56 employees, or approximately 21% of our workforce at the time. We incurred cash charges of \$492 associated with the headcount reductions during the fourth quarter of 2022.
- on March 16, 2023 of approximately 40 employees, or approximately 21% of our workforce at the time. We incurred cash charges of \$24,000 associated with the headcount reductions during the first quarter of 2023.

We anticipate these restructuring plans above have been implemented and other changes we made are expected to our cost structure in 2022 and 2023 will save a total of approximately \$24,000 in continue contributing to the cash costs annually (beginning in the second quarter of 2023), now that all savings of the restructuring and other cost savings initiatives are fully implemented. These cost reductions are not expected to have a significant impact on the scope of our business. We will focus on maximizing efficiencies across all areas, investing in projects and products that we expect will result in the highest returns. By coupling cost savings with our strategic content shift, we believe Leafly will be better situated to become profitable in future periods.

Key Metrics

In addition to the measures presented in our consolidated financial statements, our management regularly monitors certain metrics in the operation of our business:

Monthly Active Users

MAUs represents the total unique visitors to Leafly websites and native apps each month, which in turn is a top-of-the-funnel metric that represents the maximum potential unique visitors that could become a customer of a dispensary or brand listed on Leafly's platform within a given month. Leafly is reexamining its MAU metric and expects to discontinue reporting it in its next quarterly filing as we continue to implement a content-shift to focus on compelling and engaging content that helps drive shopping behaviors farther down the funnel.

Ending Retail Accounts

Ending retail accounts is the number of paying retailer accounts with Leafly as of the last month of the respective period. Retail accounts can include more than one retailer. This metric is helpful because it represents a portion of the volume element of our revenue and provides an indication of our market share.

Retailer Average Revenue Per Account ("ARPA")

Retailer ARPA is calculated as monthly retail revenue, on an account basis, divided by the number of retail accounts that were active during that same month. An active account is one that had an active paying subscription with Leafly in the month. Leafly does not provide retailers with an ongoing free subscription offering but may offer a free introductory period with certain subscriptions. This metric is helpful because it represents the price element of our revenue.

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Results of Operations

Key Metrics

The table below presents these measures for the respective periods:

| | Three Months Ended June 30, | | | |
|--|-----------------------------|--------|---------|------------|
| | 2023 | 2022 | Change | Change (%) |
| Key Operating Metrics: | | | | |
| Average MAUs (in thousands) ¹ | 7,374 | 7,885 | (511) | -6% |
| Ending retail accounts ² | 5,261 | 5,251 | 10 | 0% |
| Retailer ARPA ³ | \$ 558 | \$ 579 | \$ (21) | -4% |

| | Three Months Ended September 30, | | | |
|-------------------------------------|----------------------------------|--------|---------|------------|
| | 2023 | 2022 | Change | Change (%) |
| Key Operating Metrics: | | | | |
| Ending retail accounts ¹ | 4,466 | 5,637 | (1,171) | -21% |
| Retailer ARPA ² | \$ 644 | \$ 556 | \$ 88 | 16% |

| | Six Months Ended June 30, | | | |
|--|---------------------------|--------|---------|------------|
| | 2023 | 2022 | Change | Change (%) |
| Key Operating Metrics: | | | | |
| Average MAUs (in thousands) ¹ | 7,729 | 7,817 | (88) | -1% |
| Ending retail accounts ² | 5,261 | 5,251 | 10 | 0% |
| Retailer ARPA ³ | \$ 555 | \$ 577 | \$ (22) | -4% |

| | Nine Months Ended September 30, | | | |
|-------------------------------------|---------------------------------|--------|---------|------------|
| | 2023 | 2022 | Change | Change (%) |
| Key Operating Metrics: | | | | |
| Ending retail accounts ¹ | 4,466 | 5,637 | (1,171) | -21% |
| Retailer ARPA ² | \$ 585 | \$ 570 | \$ 15 | 3% |

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1. Calculated as a simple average for the period presented.
2. Represents the amount outstanding on the last day of the month of the respective period.
- 3.2. Calculated as a simple average of monthly retailer ARPA for the period presented.

MAUs decreased 6% and 1% for the three and six months ended June 30, 2023, respectively, compared to the same periods in 2022, due to the optimization of our marketplace on Leafly's site (see "Content Shift" above). As noted above, Leafly is reexamining its MAU metric and expects to discontinue reporting it in its next quarterly filing.

While we optimized our marketplace, we were impacted by the loss of multi-retailer and poorly performing accounts, which were more than offset by organic growth, leading to 0% growth. The 21% decline in year-over-year ending retail accounts for the three and six months ended June 30, 2023 September 30, 2023, compared to the same periods in 2022, was primarily related to customer budget constraints and Leafly's removal of non-paying customers.

Declining pricing as compared to 2022 for platinum placement ads contributed to a 4% decline. The 16% increase in ARPA for both the three and six months ended June 30, 2023 September 30, 2023, compared to the same periods in 2022. However, second quarter 2023 2022 was primarily the result of the roll-out of new rate cards and churn of lower ARPA up 1% accounts. The 3% increase in ARPA for the nine months ended September 30, 2023, compared to \$553 for the first quarter of 2023. Going forward, Leafly is focused on increasing ARPA supported by the second quarter 2023 same period in 2022 was due largely to previously implemented pricing increases and the majority of which will be effective in the third quarter. lower retail account base.

Revenue

We generate our revenue through the sale of online advertising and online order reservation enablement on the Leafly platform for suppliers in our Retail and Brands segments. Within our Retail segment, we monetize our multi-sided retail marketplace through monthly subscriptions that enable retailers to advertise to and acquire potential shoppers. Our solutions allow retailers, where legally permissible, to accept online orders from shoppers who visit Leafly.com or use a Leafly-powered online order reservation solution, including our iOS app. Within our Brands segment, our revenue is derived by creating custom advertising campaigns for both small and large brands that target Leafly's broad and diverse audience and offering brands profile listings on our platform, which are sold on a monthly recurring subscription or annual basis. Advertising opportunities include on-site digital display, native placements, email, branded content, and off-site audience

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extension. Leafly's advertising partners span a variety of verticals including hardware and accessories, THC-infused products, hemp, CBD, and seed.

| | Three Months Ended June 30, | | | | Three Months Ended September 30, | | | |
|----------|-----------------------------|----------|-------------|------------|----------------------------------|----------|-------------|------------|
| | 2023 | 2022 | Change (\$) | Change (%) | 2023 | 2022 | Change (\$) | Change (%) |
| Revenue: | | | | | | | | |
| Retail | \$ 8,840 | \$ 9,065 | \$ (225) | -2% | \$ 9,266 | \$ 9,042 | \$ 224 | 2% |
| Brands | 1,835 | 2,985 | (1,150) | -39% | 1,317 | 2,739 | (1,422) | -52% |

| | | | | | | | | |
|---------------|-----------|-----------|------------|------|-----------|-----------|------------|------|
| Total revenue | \$ 10,675 | \$ 12,050 | \$ (1,375) | -11% | \$ 10,583 | \$ 11,781 | \$ (1,198) | -10% |
|---------------|-----------|-----------|------------|------|-----------|-----------|------------|------|

| | Six Months Ended June 30, | | | | Nine Months Ended September 30, | | | |
|-----------------|---------------------------|-----------|-------------|------------|---------------------------------|-----------|-------------|------------|
| | 2023 | 2022 | Change (\$) | Change (%) | 2023 | 2022 | Change (\$) | Change (%) |
| Revenue: | | | | | | | | |
| Retail | \$ 18,310 | \$ 18,244 | \$ 66 | 0 % | \$ 27,576 | \$ 27,286 | \$ 290 | 1 % |
| Brands | 3,614 | 5,226 | (1,612) | -31 % | 4,931 | 7,965 | (3,034) | -38 % |
| Total revenue | \$ 21,924 | \$ 23,470 | \$ (1,546) | -7 % | \$ 32,507 | \$ 35,251 | \$ (2,744) | -8 % |

Retail

Retail subscriptions revenue decreased \$312, increased \$140 due to the price increase and other revenues increased \$127, partially offset by an \$43 decrease in digital display ads for the three months ended September 30, 2023 as compared to the same period in 2022. Digital media display ads revenue declines were due to decreased volume of display ads sold. For the three months ended September 30, 2023, the increase in retail subscription revenue as compared to the same period in 2022 was primarily due to the price increase implemented during the second quarter of 2023.

Retail subscriptions revenue decreased \$380, more than offset by a \$478 increase in digital display ads and other revenues of \$69, accounting for a significant portion of the overall decrease in retail revenue for the three months ended June 30, 2023. Digital media display ads revenue growth was due to increased volumes of display ads sold. For the three months ended June 30, 2023, the decrease in retail subscription revenue was primarily due to customer churn and marketplace dynamics in selected states.

Retail subscriptions revenue decreased \$520, more than offset by an increase in digital display ads and other revenues of \$569, \$192, driving a slight increase in retail revenue for the six nine months ended June 30, 2023, September 30, 2023 as compared to the same

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period in 2022. Digital media display ads revenue growth was caused by increased volumes volume of display ads sold. For the six nine months ended June 30, 2023 September 30, 2023, the decrease in retail subscription revenue as compared to the same period in 2022 was primarily due to customer churn and marketplace dynamics which more than offset growth the favorable impact of the price increase in new markets, the third quarter.

Brands

Macro challenges, including changes in state regulatory provisions, have put overall pressure on the cannabis industry particularly in which has impacted our brand advertising business.

Second quarter 2023 Brands revenue increased 3% over the first quarter's revenue of \$1,779. However, for the three months ended June 30, 2023 September 30, 2023 as compared to the same period in 2022, Brands revenue decreased \$1,131, mostly in Canada, \$1,422, due primarily to:

- to a direct-to-consumer marketing revenue decrease of \$330;
- \$532, a reduction in display ads of \$331; \$598 and
- a branded content decrease of \$380.

\$211.

For the six nine months ended June 30, 2023, September 30, 2023 as compared to the same period in 2022, Brands revenue decreased \$1,593, mostly in Canada, \$3,034, due primarily to:

- to direct-to-consumer marketing revenue decrease of \$562;
- \$1,094, a reduction in display ads of \$494; \$1,091 and
- a branded content decrease of \$399.

\$609.

The Company's current systems do not allow us to precisely quantify changes in Brands revenue attributable to price and volume. The information we have from our existing systems, combined with our knowledge of changes in list prices, informs

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the discussion of Brands volume and pricing that follows. We believe Brands revenue declined due to decreased volume and reduced advertising spend per ad from our clients.

Cost of Revenue

| | Three Months Ended June 30, | | | | Three Months Ended September 30, | | | |
|--|-----------------------------|----------|-------------|------------|----------------------------------|----------|-------------|------------|
| | 2023 | 2022 | Change (\$) | Change (%) | 2023 | 2022 | Change (\$) | Change (%) |
| Cost of sales: | | | | | | | | |
| Cost of sales: 1 | | | | | | | | |
| Retail | \$ 977 | \$ 990 | \$ (13) | -1% | \$ 1,032 | \$ 1,126 | \$ (94) | -8% |
| Brands | 261 | 451 | (190) | -42% | 131 | 389 | (258) | -66% |
| Total cost of sales | \$ 1,238 | \$ 1,441 | \$ (203) | -14% | \$ 1,163 | \$ 1,515 | \$ (352) | -23% |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Six Months Ended June 30, | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Nine Months Ended September 30, | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Cost of sales: | | | | | | | | |

| Cost of sales: 1 | | | | | | | | | | |
|---------------------|--------------|--------------|----------|-------|--------------|--------------|----------|--|--|-------|
| Retail | \$ 2,05 6 | \$ 2,03 0 | \$ 26 | 1 % | \$ 3,20 2 | \$ 3,31 1 | \$ (109) | | | -3 % |
| Brands | 528 | 866 | (338) | -39 % | 545 | 1,10 0 | (555) | | | -50 % |
| Total cost of sales | \$ 2,58 4 | \$ 2,89 6 | \$ (312) | -11 % | \$ 3,74 7 | \$ 4,41 1 | \$ (664) | | | -15 % |
| | <hr/> | <hr/> | <hr/> | | <hr/> | <hr/> | <hr/> | | | |

1. Prior period amounts have been revised to reflect the current period presentation.

Retail

Retail cost of sales reductions were driven by increased efficiency and lower platform costs as described below.

For the three months ended September 30, 2023 as compared to the same period in 2022, retail cost of revenue decreased \$94 due to a reduction in labor allocation costs of \$75 and a decrease in business platform and merchant processing costs of \$44, partially offset by increased website infrastructure costs of \$25.

For the nine months ended September 30, 2023 as compared to the same period in 2022, retail cost of revenue decreased \$109 due to decreased website infrastructure costs of \$12 and labor allocation costs of \$185, partially offset by an \$88 increase in business platform and merchant processing costs.

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Retail

For the three months ended June 30, 2023, retail cost of revenue decreased due to a reduction in headcount costs of \$67 partially offset by increased website infrastructure costs of \$7 and a \$46 increase in business platform and merchant processing costs.

For the six months ended June 30, 2023, retail cost of revenue increased due to \$152 increase in business platform and merchant processing costs partially offset by increased website infrastructure costs of \$29 and headcount costs of \$98.

Brands

Brands cost of sales reductions were a consequence of declining revenues and, to a lesser extent, increased efficiency as described below.

Brands cost of revenue decreased \$258 for the three months ended June 30, 2023, primarily reflecting a decrease September 30, 2023 as compared to the same period in 2022, of \$71 in costs of display advertising and \$42 in merchant processing fees, corresponding which \$179 corresponds to decreased associated revenue, and \$27 of lower website infrastructure costs, as described under Retail cost of revenue above, as these costs are shared across both of our segments. Brands cost of revenue also decreased \$55 for the three months ended June 30, 2023, due to reduced headcount costs.

Brands cost of revenue decreased for the six months ended June 30, 2023, primarily reflecting a decrease of \$171 in costs of display advertising and \$44 in merchant processing fees, corresponding to decreased associated revenue, and \$50 of lower website infrastructure costs, as described under Retail cost of revenue above, as these costs are shared across both of our segments. Brands cost of

revenue also decreased \$79 for the **six** three months ended **June 30, 2023**, **September 30, 2023** as compared to the same period in 2022, due to reduced **headcount** **labor allocation** costs.

Brands cost of revenue decreased \$555 for the nine months ended September 30, 2023 as compared to the same period in 2022, of which \$408 corresponds to decreased associated revenue. Brands cost of revenue also decreased \$147 for the nine months ended September 30, 2023 as compared to the same period in 2022, due to reduced labor allocation costs.

Operating Expenses

Operating As described below, operating expenses declined significantly overall as we implemented a result of the two reductions in force and cost reduction activities discussed above.

| | Three Months Ended June 30, | | | | Three Months Ended September 30, | | | | | |
|----------------------------|-----------------------------|-----------|------------|------|----------------------------------|------------|-----------|-----------|-------------|------------|
| | 2023 | | 2022 | | Change (\$) | Change (%) | 2023 | 2022 | Change (\$) | Change (%) |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating expenses: | | | | | | | | | | |
| Sales and marketing | \$ 2,852 | \$ 8,112 | \$ (5,260) | | -65 % | | \$ 2,563 | \$ 6,403 | \$ (3,840) | -60 % |
| Product development | 2,320 | 4,056 | (1,736) | | -43 % | | 2,533 | 3,406 | (873) | -26 % |
| General and administrative | 5,016 | 7,310 | (2,294) | | -31 % | | 5,799 | 6,489 | (690) | -11 % |
| Total operating expenses | \$ 10,188 | \$ 19,478 | \$ (9,290) | | -48 % | | \$ 10,895 | \$ 16,298 | \$ (5,403) | -33 % |

| | Six Months Ended June 30, | | | | Nine Months Ended September 30, | | | | | |
|----------------------------|---------------------------|-----------|-------------|------|---------------------------------|------------|-----------|-----------|-------------|------------|
| | 2023 | | 2022 | | Change (\$) | Change (%) | 2023 | 2022 | Change (\$) | Change (%) |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating expenses: | | | | | | | | | | |
| Sales and marketing | \$ 7,763 | \$ 15,126 | \$ (7,363) | | -49 % | | \$ 10,326 | \$ 21,529 | \$ (11,203) | -52 % |
| Product development | 5,600 | 7,521 | (1,921) | | -26 % | | 8,133 | 10,927 | (2,794) | -26 % |
| General and administrative | 11,676 | 14,241 | (2,565) | | -18 % | | 17,475 | 20,730 | (3,255) | -16 % |
| Total operating expenses | \$ 25,039 | \$ 36,888 | \$ (11,849) | | -32 % | | \$ 35,934 | \$ 53,186 | \$ (17,252) | -32 % |

Sales and Marketing

Sales and marketing expenses decreased **\$5,260** **\$3,840** for the three months ended **June 30, 2023** **September 30, 2023** as compared to the same period in 2022 due to:

- a **\$2,768** **\$2,875** decrease in compensation costs;
- a **\$2,117** **\$647** reduction in advertising and marketing spending;

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- a **\$198** **\$151** decline in professional services; and
- a **\$176** **\$167** reduction in other costs.

Sales and marketing expenses decreased **\$7,363** **\$11,203** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** as compared to the same period in 2022 due to:

- a **\$3,519** **\$6,394** decrease in compensation costs;
- a **\$3,168** **\$3,815** reduction in advertising and marketing spending;
- a **\$443** **\$594** reduction in professional services; and
- a **\$233** **\$400** reduction in other costs.

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Product Development

Product development expenses decreased **\$1,736** **\$873** for the three months ended **June 30, 2023** **September 30, 2023** as compared to the same period in 2022 due to:

- a **\$1,293** **\$695** decrease in compensation costs (or **\$1,697** **\$1,113** excluding capitalized costs). Product development expenses are reported net of **\$250** **\$239** and **\$658** **\$657** of costs capitalized to internal-use software for the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively;
- a **\$516** **\$268** reduction in professional services; and
- a **\$68** **\$64** reduction in other costs; partially offset by:
- a **\$141** **\$154** increase in depreciation expense primarily related to capitalized internal use software.

Product development expenses decreased **\$1,921** **\$2,794** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** as compared to the same period in 2022 due to:

- a **\$1,277** **\$1,972** decrease in compensation costs (or **\$1,904** **\$3,124** excluding capitalized costs). Product development expense is reported net of **\$785** **\$1,042** and **\$1,415** **\$2,194** of costs capitalized to internal-use software for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively;
- a **\$875** **\$1,142** reduction in professional services; and
- a **\$73** **\$138** reduction in other costs; partially offset by:
- a **\$304** **\$458** increase in depreciation expense primarily related to capitalized internal use software.

General and Administrative

General and administrative expenses decreased **\$2,294** **\$690** for the three months ended **June 30, 2023** **September 30, 2023** as compared to the same period in 2022 due to:

- a **\$843** **\$419** decrease in professional services primarily related to regulatory filings; and
- a **\$574** **\$609** reduction in insurance; partially offset by:
- a **\$358** decrease **\$97** increase in compensation costs; and
- a **\$519** decline **\$241** increase in other costs.

General and administrative expenses decreased \$2,565 \$3,255 for the six nine months ended June 30, 2023 September 30, 2023 as compared to the same period in 2022 due to:

- a \$1,998 \$1,900 decrease in compensation costs, including a \$1,395 \$1,241 decrease in stock-based compensation expense, which was attributable to the modification of awards in the first quarter of 2022 ([Note 14](#));
- a \$612 \$1,222 reduction in insurance;
- a \$556 an \$872 decline in other costs; and

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- a \$169 \$588 decrease in professional services; partially offset by:
- a \$770 \$1,327 increase in bad debts expense due to net recoveries slowing collections in the prior current year period.

Other Income and Expense

| | Three Months Ended June 30, | | | | Three Months Ended September 30, | | | |
|-------------------------------------|-----------------------------|-----------------------|-------------------------|-------------------------|----------------------------------|-----------------------|-------------------------|-------------------------|
| | 2023 | 2022 | Change (\$) | Change (%) ¹ | 2023 | 2022 | Change (\$) | Change (%) ¹ |
| Other income (expense): | | | | | | | | |
| Interest expense, net | \$ (72) 4 | \$ (717) | \$ (7) | 1 % | \$ (72) 0 | \$ (705) | \$ (15) | 2 % |
| Change in fair value of derivatives | 14 | 24,3 97 | (24,38) 3 | nm | 14 | 22,2 64 | (22,25) 0 | nm |
| Other expense, net | 25 | (52) | 77 | nm | (29) | (73) | 44 | nm |
| Total other income (expense) | \$ (68) 5 | \$ 23,6 28 | \$ (24,31) 3 | nm | \$ (73) 5 | \$ 21,4 86 | \$ (22,22) 1 | nm |

| | Six Months Ended June 30, | | | |
|-------------------------------------|---------------------------|------------------|--------------------|-------------------------|
| | 2023 | 2022 | Change (\$) | Change (%) ¹ |
| Other income (expense): | | | | |
| Interest expense, net | \$ (1,437) | \$ (1,414) | \$ (23) | 2 % |
| Change in fair value of derivatives | 281 | 14,000 | (13,719) | nm |
| Other expense, net | 22 | (889) | 911 | nm |
| Total other income (expense) | \$ (1,134) | \$ 11,697 | \$ (12,831) | nm |

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Nine Months Ended September 30,

| | 2023 | 2022 | Change (\$) | Change (%) ¹ |
|-------------------------------------|-------------------|------------------|--------------------|-------------------------|
| Other income (expense): | | | | |
| Interest expense, net | \$ (2,157) | \$ (2,119) | \$ (38) | 2% |
| Change in fair value of derivatives | 295 | 36,264 | (35,969) | nm |
| Other expense, net | (7) | (962) | 955 | nm |
| Total other income (expense) | <u>\$ (1,869)</u> | <u>\$ 33,183</u> | <u>\$ (35,052)</u> | nm |

1. An "nm" reference means the percentage is not meaningful.

Interest expense for the three and **six** nine months ended **June 30, 2023** **September 30, 2023** was similar to that of the same period in 2022.

The change in fair value of derivatives for the three and **six** nine months ended **June 30, 2023** **is September 30, 2023 as compared to the same periods in 2022 was** due to the recognition of derivatives in connection with the Business Combination and changes in their valuations, which were primarily driven by the decline in Leafly's stock price during the 2022 periods. See [Note 18](#) to our consolidated financial statements within this Quarterly Report for details on the valuations and the fair value changes in the periods presented.

Other expense, net decreased for the **six** nine months ended **June 30, 2023** **September 30, 2023 as compared to the same period in 2022 was** due primarily to \$874 of costs incurred in connection with the Business Combination during 2022, which were allocated upon closing of the Business Combination to newly issued derivative liabilities that are recorded at fair value on a recurring basis.

Non-GAAP Financial Measures

Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) and Adjusted EBITDA

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

We present EBITDA and Adjusted EBITDA because these metrics are **a key measure** **measures** 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.

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EBITDA and Adjusted EBITDA have limitations as **an analytical tool**, **tools**, and you should not consider these 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 future, and both EBITDA and Adjusted EBITDA do not reflect cash capital expenditure requirements for such replacements or for 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 interest or 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 (loss) income and our other GAAP results.

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

| | Three Months Ended | | Six Months Ended | | Three Months Ended | | Nine Months Ended | |
|---|--------------------|---------------|------------------|-----------------|--------------------|-----------------|-------------------|----------------------|
| | June 30, | | June 30, | | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net (loss) income | (1,43) \$ 6) | 14,75 \$ 9 | (6,83) \$ 3) | (4,61) \$ 7) | (2,21) \$ 0) | 15,454 \$ 3) | (9,04) \$ 3) | 10,837 \$ 10,837) |
| Interest expense, net | | | 1,43 | | | | | |
| Depreciation and amortization expense | 724 | 717 | 7 | 1,414 | 720 | 705 | 2,157 | 2,119 |
| EBITDA | 226 | 97 | 421 | 149 | 276 | 127 | 697 | 276 |
| | | 15,57 | (4,97) | (3,05) | (1,21) | | (6,18) | |
| | (486) | 3 | 5) | 4) | 4) | 16,286 | 9) | 13,232 |
| Stock-based compensation | 580 | 464 | 8 | 2,388 | 997 | 771 | 2,235 | 3,159 |
| Transaction expenses allocated to derivatives | — | — | — | 874 | | | | |
| Transaction expenses allocated to derivatives and reverse stock split | — | — | 754 | — | 55 | — | 55 | 874 |
| Severance costs | — | — | 754 | — | — | — | 754 | — |
| Change in fair value of derivatives | (14) | (7) | (281) | (00) | (14) | (4) | (295) | (4) |
| Adjusted EBITDA | \$ 80 | \$ (8,360) | \$ 4) | \$ 92) | \$ (176) | \$ (5,207) | \$ 0) | \$ 9) |

The decrease in EBITDA for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** versus the same periods in 2022 is primarily due to the change in fair value of derivatives in 2022 as a result of the decline in Leafly's stock price. See [Note 18](#) to our consolidated

financial statements within this Quarterly Report for more information regarding the fair value of derivatives. The increase in Adjusted EBITDA for the three and ~~six~~ nine months ended **June 30, 2023** **September 30, 2023** versus the same periods in 2022 ~~relates to~~ ~~reflects~~ the cost savings related to resulting from Leafly's reductions in force and cost cutting measures described above.

Financial Condition

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash totaled ~~\$14,729~~ **\$14,718** and \$25,202 as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. Explanations of our cash flows for the periods presented follow.

Cash Flows

First Half 2023 Nine Months Ended September 30, 2023

During the ~~first half of 2023~~, ~~nine months ended September 30, 2023~~, the Company utilized a total of ~~\$10,473~~ **\$10,484** of cash ~~primarily to fund~~ cash operating losses of approximately ~~\$3,772~~, to fund ~~\$3,585~~; changes in current assets and liabilities of ~~\$6,038~~ **\$6,053**; and ~~for investing activities (primarily capitalized software costs costs)~~ of ~~\$788~~ **\$1,015**. The changes in current assets and liabilities during the ~~six~~ nine months ended **June 30, 2023** **September 30, 2023** included ~~primarily~~ reductions in accrued expenses of ~~\$2,399~~ **\$3,246** primarily related to the payment of 2022 bonuses and accrued interest as well as the change in accounts receivable of ~~\$1,701~~ **\$2,461**, and the change in prepaid expenses and other current assets of ~~\$1,334~~ **\$467** related to the payment of directors

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and officers insurance. Of the ~~\$10,473~~ **\$10,484** of cash used in the ~~first half of 2023~~, ~~nine months ended September 30, 2023~~, only ~~\$834~~ **\$845** was expended during the second ~~quarter, and third quarters~~, reflecting our concerted efforts to become cash flow positive.

First Half 2023 Nine Months Ended September 30, 2023 Compared to First Half 2022 Nine Months Ended September 30, 2022

As compared to the ~~six~~ nine months ended **June 30, 2022** **September 30, 2022**, cash used in operations decreased by ~~\$8,573~~ **\$15,492** to ~~\$9,807~~ **\$9,638** for the ~~six~~ nine months ended **June 30, 2023** **September 30, 2023**, mainly due to decreased net loss from operations as a result of the reductions in force and the cost cutting measures employed in 2022 and 2023. See discussions under "— Significant Events" and "— Results of Operations" above for more information. Cash used in investing activities decreased ~~\$627~~ **\$1,179** to a use of ~~\$788~~ **\$1,015** primarily due to lower software capitalization in the current year. Cash and restricted cash provided by financing decreased ~~\$58,244~~ **\$26,896** over this same period to ~~\$122~~ **\$169** for the ~~six~~ nine months ended **June 30, 2023** **September 30, 2023**, primarily due to proceeds from the convertible promissory notes and the Merger closing of the Business Combination in 2022. See Notes [1](#), [12](#), and [13](#) to our consolidated financial statements within this Quarterly Report for more information.

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Deferred Revenue

Deferred revenue is primarily related to software subscriptions and display ads. The revenue deferred at **June 30, 2023** **September 30, 2023** is expected to be recognized in the ~~subsequent 12-month period~~, ~~near term~~. See [Note 9](#) to our consolidated financial statements within this Quarterly Report for further discussion.

Contractual Obligations and Other Planned Uses of Capital

We are obligated to repay any convertible notes that do not ultimately convert to equity, as well as the other operating liabilities on our Consolidated Balance Sheets, such as accrued liabilities. In addition, we are obligated to pay any convertible notes when they come due on January 31, 2025 that do not ultimately convert to equity. See [Note 11](#) to our consolidated financial statements within this Quarterly Report for more information.

Liquidity and Capital Resources

We primarily fund our operations and capital expenditures through cash flows generated by operations and our cash, cash equivalents and restricted cash on hand. Our principal liquidity needs in the “near-term” (within the next twelve months) include the direct costs associated with revenues earned, operating expenses, payment of interest on the 2022 Notes and tax payments. The 2022 Notes bear interest at 8% annually, paid in cash semi-annually in arrears on July 31 and January 31 of each year, and mature on January 31, 2025.

To the extent existing sources of liquidity are not sufficient to fund future activities, meet our payment obligations under the 2022 Notes or pursue strategic opportunities, we may need to raise additional funds, which we may seek to do through equity or debt financings, or seek to refinance the 2022 Notes. Any additional equity financing may be dilutive to stockholders. Debt financing, if available, may involve agreements that include equity conversion rights, covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, expending capital, or pursuing certain business opportunities. There can be no assurance that, if needed, we will be able to obtain additional or adequate financing or to refinance or restructure our indebtedness on terms favorable to us, if at all. See, Part I, Item 1A Risk Factors in our 2022 Annual Report under the headings “— We may need to raise additional capital, which may not be available on favorable terms, if at all, causing dilution to our stockholders, restricting our operations or adversely affecting our ability to operate our business.” and “— Risks Relating to our Indebtedness”.

Going Concern Assessment

Leafly has incurred operating losses since its inception and had an accumulated deficit of ~~\$71,533~~ \$73,743 and \$64,700 at ~~June 30, 2023~~ September 30, 2023 and December 31, 2022, respectively.

Under the rules of ASC Subtopic 205-40 “Presentation of Financial Statements — Going Concern” (“ASC 205-40”), reporting companies are required to evaluate whether conditions and/or events raise substantial doubt about their ability to meet their future financial obligations as they become due within one year after the date that the financial statements are issued. This evaluation takes into account a company’s current available cash and projected cash needs over the one-year evaluation period but may not consider things beyond its control. As noted above, we have experienced revenue declines, incurred recurring operating losses, used cash from operations, and relied on the capital raised in the Business Combination to continue ongoing operations. These conditions, when considered in the aggregate, raise substantial doubt about our ability to continue as a going concern within one year of the date the financial statements included in this Quarterly Report are issued.

- During the fourth quarter of the year ended December 31, 2022, we implemented a restructuring plan, including a reduction in force of approximately 56 persons and other cost cutting measures, with an estimated expected annual cash savings of approximately \$16 million beginning in 2023, upon implementation. These cost-cutting measures are expected to allow the Company to prioritize growth opportunities, realign its expense structure, and preserve capital while strengthening its financial position. The cash cost for this initiative was \$492 reflecting primarily one-time severance and other employee-related termination benefits incurred during the fourth quarter of 2022.
- On March 16, 2023, we announced a second restructuring plan further reducing recurring costs and operating expenditures, identifying cost savings that we expect to result in an estimated annual cash savings of an

additional \$8,000 upon implementation based on a reduction of an additional 40 personnel at a cash cost of \$754 recognized in the quarter of 2023.

The restructuring plans above have been implemented and are expected to continue contributing to the cash savings of the Company. We are closely monitoring and reducing operating expenses where we are able to, while ensuring the trajectory and viability of the business remains intact. After considering all available evidence, we determined that, based on both of our cost reduction measures, our current positive working capital of \$14,436 \$13,523 as of June 30, 2023 September 30, 2023 will be sufficient to meet our capital requirements for a period of at least twelve months from the date that our June 30, 2023 September 30, 2023 financial statements are issued. We believe our restructuring plans

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alleviate the substantial doubt about our ability to continue as a going concern within one year of the date these financial statements are issued. Management will continue to evaluate our liquidity and capital resources.

Upon the closing of the Business Combination, Leafly issued the 2022 Notes, which provided incremental funding for our operations. [Note 11](#) to our consolidated financial statements within this Quarterly Report provides additional information regarding the 2022 Notes.

We believe that our capital resources are sufficient to fund our operations for at least the following 12 months.

Nasdaq Notifications of Noncompliance

On October 28, 2022 November 2, 2022, we received a notice letter from the Staff of Nasdaq Staff informing us indicating that Leafly was the Company did not in compliance with meet the \$50 million minimum market value requirement for continued listing on the Nasdaq Global Market Nasdaq's Bid Price Requirement and that we had until April 26, 2023 May 1, 2023 to regain compliance. On April 19, 2023 May 2, 2023, Nasdaq approved our application to transfer the listing of Leafly's common stock and warrants from the Nasdaq Global Market to The Nasdaq Capital Market ("Capital Market"), effective April 21, 2023. The Company complies with the net income from continuing operations listing standard as a result of the Capital Market, and the transfer of the listing resolved the October 28, 2022 noncompliance notification.

On November 2, 2022, we received another letter from the Nasdaq Staff notifying us that, for 30 consecutive business days, the bid price of Leafly's common stock had closed below the \$1.00 per share minimum bid price requirement for continued inclusion on Nasdaq under Nasdaq Listing Rule 5450(a)(1) ("Bid Price Requirement"). To regain compliance, the closing bid price of Leafly's common stock must have been \$1.00 or more per share for a minimum of ten consecutive business days at any time before May 1, 2023. We were unable Company failing to regain compliance with the Bid Price Requirement, by May 1, 2023, and on May 2, 2023, we received a letter from Nasdaq notifying us that Leafly's the Company's common stock would be subject to delisting from Nasdaq unless we timely requested a hearing before a Nasdaq Listing Panel (the "Panel"). On May 8, 2023, we timely requested a hearing before the Panel and on May 11, 2023, we submitted a plan of compliance. We submitted a plan and requested an extension of time to regain compliance with the Bid Price Requirement (the "Request"). On May 23, 2023, we received a letter from the Panel confirming that our Request was granted and that we have until October 17, 2023 to effect a reverse stock split and approved it, giving us until October 30, 2023 to regain compliance with the Bid Price Requirement, subject to meeting certain milestones including obtaining stockholder approval of Requirement. On September 29, 2023, we received formal notice from Nasdaq ("Compliance Notice") confirming that the reverse stock split on or before July 12, 2023. On July 12, 2023, at our 2023 Annual Meeting of Stockholders, our stockholders approved a proposal to effect a reverse stock split of the outstanding shares of Leafly's common stock by a ratio of not less than 1 for 10 and not more than 1 for 25 at any time prior to Leafly's 2024 Annual Meeting of Stockholders, Company regained compliance with the exact ratio to be set by the Board in the future, if at all, within the above range in its sole discretion, without further approval or authorization of our stockholders.

During the remainder of the approved extension from Nasdaq, we expect that Leafly's common stock and warrants Bid Price Requirement, will continue to be listed and traded on Nasdaq; however, if the Nasdaq Capital Market and the listing matter was closed. As of the date of the Compliance Notice, we are unable met the net income from continuing operations listing standards applicable to effect a reverse stock split by October 17, 2023 or regain compliance with companies listed on the Bid Price Requirement by October 30, 2023, Nasdaq has informed us Capital Market, as set forth in Nasdaq Listing Rules 5550(a) and 5550(b)(3) ([Note 8](#)). However, we can give no assurance that Leafly's common stock we will be subjectable to immediate delisting. We believe we are taking prudent steps to ultimately be successful satisfy the applicable Nasdaq listing standards in effecting a reverse stock split and regaining compliance with the Bid Price Requirement. However, there can be no assurances that any of these efforts will be successful, and if we are unable to regain compliance with the Bid Price Requirement, Leafly's common stock and warrants would be subject to delisting from Nasdaq. [future](#). See Part II, Item 1A Risk Factors in this Quarterly Report under the heading—" Our shares of common stock are listed on Nasdaq, but we cannot guarantee that we will be able to satisfy the applicable listing standards going forward."

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of [June 30, 2023](#) [September 30, 2023](#).

Contractual Obligations

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Other than our 2022 Notes (see [Note 11](#) to our consolidated financial statements), we do not have any long-term debt, lease obligations or other long-term liabilities. We have entered into several multi-year licensing and administration agreements in the ordinary course of business, the cost of which are reflected within general and administrative expense within our statements of operations as costs are incurred.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates.

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We believe there have been no material changes to the items that we disclosed as our critical accounting estimates under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2022 Annual Report.

Recently Issued and Adopted Accounting Pronouncements

Reference is made to [Note 2](#) for information about recently issued accounting pronouncements.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Leafly is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information otherwise required with respect to market risk.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15 13a-15(e) and 15d-15 15d-15(e) under the Exchange Act refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Because there are inherent limitations in all control systems, a control system, no matter how well conceived and operated, can provide only reasonable, as opposed to absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the period covered by this Quarterly Report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(d) 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended **June 30, 2023** **September 30, 2023**.

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Part II - Other Information

Item 1. LEGAL PROCEEDINGS.

We are involved in legal and administrative proceedings and litigation arising in the ordinary course of business. We believe that the potential liability, if any, in excess of amounts already accrued from all proceedings, claims and litigation will not have a material effect on our financial position, cash flows or results of operations when resolved in a future period. There have been no material developments to the legal proceedings reported in the 2022 Annual Report.

Item 1A. RISK FACTORS.

Risk factors that affect our business and financial results are discussed in Part I, Item 1A of our 2022 Annual Report and in Part II, Item 1A of our Q1 and Q2 2023 10-Q, 10-Qs. As of the date of this report, other than as set forth below, we are not aware of any material changes in the risk factors disclosed in our 2022 Annual Report or in our Q1 and Q2 2023 10-Q, 10-Qs. You should carefully consider the risks and uncertainties described herein and in our 2022 Annual Report and Q1 and Q2 2023 10-Q, 10-Qs, which have the potential to affect our business, financial condition, results of operations, cash flows or prospects in a material and adverse manner. The risks described herein and in our 2022 Annual Report and Q1 and Q2 2023 10-Q, 10-Qs are not the only risks we face, as there are additional risks and uncertainties not currently known to us or that we currently deem to be immaterial which may in the future adversely affect our business, financial condition and/or operating results.

Our shares of common stock are listed on Nasdaq, but we cannot guarantee that we will be able to satisfy the applicable listing standards going forward.

Nasdaq requires listed companies to comply with certain standards to remain listed. While we believe we currently comply with applicable Nasdaq listing standards, we recently were out of compliance and would have been subject to delisting if we were unable to cure the deficiencies. On November 2, 2022 October 28, 2022, we the Company received a letter from the Staff of Nasdaq providing notification that the Company no longer complied with the \$50 million in market value of listed securities standard for continued listing on the Nasdaq Global Market under Nasdaq Listing Rule 5450(b)(2)(A) and that the Company also did not comply with either of the two alternative standards of Listing Rule 5450(b), the equity standard and the total assets and total revenue standard. On April 19, 2023, Nasdaq approved the Company's application to transfer the listing of its common stock and warrants from the Nasdaq Global Market to the Nasdaq Capital Market, effective April 21, 2023, on the basis that the Company complied with the net income standard for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(3). The transfer of the listing resolved the October 28, 2022 noncompliance notification.

On November 2, 2022, the Company received a letter from the Staff notifying us of Nasdaq indicating that we it did not meet the Bid Price Requirement. To regain compliance, the closing requirement to maintain a minimum bid price of Leafly's common stock must have been \$1.00 or more \$1 per share, for as required by the Bid Price Requirement and that it had until May 1, 2023 to regain compliance. On May 2, 2023, as a minimum result of ten consecutive business days at any time before May 1, 2023. We were unable to regain the Company not regaining compliance with the Bid Price Requirement, by May 1, 2023, and on May 2, 2023, we the Company received a letter from Nasdaq notifying us it that Leafly's the Company's common stock would be subject to delisting from Nasdaq unless we timely requested a hearing before the Panel. On May 8, 2023, we Company timely requested a hearing before the Panel and on May 11, 2023, we submitted a plan of compliance and the Request. compliance. On May 23, 2023, we received a letter from the Panel confirming that our Request was granted and that we have until October 17, 2023 to effect a reverse stock split and approved the Company's plan of compliance, giving the Company until October 30, 2023 to

regain compliance with the Bid Price Requirement, subject to meeting certain milestones including obtaining stockholder approval of Requirement. On September 12, 2023, the reverse stock split on or before July 12, 2023. On July 12, 2023, at our 2023 Annual Meeting of Stockholders, our stockholders approved Company implemented a proposal to effect a one-for-twenty reverse stock split of the outstanding shares of Leafly's common stock by a ratio of not less than 1 for 10 (Note 12), and not more than 1 for 25 at any time prior to Leafly's 2024 Annual Meeting of Stockholders, on September 29, 2023, the Company received the Compliance Notice from Nasdaq confirming that the Company regained compliance with the exact ratio to be set by the Board within the above range in its sole discretion, without further approval or authorization of our stockholders.

During the remainder of the approved extension from Nasdaq, we expect that Leafly's common stock and warrants Bid Price Requirement, will continue to be listed and traded on Nasdaq; however, if the Nasdaq Capital Market, and the listing matter was closed.

As of the date of the Compliance Notice, we met the net income from continuing operations listing standards applicable to companies listed on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rules 5550(a) and 5550(b)(3). However, we can give no assurance that we will be able to satisfy the applicable Nasdaq listing standards in the future. If we are unable to effect a reverse stock split by October 17, 2023 or regain compliance with delisted from the Bid Price Requirement by October 30, 2023, Nasdaq has informed us that Leafly's common stock will be subject to immediate delisting.

We believe Capital Market, we are taking prudent steps to ultimately be successful in effecting a reverse stock split and regaining compliance with the Bid Price Requirement. However, there can be no assurances that any of these efforts will be successful, and if we are unable to regain compliance with the Bid Price Requirement, our common stock and warrants would be subject to may not qualify for listing on another national securities exchange. Accordingly, delisting from Nasdaq. Delisting from the Nasdaq Capital Market could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. In addition, without a Nasdaq market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our stock, the sale or purchase of our stock would likely be made

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more difficult and the trading volume of our stock could decline. Delisting from Nasdaq could also result in negative publicity and make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as transaction consideration or the value accorded our common stock by other parties.

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Further, if we are delisted, we would also incur additional costs under state blue sky laws in connection with any sales of our securities. These requirements could severely limit the market liquidity of our common stock and the ability of our stockholders to sell our common stock in the secondary market. We cannot assure you that our common stock and/or warrants, if delisted from Nasdaq, will be listed on another securities exchange or quoted on an over-the counter quotation system. If our common stock is delisted, it may come within the definition of "penny stock" as defined in the Exchange Act and would be covered by Rule 15g-9 of the Exchange Act. That Rule imposes additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors.

There are significant risks associated with effecting a reverse stock split.

The principal purpose of effecting investors which may further limit the reverse stock split approved by our stockholders is to increase the trading price market liquidity of our common stock to meet the Bid Price Requirement and remain listed on the Capital Market. However, the long-term effect of a reverse stock split on the market price of our common stock cannot be predicted with any certainty, and we cannot assure you that a

reverse stock split will accomplish this objective for any meaningful period of time, or at all. While we expect that the reduction in the number of outstanding shares of common stock will proportionally increase the market price of our common stock, we cannot assure you that a reverse stock split will increase the market price of our common stock by a multiple of the reverse stock split ratio, or result in any permanent or sustained increase in the market price of our common stock. The market price of our common stock may be affected by other factors which may be unrelated to the number of shares outstanding, including the Company's business and financial performance, general market conditions, and prospects for future success.

If effected, a reverse stock split will reduce the total number of outstanding shares of our common stock, which may lead to reduced trading and a smaller number of market makers for our common stock, particularly if the price per share of our common stock does not increase as a result of the reverse stock split. If a reverse stock split is effected, it will increase the number of stockholders who own "odd lots" of less than 100 shares of common stock. A purchase or sale of less than 100 shares of common stock (an "odd lot" transaction) may result in incrementally higher trading costs through certain brokers, particularly "full service" brokers. Therefore, those stockholders who own fewer than 100 shares of common stock following a reverse stock split may be required to pay higher transaction costs if they sell their common stock. A reverse stock split may be viewed negatively by the market and, consequently, could lead to a decrease in our overall market capitalization. If the per share market price of our common stock does not increase in proportion to the reverse stock split ratio, or following such increase does not maintain or exceed such price, then the value of our Company, as measured by our market capitalization, will be reduced. Additionally, any reduction in our market capitalization may be magnified as a result of the smaller number of total shares of common stock outstanding following the reverse stock split.

Our payment system and the payment systems of our suppliers depend on third-party providers and are subject to evolving laws and regulations.

We have engaged third-party service providers to perform credit and debit card processing services for suppliers' payments to us. If these service providers do not perform adequately or if our relationships with these service providers were to terminate, our ability to process payments could be adversely affected and our business could be harmed. Additionally, some of our suppliers use similar third-party providers for processing services. If these service providers do not perform adequately or if the relationships of our suppliers with these service providers were to terminate, the ability of our suppliers' stockholders to process payments could be adversely affected and sell our business could be harmed. The laws and regulations related to payments are complex and are potentially affected by tensions between federal and state treatment of the cannabis and other industries. These laws and regulations also vary across different jurisdictions common stock in the United States, Canada and globally. As a result, we are required to spend significant time and effort to comply with those laws and regulations. Any failure or claim of our failure to comply, or any failure by our third-party service providers to comply, could cost us substantial resources, could result in liabilities, or could force us to stop offering our suppliers the ability to pay with credit cards, debit cards and bank transfers. As we expand the availability of these payment methods or offer new payment methods to our suppliers in the future, we may become subject to additional regulations and compliance requirements.

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Due to the constantly evolving and complex laws and regulations applicable to our industry, third-party merchant banks and third-party payment processors may consider our business a high risk. This could cause a third party to discontinue its services to us, and we may not be able to find a suitable replacement. If this were to occur, we would need to collect from our suppliers using less efficient methods, which could adversely impact our collections, revenues and financial performance. Additionally, if a third party were to discontinue its services to us or if the applicable laws and regulations were to evolve in a way that impacted us negatively, we may not be able to realize our plans of expanding our business offerings, which could have a material adverse effect on our operations and our plans for expansion.

Moreover, Visa and Mastercard reportedly prohibit processing of transactions involving cannabis on their networks. In July 2023, Mastercard instructed financial institutions and payment processors that they must stop permitting cannabis transactions on its debit cards. Although U.S. consumers cannot purchase products on our listings marketplace and we do not currently use, nor have we historically used, any of our merchant processing relationships to process payments for cannabis transactions, to the extent Visa or Mastercard restrict cannabis-related transactions, our merchant processing relationships could be terminated, or we could be prevented from processing any Visa or Mastercard transactions, which could have a material adverse effect on our business and results of operations.

Further, through our agreement with our third-party credit card processors, we are subject to payment card association operating rules and certification requirements, including restrictions on product mix and the Payment Card Industry Data Security Standard ("PCI-DSS"). We are also subject to rules governing electronic funds transfers. Any change in these rules and requirements could make it difficult or impossible for us to comply. Additionally, any data breach or failure to hold certain information in accordance with PCI-DSS may have an adverse effect on our business and results of operations.

We are dependent on our banking relationships, and due to our connection with the cannabis industry, we may have difficulty accessing or consistently maintaining banking or other financial services.

Although we do not grow or sell cannabis products, our general connection with the cannabis industry may hamper our efforts to do business or establish collaborative relationships with others that may fear disruption or increased regulatory scrutiny of their own activities.

We are dependent on the banking industry to support the financial functions of our services and advertising solutions. Our business operating functions including payroll for our employees, real estate leases, and other expenses are reliant on traditional banking. Additionally, many of our suppliers pay us via wire transfer to our bank accounts, or via checks that we deposit into our bank accounts. We require access to banking services for both us and our suppliers to receive payments in a timely manner. Lastly, to the extent we rely on any lines of credit, these could be affected by our relationships with financial institutions and could be jeopardized if we lose access to a bank account. Important components of our offerings depend on supplier accounts and relationships, which in turn depend on banking functions. Most federal and federally-insured state banks currently do not serve businesses that grow and sell cannabis products on the stated ground that growing and selling cannabis is illegal under federal law, even though the Treasury Department's Financial Crimes Enforcement Network ("FinCEN") issued guidelines to banks in February 2014 that clarified how financial institutions can provide services to cannabis-related businesses, consistent with financial institutions' obligations under the Bank Secrecy Act. While the federal government has generally not initiated financial crimes prosecutions against state-law compliant cannabis companies or their vendors, the government has the ability to do so, at minimum against companies in the adult-use markets. The continued uncertainty surrounding financial transactions related to cannabis activities and the subsequent risks this uncertainty presents to financial institutions may result in their discontinuing services to the cannabis industry or limit their ability to provide services to the cannabis industry or ancillary businesses providing services to the cannabis industry.

As a result of federal-level illegality and the risk that providing services to state-licensed cannabis businesses poses to banks, cannabis-related businesses face difficulties accessing banks that will provide services to them. When cannabis businesses are able to find a bank that will provide services, they face extensive client due diligence in light of complex state regulatory requirements and guidance from FinCEN, and these reviews may be time-consuming and costly, potentially creating additional barriers to financial services for, and imposing additional compliance requirements on, us and our suppliers. FinCEN requires a party in trade or business to file with the U.S. Internal Revenue Service (the "IRS"), a Form 8300 report.

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within 15 days of receiving a cash payment of over \$10,000. While we receive very few cash payments for the products we sell, if we fail to comply with these laws and regulations, the imposition of a substantial penalty could have a material adverse effect on our business, results of operations and financial condition. We cannot ensure that our strategies and techniques for designing our platform features and services,

including our advertising solutions, for our suppliers will operate effectively and efficiently and not be adversely impacted by any refusal or reluctance of banks to serve businesses that grow and sell cannabis products. A change in banking regulations or a change in the position of the banking industry that permits banks to serve businesses that grow and sell cannabis products may increase competition for us, facilitate new entrants into the industry offering platform features and services similar to those that we offer, or otherwise adversely affect our results of operations. Also, the inability of potential suppliers in our target market to open accounts and otherwise use the services of banks or other financial institutions may make it difficult for us to conduct business, including receiving payments in a timely manner.

We do not sell cannabis, or products that contain cannabis; accordingly, our company is not part of the cannabis industry that would be restricted from using federal and federally insured banks. However, because our revenue is generated largely from companies licensed as operators in the cannabis industry, banks have and may continue to consider us to be part of the cannabis industry that is subject to banking restrictions. If we were to lose any of our banking relationships or fail to secure additional banking relationships in the future, we could experience difficulty and incur increased costs in the administration of our business, paying our employees, and accepting payments from suppliers, each of which may adversely affect our reputation or results of operations. Additionally, the closure of many or one of our bank accounts due to a bank's reluctance to provide services to a business working with state-legal cannabis businesses would require significant management attention from us and could materially adversely affect our business and operations. In addition to banks and financial institutions, merchant processors may take a similar view of the risks of working with us since we provide services to cannabis businesses, and loss of any of our merchant processor relationships could have similar results. Moreover, Visa and Mastercard reportedly prohibit processing of transactions involving cannabis on their networks. In addition, in July 2023, Mastercard instructed financial institutions and payment processors that they must stop permitting cannabis transactions on its debit cards. Although U.S. consumers cannot purchase products on our listings marketplace and we do not currently use, nor have we historically used, any of our merchant processing relationships to process payments for cannabis transactions, to the extent Visa or Mastercard restrict cannabis-related transactions, our merchant processing relationships could be terminated, or we could be prevented from processing any Visa or Mastercard transactions, which could have a material adverse effect on our business and results of operations. secondary market.

Item 6. EXHIBITS.

The following documents are included as exhibits to this Quarterly Report on Form 10-Q:

| Incorporate | | Incorporated by Reference | | | |
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| Exhibit | | | | Period | | | |
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| Number | | Exhibit Description | | Form | Ending | Exhibit | Filing Date |
| 10.1 | * + | Form of Restricted Stock Unit Award Agreement, 2021 Equity Incentive Plan, Employee | | | | | |
| 10.2 | * + | Form of Restricted Stock Unit Award Agreement, 2021 Equity Incentive Plan, Directors | | | | | |
| 10.3 | * + | Form of Performance Stock Unit Award Agreement, 2021 Equity Incentive Plan | | | | | |
| 31.1 | * | Certification of Chief Executive Officer of Leafly 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 | | | | | |

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| Incorporated by Reference | | | | |
|---------------------------|---------|--|--------|-------------|
| Exhibit | Number | Exhibit Description | Form | Period |
| | | | Ending | Exhibit |
| | | | | Filing Date |
| | 31.2 | Certification of Chief Financial Officer of Leafly 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 Chief Executive Officer and Chief Financial Officer of Leafly pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | |
| | 101.INS | Inline XBRL Instance Document | | |
| | 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | |
| | 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | |
| | 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | | |
| | 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | |
| | 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | | |
| | 104 | Cover Page Interactive Data File | | |

* Filed herewith.

The XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document.

*** Submitted electronically [herewith](#) [herewith](#).

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act except to the extent that the registrant specifically incorporates it by reference.

Management contract or compensation plan or arrangement.

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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, on [August 11, 2023](#) [November 13, 2023](#).

Leafly Holdings, Inc.

By: /s/ Yoko Miyashita

Yoko Miyashita

Chief Executive Officer

By: /s/ Suresh Krishnaswamy

Suresh Krishnaswamy

Chief Financial Officer

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Form Employee RSU Award Agreement Ex. 10.1

**Leafly Holdings, Inc.
2021 Equity Incentive Plan**

Restricted Amended and Restated Performance Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this “Agreement”) is made by Amended and between Leafly Holdings, Inc., a corporation organized and existing under the laws of Delaware (the “Company”), and [●] (the “Participant”), effective as of _____, 202___ (the “Date of Grant”).

RECITALS

WHEREAS, the Company has adopted the Leafly Holdings, Inc. 2021 Equity Incentive Plan (as may be further amended, amended and restated or modified from time to time (the “Plan”), which is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan;

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

- 1.** Grant of Award. The Company hereby grants to the Participant, effective as of the Date of Grant, [●] restricted stock units (“RSUs”), on the terms and conditions set forth in the Plan and this Agreement.
- 2.** Vesting and Settlement of RSUs.
 - (a)** General. Subject to the terms and conditions set forth in the Plan and this Agreement, the RSUs shall vest [●] (each, a “Vesting Date”), subject to the Participant’s continued Service through the applicable Vesting Date.
 - (b)** Settlement of Vested RSUs. The Company shall deliver to the Participant within sixty (60) days following a Vesting Date, a number of shares of Common Stock equal to the aggregate number of RSUs that have vested pursuant to Section 2(a) ([rounded down to the nearest whole RSU, with cumulative vesting of any fractional RSUs] and reduced by any shares of Common Stock sold or withheld to satisfy tax withholding requirements). No fractional shares of Common Stock shall be delivered. The Company may deliver such shares of Common Stock either through book entry accounts held by, or in the name

of, the Participant or cause to be issued a certificate or certificates representing the number of shares of Common Stock to be issued in respect of the RSUs, registered in the name of the Participant.

3. Termination of Service. Other than as provided in Section 11.3 of the Plan, upon a termination of the Participant's Service for any reason or no reason, any then unvested RSUs as of such termination date will be forfeited immediately, automatically and without consideration. The Participant will have no further rights, and the Company will have no further obligations to the Participant, with respect to such unvested, forfeited RSUs. The RSUs and the shares of Common Stock (and any resulting proceeds) will continue to be subject to Sections 12.2 (Termination for Cause) and 12.3 (Right of Recapture) of the Plan and Section 7(c) of this Agreement.

For purposes of this Agreement, termination of the Participant's Service will be considered to occur as of the date the Participant is no longer actively providing services to the Company, or, if different, the Subsidiary that employs the Participant or for which the Participant otherwise provides services (the "Service Recipient") (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or otherwise rendering services or the terms of the Participant's employment or service agreement, if any). Unless otherwise determined by the Committee, the Participant's right to vest in the RSUs, if any, will cease as of this date and will not be extended by any notice period (e.g., the Participant's period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or otherwise providing services, or the terms of the Participant's employment or service agreement, if any). The Company will have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the RSUs (including whether the Participant may still be considered to be actively providing services while on leave of absence).

4. Tax Withholding Requirements.

(a) The Participant is ultimately responsible for all taxes owed in connection with the RSUs (e.g., upon vesting and/or upon receipt of any shares of Common Stock thereunder), including any U.S. or non-U.S. federal, state or local taxes of any kind required by law, including income tax, social insurance, FICA, payroll tax, fringe benefits tax, payment on account and all other tax items related to the Participant's participation in the Plan and legally applicable to the Participant or deemed by the Company or the Service Recipient in its discretion to be an appropriate charge to the Participant even if legally applicable to the Company or the Service Recipient (the "Tax Related Items"), regardless of any action the Company or any Subsidiary takes with respect to any such Tax-Related Items. The Company shall have the right to deduct or withhold from any shares of Common Stock deliverable under this Agreement, or in its discretion to require the Participant to remit to the Company, the amounts necessary to satisfy all of the Tax Related Items required to

be withheld in connection with the settlement of the RSUs. Notwithstanding the foregoing, the Participant authorizes the Company to facilitate open market sales of shares of Common Stock under the RSUs to generate proceeds to satisfy all required tax withholding obligations (which sales shall be made automatically on the Participant's behalf without further consent required of the Participant, and any proceeds received in connection therewith will be reduced by all applicable broker fees and commissions incurred in effecting such sales).

(b) The Participant agrees to make adequate arrangements satisfactory to the Company and/or a Subsidiary, prior to any relevant taxable or tax withholding event, as applicable, to satisfy any applicable withholding obligation related to Tax-Related Items. The Company has no obligation to issue shares pursuant to the RSUs until the Participant has satisfied any tax withholding obligations related to the Tax-Related Items in a manner acceptable to the Company.

The Company may withhold or account for Tax-Related Items by considering statutory withholding rates or applicable withholding rates, including maximum applicable rates in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash and will have an entitlement to the equivalent in Common Stock, or if not refunded, the Participant may seek a refund from the applicable tax authorities. In the event of under-withholding, the Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Subsidiary to whom the Participant provides services.

(c) The Participant acknowledges that the Company and any Subsidiary to whom the Participant provides services (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including but not limited to, the grant, the vesting, the issuance of shares of Common Stock upon vesting, the subsequent sale of the shares acquired pursuant to the RSUs, and (ii) do not control and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, the Participant acknowledges that if the Participant is subject to tax in more than one jurisdiction, the Company and/or Subsidiary may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting the Award, the Participant agrees that the Participant will be deemed to have waived any claim against the Company with respect to any tax consequences related to the RSUs.

5. Compliance with Securities Laws. The Participant acknowledges, understands and agrees that:

(a) the Participant has been furnished with a copy of the Plan and the Form S-8 plan summary for the Plan;

(b) notwithstanding any other provision of this Agreement, shares of Common Stock will not be issued upon vesting unless the shares issuable are registered under the Securities Act or, if such shares are not then registered, the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The RSUs and the issuance of any shares of Common Stock thereunder also must comply with all other applicable laws and regulations governing the RSUs and the shares issued thereunder, including any U.S. and non-U.S. state, federal and local applicable laws, and the Participant will not receive shares if the Company determines that such receipt would not be in material compliance with applicable laws and regulations;

(c) the Participant understands that the Company is under no obligation to register or qualify the RSUs or the shares of Common Stock issuable upon vesting of the RSUs with the U.S. Securities Exchange Commission or any state or foreign securities commission (or maintain any such registration or qualification if made) or to obtain approval or clearance from any governmental authority for the issuance or sale of such shares of Common Stock. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares, will not relieve the Company of any liability in respect of the failure to issue or sell the shares as to which such required authority is not obtained. Further, the Participant agrees that the Company will have unilateral authority to

amend the Plan and this Agreement without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock;

- (d) the Participant understands that the Company has no obligation to the Participant to maintain any registration of the shares of Common Stock with the U.S. Securities and Exchange Commission and has not represented to the Participant that it will so maintain registration of the shares of Common Stock. Sales of shares of Common Stock are also subject to compliance with other laws and regulations, including, but not limited to, U.S. anti-U.S. securities, exchange control, insider trading and market abuse laws, and with the Company's trading policy; and
- (e) if the Participant is deemed an affiliate within the meaning of Rule 144 under the Securities Act, the Participant understands that resales of shares of Common Stock under Rule 144 will not be available under current law unless (i) a public trading

market then exists for the shares of Common Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with, including that any sale of the shares of Common Stock may be made only in limited amounts in accordance with such terms and conditions.

6.

Nature of Grant.

By accepting the Award, the Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSU grants or other grants, if any, will be at the sole discretion of the Company;
- (d) the Participant is voluntarily participating in the Plan;
- (e) the RSUs and the Shares underlying the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (f) the RSUs and the Shares underlying the RSUs, and the income from and value of same, are not part of or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, holiday top-up, pension or retirement or welfare benefits or similar mandatory payments;
- (g) the future value of the shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty; and
- (h) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from (a) the Participant's termination of Service (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services or the terms of the Participant's employment or service agreement, if any) or (b) the application

of Section 7(c) of this Agreement or any compensation recovery or clawback policies adopted by the Company.

7. Miscellaneous Provisions

- (a) Rights of a Stockholder. Prior to settlement of the RSUs in shares of Common Stock, neither the Participant nor the Participant's representatives will have any rights as a stockholder of the Company with respect to any shares of Common Stock underlying the RSUs, including the right to receive any dividends or dividend equivalents on the RSUs.
- (b) Transfer Restrictions. RSUs may not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of, whether voluntarily or by operation of law, during the Participant's lifetime. The shares of Common Stock delivered hereunder shall be subject to such restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, NASDAQ or any stock exchange upon which such shares of Common Stock are listed, any applicable federal or state laws and any agreement with, or policy of, the Company or the Committee to which the Participant is a party or subject, and the Company may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.
- (c) Clawback Policy. The Participant acknowledges that the Participant is subject to the provisions of Section 12 (Forfeiture Events) and Section 14.6 (Trading Policy and Other Restrictions) of the Plan and any compensation recovery, "clawback" or similar policy adopted by the Company from time to time, including after the Date of Grant, that applies to the Participant and/or made applicable by law, including under the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules, regulations and requirements adopted thereunder by the U.S. Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed.
- (d) Adjustments. If there is any change with respect to the Company's outstanding shares of Common Stock contemplated by Section 4.5 of the Plan prior to delivery of shares under the RSUs, the RSUs may be adjusted in accordance with Section 4.5 of the Plan.
- (e) No Right to Continued Service. Nothing in this Agreement or the Plan confers upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate their Service at any time and for any reason, with or without cause.
- (f) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of shares of Common Stock underlying the RSUs. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

(g) **Successors and Assigns.** The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

(h) **Severability.** The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.

(i) **Amendment.** Except as otherwise provided in the Plan and this Agreement, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.

(j) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(k) **No Waiver.** No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

(l) **Choice of Law; Jurisdiction.** This Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Agreement will be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(m) **Section 409A.** The Company intends that the RSUs will be exempt from, or comply with, the requirements of Section 409A of the Code; provided, however, that the Company makes no representations that the RSUs will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to the RSUs.

(n) **Signature in Counterparts.** This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.

(o) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

(p) **Acceptance.** The Participant has read and understands the terms and provisions of the Plan and this Agreement and accepts the RSUs subject to all of the terms and conditions of the Plan and this

Agreement. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail.

[Signature page follows.]

IN WITNESS WHEREOF, the Company and the Participant have executed this Restricted Stock Unit Award Agreement as of the Date of Grant. The Participant acknowledges that as of the Date of Grant, this Agreement and the Plan set forth the entire understanding between the Participant and the Company and any Subsidiary regarding the RSUs and supersede all prior oral and written agreements on the subject.

PARTICIPANT LEAFLY HOLDINGS, INC.

____ By: _____

Date: _____ Date: _____

[Signature Page – RSU Award Agreement]

Form Director RSU Award Agreement Ex. 10.2

**Leafly Holdings, Inc.
2021 Equity Incentive Plan**

Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this “Agreement”) is made by and between Leafly Holdings, Inc., a corporation organized and existing under the laws of Delaware (the “Company”) and [●] (the “Participant”), effective as of _____, 20__ (the “Date of Grant”).

RECITALS

WHEREAS, the Company has adopted the Leafly Holdings, Inc. 2021 Equity Incentive Plan (as may be further amended, amended and restated or modified from time to time (the “Plan”), which is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan;

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

- 1.** Grant of Award. The Company hereby grants to the Participant, effective as of the Date of Grant, [●] restricted stock units (“RSUs”), on the terms and conditions set forth in the Plan and this Agreement.
- 2.** Vesting and Settlement of RSUs.
 - (a)** General. Subject to the terms and conditions set forth in the Plan and this Agreement, the RSUs shall vest [●] (each, a “Vesting Date”), subject to the Participant’s continued Service through the applicable Vesting Date.
 - (b)** Settlement of Vested RSUs. The Company shall deliver to the Participant within sixty (60) days following a Vesting Date, a number of shares Common Stock equal to the aggregate number of RSUs that have

vested pursuant to Section 2(a) ([rounded down to the nearest whole RSU, with cumulative vesting of any fractional RSUs]). No fractional shares of Common Stock shall be delivered. The Company may deliver such shares of Common Stock either through book entry accounts held by, or in the name of, the Participant or cause to be issued a certificate or certificates representing the number of shares of Common Stock to be issued in respect of the RSUs, registered in the name of the Participant.

(c) Withholding Requirements. Participant is ultimately responsible for all taxes owed in connection with the RSUs and shall hold the Company and related parties harmless for any tax liability. Participant shall timely remit all taxes to the Internal Revenue Service and any other required governmental agencies.

3. Termination of Service. Other than as provided in Section 11.3 of the Plan, upon a termination of the Participant's Service for any reason or no reason, any then unvested RSUs as of such termination date will be forfeited immediately, automatically and without consideration. The Participant will have no further rights, and the Company will have no further obligations to the Participant, with respect to such unvested, forfeited RSUs. The RSUs and the shares of Common Stock (and any resulting proceeds) will continue to be subject to Sections 12.2 (Termination for Cause) and 12.3 (Right of Recapture) of the Plan and Section 5(c) of this Agreement.

4. Compliance with Securities Laws. The Participant acknowledges, understands and agrees that:

(a) the Participant has been furnished with a copy of the Plan and the Form S-8 plan summary for the Plan;

(b) notwithstanding any other provision of this Agreement, shares of Common Stock will not be issued upon vesting unless the shares issuable are registered under the Securities Act or, if such shares are not so registered, the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The RSUs and the issuance of any shares of Common Stock thereto also must comply with all other applicable laws and regulations governing the RSUs and the shares issued thereunder, including any U.S. and non-U.S. state, federal and local applicable laws, and the Participant will not receive shares if the Company determines that such receipt would not be in material compliance with applicable laws and regulations;

(c) the Participant understands that the Company is under no obligation to register or qualify the RSUs or shares of Common Stock issuable upon vesting of the RSUs with the U.S. Securities Exchange Commission or any state or foreign securities commission (or maintain any such registration or qualification if made) or to obtain the approval or clearance from any governmental authority for the issuance or sale of such shares of Common Stock. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares, will not relieve the Company of any liability in respect of the failure to issue or sell the shares as to which such required authority is not obtained. Further, the Participant agrees that the Company will have unilateral authority to amend the Plan and this Agreement without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock;

(d) the Participant understands that the Company has no obligation to the Participant to maintain any registration of the shares of Common Stock with the U.S. Securities and Exchange Commission and has not represented

the Participant that it will so maintain registration of the shares of Common Stock. Sales of shares of Common Stock are also subject to compliance with other laws and regulations, including, but not limited to, U.S. and U.S. securities, exchange control, insider trading and market abuse laws, and with the Company's trading policy; and

(e) if the Participant is deemed an affiliate within the meaning of Rule 144 under the Securities Act, the Participant understands that resales of shares of Common Stock under Rule 144 will not be available under current law unless (i) a public trading market then exists for the shares of Common Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 exemption therefrom are complied with, including that any sale of the shares of Common Stock may be only in limited amounts in accordance with such terms and conditions.

5. Miscellaneous Provisions

(a) **Rights of a Stockholder.** Prior to settlement of the RSUs in shares of Common Stock, neither the Participant nor the Participant's representatives will have any rights as a stockholder of the Company with respect to any shares of Common Stock underlying the RSUs, including the right to receive any dividends or dividend equivalents on the RSUs.

(b) **Transfer Restrictions.** RSUs may not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of, whether voluntarily or by operation of law, during the Participant's lifetime. The shares of Common Stock delivered hereunder shall be subject to such restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, NASDAQ or any stock exchange upon which such shares of Common Stock are listed, any applicable federal or state laws and any agreement with, or policy of, the Company or the Committee to which the Participant is a party or subject, and the Company may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.

(c) **Clawback Policy.** The Participant acknowledges that the Participant is subject to the provisions of Section 12 (Forfeiture Events) and Section 14.6 (Trading Policy and Other Restrictions) of the Plan and any compensation recovery, "clawback" or similar policy adopted by the Company from time to time, including after the Date of Grant, that applies to the Participant and/or made applicable by law including the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules, regulations and requirements adopted thereunder by the Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed.

(d) **Adjustments.** If there is any change with respect to the Company's outstanding shares of Common Stock contemplated by Section 4.5 of the Plan prior to delivery of shares under the RSUs, the RSUs may be adjusted in accordance with Section 4.5 of the Plan.

(e) **No Right to Continued Service.** Nothing in this Agreement or the Plan confers upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary retaining the Participant) or of the Participant, which

rights are hereby expressly reserved by each, to terminate their Service at any time and for any reason, with or without cause.

(f) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of shares of Common Stock underlying the RSUs. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

(g) Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

(h) Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.

(i) Amendment. Except as otherwise provided in the Plan and this Agreement, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.

(j) Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(k) No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

(l) Choice of Law; Jurisdiction. This Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Agreement will be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(m) Section 409A. The Company intends that the RSUs will be exempt from, or comply with, the requirements of Section 409A of the Code; provided, however, that the Company makes no representations that the RSUs will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to the RSUs.

(n) Signature in Counterparts. This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.

(o) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

(p) **Acceptance.** The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement and accepts the RSUs subject to all the terms and conditions of the Plan and this Agreement. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail.

[Signature page follows.]

IN WITNESS WHEREOF, the Company and the Participant have executed this Restricted Stock Unit Award Agreement as of the Date of Grant. The Participant acknowledges that as of the Date of Grant, this Agreement and the Plan set forth the entire understanding between the Participant and the Company and any Subsidiary regarding the RSUs and supersede all prior oral and written agreements on the subject.

PARTICIPANT LEAFLY HOLDINGS, INC.

By: _____

Date: _____ Date: _____

[Signature Page – RSU Award Agreement]

Form Employee PSU Award Agreement Ex. 10.3

Leafly Holdings, Inc.

2021 Equity Incentive Plan

Performance Stock Unit Award Agreement

This Restated Performance Stock Unit Award Agreement (this "Agreement") is made by and between Leafly Holdings, Inc., a corporation organized and existing under the laws of Delaware (the "Company"), and [●] (the "Participant"), effective as of [●], 2021 to amend and restate that certain Performance Stock Unit Award Agreement ("Original Agreement") by and between the Company and the Participant, effective as of [●] (the "Date of Grant").

RECITALS

WHEREAS, the Company has adopted the Leafly Holdings, Inc. 2021 Equity Incentive Plan (as may be further amended, amended and restated or modified from time to time) (the "Plan"), which is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan;

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to amend and restate the Original Agreement as provided for herein pursuant to the Plan and the terms set forth herein; and

WHEREAS, the Company and the Participant are parties to the Original Agreement, which they now wish to amend and restate.

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

1. **Grant of Award.** The Company hereby grants to the Participant, effective as of the Date of Grant, [●] performance stock units ("PSUs"), on the terms and conditions set forth in the Plan and this Agreement.
2. **Vesting Start Date.** January 1, 2023 [●]
3. **Performance Periods.** Three separate performance periods (each, a "Performance Period" apply to the PSUs pursuant to which the following number of PSUs are eligible to vest each Performance Period:

| Performance Period | Number of PSUs Eligible to Vest in Performance Period |
|--------------------|---|
| [●] | [●] |
| [●] | [●] |
| [●] | [●] |

4. Vesting and Settlement of PSUs.

- (a) **Performance Goals General.** Subject to the terms and conditions set forth in the Plan and this Agreement, PSUs are eligible for vesting based on the achievement (if any) of the following targets established by the Committee (the "Performance Goals") for the period from [●] through [●] applicable Performance Period, as defined and set forth on Annex A (or as will be determined by the Committee). If all or a portion of the PSUs do not vest for a particular Performance Period based on achievement of the Performance Goals, such unvested PSUs will remain outstanding and will be eligible for vesting if the Company achieves the market capitalization milestone (the "Performance Period" "Market Cap Milestone") set forth on Annex A at any time on or prior to February 4, 2026. In the event the Market Cap Milestone is achieved on or prior to February 4, 2026, all then outstanding unvested PSUs will become fully vested as of the Vesting Date (as defined below).

[Description of Performance Goals]

- (b) **Determination of Vested PSUs.** PSUs will be treated as vested only as of the date the Committee determines the level of achievement of the Performance Goals for the Performance Period or the achievement of the Market Cap Milestone (the date of each such determination, a "Vesting Date"), subject to the Participant's continued Service through the applicable Vesting Date.

- (c) **Settlement of Vested PSUs.** Subject to the terms of this Agreement, the Company will deliver to the Participant within sixty (60) thirty (30) days following the Vesting Date, but in no event later than March

15th of the calendar year following completion of the Vesting Date applicable Performance Period or achievement of the Market Cap Milestone, as applicable, that number of shares of Common Stock equal to the aggregate number of PSUs that the Committee determines have vested (rounded up to the nearest whole PSU and reduced by any shares of Common Stock sold or withheld to satisfy tax withholding requirements). No fractional shares of Common Stock shall be delivered. The Company may deliver such shares of Common Stock either through book entry accounts held by, or in the name of, the Participant or cause to be issued a certificate or certificates representing the number of shares of Common Stock to be issued in respect of the PSUs, registered in the name of the Participant.

(d) Forfeiture of Unvested PSUs. Subject to earlier forfeiture in the event of the Participant's termination of Service as set forth in Section 5, all PSUs that do not become vested PSUs (including as a result of the Company not achieving the Market Cap Milestone on or prior to February 4, 2026) will be automatically forfeited to the Company without consideration. The Participant will have no

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further rights, and the Company will have no further obligations to the Participant, with respect to such unvested, forfeited PSUs.

(e) Change of Control. In the event of a Change in Control, all then outstanding unvested PSUs will become fully vested and paid out in within thirty (30) days of such Change in Control; provided that such Change in Control constitutes a "change in control event" to the extent necessary to comply with, or be exempt from, as defined under Section 409A of the Code.

4.5. Termination of Service. Upon a termination of the Participant's Service for any reason or no reason, prior to a Vesting Date, any then unvested PSUs as of such termination date will be automatically forfeited immediately, automatically and to the Company without consideration. The Participant will have no further rights, and the Company will have no further obligations to the Participant, with respect to such unvested, forfeited PSUs (even with respect to any "catch-up" vesting with respect to the Market Cap Milestone). The PSUs and the shares of Common Stock (and any resulting proceeds) will continue to be subject to Sections 12.2 (Termination for Cause) and 12.3 (Right of Recapture) of the Plan and Section 9(c) of this Agreement. Plan.

For purposes of this Agreement, the PSUs, termination of the Participant's Service will be considered to occur as of the date the Participant is no longer actively providing services to the Company or if different, the any Subsidiary that employs the Participant or for which the Participant otherwise provides services (the "Service Recipient") (regardless, regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or otherwise rendering services or the terms of the Participant's employment or service agreement, if any). any. Unless otherwise determined by the Committee, the Participant's right to vest in the PSUs, if any, will cease as of this date and will not be extended by any notice period (e.g., the Participant's period of Service service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or otherwise providing services, or the terms of the Participant's employment or service agreement, if any). The Company will have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the PSUs (including whether the Participant may still be considered to be actively providing services while on leave of absence).

5.6 Tax Withholding Requirements.

(a) The Participant is ultimately responsible for all taxes owed in connection with the PSUs (e.g., upon vesting and/or upon receipt of any shares of Common Stock thereunder), including any U.S. or non-U.S. federal, state or local taxes of any kind required by law, including income tax, social insurance, FICA, payroll tax, fringe benefits tax, payment on account and all other tax items related to the Participant's participation in the Plan and legally applicable to the Participant or deemed by the Company or the Service Recipient in its discretion to be an appropriate charge to the Participant even if legally applicable to the Company or the Service Recipient (the ' ("Tax-Related Items"), regardless of any action the Company or any Subsidiary takes with respect to any such Tax-Related Items. The Company shall will have the right to deduct or withhold from any shares of Common Stock deliverable under this Agreement, or in its discretion to require the Participant to remit to the Company, the amounts necessary to satisfy all of the Tax-Related Items federal, state, local and other taxes required to be withheld in connection with the settlement of the PSUs. Notwithstanding the foregoing, the Participant authorizes the Company to facilitate PSUs, including through open market sales of shares of Common Stock under the PSUs to generate proceeds to satisfy all required tax withholding obligations (which sales shall be made automatically on the Participant's behalf without further consent required of the Participant, and any proceeds received in connection therewith will be reduced by all applicable broker fees and commissions incurred in effecting such sales). obligations.

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(b) The Participant agrees to make adequate arrangements satisfactory to the Company and/or a Subsidiary applicable, prior to any relevant taxable or tax withholding event, as applicable, to satisfy any applicable withholding obligation related to Tax-Related Items. The Company has no obligation to issue shares pursuant to vested PSUs until the Participant has satisfied any tax withholding obligations related to the Tax-Related Items in a manner acceptable to the Company. The Company may withhold or account for Tax-Related Items by considering statutory withholding rates or applicable withholding rates, including maximum applicable rates in the Participant's jurisdiction(s). In the event of over-withholding, the Participant may receive a refund of any over-withheld amount in cash and will have an entitlement to the equivalent in Common Stock, or if not refunded, the Participant may seek a refund from the applicable tax authorities. In the event of under-withholding, the Participant may be required to pay additional Tax-Related Items directly to the applicable tax authorities or to the Company and/or the Subsidiary to whom the Participant provides services.

(c) (b) The Participant acknowledges that the Company and any Subsidiary to whom the Participant provides services (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including but not limited to, the grant, the vesting, the issuance of shares of Common Stock upon vesting, the subsequent sale of the shares acquired pursuant to the PSUs, and (ii) do not

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commit to and are under no obligation to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, the Participant acknowledges that if the Participant is subject to tax in more than one jurisdiction, the Company and/or a Subsidiary may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting the Award, the Participant agrees that the Participant will be deemed to have waived any claims against the Company with respect to any tax consequences related to the PSUs.

6.7.Compliance Non-Disclosure and Non-Use of the Company's Trade Secrets or Confidential Information and Restricted Activities. In consideration of the PSUs granted under this Agreement,

(a) At all times during and following the Participant's Service, the Participant agrees that he or she will not directly or indirectly, and the Participant will not permit any Covered Entity which is Controlled by the Participant, either directly or indirectly, (i) divulge, use, disclose (in any way or in any manner, including by posting Internet), reproduce, distribute, or reverse engineer or otherwise provide the Company's Trade Secrets or Confidential Information to any person, firm, corporation, reporter, author, producer or similar person or (ii) take any action that would make available Trade Secrets or Confidential Information to the general public in any form; (iii) take any action that uses Trade Secrets or Confidential Information to solicit any client or prospective client of the Company; or (iv) take any action that uses Trade Secrets or Confidential Information

solicitation or marketing for any service or product or on the Participant's behalf or on behalf of any entity other than the Company with which the Participant may become associated, except (i) as required in connection with the performance of such Participant's duties to the Company, (ii) as required to be included in any report, statement or testimony requested by any municipal, state or national regulatory body having jurisdiction over the Participant or any Covered Entity which is Controlled by the Participant, (iii) as required in response to any summons or subpoena or in connection with any litigation, (iv) to the extent necessary in order to comply with any law, order, regulation, ruling or governmental request applicable to the Participant or any Covered Entity which is Controlled by the Participant, (v) as required in connection with an audit by any taxing authority, or (vi) as permitted by the express written consent of the Board. In the event that the Participant or any such Covered Entity which is Controlled by the Participant is required to disclose Trade Secrets or Confidential Information pursuant to the foregoing exceptions, the Participant will promptly notify the Company of such pending disclosure and assist the Company (at the Company's expense) in seeking a protective order or in objecting to such request, summons or subpoena with regard to the Trade Secrets or Confidential Information. If the Company does not obtain such relief after a period that is reasonable under the circumstances, the Participant (or such Covered Entity) may disclose that portion of the Trade Secrets or Confidential Information which counsel to such party advises such party that they are legally compelled to disclose. In such cases, the Participant will promptly provide the Company with a copy of the Trade Secrets or Confidential Information so disclosed. This provision applies without limitation to unauthorized use of Trade Secrets or Confidential Information in any medium, writings of any kind containing such information or materials, including books, and articles, blogs, websites, or writings of any other kind, or film, videotape, or audiotape. If, and only if, the controlling state law applicable to the Participant requires a time limit to be placed on restrictions concerning the post-employment use of Confidential Information for the restriction to be enforceable, then this restriction on the Participant's use of Confidential Information that is not a Trade Secret will expire two (2) years after the Participant's employment or other association with the Company ends. This time limit will not apply to

Confidential Information that qualifies as a Trade Secret. The Company's trade secrets will remain protected for as long as they qualify as trade secrets under applicable law.

(b) Notwithstanding the Participant's confidentiality obligations set forth in this Section 7, the Participant understands that, pursuant to the Defend Trade Secrets Act of 2016, the Participant will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that: (i) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Participant understands that in the event it is determined that disclosure of the

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Trade Secrets of the Company or any of its Subsidiaries or Affiliates was not done in good faith pursuant to the above, the Participant will be subject to substantial damages under federal criminal and civil law, including punitive damages and attorneys' fees.

(c) Notwithstanding anything to the contrary contained herein, nothing in this Agreement will limit or interfere with the Participant's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with a Government Agency for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency. For purposes of this Agreement, "Government Agency" means the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other self-regulatory organization or any other federal, state or local governmental agency or commission.

(d) The Participant understands that nothing in this Agreement prohibits or restricts the Participant from disclosing the Participant's own compensation. The Participant understands that if the Participant is a nonsupervisory employee, nothing in this Agreement prohibits or restricts the Participant from disclosing the Participant's terms and conditions of employment, compensation, hours or working conditions with coworkers, union representatives or exercising protected rights under Section 7 of the National Labor Relations Act to the extent that such rights cannot be waived by the Agreement.

(e) The Participant understands that nothing in this Agreement prevents the Participant from discussing information about conduct that the Participant reasonably believes is unlawful discrimination, harassment, or retaliation, a wage-and-hour violation, or sexual assault, that is recognized as unlawful under state, federal or common law, or that is recognized as against a clear mandate of public policy, occurring in the workplace, at work-related events coordinated by or through the Company, or between employees, or between the Company and an employee, whether on or off the employment premises.

8. Non-Compete; Non-Solicitation; and Non-Disparagement. In further consideration of the PSUs granted under this Agreement:

(a) Non-Competition. During the term of the Participant's Service and for 12 months following the

termination of the Participant's Service (the "Restricted Period"), the Participant will not, directly or indirectly, whether for pay or otherwise (i) form or assist others in forming, be employed by, render services of an executive, advertising, marketing, sales, administrative, supervisory technical, research,

purchasing or consulting nature, or otherwise assist or lend the Participant's name, counsel or assistance to, any person or entity that engages in a business that competes with or intends to compete with the Business.

(b) Non-Solicitation. During the term of the Participant's Service and during the Restricted Period, the Participant agrees that Participant will not, in any manner, directly or indirectly, solicit any customer or, where allowed by law, Prospective Customer of the Company to whom the Participant provided services, with or for whom the Participant transacted business, or about whom the Participant learned Trade Secrets or Confidential Information during the six (6) months prior to the Participant's termination, in each case, for the purpose of providing goods or services competitive with the Business. A "Prospective Customer" is any person or entity with whom the Participant has communicated or whom the Participant solicited for the purposes of obtaining or transacting business and/or whom the Participant has analyzed concerning potential business at any time prior to the termination of the Participant's Service with the Company.

(c) Non-Solicitation of Participants. During the Restricted Period, the Participant agrees that he or she will not, in any manner, directly or indirectly, solicit, hire, attempt to solicit or attempt to hire any person who is a non-administrative (i.e., non-clerical) employee of the Company, or an employee under the Participant's control, in each case, during the six (6) months prior to the Participant's termination, to apply for or accept employment with any person or entity that provides goods or services competitive with the Business, unless the Company first terminated the employment of such person.

(d) The Participant understands and acknowledges that Sections 8(a),(b) and (c), which contain noncompetition and nonsolicitation provisions, will apply only if and when the Participant's annualized Earnings (as defined in Section 8(e)) exceed one hundred seven thousand three hundred one dollars and four cents (\$107,301.04) per year. The dollar amounts specified in this Section 8(d) will be adjusted annually for inflation in accordance with Chapter 299, Washington State Laws of 2019 (Enacted May 8, 2019).

(e) "Earnings" means the compensation reflected on box 1 of the Participant's United States Internal Revenue Service Form W-2 from the Company that is paid to the Participant over the prior year, or portion thereof for which the Participant was employed, annualized and calculated as of the earlier of the date that enforcement of the noncompetition covenant is sought or the date of separation from employment.

(f) The Participant agrees that during the Restricted Period, regardless of whether the Participant is subject to Sections 8(b) and (c), the Participant will not, directly or indirectly, (i) solicit (including without limitation by recruiting or otherwise making efforts to hire) any employee of the Company to leave the Company, or (ii) solicit any customer of the Company to cease or reduce the extent to which it is doing business with the Company.

(g) The Participant agrees that during the Restriction Period, the Participant will inform any entity or person whom the Participant may seek to enter into a business relationship (whether as an owner, employee, independent contractor or otherwise) of the Participant's contractual obligations under this Agreement. The Participant also understands and agrees that the Company may, with or without prior notice to the Participant, and during or after the term of the Participant's Service, notify third parties of the Participant's contractual obligations under this Agreement. The Participant further agrees that, upon written request by the Company, the Participant will respond to the Company in writing regarding the status of the Participant's employment or proposed employment with any party during the Restriction Period.

(h) Non-Disparagement. The Participant agrees and covenants that the Participant will not make, publish, or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company, or any of its products, services, employees, officers, and existing and prospective customers, suppliers, investors, and other associated third-parties. This Section does not, in any way, restrict or impede the Participant from exercising the Participant's rights under Section 7 of the National Labor Relations Act to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Participant will promptly provide written notice of any such order to an authorized officer of the Company immediately after receiving such order, but in any event sufficiently in advance of making any disclosure to permit the Company to contest the order or seek confidentiality protections, as determined in the Company's sole discretion.

9. Enforcement; Remedies. The Participant acknowledges understands that the Participant's expertise in the Business is of a special and agrees that: unique character which gives this expertise a particular value, and that a breach of Sections 7 or 8 by the Participant will cause serious and potentially irreparable harm to the Company. The Participant therefore acknowledges that a breach of Sections 7 or 8 by the Participant cannot be adequately compensated in an action for damages at law, and equitable relief would be necessary to protect the Company from a violation of this Agreement and from the harm which this Agreement is intended to prevent. By reason thereof, the Participant acknowledges that the Company is entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of this Agreement. The Participant acknowledges, however, that no specification in this Agreement of a specific legal or equitable remedy may be construed as a waiver of or prohibition against the Company pursuing other legal or equitable remedies in the event of a breach of this Agreement by the Participant. For purposes of Sections 7 and 8, "Company" will specifically include the Company and its direct and indirect parent entities, subsidiaries, successors and assigns. If the Participant fails to comply with a restriction in this Agreement that applies for a limited period of time after employment, the time period for that restriction will be extended by the greater of either: one day for each day the Participant is found to have violated the restriction, or the length of the legal proceeding necessary to secure enforcement of the restriction; provided, however, that

this extension of time will be capped so that the extension of time does not exceed two years from the date their employment ended, and if this extension would make the restriction unenforceable under applicable law it will not be applied ("Fairness Extension").

10. Definitions.

(a) **Business** means the business of a technology-enabled marketplace that allows consumers to access information about, and/or place orders for, cannabis (including hemp) brands, products and/or services, and any other business engaged in or service rendered by, or a business or services planned to be entered into by, the Company during the term of the Participant's Service.

(b) **Confidential Information** means any data or information, without regard to form, other than Trade Secrets, that is valuable to the Company and is not generally known by the public. To the extent consistent with the foregoing, Trade Secrets or Confidential Information includes, but is not limited to: (i) the names, addresses, phone numbers, accounts, financial information, and other information concerning patients, referral sources, payors (employers, managed care organizations, workers compensation insurers, and other types of payors) and other clients of the Company; (ii) non-public information and materials describing or relating to the Company's business or financial affairs, including but not limited to financial and/or investment performance information, personnel matters, products, operating procedures, organizational responsibilities, marketing matters, or policies or procedures of the Company; or (iii) information and materials describing the Company's existing or new products and services, including analytical data and techniques, and product, service or marketing concepts under development at or for the Company, and the status of such development. Trade Secrets or Confidential Information does not include information that, other than as a result of a breach by the Participant of this Agreement, (x) is or becomes generally known within the relevant industry, or (y) is or becomes known to the Participant other than through the Participant's work for the Company, or (z) is or becomes generally available to the public.

(c) **Control** means (i) in the case of a corporate entity, direct or indirect ownership of at least fifty percent (50%) of the stock or securities entitled to vote for the election of directors; and (ii) in the case of a non-corporate entity (such as a limited liability company, partnership or limited partnership), either (x) direct or indirect ownership of at least fifty percent (50%) of the equity interests in such entity, or (y) the power to direct the management and policies of such entity.

(d) **Covered Entity** means every Affiliate of the Participant, and every business, association, trust, corporation, partnership, limited liability company, proprietorship or other entity in which the Participant has an investment (whether through debt or equity securities), or maintains any capital contribution or made any outstanding advances to, or in which any Affiliate of the Participant has an ownership interest or profit sharing percentage, or a firm from which the Participant or any Affiliate of the Participant receives or is entitled to receive income, compensation or consulting fees in which the Participant or any Affiliate of the

Participant has an interest as a lender (other than solely as a trade creditor for the sale of goods or provision of services that do not otherwise violate the provisions of this Agreement). The agreements of the Participant contained herein specifically apply to each entity which is presently a Covered Entity (so long as it remains a Covered Entity) or which becomes a Covered Entity subsequent to the date of this Agreement.

(e) **Trade Secrets** means information, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, a prototype, financial data, financial plans, product plans, or a list of actual or

potential customers or suppliers which is not commonly known by or available to the public and which information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Trade Secrets also include any information or data described above that the Company obtains from another party and that the Company treats as proprietary or designates as a Trade Secrets, whether or not owned or developed by the Company.

11. Compliance with Law.

(~~the Participant has been furnished with a copy of the Plan and the Form S-8 plan summa~~

(b) ~~notwithstanding~~ Notwithstanding any other provision of this Agreement, shares of Common Stock will be issued upon PSU vesting unless the shares issuable are registered under the Securities Act or, if such are not then so registered, the Company has determined that such issuance would be exempt from registration requirements of the Securities Act. The PSUs and the issuance of any shares of Common Stock thereunder also must comply with all other applicable laws and regulations governing the PSUs and the issuance thereunder, including any U.S. and non-U.S. state, federal, and local applicable laws, and a Participant will not receive shares if the Company determines that such receipt would not be in full compliance with such applicable ~~laws~~;

~~laws.~~

(~~the~~ (b) The Participant understands that the Company is under no obligation to register or qualify the shares ~~of Common Stock~~ issuable upon vesting of the PSUs with the U.S. Securities Commission or any state or foreign securities commission (or maintain any such registration or made) or to seek approval or clearance from any governmental authority for the issuance or sale of ~~Common Stock~~ shares. The inability of the Company to obtain from any regulatory body having the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares will relieve the Company of any liability in respect of the failure to issue or sell the shares if such requisite authority is not obtained. Further, the Participant agrees that the Company

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will have unilateral authority to amend the Plan and this Agreement without the consent to the extent necessary to comply with securities or other laws applying to the issuance of ~~shares of Common Stock~~;

~~the shares.~~

SHARES MAY NOT BE ISSUED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED.

(d) the (c) The Participant understands hereby agrees that the Company has he or she will in no obligation to the Participant to maintain event sell or distribute all or any registration part of the shares of Common Stock with the U.S. Securities and Exchange Commission and has not represented that may be received pursuant to the Participant that it will so maintain settlement of vested PSUs unless (i) there is an effective registration statement under the Securities Act, or (ii) the Company receives an opinion of the shares of Common Stock. Participant's legal counsel (concurred by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration. Sales of shares of Common Stock the Shares are also subject to compliance with other laws and regulations, including, but not limited to, U.S. and non-U.S. securities, exchange control, insider trading and market abuse laws, and with the Company's insider trading policy; and

(e) if the Participant is deemed an affiliate within the meaning of Rule 144 under the Securities Act, the Participant understands that resales of shares of Common Stock under Rule 144 will not be available under current law unless (i) a public trading market then exists for the shares of Common Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with, including that any sale of the shares of Common Stock may be made only in limited amounts in accordance with such terms and conditions. policy.

7.12. Nature of Grant.

By accepting the Award, the Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of PSUs is exceptional, voluntary and occasional and does not create any contractual or other obligation to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (c) all decisions with respect to future PSU grants or other grants, if any, will be at the sole discretion of the Company;
- (d) the Participant is voluntarily participating in the Plan;
- (e) the PSUs and the Shares underlying the PSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (f) the PSUs and the Shares underlying the PSUs, and the income from and value of same, are not part of or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay,

- (g) the future value of the shares underlying the PSUs is unknown, indeterminable and cannot be predicted with certainty; and
- (h) no claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from
 - (a) the Participant's termination of Service (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services or the terms of the Participant's employment or service agreement, if any) or
 - (b) the application of Section 13(c) of this Agreement or any compensation recovery or clawback policies adopted by the Company.

8.13. Miscellaneous Provisions.

- (a) Rights of a Stockholder. Prior to settlement of the PSUs in shares of Common Stock, neither the Participant nor the Participant's representatives will have any rights as a stockholder of the Company with respect to any shares of Common Stock underlying the PSUs, including the right to receive any dividends or dividend equivalents on the PSUs.
- (b) Transfer Restrictions. PSUs may not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of, whether voluntarily or by operation of law, during the Participant's lifetime. The shares of Common Stock delivered hereunder shall will be subject to such stop transfer orders and other restrictions as the Company Committee may deem advisable under the Plan or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, NASDAQ or any stock exchange upon which such shares of Common Stock are listed, any applicable federal or state laws and any agreement with, or policy of, the Company or the Committee to which the Participant is a party or subject, and the Company Committee may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.
- (c) Clawback Policy. The Participant acknowledges that the Participant is subject to the provisions of Section 12 (Forfeiture Events) and Section 14.6 (Trading Policy and Other Restrictions) of the Plan and any compensation recovery, "clawback" or similar policy adopted by the Company from time to time including after the Date of Grant, that applies to the Participant and/or made applicable by law including under the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules, regulations and requirements adopted thereunder by the U.S. Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed.
- (d) Dividends; Adjustments. The Participant will receive no benefit or adjustment to PSUs with respect to any cash dividend, stock dividend or other distributions; provided that in the event of any change with respect to the Company's outstanding shares of Common Stock contemplated by Section

4.5 of the Plan prior to delivery, of shares under the PSUs, the PSUs may be adjusted in accordance with Section 4.5 of the Plan.

- (e) **No Right to Continued Service**. Nothing in this Agreement or the Plan confers upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.
- (f) **No Advice Regarding Grant**. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of shares of Common Stock underlying the PSUs. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.
- (g) **Successors and Assigns**. The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.
- (h) **Severability**. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.
- (i) **Amendment**. Except as otherwise provided in the Plan, and this Agreement, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.
- (j) **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the PSUs and on any shares of Common Stock acquired under the Plan to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

- (k) **No Waiver**. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.
- (l) **Choice of Law; Jurisdiction**. This Agreement and all claims, causes of action or proceedings (whether in

contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Agreement will be governed by the internal laws of the State of **Delaware**, **Washington**, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

- (m) **Section 409A Compliance.** The Company intends that the PSUs will be exempt from, or comply with, the requirements of Section 409A of the Code; provided, however, that the Company makes no representations that the PSUs will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to the PSUs. **If necessary for exemption from, or compliance with, Section 409A of the Code, each installment that vests or is delivered under an Award in a series of payments or installments will be treated as a separate payment for purposes of Section 409A of the Code.**
- (n) **Signature in Counterparts.** This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.
- (o) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- (p) **Acceptance.** The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. **The Participant** has read and understands the terms and provisions of the Plan and this Agreement, and accepts the PSUs subject to all of the terms and conditions of the Plan and this Agreement. In the event of a conflict

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between any

term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail.

[Signature page follows.]

IN WITNESS WHEREOF, the Company and the Participant have executed this Performance Stock Unit Award Agreement as of the **Date of Grant**. The Participant acknowledges that as of the Date of Grant, this Agreement and the **Plan** **dates** set forth the entire understanding between the Participant and the Company and any Subsidiary regarding the PSUs and supersede all prior oral and written agreements on the subject. **below**.

PARTICIPANT LEAFLY HOLDINGS, INC.

By: _____

Date: _____ Date: _____

[Signature Page – Amended and Restated PSU Award Agreement]

IF " DOCVARIABLE "SWDOCIDLOCATION" " = "1" "WEIL:198477713\458167.0004" ""

Leafly Holdings, Inc.

Annex A to

Amended and Restated Performance Stock Unit Award Agreement

The PSUs are subject to the terms of the Agreement to which this Annex A is attached. Capitalized terms used, but not defined in this Annex A, have same meanings as in the Agreement to which this Annex A is attached.

1. Performance Goals

The PSUs will vest based on achievement of the Performance Goals established for each Performance Period, as set forth below.

(a) First Performance Period

[•]

(b) Second Performance Period

[●]

(c) Third Performance Period

[●]

2. Definitions of Performance Goals and Market Cap Milestone

- (a) “Top Line Revenue” means total reported revenue in the Company’s Annual Report on Form 10-K (“Form 10-K”) for the applicable Performance Period.
- (b) “Adjusted EBITDA” means Adjusted EBITDA as reported in the Company’s Form 10-K for the applicable Performance Period, further adjusted for the impact of any change in accounting due to changes in the form of payment for awards under the annual incentive plan (e.g., any add back to expense for payment of annual incentive awards in the form of stock-based awards instead of cash).
- (c) “Market Cap Milestone” means the Company’s achievement of a \$1 billion market capitalization for any twenty (20) days during a thirty (30)-day period on or before February 4, 2026.
- (d) “Cash Balance” means the amount equal to the Company’s “cash and cash equivalents” less “restricted cash”, each as reflected on the Company’s consolidated balance sheets as of December 31 for the applicable Performance Period.

3. Determination of Vested PSUs.

Following each Performance Period, the Committee will determine the level of achievement of each Performance Goal. The Committee will also determine any achievement of the Market Cap Milestone, achievement of which will result in all then outstanding unvested PSUs becoming vested. Vesting is subject to the Participant’s continuous Service on a Vesting Date. No linear interpolation will apply for any results.

Exhibit 31.1

**CERTIFICATION 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**

I, Yoko Miyashita, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 of Leafly Holdings, Inc.;
2. 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;
3. 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;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined

Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles;
- (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;
- (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

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 11, 2023** November 13, 2023

By: _____ /s/ Yoko Miyashita
Yoko Miyashita
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Suresh Krishnaswamy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended **June 30, 2023** September 30, 2023 of Leafly Holdings, Inc.;
2. 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;
3. 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;
4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (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;
- (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

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 11, 2023** **November 13, 2023**

By: _____ /s/ Suresh Krishnaswamy
Suresh Krishnaswamy
Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Yoko Miyashita, the Chief Executive Officer of Leafly Holdings, 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 Leafly Holdings, Inc. for the quarter ended **June 30, 2023** **September 30, 2023**, 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 Leafly Holdings, Inc.

Date: **August 11, 2023** **November 13, 2023**

By: _____ /s/ Yoko Miyashita
Yoko Miyashita
Chief Executive Officer
(Principal Executive Officer)

I, Suresh Krishnaswamy, the Chief Financial Officer of Leafly Holdings, 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 Leafly Holdings, Inc. for the quarter ended **June 30, 2023** **September 30, 2023**, 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 Leafly Holdings, Inc.

Date: **August 11, 2023** **November 13, 2023**

By:

/s/ Suresh Krishnaswamy

Suresh Krishnaswamy
Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

This certification accompanies the Quarterly Report on Form 10-Q of Leafly Holdings, Inc. for the quarter ended **June 30, 2023** **September 30, 2023**, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Leafly Holdings, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

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