



WM Technology, Inc. Q3 2021 Quarterly Results

November 11, 2021



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This presentation includes “forward-looking statements” regarding WM’s future business expectations which involve risks and uncertainties. Forward-looking statements may be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “will,” “expect,” “anticipate,” “believe,” “seek,” “target” or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of financial and performance metrics and projections of market opportunity and market share. These statements are based on various assumptions, whether or not identified in this presentation, and on the current expectations of our management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond our control. These forward-looking statements are subject to a number of risks and uncertainties, including changes in domestic and foreign business, market, financial, political and legal conditions; risks relating to the uncertainty of the projected financial information with respect to us; future global, regional or local economic and market conditions affecting the cannabis industry; the development, effects and enforcement of laws and regulations, including with respect to the cannabis industry; our ability to successfully capitalize on new and existing cannabis markets, including its ability to successfully monetize its solutions in those markets; our ability to manage future growth; our ability to develop new products and solutions, bring them to market in a timely manner, and make enhancements to its platform and our ability to maintain and grow its two sided digital network, including its ability to acquire and retain paying customers; the effects of competition on our future business; the outcome of any potential litigation, government and regulatory proceedings, investigations and inquiries; and those factors discussed in our registration statement on Form S-4/A filed on May 25, 2021 and subsequent Form 10-Qs or Form 8-Ks filed with the SEC. If any of these risks materialize or these assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that we do not presently know or that we currently believe are immaterial that could also cause actual results to differ from those contained in the forward looking statements. In addition, forward-looking statements reflect our expectations, plans or forecasts of future events and views as of the date of this presentation. We anticipate that subsequent events and developments will cause our assessments to change. However, while we may elect to update these forward-looking statements at some point in the future, we specifically disclaims any obligation to do so, except as required by law. These forward-looking statements should not be relied upon as representing our assessments as of any date subsequent to November 11, 2021. Accordingly, undue reliance should not be placed upon the forward-looking statements.

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Financial Information; Non-GAAP Financial Measures

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

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

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

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

We also provide non-GAAP sales and marketing expense, non-GAAP product development costs and non-GAAP general and administrative expense. Each of these non-GAAP expenses exclude stock-based compensation expense. Management believes these non-GAAP financial measures are useful to investors and others in assessing our operating performance due to the fact that WM utilizes stock-based compensation to attract and retain employees. Stock-based compensation is principally aimed at aligning management and employee interests with those of its stockholders and at long-term retention, rather than to address operational performance for any particular period. As a result, stock-based compensation expenses vary for reasons that are generally unrelated to financial and operational performance in any particular period.

Because of these limitations, you should consider these non-GAAP alongside and not as a substitute for other financial performance measures, including net income, our GAAP expenses, and our other GAAP results. For more information on these non-GAAP financial measures, please see the section titled “Non-GAAP Reconciliations: FY21 YTD Adj. EBITDA to Reported Net Income” included at the end of this presentation and the footnotes provided for such non-GAAP measures.

- **Q3 Revenue of \$51 million, +9% year-over-year on a reported basis, +46% year-over-year for U.S. only⁽¹⁾**
 - Monthly Active Users growth of +37% y-o-y
 - +28% y-o-y when adjusting the current period to exclude the MAUs attributed to the Learn section of weedmaps.com that we were not able to track during the prior period
 - Avg. Monthly Revenue per Paying Client growth of +7% y-o-y on reported basis / +18% y-o-y for U.S. only⁽¹⁾
 - Avg. Monthly Paying Client growth of +2% y-o-y on reported basis / +24% y-o-y for U.S. only⁽¹⁾
- **Q3 Gross Profit of \$49 million**
 - 96% implied Gross Margin rate
 - 50bps of margin expansion vs. last year and slight expansion vs. last quarter
- **Q3 Adj. EBITDA of \$10 million**
 - 20% Adj. EBITDA Margin Rate
 - Excludes stock-based compensation and non-recurring charges of \$6 million

Note: See our Q3 Earnings Release issued on November 11, 2021 for additional information and/or certain adjustments

1) YoY growth % excluding revenue and clients associated with Canada-based retail operators who failed to provide valid license information and were subsequently removed from the Weedmaps marketplace; no revenues from outside the U.S. in YTD FY21

Year-to-Date P&L Summary



(\$M)	Q1 FY21			Q2 FY21			Q3 FY21			YTD FY21	
	FYE 12/31	P&L	Δ vs. PY	Δ vs. PQ	P&L	Δ vs. PY	Δ vs. PQ	P&L	Δ vs. PY	Δ vs. PQ	P&L
Total Revenue	\$41	+28% / +58%⁽¹⁾	(7%) / +5%⁽¹⁾	\$47	+21% / +55%⁽¹⁾	+14%	\$51	+9% / +46%⁽¹⁾	+8%	\$139	+18% / +52%⁽¹⁾
Gross Profit	39	+28%	(7%)	45	+22%	+15%	49	+10%	+8%	133	+19%
Margin Rate	95%			96%			96%			96%	
Non-GAAP Sales & Marketing ⁽²⁾	(9)	+38%	(2%)	(11)	+54%	+26%	(12)	+64%	+6%	(33)	+52%
Non-GAAP Product Development ⁽³⁾	(8)	+17%	+15%	(8)	+24%	+5%	(6)	(15%)	(29%)	(22)	+8%
Non-GAAP G&A ⁽⁴⁾	(13)	+11%	(4%)	(16)	+33%	+21%	(20)	+56%	+24%	(50)	+34%
Total Non-GAAP OPEX⁽⁵⁾	(\$30)	+20%	+1%	(\$36)	+36%	+18%	(\$38)	+40%	+6%	(\$105)	+32%
Adj. EBITDA⁽⁶⁾	\$9	+87%	(19%)	\$9	(18%)	(5%)	\$10	(37%)	+21%	\$28	(12%)
Margin Rate	22%			18%			20%			20%	

Note: Totals and sub-totals may not sum due to rounding

1) YoY growth % excluding revenues associated with Canada-based retail operators who failed to provide valid license information and were subsequently removed from the Weedmaps marketplace; no revenues from outside the U.S. in YTD FY21

2) Non-GAAP Sales & Marketing excludes stock-based compensation expense of \$4M in Q2 FY21, \$1M in Q3 FY21, and \$5M in YTD FY21

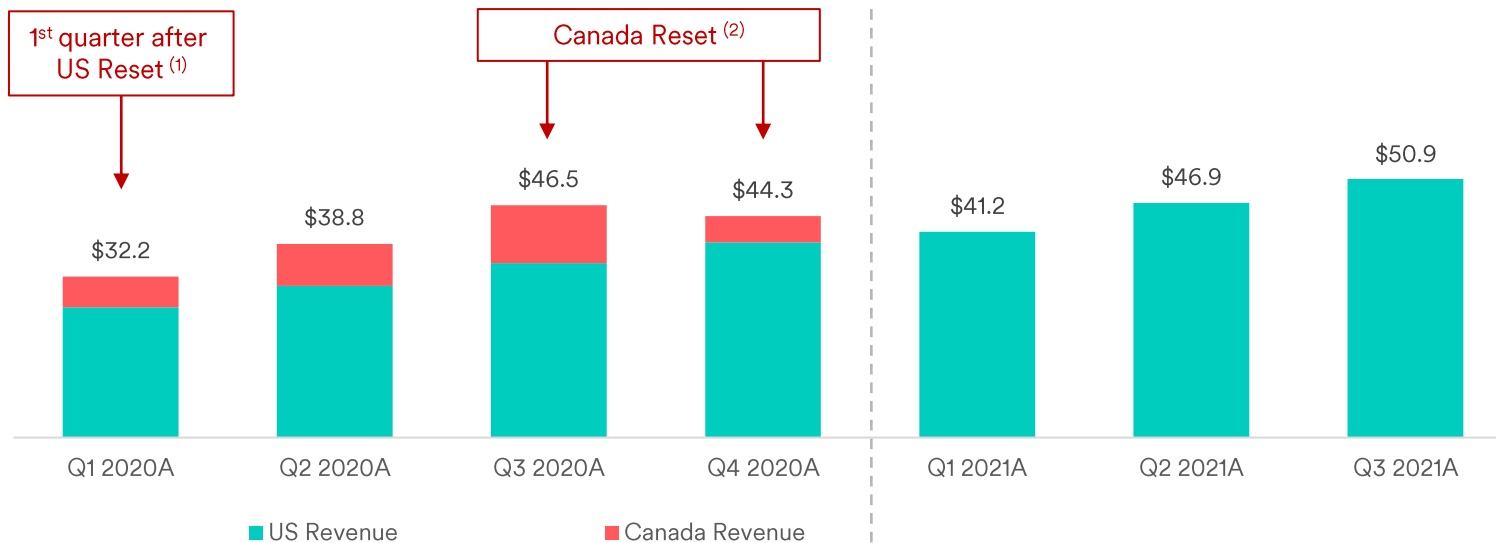
3) Non-GAAP Product Development excludes stock-based compensation expense of \$2M in Q2 FY21, \$2M in Q3 FY21, and \$4M in YTD FY21

4) Non-GAAP General & Administrative excludes stock-based compensation expense of \$14M in Q2 FY21, \$2M in Q3 FY21, and \$15M YTD FY21; Impairment loss of \$2M in Q2 FY21 and YTD FY21; Internal transaction related bonuses of \$2M in Q2 FY21 and YTD FY21; Transaction related costs of \$1M in Q3 FY21 and YTD21

5) Total Non-GAAP OPEX excludes Depreciation & Amortization expense of \$1M in each of Q1-Q3, with \$3M in YTD FY21

6) Excludes \$6M of warrant related transaction expense in Q2 FY21 and YTD FY21

Quarterly Revenue (\$M)



Total YoY Growth	Not disclosed				+28%	+21%	+9%
US-only YoY Growth	Not disclosed				+58%	+55%	+46%
Total QoQ Growth	+20%	+20%	(5%)	(7%)	+14%	+8%	
US-only QoQ Growth	+17%	+15%	+12%	+5%	+14%	+8%	

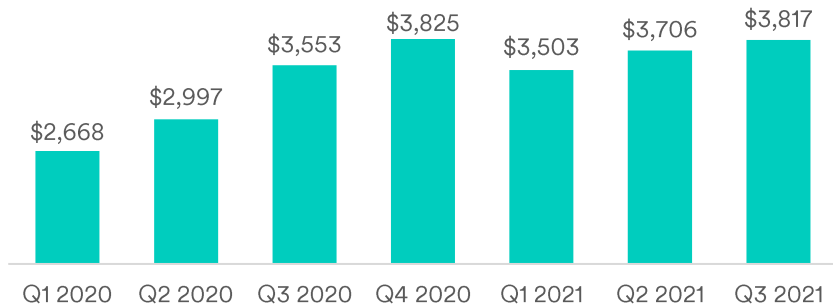
1) On December 31, 2019, we discontinued our service to California based clients who failed to provide valid licensing information
 2) We discontinued services to Canada-based retail operators who failed to provide valid license information in the second half of 2020

Selected Key Operating and Financial Metrics by Quarter

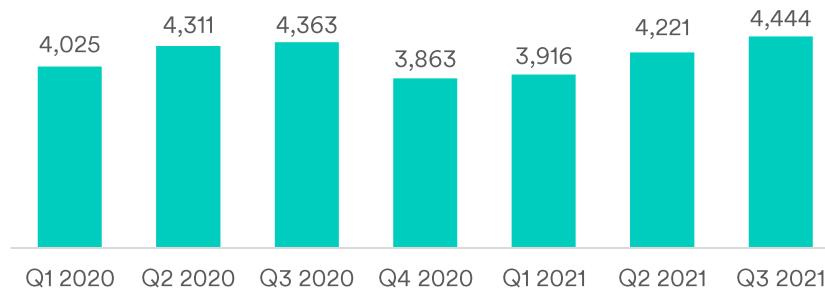


Selected Current Key Operating and Financial Metrics

Average Monthly Revenue per Paying Client

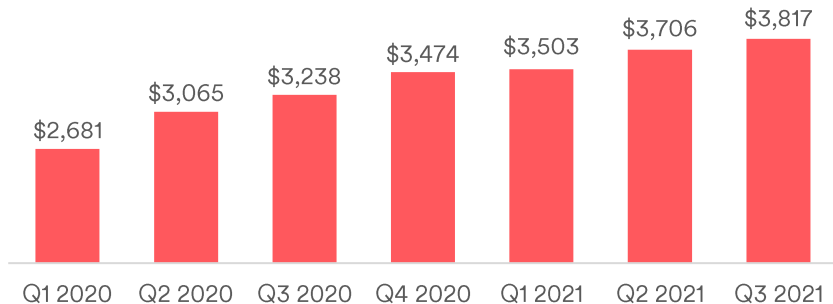


Average Monthly Paying Clients

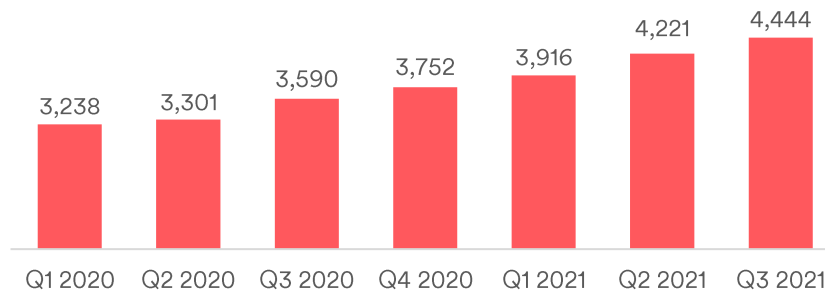


Selected Current Key Operating and Financial Metrics – Excluding Canada ⁽¹⁾

Average Monthly Revenue per Paying Client



Average Monthly Paying Clients

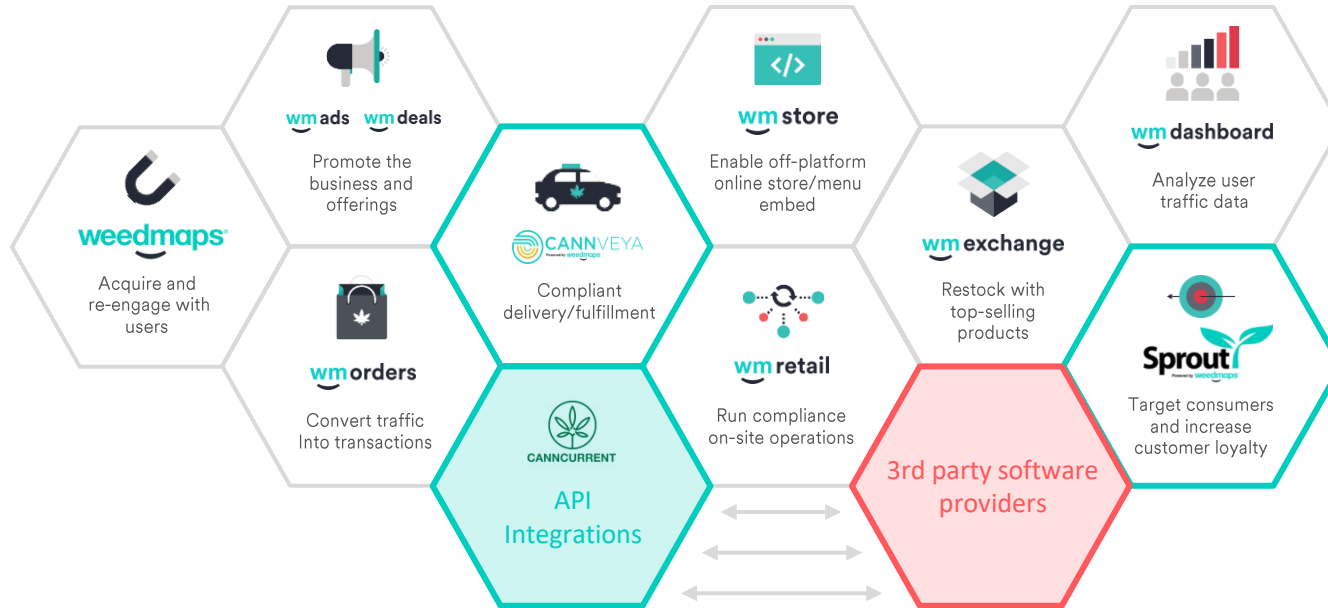


(1) Selected Key Operating and Financial Metrics excluding impact of the removal of Canada-based retail operators who failed to provide valid license information from the platform in the second half of 2020 and were subsequently removed from the Weedmaps marketplace; amounts reflect only U.S. revenue

- Continued to drive improvements in the Weedmaps user experience by increasing the accuracy of menu and product information across our marketplace and surfacing deals and promotions
- Enabled online order-ahead functionality on our iOS app
- Launched our 2nd annual “Best of Weedmaps” marketing program heading
- Drove wider availability of Menu and Orders integrations to ensure easier Menu set-up and Orders and WM Store-enablement so that our clients could more easily convert user traffic to transactions
- Expanded our cost-per-click, or “CPC”, pricing tests in additional markets to enable more performance-based buying options for our clients
- Invested ahead of key East Coast state openings, like New Jersey and New York, with on-the-ground efforts through our social equity workshops and work with local cannabis associations and also seeded awareness of the Weedmaps brand through efforts like the Kevin Durant partnership that we announced
- Developed capabilities for full-service multi-channel media solutions offering to begin piloting in Q4
- Continued to invest heavily in headcount, with over 75 new hires in Q3, mostly across our regional go-to-market teams and within our Engineering, Product & Design teams
- Completed acquisitions of Sprout and Cannveya / Canncurrent

wm technology

Reach Users | Convert Users | Re-Target Users | Fulfill Demand | Simplify Workflows



Non-GAAP Reconciliations: FY21 YTD Adj. EBITDA to Reported Net Income



\$M	Amount	Commentary
YTD Adj. EBITDA	\$27.9	
EBITDA Adjustments:		
+ Change in FV of Warrant Liability	83.6	FASB guidance requires fair value accounting on warrant liabilities. This represents the mark-to-market adjustments
– Stock-Based Compensation	(23.6)	
– Warrant Transaction Costs	(5.5)	FASB guidance requires issuance costs for warrants that are classified as liabilities to be expensed as incurred
– Impairment of Right-of-use Asset	(2.4)	Impairment related to expected subleasing market rent
– DeSPAC Transaction Related Bonus Payment	(1.6)	
– M&A Transaction Costs	(1.5)	Legal expenses related to M&A acquisitions
– Depreciation and Amortization Expenses	(3.0)	Primarily computer equipment, furniture fixtures, leasehold improvements
– Provision for Income Taxes	(0.2)	
YTD Reported Net Income	\$73.8	

Note: Totals and sub-totals may not sum due to rounding

Summary Balance Sheet and Cash Flow



Balance Sheets

(\$M)	31-Dec-20	30-Sep-21
Cash	\$20	\$78
Other Current Assets	14	28
Total Current Assets	\$34	\$106
Property & Equipment, Net	\$7	\$10
Goodwill & Intangibles	8	54
Deferred Tax Assets	–	148
Other Assets ⁽¹⁾	4	44
Total Other Assets	\$12	\$247
Total Assets	\$54	\$363
Total Current Liabilities	\$23	\$38
Tax Receivable Agreement	–	126
Warrant Liability	–	110
Other LT Liabilities ⁽²⁾	1	41
Total Liabilities	\$25	\$315
Total Equity	\$29	\$47
Total Liabilities & Equity	\$54	\$363

Note: Totals and sub-totals may not sum due to rounding

1) Other Assets includes \$38M of Right-of-use assets in Q3 FY21

2) Other LT Liabilities includes non-current portion of Operating lease liabilities in Q3 FY21

Cash Flows

(\$M)	YTD Sep-21
CASH FLOWS FROM OPERATIONS	
Net Income	\$74
Depreciation & Amortization	3
FV of Warrant Liability	(84)
Impairment	2
Stock-based Compensation	24
Provision for Doubtful Accounts	3
Change in Op. Assets & Liabilities	3
Net Cash from Operations	\$25
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Paid for Acquisitions & Investments	(19)
Purchase of PP&E	(4)
Net Cash from Investing Activities	(\$23)
CASH FLOWS FROM FINANCING ACTIVITIES	
Distribution to Members	(18)
Proceeds from IPO	80
Repurchase of Class B Units	(6)
Net Cash from Financing Activities	\$56
Net Change in Cash	58
Cash at Beginning of Period	20
Cash at End of Period	\$78

Ownership	Percentage	10-Q Reference
Non-controlling interests ownership as of September 30, 2021	56.6%	Page 25
Controlling interests ownership as of September 30, 2021	43.4%	

Class A Common Shares as of September 30, 2021	Shares	10-Q Reference
Common Stock Class A	65,677,361	Page 3

Other Securities	Units / Shares	10-Q Reference
Class A units / Class V common shares ⁽¹⁾	65,502,347	Page 3
Class P units ⁽²⁾ (vested)	23,197,454	Page 26
Restricted Stock Awards (vested) ⁽³⁾	242,600	Page 27

Pro Forma Share Count	Shares
Pro Forma Common Stock – basic	154,619,762
Pro Forma Common Stock – diluted ⁽⁴⁾	158,707,402
Pro Forma Common Stock – basic + 19.5M public & private placement warrants ⁽⁵⁾	174,119,695

Warrants	Shares	10-Q Reference
Public warrants	12,499,933	Page 23
Private placement warrants	7,000,000	Page 23

- ¹⁾ The Company issued 65,502,347 shares of Class V Common Stock to Class A Unit holders, representing the same number of Class A Units retained by the Legacy WMH equity holders. Each holder of the shares of Class V Common Stock is entitled to one vote for each share of Class V Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. Shares of the Class V Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class V Common Stock under the two-class method has not been presented
- ²⁾ 25,679,122 outstanding as of September 30, 2021
- ³⁾ 4,115,005 granted as of September 30, 2021
- ⁴⁾ Uses treasury stock method for the public & private warrants and restricted stock units. Results in public warrants representing 2,558,783 shares, private warrants representing 1,432,918 shares, and restricted stock units representing 95,939 shares. See page 28 of the 10-Q
- ⁵⁾ In this situation, MAPS to receive cash proceeds of \$224M (19.5M warrants * \$11.50 exercise price), subject to adjustments