



FEATURED OPTIONS RADAR REPORT



Bull Covered Risk Reversal in Beaten Up Cannabis "Pick & Shovel" Play

Ticker/Price: MAPS (\$13.1)

Analysis:

WM Technology (MAPS) an unusual large bull trade late on 7/16 as 8000 January \$10 puts were sold to buy 8000 of the \$17.5/\$22.5 call spreads at very small net debits, a name without a lot of notable open interest, the August \$15 puts bought 2000X on 7/14 and it has some elevated October \$12.50 and \$15 call open interest. MAPS is a SPAC from Silver Spike Capital that has now retraced its big surge from early 2021. MAPS operates a leading listings marketplace with one of the most comprehensive SaaS subscription offerings sold to retailers and brands in the U.S. state-legal and Canadian cannabis markets. The Weedmaps listings marketplace provides consumers with information regarding cannabis retailers and brands, as well as the strain, pricing, and other information regarding locally available cannabis products permitting product discovery and reservation of products for pickup by consumers or delivery to consumers participating retailers. The weedmaps.com site also has educational content including news articles, information about cannabis strains, a number of "how-to" guides, policy white-papers and research to allow consumers to educate themselves on cannabis and its history, uses and legal status. MAPS currently has a market cap of \$2.3B and is losing money with cash flows from operations sharply negative. MAPS did near \$162M in revenues in 2020 and likely reaches near \$200M in 2021 putting shares around 11X Sales and carries no debt. The capital-efficiency of its business model is evidenced by the robust growth, margins and cash flow. From 2014 to 2020, MAPS grew revenue at a CAGR of 35% and expanded gross margin from 92% to 95%. Monthly revenue per paying client is a key metrics and MAPS has seen that grow to \$3,689 in 2021 from \$2,526 in 2018. MAPS has around 8% of its float short and analysts have not yet started coverage.

Hawk Vision:



Hawk's Perspective: MAPS is a risky name and an ugly trend though this positioning makes \$10 an interesting level to get involved, the growth & opportunity are there, but need to see more evidence of a path to profitability.

Confidence Ranking: \$\$