

May 16, 2019



LM Funding Reports First Quarter 2019 Financial Results

TAMPA, Fla., May 16, 2019 (GLOBE NEWSWIRE) -- **LM Funding America, Inc. (NASDAQ: LMFA)** ("**LM Funding**" or the "**Company**"), a technology-based specialty finance and travel insurance broker company, today announced its financial results for the first quarter ended March 31, 2019.

Bruce Rodgers, LM Funding's Chief Executive Officer, commented, "Our first quarter was highlighted by the acquisition and integration of IIU, Inc. a global medical travel insurance broker company. Going forward, we will continue to evaluate attractive acquisition opportunities to maximize shareholder value. At the same time, we remain focused on providing financing solutions to condominium and homeowner associations."

First Quarter 2019 Financial and Operational Highlights:

- In January 2019, LM Funding completed the accretive acquisition of IIU, Inc. ("IIU");
- As of March 31, 2019, the Company had \$3.4 million in cash as compared to \$3.5 million at December 31, 2018;
- Operating revenues totaled \$762,699 for the first quarter of 2019 as compared to \$963,733 for the same period the year prior;
- Rental revenue, totaled \$147,669 as compared to \$222,445 for the same period the year prior;
- Operating expenses increased to \$1.2 million as compared to \$972,651 the year prior, driven by higher professional fees associated in part with fees for the IIU acquisition and operating expenses associated with IIU operations offset in part by a significant reduction in staff costs and payroll; and
- Reported a net loss of \$457,018 as compared to a net loss of \$8,918 for the first quarter 2018.

First Quarter Financial Results:

For the quarter ended March 31, 2019, total operating revenues were \$762,699, compared to \$963,733 in the first quarter of 2018. This includes rental revenue of \$147,669, compared to \$222,445 for the quarter ended March 31, 2018. IIU generated approximately \$100,000 in revenue during the first quarter of 2019.

Operating expenses for the first quarter of 2019 was \$1.2 million, compared to \$972,651 the year prior. This was primarily attributable to IIU acquisition expenses and \$76,000 of IIU operating expenses.

Net loss for the quarter ended March 31, 2019 was \$457,018, compared to a net loss of \$8,918 for the first quarter of 2018.

At March 31, 2019, the Company had cash and cash equivalents of \$3.4 million, compared with \$3.5 million at December 31, 2018.

About LM Funding America:

LM Funding America, Inc., together with its subsidiaries, is a technology-based specialty finance company that provides funding to nonprofit community associations (Associations) primarily located in the state of Florida, as well as in the states of Washington, Colorado and Illinois by funding a certain portion of the associations' rights to delinquent accounts that are selected by the Associations arising from unpaid Association assessments. The Company, through its IIU, Inc. subsidiary, also offers global medical insurance products for international travelers, specializing in policies covering high risk destination, emerging markets and foreign travelers coming to the United States. All policies are fully underwritten with no claim risk remaining with the Company.

Forward-Looking Statements:

This press release may contain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "estimate," "expect," "intend," "plan," and "project" and other similar words and expressions are intended to signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various risks and uncertainties. Some of these risks and uncertainties are identified in the company's most recent Annual Report on Form 10-K and its other filings with the SEC, which are available at www.sec.gov. The occurrence of any of these risks and uncertainties could have a material adverse effect on the company's business, financial condition, and results of operations.

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LM Funding America, Inc. and Subsidiaries Condensed Consolidated Balance Sheets

| | March 31, 2019 | December 31, 2018 |
|--|---------------------------|------------------------------|
| | (Unaudited) | |
| ASSETS | | |
| Cash | \$ 3,378,783 | \$ 3,520,753 |
| Finance receivables: | | |
| Original product - net | 385,058 | 425,012 |
| Special product - New Neighbor Guaranty program, net | 245,255 | 237,043 |
| Prepaid expenses and other assets | 169,366 | 155,420 |
| Due from related party | - | 25,507 |
| Fixed assets, net | 40,659 | 33,818 |
| Real estate assets owned | 52,977 | 122,604 |
| Operating lease - right of use assets | 24,259 | - |
| Other investments | - | 1,507,375 |
| Goodwill | 5,809,786 | - |
| Other Assets | 32,036 | 32,036 |
| Total assets | <u>\$ 10,138,179</u> | <u>\$ 6,059,568</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Note payable | \$ 700,876 | \$ 42,875 |
| Related party convertible note payable | 3,581,982 | |
| Operating lease liability | 24,494 | - |
| Accounts payable and accrued expenses | 301,066 | 188,354 |
| Due to related party | 62,150 | - |
| Tax liability | 28,426 | - |
| Other liabilities and obligations | 61,734 | 19,690 |
| Total liabilities | <u>4,760,728</u> | <u>250,919</u> |
| Stockholders' equity: | | |
| Common stock, par value \$.001; 30,000,000 shares authorized; 3,134,261 and 3,124,961 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively | 3,134 | 3,125 |
| Additional paid-in capital | 17,321,219 | 17,295,408 |
| Accumulated deficit | (11,946,902) | (11,489,884) |
| Total stockholders' equity | <u>5,377,451</u> | <u>5,808,649</u> |
| Total liabilities and stockholders' equity | <u>\$ 10,138,179</u> | <u>\$ 6,059,568</u> |

**LM Funding America, Inc. and Subsidiaries Condensed Consolidated Statements of Operations
(unaudited)**

| | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2019 | 2018 |
| Revenues: | | |
| Interest on delinquent association fees | \$ 414,275 | \$ 550,862 |
| Administrative and late fees | 39,493 | 68,328 |
| Recoveries in excess of cost - special product | 21,770 | 67,537 |

| | | |
|---|----------------------|--------------------|
| Underwriting and other revenues | 40,724 | 54,561 |
| Net commission revenue | 98,768 | - |
| Rental revenue | 147,669 | 222,445 |
| Total revenues | <u>762,699</u> | <u>963,733</u> |
| Operating Expenses: | | |
| Staff costs and payroll | 288,398 | 402,283 |
| Professional fees | 602,712 | 335,107 |
| Settlement costs with associations | 1,892 | 15,712 |
| Selling, general and administrative | 111,271 | 72,548 |
| Provision for credit losses | - | 581 |
| Real estate management and disposal | 197,128 | 119,362 |
| Depreciation and amortization | 19,120 | 22,155 |
| Collection costs | (23,087) | 602 |
| Other operating expenses | 14,496 | 4,301 |
| Total operating expenses | <u>1,211,930</u> | <u>972,651</u> |
| Operating loss | (449,231) | (8,918) |
| Interest expense | 7,787 | - |
| Loss before income taxes | (457,018) | (8,918) |
| Income tax benefit | - | - |
| Net loss | <u>\$ (457,018)</u> | <u>\$ (8,918)</u> |
| Loss per share: | | |
| Basic | \$ (0.15) | \$ (0.01) |
| Diluted | (0.15) | (0.01) |
| Weighted average number of common shares outstanding: | | |
| Basic | 3,131,939 | 625,319 |
| Diluted | 3,131,939 | 625,319 |

LM Funding America, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows
(unaudited)

| | For the Three Months ended March 31, | |
|--|---|--------------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (457,018) | \$ (8,918) |
| Adjustments to reconcile net loss to cash used in operating activities | | |
| Depreciation and amortization | 16,693 | 22,155 |
| Right to use asset depreciation | 2,426 | - |
| Stock Compensation | 3,500 | (540) |
| Change in assets and liabilities | | |
| Accounts receivable | 1,643 | (1,408) |
| Prepaid expenses | 4,147 | (18,532) |
| Accounts payable and accrued expenses | 31,235 | (139,119) |
| Advances (repayments) to related party | 87,657 | 27,480 |
| Other liabilities | 42,044 | (17,644) |
| Lease liability payments | (2,191) | - |
| Net cash used in operating activities | <u>(269,864)</u> | <u>(136,526)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Net collections of finance receivables - original product | 39,954 | 62,264 |
| Net collections of finance receivables - special product | (8,212) | 1,108 |

| | | |
|---|----------------------------|--------------------------|
| Net cash received from business acquisition | 51,327 | - |
| Proceeds for real estate assets owned | 63,183 | 1,085 |
| Net cash provided by investing activities | <u>146,252</u> | <u>64,457</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal repayments | (40,678) | (23,417) |
| Exercise of warrants | 22,320 | - |
| Debt issue costs | - | (30,000) |
| Net cash used in financing activities | <u>(18,358)</u> | <u>(53,417)</u> |
| NET INCREASE (DECREASE) IN CASH | <u>(141,970)</u> | <u>(125,486)</u> |
| CASH - BEGINNING OF YEAR | 3,520,753 | 590,394 |
| CASH - END OF YEAR | <u>\$ 3,378,783</u> | <u>\$ 464,908</u> |
| SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION | | |
| Cash paid for interest | \$ 7,787 | \$ - |
| Income tax | \$ - | \$ - |
| SUPPLEMENTAL DISCLOSURES OF NON-CASHFLOW INFORMATION | | |
| ROU asset obligation recognized | \$ 26,685 | \$ - |



LMFUNDING
AMERICA, INC.
NASDAQ: LMFA

Source: LM Funding America, Inc.