



**LMFUNDING**  
AMERICA, INC.  
NASDAQ: LMFA



## ***Bitcoin Mining and Specialty Finance***

### ***Investor Presentation***

February 2024

# Forward-Looking Statements



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*This presentation may contain forward-looking statements the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “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](http://www.sec.gov). These risks and uncertainties include, without limitation, the risks of operating in the cryptocurrency mining business, the early stage of our cryptocurrency mining business and our lack of operating history in such business, the capacity of our bitcoin mining machines and our related ability to purchase power at reasonable prices, the ability to finance our cryptocurrency mining business, our ability to acquire new accounts in our specialty finance business at appropriate prices, the need for capital, our ability to hire and retain new employees, changes in governmental regulations that affect our ability to collect sufficient amounts on defaulted consumer receivables, changes in the credit or capital markets, changes in interest rates, and negative press regarding the debt collection industry. The occurrence of any of these risks and uncertainties could have a material adverse effect on our business, financial condition, and results of operations.*

*For additional disclosure regarding risks faced by LM Funding America, Inc., please see our public filings with the Securities and Exchange Commission, available on the Investor Relations section of our website at [www.lmfunding.com](http://www.lmfunding.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).*

# Financial Highlights



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At September 30, 2023, approximately 5,900 miners, electrified and actively mining Bitcoin, providing the Company with approximately 614 petahash of mining capacity

Announced Q4 cash receipt of \$818 thousand from SeaStar note receivable and \$1.8 million from the sale of Symbiont Assets.

#### Liquidity

September 30, 2023 - \$2.7 million in liquidity (Cash and BTC\*), working capital of \$4.5 million

#### Balance sheet

September 30, 2023 - \$38.4M total assets, \$0.11 million of long-term debt

#### LM Funding Equity

September 30, 2023 - \$37.4 million with per share book value of \$14.99 \*

#### BTC 2024 Activity

February 29, 2024 - BTC Mined 58.5 (two months), Bitcoin balance 153.6 – value of \$10.8 million (BTC at \$70,000)

\* Restated for reverse stock split

# LM Funding America: Our Management



## **Bruce Rodgers, *Founder, Chief Executive Officer & Chairman of the Board of Directors***

- Entrepreneur developed business model and led LMFA through multiple private fundraising rounds leading to IPO in 2015
- Led LMFA through 3 subsequent public offerings and purchased and sold complimentary businesses
- Former Partner at Foley & Lardner with transaction experience in banking, shipping, energy, technology, hospitality, cannabis, and real estate development
- Former Chairman and CEO of LMF Acquisition Opportunities, Inc. (Nasdaq:LMAO now ICU)
- Director of SeaStar Medical (Nasdaq: ICU)
- B.S. Engineering from Vanderbilt University and a Juris Doctor, with honors, from the University of Florida, Lieutenant, Surface Warfare Officer, United States Navy (1985 – 1989)



## **Richard Russell, *Chief Financial Officer***

- Mr. Russell has broad financial skills with a focus on public companies in the healthcare, beverage, food service, transportation and logistics, T.V. Broadcast, manufacturing and office technology industries
- Former CFO of LMF Acquisition Opportunities, Inc (Nasdaq: LMAO now ICU) and Generation Income Properties (Nasdaq:GIPR)
- Director for two public companies: SeaStar Medical (Nasdaq: ICU) and Trident Brands (TDNT) and former Chairman of Hillsborough County (Florida) Internal Audit Committee
- Bachelor of Science in Accounting and a Master's in Tax Accounting from the University of Alabama, and an M.B.A. in Business Administration from the University of Tampa

# Why Bitcoin?

## “Trust(lessness)”

Bitcoin is a technology enabling decentralized transactions between parties not requiring an intermediary bank or institution.



# LMFA's Bitcoin Mining Strategy



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## Infrastructure Light

Low Cost of Capital



- Access to lower cost of capital as a public company

Purchase Bitcoin Mining  
Machines direct from  
Manufacturers



- Wholesale purchaser of miners directly from the manufacturer
- Secure latest generation of miners at the lowest possible cost
- Mining fleet averages less than avg. 28 joules per terahash

Host Bitcoin Machines  
with Best-in-Class  
Providers



- Commodity driven
- Contract with best-in-class providers to manage power costs
- Geographic diversity to address weather and political risk

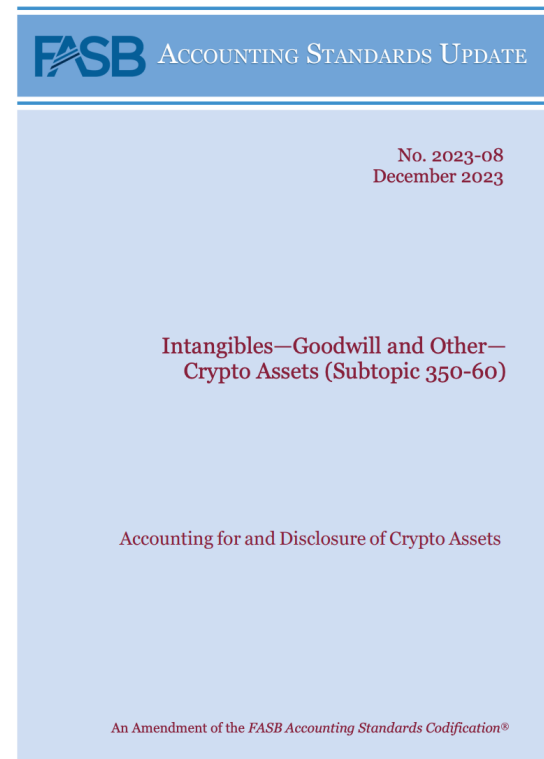
# Current Bitcoin Environment



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- 2023 - FASB ASU 2023-08 approved — impairment versus mark to value
- 2023 - Bitcoin regulated by CFTC as a commodity due to decentralized structure
- 2023 - Bank financing for Bitcoin Miners non-existent
- 2024 Halving reduces mining reward from 6.25 to 3.125 BTC
- 2028 Halving reduces mining reward from 3.125 to 1.56 BTC
- Transaction fee increase must be driven by use cases
- 2024 Bitcoin ETFs approved



Financial Accounting Standards Board

[www.fasb.org](http://www.fasb.org)

# Bitcoin Halving



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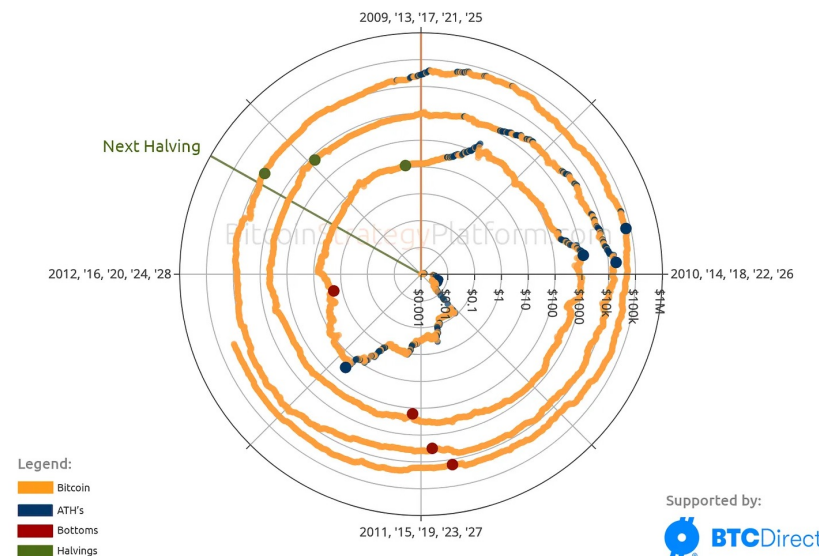
- Bitcoin halving is an event where the reward for mining new Bitcoin blocks is cut in half, resulting in miners receiving 50% fewer Bitcoins for verifying transactions
- Bitcoin halving occurs every 210,000 blocks which translates to approximately every 4 years
- Next halvings are estimated<sup>(1)</sup>:
  - 2024
  - 2028
- Bitcoin Halving cycle has resulted in higher highs and higher lows
- Mining machine spot prices have reached \$10K per machine prior to BTC Halving and subsequent Bitcoin winters

(1) <https://www.zenledger.io/blog/bitcoin-halving>

The chart:

Bitcoin Spiral: 4 Year Cycle

@therational

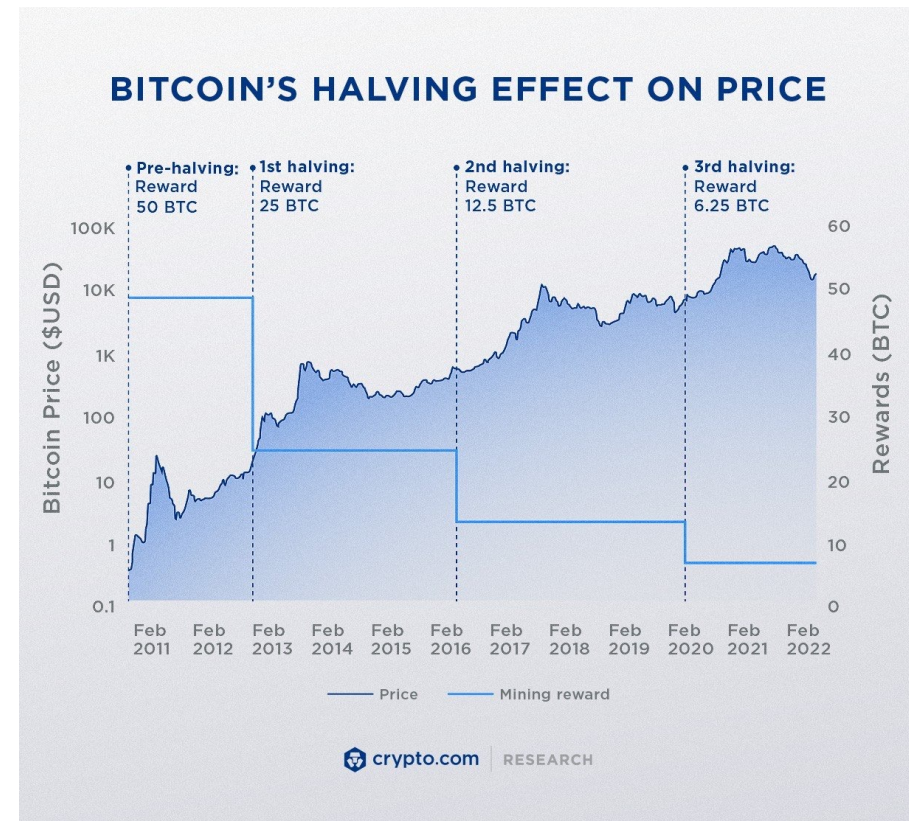


[www.bitcoinstrategy.substack.com/p/bitcoin-spiral](http://www.bitcoinstrategy.substack.com/p/bitcoin-spiral)



# LMFA Halving Strategy

- Infrastructure light
- Acquire S21s at 200 TH/s - most efficient miners – 17.5 joules/TH
- Flexible hosting contracts
- Minimize operational losses
- Renew hosting contracts post halving



<https://crypto.com/university/what-is-bitcoin-halving>

# Bitcoin Operational Activities - 2024



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Metrics	One Month January 31, 2024	One Month February 29, 2024
Bitcoin Mined	31.7	26.8
Bitcoin Sold	-	-
Bitcoin Holdings	126.8	153.6
Approximate Miners Deployed at Quarter End	5,950	5,940
Approximate Deployed Hash Rate at Quarter End (PH/s)	615	614

# Bitcoin Operational Activities - 2023



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Metrics	Three Months March 31, 2023	Three Months June 30, 2023	Three Months Sept. 30, 2023	Three Months Dec. 31, 2023	Twelve Months Dec. 31, 2023
Bitcoin Mined	91.7	106.6	117.1	108.0	423.4
Bitcoin Sold	(64.9)	(111.0)	(106.1)	(103.0)	(385.0)
Bitcoin Purchased	2.0	-	-	-	2.0
Fees	(0.1)	(0.1)	-	-	(0.2)
Bitcoin Holdings	83.6	79.1	90.1	95.1	95.1
Approximate Miners Deployed at Quarter End	3,700	5,230	5,950	5,950	
Approximate Deployed Hash Rate at Quarter End (PH/s)	363	543	615	615	

# Specialty Finance & Association Collections



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- The Company began in 2008 with a focus on specialty finance – providing funding to nonprofit community associations primarily located in the state of Florida
- Offer incorporated nonprofit community associations a variety of financial products customized to each association's financial needs
- Provide funding against delinquent accounts in exchange for a portion of the proceeds collected from the account debtors of the association
- Business prospers in declining residential real estate market



# Core EBITDA (Non-GAAP) - September 30, 2023



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	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income (loss)	\$ (4,667,856)	\$ (6,722,154)	\$ (17,472,808)	\$ (6,173,268)
Income tax expense	-	1,311,678	-	1,311,678
Interest expense	-	-	-	-
Depreciation and amortization	1,516,873	38,617	3,487,866	43,718
Income (loss) before interest, taxes & depreciation	\$ (3,150,983)	\$ (5,371,859)	\$ (13,984,942)	\$ (4,817,872)
Unrealized loss (gain) on investment and equity securities	778,078	194,174	10,317,613	(11,034,828)
Realized gain on convertible debt securities	-	-	-	(287,778)
Impairment loss on mined digital assets	383,497	870	822,650	870
Impairment loss on Symbiont assets	750,678	-	750,678	-
Gain on adjustment of note receivable allowance	-	-	(1,052,543)	-
Stock compensation and option expense	621,827	3,648,239	2,528,852	10,944,717
Core income (loss) before interest, taxes & depreciation	\$ (616,903)	\$ (1,528,576)	\$ (617,692)	\$ (5,194,891)

Our reported results are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). We also disclose Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") and Core Earnings before Interest, Tax, Depreciation and Amortization ("Core EBITDA") which adjusts for unrealized gain on investment and equity securities, unrealized gain on convertible debt securities, impairment loss on mined digital assets, impairment loss on long lived intangible assets, impairment of prepaid hosting deposits, impairment of mining machine deposits, gain on adjustment of note receivable allowance, and stock compensation expense, all of which are non-GAAP financial measures. We believe these non-GAAP financial measures are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of bitcoin miners.

This table reconcile net loss, which we believe is the most comparable GAAP measure, to EBITDA and Core EBITDA.

# Core EBITDA (Non-GAAP) – What If Scenarios



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## Results dependent on BTC results

● Core Income (loss) before interest, taxes & depreciation – 3 <sup>rd</sup> Qtr 2023		\$ (616,903)
● Incremental Impact if BTC increases to \$40,0000	\$1,406,000	
● Core Income (loss) before interest, taxes & depreciation – 3 <sup>rd</sup> Qtr 2023		\$ 789,907
● Incremental Impact if BTC increases to \$80,0000	\$4,687,000	
● Core Income (loss) before interest, taxes & depreciation – 3 <sup>rd</sup> Qtr 2023		\$5,476,097
● Incremental Impact if BTC increases to \$100,0000	\$2,343,000	
● Core Income (loss) before interest, taxes & depreciation – 3 <sup>rd</sup> Qtr 2023		\$7,819,097

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# Contact Us



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**USD****DM**  
US DIGITAL MINING



# Financial Appendix



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# Financial Results – 3<sup>rd</sup> Quarter 2023



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	Three Months Ended September 30,	
	2023	2022
Revenue	\$ 3,419,508	\$ 187,780
Operating costs and expenses	\$ 6,589,927	\$ 5,452,045
Operating loss	\$ (3,170,419)	\$ (5,264,265)
Other income (loss)	\$ (1,497,437)	\$ (146,211)
Loss before income taxes	\$ (4,667,856)	\$ (5,410,476)
Income tax expense	\$ -	\$ (1,311,678)
Net loss	\$ (4,667,856)	\$ (6,722,154)
Less: loss(income) attributable to non-controlling interest	\$ 250,880	\$ 59,298
Net loss attributable to LM Funding America Inc	\$ (4,416,976)	\$ (6,662,856)

# Financial Results – Nine Months Ended 9-30-23



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	Nine Months Ended September 30,	
	2023	2022
Revenue	\$ 8,928,676	\$ 613,317
Operating costs and expenses	\$ 17,224,855	\$ 16,281,702
Operating loss	\$ (8,296,179)	\$ (15,668,385)
Other income (loss)	\$ (9,176,629)	\$ 10,806,795
Loss before income taxes	\$ (17,472,808)	\$ (4,861,590)
Income tax expense	\$ -	\$ (1,311,678)
Net loss	\$ (17,472,808)	\$ (6,173,268)
Less: loss(income) attributable to non-controlling interest	\$ 3,120,321	\$ (3,373,299)
Net loss attributable to LM Funding America Inc	\$ (14,352,487)	\$ (9,546,567)

# Summary Cashflow - Update



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	Nine Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022
Cash Flows used in Operating Activities	\$ (2,609,712)	\$ 1,680,547	\$ (1,146,488)	\$ (1,670,025)
Cash Flows used in Investing Activities	\$ (640,170)	\$ (20,588,739)	\$ (175,599)	\$ (5,345,181)
Cash Flows (used in) provided by Financing Activities	\$ (519,117)	\$ (114,688)	\$ (56,145)	\$ -
Net Decrease in Cash	\$ (3,768,999)	\$ (22,383,974)	\$ (1,378,232)	\$ (7,015,206)
Cash - Beginning of Year	\$ 4,238,006	\$ 32,559,185	\$ 1,847,239	\$ 17,190,417
<b>Cash - End of Period</b>	<b>\$ 469,007</b>	<b>\$ 10,175,211</b>	<b>\$ 469,007</b>	<b>\$ 10,175,211</b>
BTC - End of Period	\$ 2,256,500	\$ -	\$ 2,256,500	\$ -