



**LMFUNDING**  
AMERICA, INC.

NASDAQ: LMFA



***Bitcoin Mining and Specialty Finance***

***Investor Presentation***

September 2023

# Forward-Looking Statements

*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 collected 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 June 30 had approximately 5,230 miners, electrified and actively mining Bitcoin, providing the Company with approximately 543 petahash of mining capacity



At September 1, 2023, have approximately 5,950 machines active and 615 petahash of mining capacity



## Liquidity

June 30, 2023 - \$3.8 million in liquidity (Cash and BTC\*), working capital of \$5.5 million  
Dec. 31, 2022 - \$5.2 million in liquidity (Cash and BTC\*\*), working capital of \$4.6 million



## Balance sheet:

June 30, 2023 - \$42.3M total assets, \$0.15 million of long-term debt  
Dec. 31, 2022 - \$46.1M total assets, \$0.20 million of long-term debt



## Total LM Funding Equity of

June 30, 2023 - \$39.9 million with per share book value of \$2.72  
Dec 31, 2022 - \$44.0 million with per share book value of \$3.88

\* BTC price \$25.2K at 06-30-2023

\*\* BTC price \$16.2K at 12-31-2022



## **Bruce Rodgers, *Founder, Chief Executive Officer & President***

- 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) 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



## “Trust(lessness)”

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



## Infra-Structure Light

### Low Cost of Capital



- Access to lower cost of capital as a public company

### Purchase Bitcoin Mining Machines direct from Manufacturers



- Wholesale purchase of miners directly from the manufacturer
- Secure latest generation of miners at the lowest possible cost
- Total miners owned uses 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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- FASB proposal — impairment versus mark to value
- Bitcoin regulated by CFTC as a commodity due to decentralized structure
- Bank financing for Bitcoin Miners non-existent
- White House Proposed 30% tax on Bitcoin Mining energy consumption
- 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

<https://tax.thomsonreuters.com/news/fasb-proposes-accounting-rules-for-measuring-presenting-and-disclosing-crypto-assets/>



THOMSON REUTERS

## FASB Proposes Accounting Rules for Measuring, Presenting and Disclosing Crypto Assets

Denise Lugo, Editor, Accounting and Compliance Alert

March 24, 2023 · 6 minute read



The FASB on March 23, 2023, issued a proposal to provide accounting and disclosure rules for certain types of crypto assets — provisions aimed helping companies to accurately reflect the economics of such assets.



If finalized, the proposal will build the first explicit accounting standard for crypto assets in U.S. GAAP.



The rules will apply to both well-known crypto assets that trade in active markets like Bitcoin and Ethereum, as well as other types of crypto assets that do not trade nearly as frequently (or perhaps at all), accountants said.

“The disclosures are significant – the most important of which may be the requirement for details about significant crypto holdings,” KPMG LLP Partner Scott Muir said. “If, for example, I’m a company that holds significant amounts of Bitcoin, Ether, Litecoin I’m going to tell people for each one of those about the number of tokens of each I hold, their fair value and their cost basis,” he said.

The board proposed to require crypto assets that meet six specific conditions be measured at fair value and changes in value recognized in each reporting period as profit or loss. Fair value represents the price that would be received if the company were to sell the crypto asset in an orderly transaction to a willing and knowledgeable buyer.

Companies would present crypto assets separately from other intangible assets on the balance sheet because they have different measurement requirements. This approach would result in a prominent display of crypto assets, providing investors with clear and transparent information about the fair value of crypto assets within the financial statements, according to the proposal.

# Halving

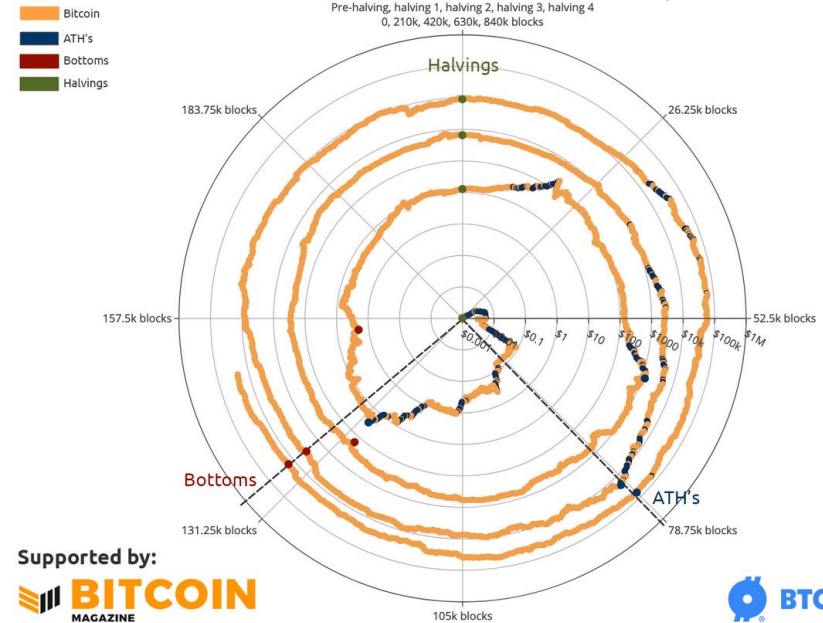


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- Bitcoin halving is an event where the reward for mining new Bitcoin blocks is cut in half, resulting in miners receiving 50% fewer Bitcoins for verifying transactions
- Bitcoin halving occurs every 210,000 blocks which translates to approximately 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 ATH-S and subsequent Bitcoin winters

## Bitcoin Spiral: The Halving Cycle

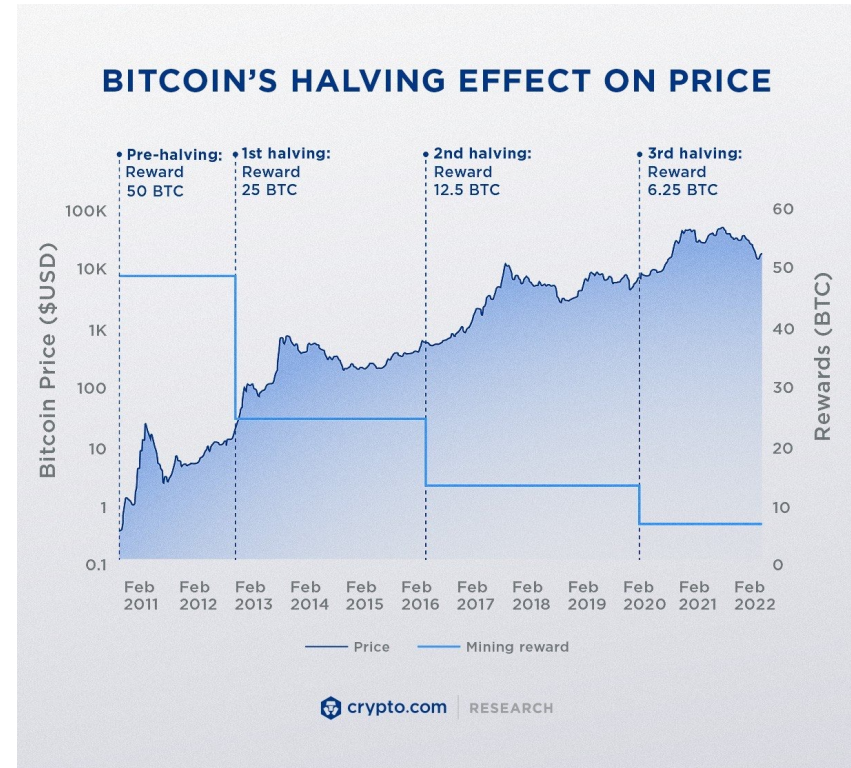
@therationalroot



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



- Infrastructure light
- Acquire most efficient miners – 24 joules/TH
- Flexible hosting contracts
- Minimize operational losses
- Renew hosting contracts post halving



# Recent Digital Mining Events



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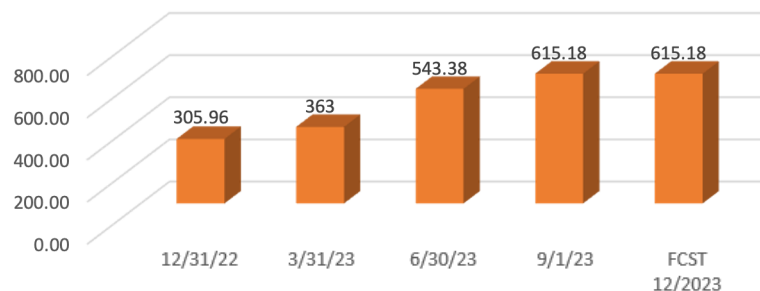
- ✓ Expanded a hosting contract with Core Scientific for Core to host an additional 1,900 of the Company's Bitcoin mining machines, bringing the total number of machines hosted by Core to approximately 4,900
- ✓ Signed a new contract with Giga Energy to host approximately 1,080 Bitcoin mining machines
- ✓ Purchased additional 300 Bitmain XP mining machines in 2023

# Bitcoin Operational Activities

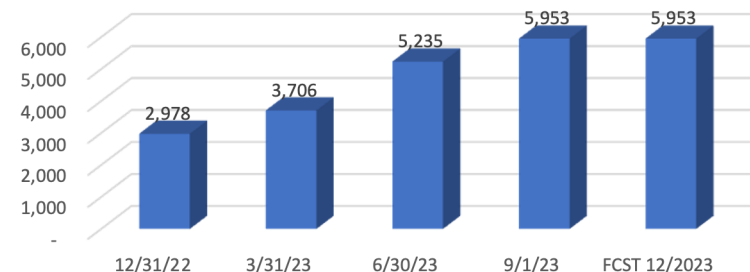


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PetaHash



Number of Miners



Recent shift in focus towards Bitcoin mining is transforming the Company for the future

# Bitcoin Operational Activities



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	<u>June 30, 2023</u>	<u>31-Dec-22</u>	<u>June 30, 2022</u>
Bitcoin Balance	79.1	54.9	21.5

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Beginning of Year	54.9	-
Production of Bitcoin	198.3	-
Purchase of Bitcoin	2.0	21.5
Sale of Bitcoin	(175.9)	-
Fees	(0.2)	-
End of Period	<u>79.1</u>	<u>21.5</u>

	<u>Three Months</u>	<u>Three Months</u>
Beginning of Current Quarter	83.6	-
Production of Bitcoin	106.6	-
Purchase of Bitcoin	-	21.5
Sale of Bitcoin	(111.0)	-
Fees	(0.1)	-
End of Current Quarter	<u>79.1</u>	<u>21.5</u>

BTC sold for Hosting YTD 157.9 ~ 79.65%

BTC sold for working capital YTD 18.0

BTC sold for Hosting QTD – 84.8 ~ 79.57%

BTC sold for working capital QTD – 26.2

## Active Machines

- Q1 – 3,700 / 378 PH
- Q2 – 5,235 / 543 PH
- Aug 10, 2023 - 5,953 / 615 PH

- Acquired the assets of Symbiont, including those related to its Assembly™ financial services blockchain enterprise platform.
- Symbiont Assembly™ is a blockchain platform for building and running decentralized applications called “smart contracts”
- Plan to pursue joint ventures and/or other strategic relationships to offer Assembly™ to institutions to issue, track and manage financial instruments, such as data, loans, and securities.
- Additionally, we plan to explore, and consider, other use cases for the Symbiont assets and Assembly™ platform.



## How it Works

Assembly™ uses **state machine replication** to provide strong consistency and data availability guarantees without sacrificing network decentralization or confidentiality. Assembly smart contracts are written in **SymPL™**, a domain-specific language designed for modeling the most complex business logic for a decentralized, digital golden record of financial transactions.

# 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



# Financial Results – 2<sup>nd</sup> Quarter

	<b>Three Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ —	\$ —
Operating costs and expenses	(373)	(7,906)
Operating loss	373	7,906
Other income (loss)	(937,237)	12,235,717
Income (loss) before income taxes	(936,864)	12,243,623
Income tax expense	-	37,660
Net (loss) income	(936,864)	12,281,283
Less: loss (income) attributable to non-controlling interest	116,147	80,975
Net income (loss) attributable to LM Funding America Inc.	\$(820,717)	\$12,362,258

- Reflects \$3.0 million of BTC revenue
- BTC mining costs of \$2.4 million
- Gross mining margin 20.4%
- Stock Compensation declined to \$1.7 million in 2023 from \$3.6 million in 2022
- Realized gain on sale of digital assets of \$0.6 million is reported in Operating expenses in 2023 as an offset to Operating expenses
- SeaStar Medical unrealized loss of \$3.7 million in 2023 vs. unrealized gain of \$12.2 million in 2022
- Reversal of prior year loss allowance on Symbiont note \$1.1 million
- Net loss attributable to non-controlling interest of \$1.1 million is an offset to the SeaStar Medical unrealized loss

# Financial Results – Year to Date

	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ —	\$ —
Operating costs and expenses	9,435	(11,726)
Operating loss	(9,435)	11,726
Other income (loss)	(4,044,388)	11,346,341
Income (loss) before income taxes	(4,053,823)	11,358,067
Income tax expense	-	-
Net (loss) income	(4,053,823)	11,358,067
Less: loss (income) attributable to non-controlling interest	171,224	179,345
Net income (loss) attributable to LM Funding America Inc.	\$ (3,882,599)	\$ 11,537,412

- Reflects \$5.1 million of BTC revenue
- BTC mining costs of \$4.0 million
- Gross mining margin 20.4%
- Stock Compensation declined to \$1.9 million in 2023 from \$7.3 million in 2022
- Realized gain on sale of digital assets of \$1.1 million is reported in Operating expenses in 2023 as an offset to Operating expenses
- SeaStar Medical unrealized loss of \$9.5 million in 2023 vs. unrealized gain of \$11.2 million in 2022
- Realized \$0.6 million from sale of Bitmain coupons reported in Other income which was used to buy additional machines in January 2023
- Reversal of prior year loss allowance on Symbiont note \$1.1 million
- Net loss attributable to non-controlling interest of \$2.9 million is an offset to the SeaStar Medical unrealized loss



# Core EBITDA (Non-GAAP)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 116,147	\$ 80,975	\$ 171,224	\$ 179,345
Income tax expense	-	(1,375.00)	-	(2,750.00)
Interest expense	-	-	-	-
Depreciation and amortization	10,000	-	-	-
Income (loss) before interest, taxes & depreciation	\$ 126,147	\$ 79,600	\$ 171,224	\$ 176,595
Unrealized loss (gain) on investment and equity securities	-	288,320	-	-
Unrealized loss on convertible debt securities	3,156,334	5,373,888	5,125,760	10,404,120
Realized gain on convertible debt securities	6,351,984	(5,608,421)	10,634,928	(10,829,657)
Stock compensation and option expense	1,970,993	5,101	1,970,993	5,101
Core income (loss) before interest, taxes & depreciation	<u>\$ 11,605,458</u>	<u>\$ 138,488</u>	<u>\$17,902,905</u>	<u>\$ (243,841)</u>

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 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.

# Summary Cashflow



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	Six Months Ended June 30,	
	2023	2022
Cash Flows used in Operating Activities	\$ (1,463,224)	\$ (154,344)
Cash Flows used in Investing Activities	(464,571)	(15,243,558)
Cash Flows used in Financing Activities	(462,972)	(114,688)
Net Decrease in Cash	(2,390,767)	(15,512,590)
Cash - Beginning of Year	4,238,006	32,559,185
Cash - End of Period	\$ 1,847,239	\$ 17,046,595

## YTD use of Cash includes:

- Hosting deposits \$157K
- BTC mined not recognized as cash \$479K
- Symbiont legal fees \$402K
- Capex BTC machines \$1,745K
- Insurance Financing \$358K
- SeaStar repayment \$1,661K

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## Liquidity

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## LM Funding Contact:

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