May 15, 2017

LM Funding Reports First Quarter 2017 Results

TAMPA, Fla., May 15, 2017 (GLOBE NEWSWIRE) --

LM Funding America, Inc. (NASDAQ:LMFA) (NASDAQ:LMFAW), a specialty finance company offering unique funding solutions to community associations, is reporting results for the first quarter ended March 31, 2017.

First Quarter 2017 Summary vs. Year-Ago Quarter

- Total revenue was $1.0 million compared to $1.6 million.
- Rental revenue increased 199% to $165,000.
- Income statement revenue per unit increased 14% to $4,800.
- Reduced operating expenses by 27% to $1.5 million.
- Acquired 147 delinquent accounts from both new and existing clients.

Subsequent Event

- Sold three REO properties, realizing net proceeds of $101,000.
- Fully resolved proposed class action lawsuit by Wilmington Savings Fund Society (Wilmington). Favorable outcome to LM Funding will reduce litigation expenses by approximately $45,000 per month going forward.

Management Commentary

“Our first quarter was highlighted by the acquisition of 147 delinquent accounts from both new and existing clients,” said Bruce Rodgers, founder and CEO of LM Funding. “This is roughly half of the delinquent accounts acquired in all of 2016, reflecting a considerable return on our investment of IPO proceeds in sales and marketing strategies.

“Despite another quarter of lower payoff occurrences due to the reduction of distressed real estate transactions in Florida, we continued to monetize our properties with a 200% increase in recurring rental income, while reducing our overhead expenses by more than 27%.

“In March and April, we monetized a portion of our REO portfolio by selling four properties for net proceeds of $128,000. We will continue to leverage our REO portfolio for rental income, while remaining opportunistic with property sales.”

“Also in April,” Rodgers continued, “we fully resolved the proposed class action by Wilmington. The favorable outcome not only validates our company’s mission to homeowners associations throughout Florida, but will also provide us with monthly litigation expense savings of approximately $45,000. We look forward to moving past this lawsuit and continuing to serve communities and homeowners associations to ensure they can rightfully collect outstanding fees.”

First Quarter 2017 Financial Results

Revenues in the first quarter of 2017 were $1.0 million compared to $1.6 million in the first quarter of 2016. The decrease in revenues was due to lower payoff occurrences resulting from changes in the overall Florida real estate market. The decrease was offset by an increase in revenue per unit.

Operating expenses in the first quarter of 2017 decreased 27% to $1.5 million compared to $2.1 million in the year-ago quarter. The decrease was driven by the company's cost reduction initiative implemented during the third quarter of 2016.

Interest expense in the first quarter of 2017 decreased to $127,000 compared to $164,000 in the first quarter of 2016.

Net loss in the first quarter was $403,000 or $(0.12) per share, compared to a net loss of $436,000 or $(0.13) per share in the year-ago quarter.

At March 31, 2017, cash and cash equivalents totaled $1.4 million compared to $2.3 million at December 31, 2016.

Conference Call

Management will hold a conference call today at 4:30 p.m. Eastern time to discuss its first quarter 2017 results, followed by a question and answer period.

Interested parties can listen to the live presentation by dialing the number below or by clicking the webcast link available in the Investors section of the company's website at www.lmfunding.com.

Date: Monday, May 15, 2017
Time: 4:30 p.m. Eastern time
Toll-free dial-in number: (877) 793-4355
International dial-in number: (615) 247-0182
Conference ID: 14739326
Webcast: http://edge.media-server.com/m/p/ysmsek7d

Please dial in 10 minutes before the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios at 949-574-3860.

A webcast replay of the call will be available after the call on the same day via the Investors section of the LM Funding website at www.lmfunding.com through July 15, 2017.

About LM Funding America

LM Funding America, Inc., together with its subsidiaries, is a 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. The company offers funding to Associations by purchasing a certain portion of the associations' rights to delinquent accounts that are selected by the Associations arising from unpaid Association assessments. It is also involved in the business of purchasing delinquent accounts on various terms tailored to suit each Association's financial needs, including under its New Neighbor Guaranty™ program. The company was founded in 2008 and is based in Tampa, Florida. The company's common shares and warrants trade on the NASDAQ Capital Market under the symbols "LMFA" and "LMFAW".

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 filings with the SEC. 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.

LM FUNDING AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2017 (Unaudited)	**December 31, 2016**
ASSETS		
Cash	$ 1,394,785	$ 2,268,180
Finance receivables:		
Original product	1,002,669	1,035,832
Special product - New Neighbor Guaranty program, net of allowance for credit losses of $103,764 and $125,000	444,801	491,597
Deferred tax asset	3,728,988	3,509,401
Due from related party (Note 2):	1,709,725	1,661,360
Other Assets (Note 3):	1,019,667	1,048,403
Total assets	$ 9,300,635	$ 10,014,773
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable (Note 4):		
Principal amount	$ 5,080,274	$ 5,260,274
Less unamortized debt issuance costs	(74,756)	(99,396)
Long-term debt less unamortized debt issuance costs	5,005,518	5,160,878
Other liabilities and obligations	517,837	684,437
Total liabilities	5,523,355	5,845,315
Stockholders' equity:		
Common stock, par value $.001; 10,000,000 shares authorized; 3,300,000 shares issued and outstanding	3,300	3,300
Additional paid-in capital	6,567,427	6,556,704

Accumulated deficit	(2,793,447)	(2,390,546)
Total stockholders' equity	3,777,280	4,169,458
Total liabilities and stockholders' equity	$ 9,300,635	$ 10,014,773

LM FUNDING AMERICA, INC. AND SUBSIDIARIES AND PREDECESSOR
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	2017	**2016**
Revenues:		
Interest on delinquent association fees	$ 691,648	$ 1,182,787
Administrative and late fees	78,035	117,535
Recoveries in excess of cost - special product	20,939	106,505
Underwriting and other revenues	68,729	114,921
Rental revenue	164,605	54,988
Total revenues	1,023,956	1,576,736
Operating Expenses:		
Staff costs and payroll	513,221	808,601
Professional fees	512,650	567,473
Settlement cost with associations	65,485	237,864
Other operating expenses	441,401	477,567
Total operating expenses	1,532,757	2,091,505
Operating loss	(508,801)	(514,769)
Interest expense	126,612	164,248
Loss before income taxes	(635,413)	(679,017)
Income tax benefit	(232,512)	(242,749)
Net loss	$ (402,901)	$ (436,268)
Loss per share attributable to the stockholders' of LM Funding America, Inc.		
Basic	(0.12)	(0.13)
Diluted	(0.12)	(0.13)
Weighted average number of common shares outstanding		
Basic	3,300,000	3,300,000
Diluted	3,300,000	3,300,000

LM FUNDING AMERICA, INC. AND SUBSIDIARIES AND PREDECESSOR
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2017	**Three Months Ended March 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	$ (744,734)	$ (532,380)
CASH FLOWS FROM INVESTING ACTIVITIES	99,704	37,701
CASH FLOWS FROM FINANCING ACTIVITIES	(228,365)	(1,229,086)
NET DECREASE IN CASH	(873,395)	(1,723,765)
CASH - BEGINNING OF PERIOD	2,268,180	8,997,798
CASH - END OF PERIOD	$ 1,394,785	$ 7,274,033

Company Contact:
Bruce Rodgers
Chairman and CEO
LM Funding America, Inc.
(813) 222-8996
investors@lmfunding.com

Investor Relations Contact:
Sean Mansouri
Liolios Group, Inc.
(949) 574-3860
LMFA@liolios.com

LMFUNDING
AMERICA, INC.
NASDAQ: LMFA

Source: LM Funding America, Inc.