

LM Funding America, Inc. Reports Annual 2021 Financial Results

TAMPA, Fla., March 31, 2022 /PRNewswire/ --**LM Funding America, Inc.** (NASDAQ: LMFA) ("**LM Funding**" or the "**Company**"), a technology-based specialty finance company offering unique funding solutions to community associations that is expanding into the cryptocurrency mining business, today announced its financial results for the full year ended December 31, 2021.

reposition our company into mining Bitcoin while also improving our capitalization structure and balance sheet

"In 2021, we took critical steps to reposition our company into mining Bitcoin while also improving our capitalization structure and balance sheet," said Bruce Rodgers, LM Funding's Chief Executive Officer. "We were successful in closing a \$31.5 million equity offering to fund our investment in Bitcoin mining machines and infrastructure."

Full Year 2021 Highlights:

- Generated approximately \$31.5 million in net proceeds from an equity offering that is being used to fund our digital asset expansion for which we ordered 5,046 ASIC mining machines from Bitmain for approximately \$31.6 million and hosting equipment from Bit5ive for approximately \$3.1 million. We currently anticipate the ASIC mining machines to be delivered sometime in the 2nd quarter of 2022 subject to issues surrounding worldwide logistics impacted by COVID-19 and the war in Ukraine.
- We also received approximately \$10.2 million from warrant holders upon the exercise into common shares.
- Operating revenues totaled approximately \$0.9 million as compared to approximately \$1.26 million for prior year.
- Operating loss increased to approximately \$8.4 million as compared to approximately \$4.1 million for the prior year due mainly to a \$3 million increase in compensation, including stock compensation expense and bonuses, an approximately \$0.4 million increase in professional fees and an approximately \$0.2 million reduction in the recoupment of a previous bad debt write-off associated with a related party.
- The Company engaged in several opportunistic specialty financing solutions which contributed to net income from continuing operations of approximately \$5.0 million as compared to an approximately \$4.1 million loss for the prior year. This improvement in operations was due in part to:
 - An innovative troubled financing solution that resulted in the realized gain of approximately \$13.8 million on the sale of securities.
 - Realized gain of approximately \$0.5 million from the sale of digital assets, which included Bitcoin.
 - Unrealized gain of approximately \$0.9 million for investment in LMF Acquisition Opportunities Inc. a special purpose acquisition corporation.
- Net income attributable to LM Funding America Inc was approximately \$4.8 million after deducting \$0.2 million for the net income attributable to a non-controlling interest

as compared to a net loss of approximately \$4.0 million for the prior year.

On October 19, 2021, the Company closed an underwritten public offering that included the underwriters' exercise of its option to purchase additional shares, which resulted in the issuance of approximately 7.26 million shares of its common stock and common warrants to up to approximately 7.48 million shares of the Company's common stock. At closing, LM Funding received net proceeds from the offering of approximately \$31.5 million.

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. 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. The company is also involved in the business of purchasing delinquent accounts on various terms tailored to suit each Association's financial needs, including under the company's New Neighbor Guaranty™ program. The company is also entering the cryptocurrency mining business through a new subsidiary, US Digital Mining and Hosting Co., LLC.

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 CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended December 31,	
	2021	2020
Revenues		
Interest on delinquent association fees	\$ 471,923	\$ 623,790
Administrative and late fees	69,369	101,993
Recoveries in excess of cost - special product	95,904	214,558
Underwriting fees and other revenues	120,176	116,430
Rental revenue	141,569	206,831

Total revenues	898,941	1,263,602
Operating expenses		
Staff costs & payroll	6,477,042	3,366,034
Professional fees	2,271,808	1,799,595
Settlement costs with associations	2,000	31,885
Selling, general and administrative	417,963	351,234
Real estate management and disposal	132,283	211,288
Depreciation and amortization	11,087	16,930
Collection costs	4,459	(29,932)
Recovery of cost from related party receivable	(200,000)	(500,000)
Provision for credit losses	(10,000)	50,800
Other operating	224,678	17,778
Total operating expenses	9,331,320	5,315,612
Operating loss from continuing operations	(8,432,379)	(4,052,010)
Realized gain on securities	13,817,863	-
Unrealized loss on convertible debt security	(407,992)	-
Unrealized loss on marketable securities	(1,387,590)	-
Unrealized gain on investment and equity securities	886,543	-
Realized gain on digital assets	502,657	-
Impairment loss on digital assets	(19,945)	-
Interest income	211,427	-
Interest expense	(653)	(7,189)
Dividend income	2,113	-
Gain on forgiveness of note payable	157,250	-
Income (loss) before income taxes	\$ 5,329,294	\$ (4,059,199)
Income tax expense	(326,178)	-
Net income (loss) from continuing operations	\$ 5,003,116	\$ (4,059,199)
Gain from operations of discontinued operations	-	16,428
Net income (loss)	5,003,116	(4,042,771)
Less: Net income (loss) attributable to non-controlling interest	(243,898)	1,309
Net income (loss) attributable to LM Funding America Inc.	\$ 4,759,218	\$ (4,041,462)
Basic income (loss) per common share continuing operations	\$ 0.70	\$ (2.50)
Basic earnings (loss) per common share discontinuing operations	-	0.01
Basic income (loss) per common share	\$ 0.70	\$ (2.49)
Diluted income (loss) per common share continuing operations	\$ 0.60	\$ (2.50)
Diluted earnings (loss) per common share discontinuing operations	-	0.01
Diluted income (loss) per common share	\$ 0.60	\$ (2.49)
Weighted average number of common shares outstanding		
Basic	6,828,704	1,622,911
Diluted	7,927,255	1,622,911

LM FUNDING AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2021	December 31, 2020
Assets		
Cash	\$ 32,559,185	\$ 11,552,943
Finance receivables:		
Original product (Note 2)	13,993	116,017
Special product - New Neighbor Guaranty program, net of allowance for credit losses of (Note 3)	14,200	52,757
Short-term investments - convertible debt securities (Note 5)	539,351	-
Marketable securities (Note 5)	2,132,051	-
Short-term investments - note receivable (Note 5)	2,000,000	-
Prepaid expenses and other assets	1,251,852	399,124
Current assets	38,510,632	12,120,841
Fixed assets, net	17,914	6,171
Real estate assets owned (Note 6)	80,057	18,767
Operating lease - right of use assets (Note 9)	59,969	160,667
Long-term investments - equity securities in affiliates (Note 5)	1,973,413	-
Investments in unconsolidated affiliates (Note 5)	4,676,130	-
Deposit on mining equipment (Note 7)	16,775,100	-
Other assets	10,726	10,984
Long-term assets	23,593,309	196,589
Total assets	\$ 62,103,941	\$ 12,317,430
Liabilities and stockholders' equity		
Note payable (Note 8)	114,688	96,257
Accounts payable and accrued expenses	463,646	237,033
Due to related party payable (Note 12)	121,220	158,399
Income tax payable (Note 10)	326,178	-
Current portion of lease liability (Note 9)	68,002	103,646
Current liabilities	1,093,734	595,335
Notes payable - long-term (Note 8)	-	185,785
Lease liability - long-term (Note 9)	-	68,002
Long-term liabilities	-	253,787
Total liabilities	1,093,734	849,122
Stockholders' equity (Note 11)		
Preferred stock, par value \$.001; 150,000,000 shares authorized; no shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	-	-
Common stock, par value \$.001; 350,000,000 shares authorized; 13,017,943 and 3,083,760 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively.	13,018	3,083
Additional paid-in capital	74,525,106	29,996,258
Accumulated deficit	(13,777,006)	(18,536,224)

Total LM Funding America stockholders' equity	60,761,118	11,463,117
Non-controlling interest	249,089	5,191
Total stockholders' equity	61,010,207	11,468,308
Total liabilities and stockholders' equity	\$ 62,103,941	\$ 12,317,430

LM FUNDING AMERICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	5,003,116	(4,042,771)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities		
Depreciation and amortization	\$ 1,383	\$ 11,143
Right to use asset expense	100,698	99,593
Stock compensation	219,667	125,450
Stock option expense	2,323,118	14,939
Stock compensation - employees	292,500	—
Accrued investment income	(74,520)	—
Recovery of reserve from related party receivable	—	(300,000)
Reserve for units	—	30,000
Debt forgiveness	(157,250)	—
Gain on deconsolidation of affiliate	(43,623)	—
Impairment loss on digital assets	19,945	—
Unrealized loss on convertible debt security	407,992	—
Unrealized loss on marketable securities	1,387,590	—
Unrealized gain on investment and equity securities	(886,543)	—
Realized gain on securities	(13,817,863)	—
Realized gain on sale of digital assets	(502,657)	—
Proceeds from securities	30,400,433	—
Investment in convertible note receivable converted into marketable security	(16,582,571)	—
Investment in convertible note receivable	(5,000,000)	—
Convertible debt and interest converted into marketable securities	4,231,758	—
Investments in marketable security	(3,651,400)	—
Gain on sale of fixed assets	—	(16,428)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(845,853)	(61,303)
Advances (repayments) to related party	89,235	583,444
Accounts payable and accrued expenses	349,644	126,950
Lease liability payments	(103,646)	(94,235)
Deferred taxes and taxes payable	326,178	—
Net cash provided by (used in) operating activities	3,487,331	(3,523,218)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net collections of finance receivables - original product	102,024	127,694
Net collections of finance receivables - special product	38,557	76,515

Cash paid to purchase fixed assets	(14,411)	(1,286)
Net cash payment for IIU disposal	—	(246,914)
Investment in note receivable	(2,000,000)	—
Investment in digital assets	(1,419,958)	—
Proceeds from sale of digital assets	1,902,670	—
Loan to purchase securities	1,784,250	—
Repayment of loan to purchase securities	(1,784,250)	—
Deposit for mining equipment	(16,775,100)	—
Investment in unconsolidated affiliate	(5,738,000)	—
Proceeds from investment in note receivable	—	1,500,000
(Payments)/proceeds for real estate assets owned	(60,006)	(5,423)
Net cash provided by (cash used) in investing activities	<u>(23,964,224)</u>	<u>1,450,586</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	—	185,785
Loan principal and insurance financing repayments	(220,363)	(165,798)
Exercise of warrants	10,247,124	3,081,730
Proceeds from stock subscription	31,456,374	9,447,535
Investment in subsidiary	—	6,500
Net cash provided by financing activities	<u>41,483,135</u>	<u>12,555,752</u>
NET INCREASE IN CASH	21,006,242	10,483,120
CASH - BEGINNING OF YEAR	11,552,943	1,069,823
CASH - END OF YEAR	<u>\$ 32,559,185</u>	<u>\$ 11,552,943</u>
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION		
Cash paid for interest	\$ 1,892	\$ 7,189
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Insurance financing	210,260	192,514

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