

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-37605

LM FUNDING AMERICA, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-3844457
(I.R.S. employer
identification no.)

**1200 West Platt Street
Suite 100
Tampa, FL**
(Address of principal executive offices)

33606
(Zip code)

Registrant's telephone number, including area code: 813-222-8996

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading symbol	Name of each exchange on which registered
Common Stock par value \$0.001 per share	LMFA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 12,209,413 shares of Common Stock, par value \$0.001 per share, outstanding as of November 11, 2025.

LM FUNDING AMERICA, INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

LM Funding America, Inc. and Subsidiaries Consolidated Balance Sheets

	September 30, 2025 (unaudited)	December 31, 2024
Assets		
Cash	\$ 291,571	\$ 3,378,152
Digital assets - current (Note 3)	11,399,701	9,021,927
Finance receivables	28,148	21,051
Marketable securities (Note 6)	23,630	27,050
Receivable from sale of Symbiont assets (Note 6)	-	200,000
Prepaid expenses and other assets	904,079	827,237
Digital assets - collateral (Note 3)	5,500,000	-
Income tax receivable	31,187	31,187
Current assets	18,178,316	13,506,604
Fixed assets, net (Note 4)	15,655,533	18,376,948
Intangible assets, net (Note 4)	6,748,137	5,478,958
Deposits on mining equipment (Note 5)	501,228	467,172
Long-term investments - equity securities (Note 6)	5,598	4,255
Investment in Seastar Medical Holding Corporation (Note 6)	58,995	200,790
Digital assets - long-term (Note 3)	16,402,955	-
Digital assets - collateral (Note 3)	1,430,000	5,000,000
Right of use assets (Note 8)	785,918	938,641
Other assets	389,119	73,857
Long-term assets	41,977,483	30,540,621
Total assets	<u>\$ 60,155,799</u>	<u>\$ 44,047,225</u>
Liabilities and stockholders' equity		
Accounts payable and accrued expenses	3,071,168	989,563
Note payable - short-term (Note 7)	6,579,828	386,312
Due to related parties (Note 10)	59,337	15,944
Current portion of lease liability (Note 8)	190,821	170,967
Total current liabilities	9,901,154	1,562,786
Note payable - long-term (Note 7)	1,243,397	6,365,345
Lease liability - net of current portion (Note 8)	605,234	776,535
Long-term liabilities	1,848,631	7,141,880
Total liabilities	11,749,785	8,704,666
Stockholders' equity (Note 9)		
Preferred stock, par value \$.001; 150,000,000 shares authorized; no shares issued and outstanding as of September 30, 2025 and December 31, 2024	-	-
Common stock, par value \$.001; 350,000,000 shares authorized; 15,517,988 and 5,133,412 shares issued and outstanding as of September 30, 2025 and December 31, 2024	14,987	4,602
Additional paid-in capital	124,810,596	102,685,470
Accumulated deficit	(74,690,296)	(65,662,731)
Total LM Funding America stockholders' equity	50,135,287	37,027,341
Non-controlling interest	(1,729,273)	(1,684,782)
Total stockholders' equity	48,406,014	35,342,559
Total liabilities and stockholders' equity	<u>\$ 60,155,799</u>	<u>\$ 44,047,225</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

	Three Months ended September 30,		Nine Months ended September 30,	
	2025	2024	2025	2024
Revenues:				
Digital mining revenues	\$ 2,010,404	\$ 1,127,455	\$ 6,090,708	\$ 8,618,436
Specialty finance revenue	141,634	97,558	303,968	303,222
Rental revenue	26,265	30,460	83,288	92,766
Total revenues	2,178,303	1,255,473	6,477,964	9,014,424
Operating costs and expenses:				
Digital mining cost of revenues (exclusive of depreciation and amortization shown below)	1,177,184	730,716	4,013,878	5,742,773
Curtailment and energy sales	(151,887)	-	(524,842)	-
Staff costs and payroll	2,537,105	1,567,984	4,675,209	3,648,898
Depreciation and amortization	1,972,133	1,935,835	6,049,054	5,787,390
Gain on fair value of Bitcoin, net	(1,032,374)	(104,744)	(2,983,537)	(3,096,774)
Impairment loss on mining equipment	-	-	-	1,188,058
Professional fees	443,335	628,686	1,116,649	1,622,914
Selling, general and administrative	448,487	209,088	1,133,871	582,675
Real estate management and disposal	14,687	31,144	73,421	89,430
Collection costs	1,702	15,054	27,643	36,396
Settlement costs with associations	-	-	3,693	-
Loss on disposal of assets	-	12,449	286,359	54,506
Other operating costs	284,929	229,784	799,889	667,401
Total operating costs and expenses	5,695,301	5,255,996	14,671,287	16,323,667
Operating loss	(3,516,998)	(4,000,523)	(8,193,323)	(7,309,243)
Unrealized gain (loss) on marketable securities	10,400	(3,296)	(3,420)	984
Impairment loss on prepaid machine deposits	-	(12,941)	-	(12,941)
Unrealized gain (loss) on investment and equity securities	16,422	(346,866)	(140,452)	(852,624)
Gain (loss) on fair value of purchased Bitcoin, net	-	-	(52,704)	57,926
Other income - coupon sales	-	-	-	4,490
Interest expense	(235,282)	(124,035)	(683,734)	(231,754)
Interest income	916	98,343	2,592	124,696
Loss before income taxes	(3,724,542)	(4,389,318)	(9,071,041)	(8,218,466)
Income tax expense	-	-	-	-
Net loss	\$ (3,724,542)	\$ (4,389,318)	\$ (9,071,041)	\$ (8,218,466)
Less: loss (gain) attributable to non-controlling interest	(4,903)	105,043	43,476	265,296
Net loss attributable to LM Funding America Inc.	\$ (3,729,445)	\$ (4,284,275)	\$ (9,027,565)	\$ (7,953,170)
Less: deemed dividends (Note 9)	(347,782)	(1,704,305)	(347,782)	(1,704,305)
Net loss attributable to common shareholders	\$ (4,077,227)	\$ (5,988,580)	\$ (9,375,347)	\$ (9,657,475)
Basic loss per common share (Note 1)				
	\$ (0.41)	\$ (2.25)	\$ (1.39)	\$ (3.82)
Diluted loss per common share (Note 1)				
	\$ (0.41)	\$ (2.25)	\$ (1.39)	\$ (3.82)
Weighted average number of common shares outstanding				
Basic	9,986,433	2,659,974	6,768,862	2,525,160
Diluted	9,986,433	2,659,974	6,768,862	2,525,160

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

	Nine Months ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (9,071,041)	\$ (8,218,466)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	6,049,054	5,787,390
Noncash lease expense	152,723	79,629
Amortization of debt issue costs	66,994	-
Stock issued for services	-	100,001
Stock compensation	-	76,322
Stock option expense	259,384	332,415
Accrued investment income	-	(123,076)
Accrued interest expense on finance lease	42,875	-
Digital assets other income	-	(4,490)
Gain on fair value of Bitcoin, net	(2,930,833)	(3,154,700)
Impairment loss on mining machines	-	1,188,058
Impairment loss on hosting deposits	-	12,941
Unrealized loss (gain) on marketable securities	3,420	(984)
Unrealized loss on investment and equity securities	140,452	852,624
Loss on disposal of fixed assets	286,359	54,506
Change in operating assets and liabilities:		
Prepaid expenses and other assets	391,857	3,650,696
Repayments to related party	43,393	41,541
Accounts payable and accrued expenses	2,081,605	(664,681)
Mining of digital assets		
Lease liability payments	(6,090,708)	(8,618,436)
Net cash used in operating activities	(8,768,788)	(8,690,014)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net collections of finance receivables - original product	(3,145)	(4,618)
Net collections of finance receivables - special product	(3,952)	(1,571)
Capital expenditures	(635,691)	(1,228,428)
Proceeds from sale of fixed assets	953,153	78,806
Collection of note receivable	200,000	1,449,066
Acquisition of hosting site	(4,230,368)	-
Investment in notes receivable	-	(2,867,195)
Investment in digital assets - Bitcoin	(18,673,167)	-
Investment in digital assets - Tether	(29,572)	-
Proceeds from sale of Bitcoin	6,984,091	6,821,185
Proceeds from the sale of Tether	29,460	3,003
Deposits for mining equipment	(1,004,326)	-
Distribution to members	(1,015)	(19,616)
Net cash provided by (used in) investing activities	(16,414,532)	4,230,632
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings, net of issuance costs	1,240,195	6,344,084
Insurance financing repayments	(588,123)	(547,022)
Exercise of options	-	25,000
Proceeds from warrant exercise	95,999	-
Proceeds from the issuance of common stock, net of issuance costs	21,348,668	2,148,704
Net cash provided by financing activities	22,096,739	7,970,766
NET INCREASE (DECREASE) IN CASH	(3,086,581)	3,511,384
CASH - BEGINNING OF PERIOD	3,378,152	2,401,831
CASH - END OF PERIOD	\$ 291,571	\$ 5,913,215
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Insurance financing	\$ 352,501	\$ -
Change in accounting principle (see Note 1)	\$ -	\$ 614,106
Issuance of common stock as retainer for services	\$ 431,460	\$ -
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION		
Cash paid for taxes	\$ -	\$ -
Cash paid for interest	\$ 489,083	\$ 222,697

The accompanying notes are an integral part of these unaudited consolidated financial statements.

LM Funding America, Inc. and Subsidiaries Consolidated Statements of Changes in Stockholders' Equity
For the Three and Nine Months Ended September 30, 2025 and 2024
(unaudited)

	Common Stock		Additional	Accumulated	Non-Controlling	Total Equity
	Shares	Amount	paid-in capital	Deficit	Interest	
Balance - December 31, 2023	2,492,964	\$ 2,493	\$ 95,145,376	\$ (58,961,461)	\$ (1,325,110)	\$ 34,861,298
Stock option expense	-	-	110,804	-	-	110,804
Stock compensation	-	-	71,047	-	-	71,047
Cumulative effect of change in accounting principle (See Note 1)	-	-	-	614,106	-	614,106
Net income	-	-	-	1,939,617	414,221	2,353,838
Balance - March 31, 2024	2,492,964	\$ 2,493	\$ 95,327,227	\$ (56,407,738)	\$ (910,889)	\$ 38,011,093
Stock option expense	-	-	110,805	-	-	110,805
Member distributions	-	-	-	-	(19,616)	(19,616)
Stock compensation	-	-	5,275	-	-	5,275
Net loss	-	-	-	(5,608,512)	(574,474)	(6,182,986)
Balance - June 30, 2024	2,492,964	2,493	95,443,307	(62,016,250)	(1,504,979)	31,924,571
Stock issued for option exercise	6,219	6	24,994	-	-	25,000
Stock issued for services	29,674	30	99,971	-	-	100,001
Warrant exercise	149,185	15	-	-	-	15
Shares issued for cash in public offering, net	278,000	278	2,148,411	-	-	2,148,689
Stock compensation	-	-	110,806	-	-	110,806
Net loss	-	-	-	(4,284,275)	(105,043)	(4,389,318)
Balance - September 30, 2024	2,956,042	\$ 2,822	\$ 97,827,489	\$ (66,300,525)	\$ (1,610,022)	\$ 29,919,764
Balance - December 31, 2024	5,133,412	\$ 4,602	\$ 102,685,470	\$ (65,662,731)	\$ (1,684,782)	\$ 35,342,559
Stock option expense	-	-	110,805	-	-	110,805
Member distributions	-	-	-	-	(1,015)	(1,015)
Issuance costs	-	-	(6,285)	-	-	(6,285)
Net loss	-	-	-	(5,398,674)	(8,325)	(5,406,999)
Balance - March 31, 2025	5,133,412	\$ 4,602	\$ 102,789,990	\$ (71,061,405)	\$ (1,694,122)	\$ 30,039,065
Stock option expense	-	-	24,621	-	-	24,621
Net income (loss)	-	-	-	100,554	(40,054)	60,500
Balance - June 30, 2025	5,133,412	4,602	102,814,611	(70,960,851)	(1,734,176)	30,124,186
Stock option expense	-	-	123,958	-	-	123,958
Stock issued for services	319,600	320	431,140	-	-	431,460
Shares issued under equity offering, net	10,031,643	10,032	21,344,921	-	-	21,354,953
Warrant exercise	33,333	33	95,966	-	-	95,999
Net income (loss)	-	-	-	(3,729,445)	4,903	(3,724,542)
Balance - September 30, 2025	15,517,988	14,987	124,810,596	(74,690,296)	(1,729,273)	48,406,014

The accompanying notes are an integral part of these unaudited consolidated financial statements.

LM FUNDING AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025
(UNAUDITED)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LM Funding America, Inc. (“we”, “our”, “LMFA” or the “Company”) was formed as a Delaware corporation on April 20, 2015.

LMFA is the sole member of several entities including LM Funding, LLC, which was organized in January 2008; US Digital Mining and Hosting Co., LLC, which was formed on September 10, 2021 (“US Digital”); LMFA Financing LLC, formed on November 23, 2020; and LMFAO Sponsor LLC, which was formed on October 29, 2020 (LMFA is a majority member of LMFAO Sponsor LLC). US Digital has created various 100% owned subsidiaries to engage in business in various states in connection with its Bitcoin mining business.

The Company also from time to time organizes other subsidiaries to serve a specific purpose or hold a specific asset.

Business Operations

The Company currently maintains three distinct business operations: our Bitcoin treasury operations, Bitcoin mining business and our specialty finance business.

Our investment strategy with respect to our Bitcoin treasury operations involves retaining a majority of our currently held Bitcoin and acquiring new Bitcoin through our mining operations. We may sell or leverage our Bitcoin to support operational needs and strategic initiatives. Our Bitcoin mining operation deploys our computing power to mine Bitcoin on the Bitcoin network. We conduct this business through our wholly owned subsidiary, US Digital, a Florida limited liability company, which we formed in 2021 to develop and operate our Bitcoin mining business. With respect to our specialty finance business, the Company has historically engaged in the business of providing funding to nonprofit community associations primarily located in the state of Florida. We offer incorporated nonprofit community associations, which we refer to as “Associations,” a variety of financial products customized to each Association’s financial needs.

Bitcoin Treasury Operations and Strategy

During August 2025, we raised approximately \$21.3 million in net proceeds from capital raises and we purchased 164 Bitcoins with substantially all of the proceeds from such offering. Our Bitcoin treasury strategy for the next twelve months includes acquiring and holding Bitcoin, using cash flows from operations that exceed working capital requirements, and from time to time, subject to market conditions, issuing equity or debt securities or engaging in other capital raising transactions with the objective of using the proceeds to purchase Bitcoin. We have not set any specific target for the amount of Bitcoin we seek to hold, and we will continue to monitor market conditions in determining whether to engage in additional Bitcoin purchases. This overall strategy also contemplates that we may periodically sell Bitcoin for general corporate purposes or in connection with strategies that generate tax benefits in accordance with applicable law, enter into additional capital raising transactions, including those that could be collateralized by its Bitcoin holdings, and consider pursuing strategies to create income streams or otherwise generate funds using our Bitcoin holdings. As of September 30, 2025, we owned 304.5 Bitcoins.

We currently maintain a formal, documented strategy that governs circumstances under which we acquire or monetize our Bitcoin holdings. Decisions to purchase or sell Bitcoin are made on a case-by-case basis at management’s discretion, taking into account factors such as our liquidity, general market conditions, and anticipated cash requirements. As of September 30, 2025, Bitcoin represented 100% of our treasury holdings. We do have small holdings of Tether and USDC outside of our treasury holdings that value in the aggregate less than \$10,000 and are used for purchases with merchants that accepts such crypto assets as payment. We do not currently engage in hedging activities. We have not implemented derivative transactions, futures, options, swaps, or other financial instruments to reduce our exposure to Bitcoin price volatility. Any future hedging activity, if undertaken, would be determined by management on a discretionary basis.

Bitcoin Mining Business

We obtain Bitcoin as a result of our mining operations, and we sell Bitcoin from time to time, to support our operations and strategic growth. We plan to convert our Bitcoin to U.S. dollars. We may engage in regular trading of Bitcoin or engage in hedging activities related to our holding of Bitcoin. However, our decisions to hold or sell Bitcoin at any given time may be impacted by the Bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold, or the number of Bitcoins we will sell. Rather, decisions to hold or sell Bitcoins are currently determined by management by monitoring the market in real time.

As of September 30, 2025 and December 31, 2024, the Company had approximately 7,900 and 5,840 machines respectively, which amounted to operating units capable of producing 840 petahash and 615 petahash, respectively, per second ("EH/s") of computing power.

Specialty Finance Company

In our specialty finance business, we purchase an Association's right to receive a portion of the Association's collected proceeds from owners that are not paying their assessments. After taking assignment of an Association's right to receive a portion of the Association's proceeds from the collection of delinquent assessments, we engage law firms to perform collection work on a deferred billing basis wherein the law firms receive payment upon collection from the account debtors or a predetermined contracted amount if payment from account debtors is less than legal fees and costs owed. Under this business model, we typically fund an amount equal to or less than the statutory minimum an Association could recover on a delinquent account for each Account, which we refer to as the "Super Lien Amount". Upon collection of an Account, the law firm working on the Account, on behalf of the Association, generally distributes to us the funded amount, interest, and administrative late fees, with the law firm retaining legal fees and costs collected, and the Association retaining the balance of the collection. In connection with this line of business, we have developed proprietary software for servicing Accounts, which we believe enables law firms to service Accounts efficiently and profitably. Our original product offering consists of providing funding to Associations by purchasing their rights under delinquent accounts that are selected by the Associations arising from unpaid Association assessments. Historically, we provided funding against such delinquent accounts, which we refer to as "Accounts," in exchange for a portion of the proceeds collected by the Associations from the account debtors on the Accounts. In addition to our original product offering, we also purchase Accounts on varying terms tailored to suit each Association's financial needs, including under our New Neighbor Guaranty™ program.

Principles of Consolidation

The consolidated financial statements include the accounts of LMFA and its wholly-owned subsidiaries: LM Funding, LLC; REO Management Holdings, LLC (including all 100% owned subsidiary limited liability companies); LM Funding of Colorado, LLC; LM Funding of Washington, LLC; LM Funding of Illinois, LLC; US Digital (includes all 100% owned subsidiary limited liability companies) and various single purpose limited liability corporations owned by REO Management Holdings, LLC which own various properties. The consolidated financial statements also include LMFA Sponsor LLC (a 69.5% owned subsidiary). All significant intercompany balances have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. The interim consolidated financial statements as of September 30, 2025 and for the three and nine months ended September 30, 2025 and September 30, 2024, respectively, are unaudited. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to provide a fair statement of the results for the interim periods. The accompanying consolidated balance sheet as of December 31, 2024, is derived from the audited consolidated financial statements presented in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Recently adopted accounting pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") *No. 2023-08, Intangible - Goodwill and Other - Crypto Assets (Subtopic 350-60)* ("ASC 350-60"). ASC 350-60 requires entities with certain crypto assets to subsequently measure such assets at fair value, with changes in fair value recorded in net income in each reporting period. In addition, entities are required to provide additional disclosures about the holdings of certain crypto assets. Crypto assets that meet all the following criteria are within the scope of the ASC 350-60: (1) meet the definition of intangible assets as defined in the Codification (2) do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets (3) are created or reside on a distributed ledger based on blockchain or similar technology (4) are secured through cryptography (5) are fungible, and (6) are not created or issued by the reporting entity or its related parties. Bitcoin, which is the sole crypto asset mined by the Company, meets each of these criteria. For all entities, the ASC 350-60 amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The Company elected to early adopt the new guidance effective January 1, 2024 resulting in a \$614 thousand cumulative-effect change to adjust the Company's Bitcoin held on January 1, 2024 with the corresponding entry to beginning accumulated deficit.

There were no other new accounting pronouncements adopted during the three and nine months ended September 30, 2025 and 2024 that were determined to have a material effect on the Company's financial position, results of operations or cash flows.

Recently issued accounting pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”), which requires public business entities to provide additional disclosures in the notes to financial statements, disaggregating specific expense categories within relevant income statement captions. The prescribed categories include purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depreciation, depletion, and amortization related to oil-and-gas producing activities. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its financial statement disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt—Debt with Conversion and Other Options: Induced Conversions of Convertible Debt Instruments* (“ASU 2024-04”), which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion or extinguishments of convertible debt. ASU 2024-04 is effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements and related disclosures.

On December 14, 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires more detailed income tax disclosures. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption of the standard.

Segment and Reporting Unit Information

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Chief Executive Officer and Chief Financial Officer of the Company comprise the CODM, as a group. The Company has two operating segments as of September 30, 2025, which we refer to as Specialty Finance and Mining and Treasury Operations. Our corporate oversight function and other components that may earn revenues that are only incidental to the activities of the Company are aggregated and included in the “All Other” category. Refer to Note 11 - Segment Information.

Reclassification

Certain prior period immaterial amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

Revision to previously issued financial statements

As disclosed in our Annual Report on Form 10-K, during the period ended December 31, 2024, the Company identified errors in relation to the accounting for the change in depreciation life for the Bitcoin miners which had an impact on net property, plant and equipment and depreciation expense of approximately \$449,800 as of and for the three months ended March 31, 2024, approximately \$464,300 and \$914,100 as of and for the three and six months ended June 30, 2024, respectively, and approximately \$413,800 and \$1,328,000 as of and for the three and nine months ended September 30, 2024, respectively. The errors were determined to be immaterial on a qualitative and quantitative basis and were corrected during the three months ended December 31, 2024. The Company has revised the presentation in our previously issued unaudited consolidated interim financial statements as of and for the three and nine months ended September 30, 2024 and adjusted the disclosures included within Note 3 - Fixed Assets and Intangible Assets, net to reflect the correction of the error.

Liquidity

The accompanying consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will continue in operation one year after the date these financial statements are issued and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The evaluation of going concern under the accounting guidance requires significant judgment which involves the Company to consider that it has historically incurred losses in recent years as it has prepared to grow its business through expansion and acquisition opportunities. The Company must also consider its current liquidity as well as future market and economic conditions that may be deemed outside the control of the Company as it relates to obtaining financing and generating future profits. As of September 30, 2025, the Company had \$292 thousand available cash on-hand and Bitcoin with a fair market value of \$34.7 million (of which \$6.9 million is pledged as collateral against outstanding borrowings and classified within “Digital assets - collateral” on the consolidated balance sheets). Bitcoin classified as “Digital assets - long term” could be utilized for operational purposes if necessary. After considering its current liquidity and future market and economic conditions, the Company has concluded there is no substantial doubt about the Company’s ability to continue as a going concern.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include the evaluation of probable losses on balances due from third parties, the realization of deferred tax assets, the evaluation of contingent losses related to litigation and reserves on notes receivables, estimates of the recoverability and useful lives of long-lived assets and stock-based compensation. Our estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements.

Cash

The Company maintains cash balances at several financial institutions that are insured under the Federal Deposit Insurance Corporation's ("FDIC") Transition Account Guarantee Program. Balances with the financial institutions may exceed federally insured limits. As of September 30, 2025 and December 31, 2024 we have nil and \$2.3 million of cash in various institutions that exceed the FDIC or SIPC insurance coverage limit of \$250,000.

Digital Assets

Bitcoin held under our treasury strategy are included in long term assets in the consolidated balance sheet due to the Company's intention to hold the Bitcoin for long term investment. The remaining Bitcoin expected to be used for general working capital purposes are included in current assets in the consolidated balance sheets due to the Company's ability to sell Bitcoin in a highly liquid marketplace and such Bitcoin holdings are expected to be realized in cash or sold or consumed during the normal operating cycle of the Company. As a result of adopting ASC 350-60 on January 1, 2024, Bitcoin is measured at fair value as of each reporting period. The fair value of Bitcoin is measured using the period-end closing Bitcoin price from its principal market in accordance with ASC 820, Fair Value Measurement. Since Bitcoin is traded on a 24-hour period, the Company utilizes the price as of at fair value at 23:59:59 UTC time, which aligns with the Company's revenue recognition cut-off. The decrease (increase) in fair value from each reporting period is reflected on the consolidated statements of operations as "Loss (gain) on fair value of Bitcoin, net". The Company sells Bitcoin and such gains and losses from such transactions are measured as the difference between the cash proceeds and the carrying basis of Bitcoin as determined on a First In-First Out basis and are recorded within "Loss (gain) on fair value of Bitcoin, net".

Bitcoin, which is non-cash consideration earned by the Company through its mining activities, are included as a reconciling item as a cash outflow within operating activities on the accompanying consolidated statements of cash flows. The cash proceeds from the sales of Bitcoin are classified based on the holding period in which the Bitcoin are held. ASC 350-60 specifies that Bitcoin converted nearly immediately into cash would qualify as cash flows from operating activities and all other sales would qualify as investing activities. The Company evaluates its sales of Bitcoin and will record Bitcoin sold nearly immediately as operating cash flows and the remainder will be recorded as investing activities. During the nine months ended September 30, 2025 and 2024, all proceeds from Bitcoin sales were classified as investing activities.

Investment in Securities

Investment in securities includes investments in common stocks. Investments in securities are reported at fair value with changes in unrecognized gains or losses included in other income within the consolidated statements of operations.

Fair Value of Financial Instruments

FASB ASC 825-10, *Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet.

Fixed Assets

The Company capitalizes all acquisitions of fixed assets in excess of \$500. Fixed assets are stated at cost, net of accumulated depreciation. State and local use tax for equipment shipped from overseas is generally accrued on a quarterly basis at the time equipment is placed in service and is paid to the state in which the equipment is being utilized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and commences once the assets are ready for their intended use. Fixed assets are comprised of furniture, computer, office equipment, buildings and mining machines with assigned useful lives of 3 to 30 years.

The Company classifies mining machine deposit payments within "Deposits on mining equipment" in the consolidated balance sheets. As mining machines are received, the respective cost of the mining machines plus the related shipping and customs fees are reclassified from "Deposits on mining equipment" to "Fixed assets, net" in the consolidated balance sheets. Refer to Note 5 - Deposits on Mining Equipment and Hosting Services.

The Company operates in an emerging industry for which limited data is available to make estimates of the useful economic lives of mining machines. To the extent that any of the assumptions underlying management's estimate of useful life of its mining machines are subject to revision in a future reporting period, either as a result of changes in circumstances or through the availability of greater

quantities of data, then the estimated useful life could change and have a prospective impact on depreciation expense and the carrying amounts of these assets.

Right to Use Assets

The Company capitalizes all leased assets pursuant to ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize right-of-use assets and lease liability, initially measured at present value of the lease payments, on its balance sheet for leases with terms longer than 12 months and classified as either financing or operating leases. As of September 30, 2025 and December 31, 2024, right to use assets, net of accumulated amortization, was \$0.8 million and \$0.9 million, respectively.

Impairment of Long-Lived Assets

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment amount is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There was no impairment recorded for the three and nine months ended September 30, 2025, and nil and \$1.2 million impairment loss was recorded on fixed assets during the three and nine months ended September 30, 2024, respectively. Refer to Note 4 - Fixed Assets and Intangible Assets, net.

Revenue Recognition – Bitcoin Mining

Our accounting policy on revenue recognition for our Bitcoin mining segment is provided below.

Step 1: The Company enters into a contract with a Bitcoin mining pool operator (i.e., the customer) to provide hash calculations to the mining pools. The contract is terminable at any time by either party and thus the contract term is shorter than a 24-hour period and the contracts are continuously renewed. The Company provides services solely for Bitcoin mining and the fees charged during the year ended December 31, 2024 by the customer were approximately 0.5% of the total daily Bitcoin mined.

Applying the criteria per ASC 606-10-25-1, the contract arises at the point that the Company provides hash calculations to the customer, which is considered at contract inception, because customer consumption is in tandem with daily earnings of delivery of the computing power.

Step 2: In order to identify the performance obligations in a contract with a customer, the Company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met:

- The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct); and
- The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

Based on these criteria, the Company has a single performance obligation in providing hash calculations to the customer. The continuous renewal options do not represent material rights because they do not provide the customer with the right to purchase additional goods or services at a discount. Specifically, the contract is renewed at the same terms, conditions, and rate as the current contract which is consistent with market rates, and there are no upfront or incremental fees in the initial contract. The Company has full control of the mining equipment utilized in the mining pool and if the Company determines it will increase or decrease the processing power of its machines and/or fleet (i.e., for repairs or when power costs are excessive) the computing power provided to the customer will be reduced.

Step 3: The transaction consideration the Company earns is non-cash consideration in the form of Bitcoin, which the Company measures at fair value at 23:59:59 UTC on the date of contract inception using the Company's principal market for Bitcoin. Although the contract renews continuously throughout the day, and thus the value of the consideration should be assessed continuously throughout the day, the Company has concluded that using the 23:59:59 UTC Bitcoin price each day does not result in a materially different outcome. According to the Customer contract, daily settlements are made to the Company by the Customer based on the hash calculations provided over contract periods and the payout is made the following day. When participating in ratable share pools, in exchange for providing hash calculations the Company is entitled to a fractional share of the Bitcoin award the Customer receives for successfully adding a block to the blockchain, plus a fractional share of the transaction fees attached to that blockchain. The Company's fractional share is based on the proportion of hash calculations the Company contributed to the Customer compared to the total hash calculations contributed by all mining pool participants in solving the current algorithm. When participating in a Full Pay Per Share ("FPPS") mining pool, in exchange for providing hash calculations to the pool the Company is entitled to compensation, calculated on a daily basis, at an amount that approximates the total Bitcoin that could have been mined using the Company's hash calculations, calculated on a look-back basis across previous blocks using the pools hash rate index. The transaction consideration the

Company earns is variable since it is dependent on the daily computing power provided by the Company under the FPPS model and total Bitcoin earned by the under the ratable share model. There are no other forms of variable considerations, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items. The sum of the block reward and transaction fees earned by the Company is reduced by mining pool fees charged by the Customer for operating the mining pool based on a rate schedule per the mining pool contract. The mining pool fee is only incurred to the extent we perform hash calculations and generate revenue in accordance with the customer's payout formula during the continuously renewed contract periods beginning mid-night UTC and ending 23:59:59 UTC daily. This amount represents consideration paid to the customer and is thus reported as a reduction in revenue.

Step 4: The transaction price is allocated to the single performance obligation upon verification for the provision of hash calculations to the customer, and total Bitcoin rewards earned by the pool, when applicable under a ratable share model. There is a single performance obligation (i.e., hashrate) for the contract; therefore, all consideration from the customer is allocated to this single performance obligation.

Step 5: The Company's performance is complete in transferring the hash calculations over-time to the customer and the customer obtains control of the contributed hashrate. The performance obligation of hash calculations is fulfilled over time, as opposed to a point in time, because the Company provides the hash calculations throughout the contract period and the customer simultaneously obtains control of it and uses the asset to produce Bitcoin. There are no deferred revenues or other liability obligations recorded by the Company since there are no payments in advance of the performance. Bitcoin earned by the Company through its mining activities are included within operating activities on the accompanying consolidated statements of cash flows.

Cost of Revenues - Digital Assets

The Company includes energy costs and external co-location mining hosting fees in cost of revenues. Depreciation of mining machines is included within "Depreciation and amortization" in the consolidated statements of operations.

Curtailment and Energy Sales

For our Oklahoma mining site, the energy costs are incurred at market price with no power purchase agreements for a fixed future rate. The Company has a "Will Serve agreement" with the local energy company that provides credits based on amount of electricity provided and based on reducing power consumption upon peak demand times. The Company utilizes a third-party broker to facilitate our participation in demand response programs offered by the Southwest Power Pool ("SPP"), a regional transmission organization that manages the electric grid and wholesale power for the central United States. The broker analyzes our forecasted power consumption, market value of Bitcoin and day-ahead energy prices to determine whether our estimated mining revenues will exceed the energy cost incurred by the Company to operate our mining equipment ("breakeven price") for each hour of the following day. If our estimated revenues are predicted to fall below the breakeven price, our power will be curtailed, and we will receive compensation from the SPP in exchange for supplying our power to the grid ("Energy Sales"). If estimated revenue is above the breakeven price, the Company receives compensation for pledging our estimated power usage as available for curtailment in the event SPP needs to adjust load for grid balancing ("Curtailment"). We received \$152 thousand and \$525 thousand of compensation related to curtailment and energy sales during the three and nine months ended September 30, 2025 which is recorded as "Curtailment and energy sales" in the consolidated statement of operations. There were no curtailment and energy sales in the three and nine months ended September 30, 2024.

Utility Deposit Bond

In lieu of maintaining a cash utility deposit with the energy provider for our Oklahoma mining site, we purchased a utility deposit bond which guarantees that the energy provider would receive payment from the third party surety up to an amount of \$717 thousand in the event the Company defaults on utility charges. The Company pays an annual premium of \$14 thousand for the utility deposit bond and the cost of the bond is amortized ratably over the twelve month coverage period.

Revenue Recognition - Specialty Finance

FASB ASC 606 states an entity needs to conclude at the inception of the contract that collectability of the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer is probable. That is, in some circumstances, an entity may not need to assess its ability to collect all of the consideration in the contract. The Company provides funding to Associations by purchasing their rights under delinquent accounts from unpaid Association assessments due from property owners. Collections on the Accounts may vary greatly in both the timing and amount ultimately recovered compared with the total revenues earned on the Accounts because of a variety of economic and social factors affecting the real estate environment in general.

The Company's contracts with its specialty finance customers have very specific performance obligations. The Company has determined that the known amount of cash to be realized or realizable on its revenue generating activities cannot be reasonably estimate and as such, classifies its finance receivables as nonaccrual and recognizes revenues in the accompanying statements of income on the cash basis or cost recovery method in accordance with ASC 310-10, *Receivables*. The Company's operations also

consist of rental revenue earned from tenants under leasing arrangements which provide for rent income. The leases have been accounted for as operating leases. For operating leases, revenue is recorded based on cash rental payments was collected during the period. The Company analyzed its remaining revenue streams and concluded there were no changes in revenue recognition with the adoption of the new standard.

Under ASC 606, the Company applies the cash basis method to its original product and the cost recovery method to its special product as follows:

Finance Receivables—Original Product: Under the Company’s original product, delinquent assessments are funded only up to the Super Lien Amount as discussed above. Recoverability of funded amounts is generally assured because of the protection of the Super Lien Amount. As such, payments by unit owners on the Company’s original product are recorded to income when received in accordance with the provisions of the Florida Statutes (Section 718.116(3)) and the provisions of the purchase agreements entered into between the Company and Associations. Those provisions require that all payments be applied in the following order: first to interest, then to late fees, then to costs of collection, then to legal fees expended by the Company and then to assessments owed. In accordance with the cash basis method of recognizing revenue and the provisions of the statute, the Company records revenues for interest and late fees when cash is received. In the event the Company determines the ultimate collectability of amounts funded under its original product are in doubt, payments are applied to first reduce the funded or principal amount.

Finance Receivables—Special Product (New Neighbor Guaranty program): During 2012, the Company began offering Associations an alternative product under the *New Neighbor Guaranty* program whereby the Company will fund amounts in excess of the Super Lien Amount. Under this special product, the Company purchases substantially all of the delinquent assessments owed to the Association, in addition to all accrued interest and late fees, in exchange for payment by the Company of (i) a negotiated amount or (ii) on a going forward basis, all monthly assessments due for a period up to 48 months. Under these arrangements, the Company considers the collection of amounts funded is not assured and under the cost recovery method, cash collected is applied to first reduce the carrying value of the funded or principal amount with any remaining proceeds applied next to interest, late fees, legal fees, collection costs and any amounts due to the Association. Any excess proceeds still remaining are recognized as revenues. If the future proceeds collected are lower than the Company’s funded or principal amount, then a loss is recognized.

Net Commission Revenue: The Company acts as an agent in providing health travel insurance policies. As a result, the Company revenue is recorded at net. The Company has determined that the known amount of cash to be realized or realizable on its revenue generating activities can be reasonably estimated and as such, classifies its receivables as accrual and recognizes revenues in the accompanying statements of income on the accrual basis. If a policy is not effective as of the end of a period, then the associated revenue and underwriting costs are deferred until the effective date. The majority of the commission revenue is underwritten by two policy underwriters who pays the Company commissions.

Hosting Contracts

On May 6, 2024, the Company entered into a hosting agreement (the “Arthur Hosting Agreement”) with Tech Infrastructure JV I LLC (“Tech Infrastructure”) pursuant to which Tech Infrastructure agreed to host approximately 3,000 of the Company’s Bitcoin Miner S19J Pro machines at a secure location and provide power, maintenance and other services specified in the contract with a term of nine months. On July 17, 2024, the Company amended the contract to extend the contract for an additional month. On December 6, 2024, US Digital completed the previously announced acquisition (the “Acquisition”) of the hosting facility located in Oklahoma, and the Arthur Hosting Agreement was subsequently terminated. Following the completion of the Acquisition, the Company continues to operate the hosting site under its own management.

On September 5, 2022, the Company, through its wholly-owned subsidiary US Digital, entered into a hosting agreement (the “Core Hosting Agreement”) with Core Scientific Inc. (“Core”) pursuant to which Core, under various additional orders, agreed to host approximately 3,000 of the Company’s Bitcoin miner machines at a secure location and provide power, maintenance and other services specified in the contract with a term of one year, with automatic renewals unless either party notifies the other party in writing not less than ninety (90) calendar days before such renewal of its desire for the order not to renew unless terminated sooner pursuant to the terms of the Core Hosting Agreement. The Company entered into a number of amendments in 2023 and 2024 that resulted in Core hosting a total of approximately 4,870 miners as of September 30, 2024. Pursuant to the terms of the amended Core Hosting Agreement, the terms of the hosting agreement expired with respect to approximately 4,000 miners on May 31, 2024 while the terms of the hosting arrangement continued with respect to approximately 800 miners through December 31, 2024. Beginning January 1, 2025, the Core Hosting Agreement was renewed on a month-to-month basis through April 30, 2025. The agreement is now terminated and the machines were moved to our Oklahoma site.

Coupon Sales

From time to time the Company receives coupons from Bitmain to incentivize purchases of equipment. Coupons have a stated face value in dollars and can be applied against future invoices for purchased machines. Coupons are transferable and there are not restrictions on the sale to third parties. Occasionally, the Company sells coupons to third parties in exchange for cash consideration or digital assets. As there is currently no active market for the buying and selling of Bitmain coupons, the Company has determined that

the fair value of coupons received is nil at the time of receipt therefore revenue associated with the sale of such coupons is not recognized until the sale transaction has been completed and consideration has been received from the third party. The Company sold nil Bitmain coupons in the three and nine months ended September 30, 2025 and nil and \$4 thousand, respectively for the three and nine months ended September 30, 2024 which was recognized as other income within "Other income - coupon sales" in the consolidated statements of operations.

Stock-Based Compensation

The Company records all equity-based incentive grants to employees and non-employee members of the Company's Board of Directors in operating expenses in the Company's consolidated statements of operations based on their fair values determined on the date of grant. Stock-based compensation expense, reduced for estimated forfeitures, is recognized over the requisite service period of the award, which is generally the vesting term of the outstanding equity awards. The expense attribution method is straight-line or accelerated graded-vesting depending on the nature of the award.

Income Taxes

The Company's calculation of its tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. The Company recognizes tax liabilities for uncertain tax positions based on management's estimate of whether it is more likely than not that additional taxes will be required. The Company had no uncertain tax positions as of September 30, 2025 and December 31, 2024.

Deferred income taxes are recognized in the consolidated financial statements for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Temporary differences arise from net operating losses, differences in depreciation methods of archived images, and property and equipment, stock-based and other compensation, and other accrued expenses. A valuation allowance is established when it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S., or the various state jurisdictions, may be materially different from managements estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities. Interest and penalties are included in tax expense.

Income tax expense/(benefit) from operations for the three and nine months ended September 30, 2025 and 2024 was nil in each period, which resulted primarily from maintaining a full valuation allowance against the Company's deferred tax assets.

Income (Loss) Per Share

Basic income (loss) per share is calculated as net income (loss) to common stockholders divided by the weighted average number of common shares outstanding during the period. Refer to Note 9 - Stockholders' Equity.

The Company issued nil and nil restricted shares during the three and nine months ended September 30, 2025 and 2024. The weighted average shares used in calculating income (loss) per share for the three and nine months ended September 30, 2024 includes nil and 87 thousand restricted shares that were legally issued during the year ended December 31, 2023 and vested during the nine months ended September 30, 2024 based on their respective vesting date.

Diluted income (loss) per share for the periods equal to basic income (loss) per share as the effect of any convertible notes, stock-based compensation awards, stock warrants, and warrant repricing would be anti-dilutive.

The anti-dilutive stock-based compensation awards consisted of:

	September 30, 2025	December 31, 2024
Stock Options	1,780,198	593,378
Stock Warrants	25,558,342	4,747,547

The following table illustrates the computation of basic and diluted EPS for the three and nine months ended September 30, 2025 and 2024:

	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net loss attributable to LM Funding America Inc.	\$ (3,729,445)			\$ (4,284,275)		
Less: deemed dividends	(347,782)			(1,704,305)		
Basic and diluted EPS						
Net loss attributable to common shareholders	(4,077,227)	9,986,433	\$ (0.41)	(5,988,580)	2,659,974	\$ (2.25)

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net loss attributable to LM Funding America Inc.	\$ (9,027,565)			\$ (7,953,170)		
Less: deemed dividends	\$ (347,782)			(1,704,305)		
Basic and diluted EPS						
Net loss attributable to common shareholders	\$ (9,375,347)	6,768,862	\$ (1.39)	\$ (9,657,475)	2,525,160	\$ (3.82)

Contingencies

The Company accrues for contingent obligations, including estimated legal costs, when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, the Company reassesses its position and makes appropriate adjustments to the consolidated financial statements. Estimates that are particularly sensitive to future changes include those related to tax, legal and other regulatory matters.

Related Party

ASC 850 - *Related Party Disclosures* requires disclosure of related party transactions and certain common control relationships. The Company discloses related party transactions and such transactions are approved by the Company's Board of Directors. Refer to Note 10 - Related Party Transactions.

Risks and Uncertainties

Funding amounts are secured by a priority lien position provided under Florida law (see discussion above regarding Florida Statutes, Section 718.116). However, in the event the first mortgage holder takes title to the property, the amount payable by the mortgagee to satisfy the priority lien is capped under this same statute and would generally only be sufficient to reimburse the Company for funding amounts noted above for delinquent assessments. Amounts paid by the mortgagee would not generally reimburse the Company for interest, administrative late fees and collection costs. Even though the Company does not recognize these charges as revenues until collected, its business model and long-term viability is dependent on its ability to collect these charges. In the event a delinquent unit owner files for bankruptcy protection, the Company may at its option be reimbursed by the Association for the amounts funded (i.e., purchase price) and all collection rights are re-assigned to the Association.

Non-cash Activities

Insurance financing - The Company purchased insurance policies during the nine months ended September 30, 2025 and 2024 in the amount of \$353 thousand and nil, respectively, using a finance agreement.

Change in equity due to change in accounting principal ASC 350-60 - The Company adopted the new guidance effective January 1, 2024 resulting in a \$614 thousand cumulative-effect change to adjust the Company's Bitcoin held on January 1, 2024 with the corresponding entry to beginning accumulated deficit.

Issuance of common stock as retainer for services - The Company issued 319,600 shares of common stock to vendors retainer for advisory services. The total fair value of the shares at the time of issuance was \$432 thousand which was recorded as a prepaid expense. Refer to Note 9.

Note 2. Mississippi Site Acquisition

On September 16, 2025, the Company, through its wholly-owned subsidiary US Digital Mining Mississippi LLC, a Mississippi limited liability company (the “Acquirer”) completed an acquisition from Greenidge Mississippi LLC, a Mississippi limited liability company (“Seller”) of the approximate 6.4 acre parcel of real property located at 249 Datco Industrial Road, Columbus, Mississippi 39707 (the “Mississippi Property”), including substantially all of the business assets of Seller located at the Mississippi Property, excluding any Bitcoin miners (the “Transaction”), pursuant to an Asset Purchase Agreement, dated as of August 1, 2025, entered into between the Acquirer and Seller. The total consideration paid by the Acquirer to Seller in the Transaction was approximately \$3.9 million.

In connection with the completion of the Transaction, on September 16, 2025, the Company, through the Acquirer, entered into and closed the acquisition (the “Miner Acquisition”) contemplated by that certain Bitcoin Miner Purchase and Sale Agreement (the “Miner Purchase Agreement”) with Greenidge Generation LLC, a New York limited liability company and affiliate of the Seller (the “Miner Seller”), pursuant to which the Acquirer purchased and acquired from the Miner Seller approximately 2,330 Bitmain Antminer S19, S19 Pro and S19 J Pro Bitcoin miners (collectively, the “Miners”) of the Miner Seller for an aggregate purchase price of approximately \$362 thousand, less approximately \$32 thousand in sales taxes and fees paid by the seller. The closing of the transactions contemplated by the Miner Purchase Agreement was completed on September 16, 2025, contemporaneously with the consummation of the Transaction.

The Company accounted for the Transaction and Miner Acquisition, collectively, as an acquisition of a business under ASC Topic 805 – Business Combination due to the retention of employees critical to mining operations and obtaining control of all assets and substantive processes necessary to continue Bitcoin mining operations after the close of the acquisition.

The acquired business contributed revenues of \$92 thousand and a loss of \$33 thousand to the Company for the period from September 15, 2025 to September 30, 2025. The following unaudited pro forma summary presents consolidated information of the Company as if the business combination had occurred on January 1, 2024:

Pro forma three months ended				Pro forma nine months ended				
September 30, 2025		September 30, 2024		September 30, 2025		September 30, 2024		
(unaudited)		(unaudited)		(unaudited)		(unaudited)		
Revenue	\$	2,710,959	\$	1,812,657	\$	8,417,399	\$	9,571,609
Net loss	\$	(3,731,489)	\$	(4,500,762)	\$	(9,241,086)	\$	(8,462,273)

These pro forma amounts have been calculated after applying the Company's accounting policies and adjusting the results of the Mississippi site to reflect the depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant, and equipment, and intangible assets had been applied from January 1, 2024.

The Company incurred \$55 thousand in relation to acquisition related costs which were included in Professional Fees in the accompanying Consolidated Statements of Operations for the three and nine months ended September 30, 2025. The three and nine months ended September 30, 2025 supplemental pro forma net loss were adjusted to exclude the \$55 thousand of acquisition-related costs, and instead, these costs are reflected in pro forma net loss for the nine months ended September 30, 2024 in the table above.

The following table summarizes the preliminary purchase price allocation for the acquisition.

		Useful Life
Preliminary purchase price allocation:		
Land	169,829	
Mining machines	330,368	9 months
Mining infrastructure	2,293,680	9-14 years
Intangible asset	1,436,491	25 years
	\$	<u>4,230,368</u>

Note 3. Digital Asset

Digital assets consisted of the following:

	September 30, 2025	December 31, 2024	September 30, 2024
Bitcoin	\$ 16,896,867	9,019,205	\$ 3,972,153
Tether	2,834	2,722	11,647
Digital assets - current	<u>16,899,701</u>	<u>9,021,927</u>	<u>3,983,800</u>
Bitcoin - long-term	17,832,955	5,000,000	5,000,000
Total digital assets	\$ <u>34,732,656</u>	<u>14,021,927</u>	\$ <u>8,983,800</u>

Bitcoin

	September 30, 2025	December 31, 2024	September 30, 2024
Number of Bitcoin held	304.5	150.2	142.3
Carrying basis - per Bitcoin	\$ 106,040	\$ 65,332	\$ 58,409
Fair value - per Bitcoin	\$ 114,055	\$ 93,354	\$ 63,301
Carrying basis of Bitcoin	\$ 32,289,136	\$ 9,812,891	\$ 8,310,473
Fair value of Bitcoin	\$ 34,729,822	\$ 14,019,205	\$ 8,972,153

The carrying basis represents the valuation of Bitcoin at the time the Company earns the Bitcoin through mining activities or the cost paid for purchased Bitcoin. Fair value of Bitcoin was determined using Level 1 inputs. As of September 30, 2025 and December 31, 2024 approximately 61 Bitcoin and 54 Bitcoin, respectively, (with an approximate fair value of \$6.9 million and \$5.0 million, respectively) were held in a custody account as collateral for the \$6.3 million Liebel loans. Accordingly, the Company is restricted in its ability to use the Bitcoin separately held as collateral in the operation of its business. The Company regularly moves the collateral Bitcoin out of the collateral account when the fair value of such Bitcoin increases and deposits additional Bitcoin into the collateral account when the fair value of such Bitcoin decreases.

The following table presents a roll-forward of Bitcoin for the nine months ended September 30, 2025 and 2024:

Bitcoin

	September 30, 2025	September 30, 2024
Bitcoin beginning of period	\$ 14,019,205	\$ 3,406,096
Cumulative effect of the adoption of ASU 2023-08	-	614,106
Beginning balance	14,019,205	4,020,202
Addition of Bitcoin from mining activities	6,090,708	8,618,436
Purchase of Bitcoin	18,673,167	-
Disposition of Bitcoin from sales	(6,984,091)	(6,821,185)
Gain (loss) on fair value of purchased Bitcoin, net	(52,704)	57,926
Gain on fair value of Bitcoin, net	2,983,537	3,096,774
End of period	\$ <u>34,729,822</u>	<u>8,972,153</u>

Note 4. Fixed Assets and Intangible Assets, net

The components of fixed assets as of September 30, 2025 and December 31, 2024 are as follows:

	Useful Life		September 30, 2025		December 31, 2024
Mining machines	9 months - 4 years	\$	28,044,941	\$	28,852,428
Mining site equipment	6-10 years		4,214,998		1,921,318
Building	30 years		534,206		-
Real estate assets owned	30 years		80,057		80,057
Furniture, computer and office equipment	3-5 years		376,187		283,192
Land			169,829		-
Gross fixed assets			33,420,218		31,136,995
Less: accumulated depreciation			(17,764,686)		(12,760,047)
Fixed assets, net		\$	<u>15,655,533</u>	\$	<u>18,376,948</u>

As of September 30, 2025 and December 31, 2024, there were approximately 7,900 and 5,840 miners, respectively located at various hosting sites. The Company's depreciation expense recognized for the three and nine months ended September 30, 2025 and 2024 was \$1.9 million and \$5.9 million, respectively for 2025 and \$1.9 million and \$5.8 million, respectively for 2024.

We purchased 270 S21+ Bitmain machines in December 2024 for an aggregate purchase price of approximately \$1.0 million, net of coupons and credits. The machines were delivered in April 2025 and were subsequently sold for approximately \$1.0 million in May 2025.

In order to accommodate an incoming shipment of S21 mining machines in April 2024, management identified 365 mining machines at a Core hosting facility that would require relocation. As part of its impairment testing management considered the possible cashflows and probabilities associated with the relocation and continued use of 365 mining machines at a separate hosting facility location and the potential sale of such assets to a third party. Based on the assessment performed, management concluded a sale was probable and an impairment of \$1.2 million on the mining machines was recorded as of March 31, 2024, which was calculated as the net carrying value of the 365 mining machines of \$1.3 million less the sales price of \$79 thousand. The loss was recorded on our consolidated statements of operations as "Impairment loss on mining equipment" for the nine months ended September 30, 2024.

On April 16, 2024, the 365 mining machines were sold to a third-party for \$79 thousand. There was no additional loss recognized upon the asset sale.

There was nil and \$286 thousand loss on disposal of fixed assets during the three and nine months ended September 30, 2025, respectively and a \$12 thousand and \$55 thousand loss on disposal of fixed assets during the three and nine months ended September 30, 2024, respectively.

Intangible assets as of September 30, 2025 and December 31, 2024 consist of the following:

	Useful Life (Years)		September 30, 2025		December 31, 2024
Power and interconnection rights	25	\$	6,933,773	\$	5,497,282
Gross intangible assets			6,933,773		5,497,282
Less: accumulated amortization			(185,636)		(18,324)
Total intangible assets, net		\$	<u>6,748,137</u>	\$	<u>5,478,958</u>

The Company expects to record amortization expense of intangible assets over the next 5 years and thereafter as follows:

Fiscal Year ended December 31,	Estimated Amortization Expense
2025	\$ 69,338
2026	277,351
2027	277,351
2028	277,351
2029	277,351
Thereafter	5,569,395
Total	\$ 6,748,137

During three and nine months ended September 30, 2025 the Company recognized \$57 thousand and \$167 thousand amortization expense, respectively. There was nil amortization expense recognized during the three and nine months ended September 30, 2024.

Note 5. Deposits on Mining Equipment and Hosting Services

As further described in Note 1, the Company has entered into a series of mining machine and equipment purchase agreements, hosting and colocation service agreements in connection with our Bitcoin mining operations which required deposits to be paid in advance of the respective asset or service being received.

As of September 30, 2025 and December 31, 2024, the Company had a total of \$501 thousand and \$467 thousand, respectively, classified as “Deposits on mining equipment”.

On April 24, 2025, the Company contracted with a supplier to purchase two 1 MW immersion mining containers for approximately \$346 thousand plus an additional \$151 thousand for shipping and duties. A downpayment of approximately \$207 thousand was paid in May 2025 to the supplier and the remaining balance of \$139 thousand was paid in June 2025. Additionally, \$137 thousand of shipping fees were paid in June 2025 and \$14 thousand of shipping fees were paid in September 2025. The containers are expected to be received in November 2025.

As of September 30, 2025 and December 31, 2024, the Company had a total of nil and \$0.2 million in prepaid hosting services and hosting deposits, respectively, classified as “Prepaid expenses and other assets”.

Note 6. Investments

Marketable Securities

Our marketable equity securities are publicly traded stocks measured at fair value using quoted prices for identical assets in active markets and classified as Level 1 within the fair value hierarchy. Marketable equity securities as of September 30, 2025 and December 31, 2024, and activity for the nine months ended September 30, 2025 and year ended December 31, 2024, are as follows:

	Cost	Cost of Shares Sold	Gross Unrealized Gain (Loss)	Fair Value
Marketable equity securities, September 30, 2025	\$ 27,050	\$ -	\$ (3,420)	\$ 23,630
Marketable equity securities, December 31, 2024	\$ 17,860	\$ -	\$ 9,190	\$ 27,050

No marketable securities were sold during the nine months ended September 30, 2025 and 2024.

Long-term investments held to maturity in equity securities consist of the following:

LMF Acquisition Opportunities Inc. and SeaStar Medical - Warrants

The Company, through its affiliate LMFA Sponsor LLC (“Sponsor”), owns an aggregate 229,520 private placement warrants in SeaStar Medical Holding Corporation, a Delaware corporation (“SeaStar Medical”). For the three and nine months ended September 30, 2025 and 2024, our re-measurement of the fair value of the private placement warrants resulted in an unrealized gain of approximately \$1 thousand and \$1 thousand for 2025, respectively, and an unrealized loss of approximately \$2 thousand and \$148 thousand, respectively, for 2024. The unrealized gain or loss is included within “Unrealized gain (loss) on investment and equity securities” within the consolidated statements of operations.

Long-term investments in Seastar Medical private placement warrants consist of the following:

	September 30, 2025	December 31, 2024	September 30, 2024
Seastar Medical Holding Corporation warrants	\$ 5,598	\$ 4,255	\$ 8,944
End of period	<u>\$ 5,598</u>	<u>\$ 4,255</u>	<u>\$ 8,944</u>

	September 30, 2025	September 30, 2024
Beginning of year	\$ 4,255	\$ 156,992
Unrealized gain (loss) on equity securities	1,343	(148,048)
End of period	<u>\$ 5,598</u>	<u>\$ 8,944</u>

SeaStar Medical Holding Corporation - Common Stock

As of September 30, 2025 and December 31, 2024, Sponsor holds 103,500 shares or approximately 0.3% of the total outstanding common shares of SeaStar Medical. Taking into consideration the approximately 30% minority interest in Sponsor, the percentage of ownership in the total outstanding common shares of SeaStar Medical that is attributable to the Company is approximately 0.2%.

The Company remeasures our retained interest in SeaStar Medical at fair value and include any resulting adjustments as part of a gain or loss on investment. The fair value of our retained interest in SeaStar Medical's common stock is classified as Level 1 in the fair value hierarchy as the fair value is based upon the observable trading price of SeaStar Medical (NASDAQ: ICU) common stock. The trading price of ICU common stock as of September 30, 2025 and 2024 was \$0.57 and \$4.26 per share, respectively.

For the three and nine months ended September 30, 2025 and 2024, our re-measurement of the fair value of ICU common stock resulted in an unrealized gain of \$15 thousand and an unrealized loss \$142 thousand, respectively for 2025 and unrealized loss of \$0.4 million and \$0.7million, respectively for 2024. The unrealized gain or loss is included within "Unrealized gain (loss) on investment and equity securities" within the consolidated statements of operations.

Long-term investments in SeaStar Medical common stock consist of the following:

	September 30, 2025	December 31, 2024	September 30, 2024
Seastar Medical Holding Corporation common stock	\$ 58,995	\$ 200,790	\$ 440,910
End of period	<u>\$ 58,995</u>	<u>\$ 200,790</u>	<u>\$ 440,910</u>

	September 30, 2025	September 30, 2024
Beginning of year	\$ 200,790	\$ 1,145,486
Unrealized loss on equity investment	(141,795)	(704,576)
End of period	<u>\$ 58,995</u>	<u>\$ 440,910</u>

The net unrealized gain (loss) on securities from the Company's investment in SeaStar Medical's common stock and warrants for the three and nine months ended September 30, 2025 and 2024 totaled \$16 thousand and (\$140) thousand, respectively for 2025 and (\$0.4) million and (\$0.9) million, respectively for 2024.

Receivable from the sale of Symbiont assets

On December 26, 2023, the Company entered into an asset purchase agreement with Platonic Holdings, Inc. ("Platonic") pursuant to which we agreed to sell Symbiont intangible assets to Platonic. The sale closed on December 27, 2023. The sales proceeds were \$2.0 million, of which \$0.2 million was held in a customary indemnity escrow. Amounts held in escrow were recorded as "Receivable from the sale of Symbiont assets" in the consolidated balance sheets as of December 31, 2024. The \$0.2 million escrow amount was received in January 2025.

Note 7. Debt and Other Financing Arrangements

On September 15, 2025, the Company entered into an Amendment to Loan Agreement and Loan Documents (the “Loan Agreement Amendment”) by and among the Company, each of LM Funding, LLC and US Digital, as guarantors (jointly and severally, the “Guarantors”), and SE & AJ Liebel Limited Partnership, as lender (the “Lender”). The Loan Agreement Amendment amends the Loan Agreement previously entered into on August 6, 2024, among the Company, the Guarantors, and the Lender (the “Original Loan Agreement”). Pursuant to the Loan Agreement Amendment, the Company obtained an additional loan of up to \$2.0 million from the Lender (the “Additional Loan”), which is in addition to the \$5.0 million loan that was made to the Company by the Lender under the Original Loan Agreement (the “Initial Loan”).

The Additional Loan bears interest at a rate of 12.0% per annum and will mature on September 15, 2027. As provided in the Loan Agreement Amendment and the Promissory Note issued by the Company thereunder (the “Promissory Note”), an amount equal to \$1.3 million of the Additional Loan was funded on the date of the Loan Agreement Amendment, and the balance of the additional loan in an amount of up to \$700,000 was funded on October 15, 2025. The Additional Loan is secured by the same collateral, security agreement, and pledge agreement, and is subject to the same guarantees, as the Initial Loan, provided that the minimum Bitcoin collateral value that is pledged to secure the loan has been increased to 110% of the outstanding principal amount of Initial Loan and Additional Loan.

On March 27, 2025, we entered into a first amendment to secured promissory note with Brown Family Enterprises LLC (“Brown Family”) to increase the interest rate to eleven percent (11%) interest per annum, simple interest, payable on the maturity date. In addition, we agreed with Brown Family to extend the maturity date of the secured promissory note until March 31, 2026.

Debt of the Company consisted of the following as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Financing agreement with Imperial PFS that is unsecured. Down payment of \$47,990 was required upfront and ten installment payments of \$47,990 are to be made over the loan term. The note matured on August 1, 2025 and was paid in full. Annualized interest is 9.35%.	-	382,013
Financing agreement with Imperial PFS that is unsecured. Down payment of \$14,040 was required upfront. Three installment payments of \$14,830 and eight installment payments of \$717 are to be made over the loan term. The note matured on July 1, 2025. Annualized interest is 10.45%.	-	4,299
Financing agreement with Imperial PFS that is unsecured. Down payment of \$9,218 was required upfront. Eleven installment payments of \$16,760 are to be made over the loan term. The note matures on July 1, 2026. Annualized interest is 9.45%.	150,691	-
Secured loan with Brown Family Enterprises LLC. The note matures on March 31, 2026. Interest was 10% per annum for the year ended December 31, 2024, with an increase to 11% per annum as of March 27, 2025.	1,500,000	1,500,000
Loan with SE & AJ Liebel Limited Partnership. \$1.4 million of Bitcoin has been pledged as collateral. The note matures on September 15, 2027. Interest is 12% per annum.	1,300,000	-
Loan with SE & AJ Liebel Limited Partnership. \$5.5 million of Bitcoin has been pledged as collateral. The note matures on August 6, 2026. Interest is 12% per annum.	5,000,000	5,000,000
Debt discount	(127,466)	(134,655)
	<u>\$ 7,823,225</u>	<u>\$ 6,751,657</u>

Minimum required principal payments on the Company's debt as of September 30, 2025 are as follows:

	Maturity	Amount
2025	\$	-
2026		6,650,691
2027		1,300,000
	\$	<u>7,950,691</u>

Note 8. Commitments and Contingencies

Leases

The Company leases office space and office equipment under non-cancelable operating leases. Leases with an initial term of one year or less are not recorded on the balance sheet, and the Company generally recognizes lease expense for these leases on a straight-line basis over the lease term. As of September 30, 2025, the Company's long term operating leases have remaining lease terms of between 8-34 months and includes options to renew the leases. The exercise of lease renewal options is generally at the Company's sole discretion. The Company's leases do not contain any material residual value guarantees or material restrictive covenants. As of September 30, 2025, the Company's long term financing land lease has a remaining lease term of 45 months and includes a purchase option.

The Company determines if an arrangement is a lease at inception. Operating lease right-out-use ("ROU") assets and current and long-term operating lease liabilities are separately stated on the consolidated balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value of future lease payments is discounted using either the implicit rate in the lease, if known, or the Company's incremental borrowing rate for the specific lease as of the lease commencement date. The ROU asset is also adjusted for any prepayments made or incentives received. The lease terms include options to extend or terminate the lease only to the extent it is reasonably certain any of those options will be exercised. Lease expense for operating leases is recognized on a straight-line basis over the lease term. For finance leases, amortization expense is recognized on a straight-line basis over the shorter of the useful life of the asset or the lease term and interest expense related to the lease is recognized using the interest method. The Company accounts for lease components (e.g., fixed payments) separate from the non-lease components (e.g., common-area maintenance costs).

The Company's office lease is through July 31, 2028. Subsequent renewal options were not considered probable of being exercised as of September 30, 2025. This office space is in a building owned by a board member. The Company shares this space and the related costs associated with this operating lease with a related party (Refer to Note 10) that also performs legal services associated with the collection of delinquent assessments. The related party has a sub-lease for approximately \$2.5 thousand per month plus operating expenses for the three and nine months ended September 30, 2025 and 2024.

Lease expense recognized for the three and nine months ended September 30, 2025 and 2024 was approximately \$77 thousand and \$224 thousand, respectively for 2025 and approximately \$40 thousand and \$103 thousand, respectively for 2024. Sublease income recognized for the three and nine months ended September 30, 2025 and 2024 was approximately \$7 thousand and \$22 thousand, respectively for 2025 and approximately \$7 thousand and \$22 thousand, respectively for 2024.

The following table presents supplemental balance sheet information related to leases as of September 30, 2025 and December 31, 2024:

	Balance Sheet Line Item	September 30, 2025	December 31, 2024
Assets			
ROU assets - operating lease	Right of use asset, net	\$ 292,248	\$ 360,947
ROU assets - finance lease	Right of use asset, net	493,670	577,694
Total lease assets		<u>\$ 785,918</u>	<u>\$ 938,641</u>
Liabilities			
Current lease liabilities - operating lease	Current portion of lease liability	\$ 96,458	\$ 89,502
Current lease liabilities - finance lease	Current portion of lease liability	94,363	81,465
Long-term lease liabilities - operating lease	Lease liability - net of current portion	203,368	280,306
Long-term lease liabilities - finance lease	Lease liability - net of current portion	401,866	496,229
Total lease liabilities		<u>\$ 796,055</u>	<u>\$ 947,502</u>
Weighted-average remaining lease term (in years) - operating lease		2.8	3.5
Weighted-average discount rate - operating lease		10.05 %	10.02 %
Weighted-average remaining lease term (in years) - finance lease		3.8	4.8

The following table presents supplemental cash flow information and non-cash activity related to leases for the nine months ended September 30, 2025 and 2024:

Lease Supplemental Cash Flow Table	September 30,	
	2025	2024
Operating cash flow information		
Cash paid for amounts included in the measurement of lease liabilities	\$ (194,322)	\$ (81,304)

The following table presents maturities of lease liabilities on an undiscounted basis as of September 30, 2025:

Lease Maturity Table	Operating Leases	Finance Leases	Total Leases
2025	31,048	-	31,048
2026	121,220	143,222	264,442
2027	121,598	147,518	269,116
2028	72,158	151,944	224,102
2029	-	181,502	181,502
(less: imputed interest)	(46,198)	(127,957)	(174,155)
	<u>\$ 299,826</u>	<u>\$ 496,229</u>	<u>\$ 796,055</u>

Legal Proceedings

Except as described below, we are not currently a party to material pending or known threatened litigation proceedings. However, we frequently become party to litigation in the ordinary course of business, including either the prosecution or defense of claims arising from contracts by and between us and client Associations. Regardless of the outcome, litigation can have an adverse impact on us because of prosecution, defense, and settlement costs, diversion of management resources and other factors.

The Company accrues for contingent obligations, including estimated legal costs, when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, the Company reassesses its position and makes appropriate adjustments to the consolidated financial statements. Estimates that are particularly sensitive to future changes include those related to tax, legal, and other regulatory matters.

Uptime Purchase Agreement Matter

In October 2021, we entered into a sale and purchase agreement (the “Uptime Purchase Agreement”) with Uptime Armory LLC (“Uptime”) pursuant to which US Digital agreed to purchase, and Uptime agreed to supply to US Digital, an aggregate of 18 modified 40-foot cargo containers (“POD5ive containers”) that were designed to hold and operate 280 S19 Pro Antminers manufactured by Bitmain. The purchase price of the POD5ive containers totals \$3.15 million, of which \$2.4 million or 75% was paid in 2021 as a non-refundable down payment and the remaining 25% was paid after Uptime delivered a “notice of completion” of the equipment in 2022. However, no containers have been delivered as of September 30, 2025.

On November 8, 2022, LMFA filed an action in Florida circuit court against Uptime and Bit5ive, LLC (the “Defendants”) in a case styled US Digital Mining and Hosting Co. LLC v. Uptime Armory, LLC and Bit5ive, LLC (Fla. 11th Cir. Ct., Nov. 8, 2022). In that action, we alleged breach of contract and violation of the Florida Deceptive and Unfair Trade Practices Act and are seeking, among other things, damages of \$3.15 million for non-delivery of the 18 POD5ive containers. The Defendants filed a motion to compel confidential arbitration action. The court has now stayed the action in the Florida circuit court, and ordered the parties to confidential arbitration governed by the American Arbitration Association. We recorded an impairment charge of \$3.15 million on our mining machine deposit in the fourth quarter of 2022. The arbitrator has ruled in favor of US Digital’s dispositive motions against Uptime Armory and Bit5ive. Uptime, Uptime Hosting, LLC, and Bit5ive, LLC have filed for Assignment for the Benefit of Creditors. US Digital’s Proof of Claim against Uptime and Uptime Hosting, LCC was filed in the Circuit Court of the Eleventh Judicial Circuit, in and for Miami-Dade County, Florida in the amount of the arbitrator’s award of \$3.2 million (owed joint and several with Bit5ive, LLC). The likelihood and amount of recovery of the Company’s outstanding claims cannot be estimated at this time.

Uptime Hosting Agreement Matter

In addition, in October 2021, US Digital also entered into a hosting agreement with Uptime Hosting LLC (the “Hosting Agreement”) to host the Company’s 18 POD5ive containers at a secure location and provide power, maintenance and other services specified in the contract for 6 cents per kilowatt with a term of one year. Under the Hosting Agreement we paid a deposit of \$0.8 million in 2021 and were required to pay an additional deposit for each container three and nine months prior to delivery at the hosting site of \$44 thousand and a final deposit for each container one month prior to arrival at the hosting site of \$44 thousand. The deposits paid for hosting services under the Hosting Agreement are refundable. On June 29, 2022, the Company and Uptime Hosting LLC entered into a Release and Termination Agreement in which the Hosting Agreement was terminated and Uptime Hosting LLC agreed to pay the \$0.8 million. We recorded an impairment charge of \$0.8 million on our prepaid hosting deposit in the fourth quarter of 2022.

On September 2, 2022, LMFA filed in Florida circuit court a legal action against Uptime Hosting LLC in an action styled US Digital Mining and Hosting Co, LLC v. Uptime Hosting, LLC (Fla. 13th Cir. Ct. Sept. 2, 2022) for the return of the deposit and other damages, alleging breach of contract and violation of the Florida Deceptive and Unfair Trade Practices Act. LMFA has since amended its complaint, alleging (i) breach of contract against Uptime and Bit5ive, (ii) violation of Florida’s Uniform Fraudulent Transfer Act against Uptime; (iii) violation of Florida’s Uniform Fraudulent Transfer Act against Bit5ive; (iv) violation of Florida’s Uniform Fraudulent Transfer Act against Block Consulting and Robert Collazo (v) violation of Florida Fraudulent Asset Conversion against Block Consulting Services, 6301 Southwest Ranches, LLC, Robert D Collazo, Jr. and Elyam Moral-Collazo; (vi) violation of Florida Deceptive and Unfair Trade Practices Act against all Defendants, (vii) equitable lien against Robert D Collazo, Jr., Elyam Moral-Collazo and 6301 Southwest Ranches, LLC., and (viii) equitable lien against Defendants Robert D Collazo, Jr., Elyam Moral-Collazo and 6301 Southwest Ranches, LLC.

CFTC enforcement action

On September 30, 2024, the Commodity Futures Trading Commission (“CFTC”) filed an enforcement action in the U.S. District Court for the Southern District of Florida, styled Commodity Futures Trading Commission v. Traders Domain FX LTD d/b/a The Traders Domain, et al., Case No. 1:24-cv-23745-RKA (the “CFTC Action”). Among the named defendants were Algo Capital LLC (“Algo Capital”) and certain insiders and affiliates of Algo Capital previously involved in state court Assignment for the Benefit of Creditors (“ABC”) proceedings. The Company’s claims against Robert D Collazo, Uptime, Uptime Hosting LLC, Bit5ive LLC, Block Consulting Services, LLC, 6301 Southwest Ranches LLC were under the jurisdiction of the ABC proceedings therefore such claims are now a part of the CFTC Action.

On October 3, 2024, the District Court entered an order granting the CFTC’s motion for the appointment of a receiver (the “Receivership Order”). All assets that are collected from the individuals and entities named in the CFTC action will be remitted to the Receiver for administration and potential distribution under the supervision of the federal court. The receiver is currently in the process of identifying and recovering assets. The likelihood and amount of recovery of the Company’s outstanding claims cannot be estimated at this time.

Note 9. Stockholders' Equity

Reverse Stock Split

On February 23, 2024, the Board approved a one-for-six (1:6) reverse split of the Company's issued and outstanding common stock, par value \$0.001 per share, pursuant to which every six outstanding shares of common stock was converted into one share of common stock (the "Reverse Stock Split"). The Reverse Stock Split was effected by the filing of an amendment to our Certificate of Incorporation on March 7, 2024 which provided that the Reverse Stock Split became effective at 12:01 a.m. eastern time on March 12, 2024. The amendment provided that no fractional shares shall be issued and, in lieu thereof, any person who would otherwise be entitled to a fractional share of common stock as a result of the Reverse Stock Split would be entitled to receive one share of common stock. The Company's common stock began trading on The Nasdaq Capital Market on a split-adjusted basis on March 12, 2024. The Company has retroactively adjusted all share amounts and per share data herein to give effect to the Reverse Stock Split.

August 2025 Private Placements

On August 18, 2025, the Company and institutional investors (the "Purchasers") entered into a securities purchase agreement (the "Securities Purchase Agreement"), pursuant to which the Company agreed to issue to the Purchasers, in a private placement (the "PIPE Offering"), (i) 4,322,265 shares (the "Shares") of the Company's common stock, par value \$0.001 per share ("Common Stock") and (ii) 4,322,265 warrants to purchase shares of Common Stock at an exercise price of \$2.41 per share (the "Common Warrants").

On August 18, 2025, following the closing of the PIPE Offering, the Company and institutional investors (the "RD Purchasers") entered into a securities purchase agreement (the "SPA"), pursuant to which the Company agreed to issue to the RD Purchasers (the "Offering"), (i) 5,231,681 shares (the "RD Shares") of the Company's Common Stock and, in a concurrent private placement, (ii) 5,231,681 warrants to purchase shares of Common Stock at an exercise price of \$2.41 per share (the "Placement Common Warrants"). The combined purchase price for each RD Share and Placement Common Warrant in the Offering was \$2.41. The combined net proceeds from the Offering and PIPE Offering were \$21.3 million.

On August 28, 2025, the Company provided notice to the holders of the common Warrants and Placement Common Warrants issued in the Company's August 2025 financing transactions that, as a result of reset provisions in such warrants, the exercise price of such warrants was reduced from \$2.41 per share to \$1.10 per share and the aggregate number of shares issuable upon exercise of such warrants was increased to 20,931,827 shares.

The price reset of the PIPE and RD warrants was accounted for as an equity contract modification. The difference in fair value immediately before and after the price reset was determined to be \$12.4 million and was recorded as a debit to issuance costs and a credit to APIC, with no net impact to equity.

August 2024 Offering

On August 16, 2024, the Company and an institutional investor (the "Investor") entered into a securities purchase agreement, pursuant to which the Company agreed to issue to the Investor, (i) in a registered direct offering, 278,000 shares of the Company's common stock and pre-funded warrants to purchase 590,185 shares of common stock (the "Pre-Funded Warrants") with an exercise price of \$0.0001 per share, and (ii) in a concurrent private placement, Series A warrants to purchase 868,185 shares of common stock (the "Series A Common Warrants") and Series B warrants to purchase 868,185 shares of common stock (the "Series B Common Warrants" and together with the Series A Common Warrants, the "2024 Warrants"), each with an exercise price of \$2.98. Such registered direct offering and concurrent private placement are referred to herein as the "2024 Transactions". The combined effective offering price for each share of common stock (or Pre-Funded Warrants in lieu thereof) and accompanying Series A Warrant and Series B Warrant in the 2024 Transaction was \$2.98. The 2024 Transactions closed on August 19, 2024.

Certain outstanding and exercisable warrants include price protection provisions requiring a reduction in the instrument's exercise price in the event that the Company subsequently issues shares at a purchase price, or warrants at an exercise price, lower than the instrument's original exercise price. As a result of the 2024 Transactions, this provision was triggered and the exercise price for 1,247,807 warrants was reduced from \$30.00 to \$2.88.

Share Issuance

On August 20, 2025 the Company issued 188,000 shares of common stock as a retainer for advisory services to be rendered by a service provider. The total fair value of the shares at the time of issuance was \$254 thousand. The retainer will be applied to future invoices over eighteen months beginning April 1, 2026, at a rate of 10,444 shares per month. Additionally, on August 20, 2025 the Company issued 131,600 shares of common stock as a retainer for financial reporting services to be rendered by a contractor. The total fair value of the shares at the time of issuance was \$178 thousand, of which \$89 thousand was expensed for the three and nine months ended September 30, 2025.

On August 9, 2024, the Company issued 29,674 shares of common stock pursuant to a termination agreement with a service provider which required the delivery of such shares and a cash payment of \$150 thousand. The total fair value of the shares at the time of issuance was \$100 thousand, of which we expensed \$100 thousand for the three and nine months ended September 30, 2024.

Stock Options

The following is a summary of the stock option plan activity during the nine months ended September 30, 2025 and 2024:

	2025		2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding at beginning of the year	593,378	\$ 9.06	599,597	\$ 9.00
Granted	1,186,820	1.21	-	-
Forfeited	-	-	-	-
Exercised	-	-	(6,219)	4.02
Options outstanding at end of the period	<u>1,780,198</u>	<u>\$ 3.83</u>	<u>593,378</u>	<u>\$ 9.06</u>
Options exercisable at end of the period	<u>593,378</u>	<u>\$ 9.06</u>	<u>384,850</u>	<u>\$ 11.43</u>

On August 27, 2025, the Company granted options to purchase an aggregate of 733,320 shares of common stock of the Company to non-employee members of the Board of Directors. The Company used the Black-Scholes model to value these options using a 10 year life, annualized volatility of 118.7%, annual risk free interest rate of 4.26% and a strike price of \$1.26 per share which resulted a total fair value for these options of \$879 thousand. The grant date fair value of the options was \$1.20.

The options grant each recipient the right to purchase shares of Company common stock at a price of \$1.26 per share, the fair market value of the Company's common stock on the grant date. These awards will vest over a twelve month period with 50% after 6 months and the remaining 50% at end of twelve months.

On September 30, 2025, the Board of Directors of the Company approved the grant of options to purchase an aggregate of 453,500 shares of common stock of the Company to management and employees. The Company used the Black-Scholes model to value these options using a 10 year life, annualized volatility of 118.7%, annual risk free interest rate of 4.16% and a strike price of \$1.14 per share which resulted a total fair value for these options of \$492 thousand. The grant date fair value of the options was \$1.08.

The options grant each recipient the right to purchase shares of Company common stock at a price of \$1.14 per share, the fair market value of the Company's common stock on the grant date. The Options vest as to 50% of the total amount of the award on the one-year anniversary of the grant date and 50% of the total amount of the award on the two-year anniversary of the grant date (subject to accelerated vesting upon a change of control of the Company), provided that the executive is in continuous employment or service to the Company through the applicable vesting date.

Stock compensation expense recognized for the three and nine months ended September 30, 2025 and 2024 related to stock options was approximately \$124 thousand and \$259 thousand, respectively for 2025 and approximately \$0.1 million and \$0.3 million, respectively for 2024. There was \$1.2 million of unrecognized compensation cost associated with unvested stock options remaining as of September 30, 2025.

The aggregate intrinsic value of the outstanding common stock options as of September 30, 2025 and December 31, 2024 was nil. The remaining weighted average life of the options as of September 30, 2025 was approximately 9.05 years.

Restricted Shares

The following is a summary of the restricted share activity during the nine months ended September 30, 2025 and 2024:

	September 30, 2025		September 30, 2024	
	Number of Restricted Shares	Weighted Average Award Price	Number of Restricted Shares	Weighted Average Award Price
Restricted Shares outstanding at beginning of the year	-	\$ -	86,667	\$ 4.51
Vested	-	-	(86,667)	4.51
Restricted Shares outstanding at end of period	-	\$ -	-	\$ -

Stock compensation expense for restricted stock for the three and nine months ended September 30, 2025 and 2024 was nil for 2025 and approximately nil and \$76 thousand, respectively for 2024. There was nil unrecognized compensation cost associated with unvested restricted stock remaining as of September 30, 2025.

Warrants

The following is a summary of the warrant activity during the nine months ended September 30, 2025 and 2024:

	2025		2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding at beginning of the year	4,747,547	\$ 2.93	1,274,807	\$ 30.04
Issued	20,931,827	1.10	2,326,555	2.22
Exercised	(33,333)	2.88	(149,185)	0.0001
Expired	(87,699)	2.88	-	-
Warrants outstanding and exercisable at end of the year	25,558,342	\$ 1.35	3,452,177	\$ 2.56

Certain outstanding and exercisable warrants include price protection provisions requiring a reduction in the instrument's exercise price in the event that the Company subsequently issues warrants at an exercise price lower than the instrument's original exercise price. As a result of the 2024 Transactions, the price provision was triggered and the exercise price for 1,247,807 warrants was reduced from \$30.00 to \$2.88. As a result of the August 2025 transactions the exercise price of 1,153,775 warrants was reduced from \$2.88 per share to \$1.10 per share.

In accordance with ASC 260, when an instrument's exercise price is reduced in accordance with a price protection provision, the issuer is required to determine the value that was transferred to the holder of the warrant as calculated by comparing the hypothetical fair value of the warrant immediately before and immediately after the exercise price reduction and record the amount as a reduction to retained earnings and increase to additional paid in capital (i.e. deemed dividend). Due to the absence of retained earnings, the Company recorded the transactions within additional paid in capital, which resulted in a nil net impact to the statements of equity. Loss attributable to common shareholders was increased by the calculated value transferred to the holder of \$348 thousand in the basic and diluted EPS calculations for the three and nine months ended September 30, 2025 and \$1.7 million in the basic and diluted EPS calculations for the three and nine months ended September 30, 2024. On September 25, 2024, 149,185 of the Pre-Funded Warrants were exercised for \$0.0001 per share. On July 22, 2025, 33,333 warrants were exercised for \$2.88 per share.

The aggregate intrinsic value of the outstanding common stock warrants as of September 30, 2025 and December 31, 2024 was \$0.9 million and nil. The remaining weighted average life of the warrants as of September 30, 2025 was 2.8 years.

Note 10. Related Party Transactions

Legal services for the Company associated with the collection of delinquent assessments from property owners was performed by a law firm (“Business Law Group”, or “BLG”) which was owned solely by Bruce M. Rodgers, the chairman and CEO of the Company, until and through the date of its initial public offering in 2015. Following the initial public offering, Mr. Rodgers transferred his interest in BLG to other attorneys at the firm through a redemption of his interest in the firm. The law firm has historically performed collection work primarily on a deferred billing basis wherein the law firm receives payment for services rendered upon collection from the property owners or at amounts ultimately subject to negotiations with the Company.

On February 1, 2022, the Company consented to the assignment by BLG to the law firm BLG Association Law, PLLC (“BLGAL”) of the Services Agreement, dated April 15, 2015, previously entered into by the Company and BLG (the “Services Agreement”). The Services Agreement had set forth the terms under which BLG would act as the primary law firm used by the Company and its association clients for the servicing and collection of association accounts. Bruce M. Rodgers is a 50% owner of BLGAL.

Under the agreement, the Company paid BLG a fixed monthly fee of \$43 thousand per month for services rendered during the nine months ended September 30, 2025 and 2024, respectively. The Company pays BLG a minimum per unit fee of \$700 in any case where there is a collection event and BLG received no payment from the property owner, including any unit where the Company has taken title to the unit or where the Association has terminated its contract with either BLG or the Company.

The Company had originally engaged BLG on behalf of many of its Association clients to service and collect the Accounts and to distribute the proceeds as required by Florida law and the provisions of the purchase agreements between the Company and the Associations. This engagement was subsequently assigned to BLGAL as described above. Ms. Gould, who is a Director of the Company, worked as the General Manager of BLG and works as the General Manager of BLGAL.

Amounts paid to BLGAL for the three and nine months ended September 30, 2025 and 2024 were approximately \$129 thousand and \$387 thousand, respectively for 2025 and approximately \$129 thousand and \$387 thousand, respectively for 2024.

Pursuant to the Services Agreement, as amended, in effect during the three and nine months ended September 30, 2025 and 2024, the Company paid all costs (lien filing fees, process and serve costs) incurred in connection with the collection of amounts due from property owners. Any recovery of these collection costs is accounted for as a reduction in expense incurred. The Company incurred expenses related to collection costs for the three and nine months ended September 30, 2025 and 2024 in the amounts of approximately \$17 thousand and \$59 thousand, respectively for 2025 and approximately \$23 thousand and \$63 thousand, respectively for 2024. Recoveries during the three and nine months ended September 30, 2025 and 2024 were approximately \$15 thousand and \$31 thousand, respectively for 2025 and approximately \$8 thousand and \$27 thousand, respectively for 2024.

The Company also shares office space, personnel and related common expenses with BLGAL. All shared expenses, including rent, are charged to BLGAL based on an estimate of actual usage. Any expenses of BLGAL paid by the Company that have not been reimbursed or settled against other amounts are reflected as due from related parties in the accompanying consolidated balance sheet. BLGAL was charged for office sub-lease for three and nine months ended September 30, 2025 and 2024 for a total of approximately \$7 thousand and \$22 thousand, respectively for 2025 and approximately \$7 thousand and \$22 thousand, respectively for 2024.

Amounts payable to BLGAL as of September 30, 2025 and December 31, 2024 were approximately \$59 thousand and \$17 thousand, respectively.

Note 11. Segment Information

The Company applies ASC 280 Segment Reporting in determining its reportable segments. The Company has two reportable segments: Specialty Finance and Mining Operations. The guidance requires that segment disclosures present the measure(s) used by the CODM to decide how to allocate resources and for purposes of assessing such segments’ performance. The Company’s CODM uses revenue, income from operations and income before taxes of our reporting segments to assess the performance of the business of our reportable operating segments. Segment asset information is not disclosed as such information is not regularly reviewed by the CODM. The CODM regularly reviews total assets as reported on the consolidated balance sheet.

No operating segments have been aggregated to form the reportable segments. The corporate oversight function, and other components that may earn revenues that are only incidental to the activities of the Company are aggregated and included in the “All Other” category.

The Specialty Finance segment generates revenue from providing funding to nonprofit community associations. The Mining Operations segment generates revenue from the Bitcoin the Company earns through its mining activities.

Three Months Ended September 30, 2025
Mining and Treasury

	Specialty Finance	Operations	All Other	Total
Revenue, net	\$ 167,899	\$ 2,010,404	\$ -	\$ 2,178,303
Digital mining cost of revenue	-	1,177,184	-	1,177,184
Curtailment and energy sales	-	(151,887)	-	(151,887)
Staff costs and payroll	142,625	527,894	1,866,586	2,537,105
Gain on fair value of mined bitcoin, net	-	(1,032,374)	-	(1,032,374)
Depreciation and amortization	477	1,886,301	85,355	1,972,133
Other segment expenses (1)	177,961	500,493	514,686	1,193,140
Operating loss	(153,164)	(897,207)	(2,466,627)	(3,516,998)
Unrealized gain on investment and equity securities	-	-	16,422	16,422
Unrealized gain on marketable securities	-	-	10,400	10,400
Interest income	-	-	916	916
Interest expense	-	(193,692)	(41,590)	(235,282)
Loss before income taxes	(153,164)	(1,090,899)	(2,480,479)	(3,724,542)
Fixed asset additions	-	3,051,331	-	3,051,331

Nine Months Ended September 30, 2025
Mining and Treasury

	Specialty Finance	Operations	All Other	Total
Revenue, net	\$ 387,256	\$ 6,090,708	\$ -	\$ 6,477,964
Digital mining cost of revenue	-	4,013,878	-	4,013,878
Curtailment and energy sales	-	(524,842)	-	(524,842)
Staff costs and payroll	484,485	1,067,203	3,123,521	4,675,209
Gain on fair value of mined bitcoin, net	-	(2,983,537)	-	(2,983,537)
Depreciation and amortization	1,430	5,847,903	199,721	6,049,054
Loss on disposal of fixed assets	-	286,359	-	286,359
Other segment expenses (1)	591,208	1,069,581	1,494,377	3,155,166
Operating loss	(689,867)	(2,685,837)	(4,817,619)	(8,193,323)
		(52,704)		(52,704)
Loss on fair value of purchased digital assets, net	-	-	-	-
Unrealized loss on investment and equity securities	-	-	(140,452)	(140,452)
Unrealized loss on marketable securities	-	-	(3,420)	(3,420)
Interest income	-	-	2,592	2,592
Interest expense	-	(564,307)	(119,427)	(683,734)
Loss before income taxes	(689,867)	(3,302,848)	(5,078,326)	(9,071,041)
Fixed asset additions	1,170	3,425,367	2,006	3,428,543

Three Months Ended September 30, 2024				
	Mining and Treasury			
	Specialty Finance	Operations	All Other	Total
Revenue, net	\$ 128,018	\$ 1,127,455	\$ -	\$ 1,255,473
Digital mining cost of revenue	-	730,716	-	730,716
Staff costs and payroll	121,301	74,700	1,371,983	1,567,984
Gain on fair value of Bitcoin, net	-	(104,744)	-	(104,744)
Depreciation and amortization	731	1,933,638	1,466	1,935,835
Loss on disposal of fixed assets	-	12,449	-	12,449
Other segment expenses (1)	228,011	129,278	756,467	1,113,756
Operating loss	(222,025)	(1,648,582)	(2,129,916)	(4,000,523)
Unrealized loss on investment and equity securities	-	-	(346,866)	(346,866)
Unrealized loss on marketable securities	-	-	(3,296)	(3,296)
Impairment loss on prepaid mining machine deposits	-	(12,941)	-	(12,941)
Interest income	-	-	98,343	98,343
Interest expense	-	16,715	(140,750)	(124,035)
Loss before income taxes	(222,025)	(1,644,808)	(2,522,485)	(4,389,318)
Fixed asset additions	-	-	1,826	1,826

Nine Months Ended September 30, 2024				
	Mining and Treasury			
	Specialty Finance	Operations	All Other	Total
Revenue, net	\$ 395,988	\$ 8,618,436	\$ -	\$ 9,014,424
Digital mining cost of revenue	-	5,742,773	-	5,742,773
Staff costs and payroll	490,474	331,271	2,827,153	3,648,898
Gain on fair value of Bitcoin, net	-	(3,096,774)	-	(3,096,774)
Depreciation and amortization	3,403	5,779,280	4,707	5,787,390
Impairment loss on mining machines	-	1,188,058	-	1,188,058
Loss on disposal of fixed assets	-	54,506	-	54,506
Other segment expenses (1)	663,467	399,819	1,935,530	2,998,816
Operating loss	(761,356)	(1,780,497)	(4,767,390)	(7,309,243)
Gain on fair value of purchased Bitcoin, net	-	-	57,926	57,926
Unrealized loss on investment and equity securities	-	-	(852,624)	(852,624)
Unrealized gain on marketable securities	-	-	984	984
Impairment loss on prepaid mining machine deposits	-	(12,941)	-	(12,941)
Other income - coupon sales	-	4,490	-	4,490
Interest income	-	-	124,696	124,696
Interest expense	-	(72,511)	(159,243)	(231,754)
Loss before income taxes	(761,356)	(1,861,459)	(5,595,651)	(8,218,466)
Fixed asset additions	-	1,226,602	1,826	1,228,428

1) Other segment items for each reportable segment include rent, collection costs, office and general business expenses, travel and insurance costs.

Note 12. Subsequent Events

Warrant Repricing

On November 7, 2025, the Company provided notice to the holders of the outstanding common stock purchase warrants originally issued in the Company's August 2025 financing transactions that, as a result of reset provisions in the warrants, the exercise price has been reduced to \$0.97 per share, and the aggregate number of shares issuable upon exercise of such warrants has increased to 15,516,850 shares in the aggregate.

Also on November 7, 2025 the Company provided notice to the holders of warrants issued in the Company's October 2021 public offering (which warrants represent the right to purchase an aggregate of 1,153,775 shares of Company common stock) that, as a result

of anti-dilution adjustment provisions in such warrants, the exercise price of such warrants has been reduced to from \$1.10 to \$0.97 per share.

Share Repurchase Program

On November 3, 2025, the Company's Board of Directors authorized a share repurchase program of up to \$1.5 million of the Company's common stock.

The repurchase program expires on September 30, 2026, and may be extended, suspended, modified or discontinued at any time at the discretion of the Company's Board of Directors.

Securities Repurchase Agreement

On October 29, 2025, the Company entered into Securities Repurchase Agreements (the "Repurchase Agreements") with seven institutional investors that participated in the Company's private placement financing that closed on August 18, 2025 (the "Sellers"). Under the Repurchase Agreements, the Company agreed to repurchase from the Sellers an aggregate of 3,308,575 shares of Company common stock, together with warrants to purchase 3,308,575 shares of common stock that were issued in the August 2025 private placement and that were subsequently adjusted to represent the right to purchase an aggregate of 7,248,787 shares (the "Repurchase"). At the closing of the Repurchase, the Company paid \$2.41 per unit of common stock and associated warrant (a "Unit"), with each Unit consisting of one share of common stock and a warrant to purchase approximately 2.19 shares of common stock (after giving effect to the foregoing warrant adjustment), for an aggregate repurchase price of approximately \$8 million. The closing of the Repurchase was completed on October 30, 2025.

Loan Facility

To fund the Repurchase, on October 29, 2025, the Company entered into a Master Digital Currency Loan Agreement (the "Loan Agreement") with Galaxy Digital LLC ("Lender"). The Loan Agreement establishes the terms and conditions pursuant to which the Company may, from time to time, borrow U.S. Dollars and/or specified digital currencies (each, a "Loan"), including Bitcoin, Ether, and other mutually agreed digital assets, from Lender (the "Loan Facility"). Loans under the Loan Facility may be structured as open loans, term loans, or collar-loans, with the specific type, amount borrowed, specified fees, collateral pledged, maturity and other provisions for each Loan to be set forth in a written term sheet executed by the Company and Lender at the time of such Loan. Each Loan will be secured by cash or digital currency collateral, whereby the Company has granted Lender a first-priority security interest in such collateral to secure the Company's obligations underlying such Loan. On October 30, 2025, the Company made a draw under the Loan facility and borrowed a principal sum of \$11 million and granted to Lender a security interest in 145 Bitcoin collateral owned by the Company. Repayment of the draw is due January 30, 2026 at a borrow rate of 0%. The proceeds of this borrowing were used to fund the Repurchase, with the remaining amounts borrowed to be used for general corporate purposes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis should be read in conjunction with the Unaudited Consolidated Financial Statements and Notes for the three and nine months ended September 30, 2025, and with the Annual Report on Form 10-K for the year ended December 31, 2024.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs, and plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "forecast," "anticipate," "project," "predict," "plan," "intend," or "estimate," "guidance," and other similar expressions, or the negative of these expressions. However, the absence of these or similar words or expressions does not mean a statement is not forward-looking.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties, and assumptions about us that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Important factors which could materially affect our results and our future performance include, without limitation:

- our ability to retain the listing of our securities on the Nasdaq Capital Market,
- the early stage of our Bitcoin mining business and our lack of operating history in such business,
- volatility surrounding the value of Bitcoin and other cryptocurrencies,
- the uncertainty surrounding the Bitcoin mining business in general,
- bankruptcy or financial problems of our hosting vendors in our mining business,
- our Bitcoin treasury strategy has not been tested over an extended period of time or under different market conditions,
- our treasury strategy is concentrated on Bitcoin,
- we are subject to counterparty risks, including in particular risks relating to our custodians,
- the ability to scale our mining business,
- our ability to obtain funds to purchase receivables,
- our ability to purchase defaulted consumer receivables at appropriate prices,
- competition to acquire such receivables,
- our dependence upon third party law firms to service our accounts,
- our ability to manage growth or declines in the business,
- changes in government regulations that affect our ability to collect sufficient amounts on our defaulted consumer Association receivables,
- the impact of class action suits and other litigation on our business or operations,
- our ability to keep our software systems updated to operate our business,
- our ability to employ and retain qualified employees,
- our ability to establish and maintain internal accounting controls,
- changes in the credit or capital markets,
- changes in interest rates,
- deterioration in general economic conditions,
- negative press regarding the debt collection industry which may have a negative impact on a debtor's willingness to pay the debt we acquire, and
- other factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and Item 1A of this Quarterly Report on Form 10-Q.

Overview

The Company currently maintains three distinct business operations: our Bitcoin treasury operations, our Bitcoin mining business, and our specialty finance business.

Bitcoin Treasury Operations and Strategy

During August 2025, we raised approximately \$21.3 million in net proceeds from capital raises and we purchased 164 Bitcoins in August 2025 with substantially all of the proceeds from such offering, with the remainder used for working capital purposes. Our cryptocurrency treasury strategy for the next twelve months includes acquiring and holding Bitcoin using cash flows from operations that exceed working capital requirements, and from time to time, subject to market conditions, issuing equity or debt securities or engaging in other capital raising transactions with the objective of using the proceeds to purchase Bitcoin. We have not set any specific target for the amount of Bitcoin we seek to hold, and we will continue to monitor market conditions in determining whether to engage in additional Bitcoin purchases. This overall strategy also contemplates that we may periodically sell Bitcoin for general corporate purposes or in connection with strategies that generate tax benefits in accordance with applicable law, enter into additional capital raising transactions, including those that could be collateralized by our Bitcoin holdings, and consider pursuing strategies to create income streams or otherwise generate funds using our Bitcoin holdings.

We currently maintain a formal, documented strategy that governs circumstances under which we acquire or monetize our Bitcoin holdings. Decisions to purchase or sell Bitcoin are made on a case-by-case basis at management's discretion, taking into account factors such as our liquidity, general market conditions, and anticipated cash requirements. As of September 30, 2025, Bitcoin represents 100% of our treasury holdings. We do have small holdings of Tether and USDC outside of our treasury holdings that value in the aggregate less than \$10,000 and are used for purchases with merchants that accepts such crypto assets as payment. We do not currently engage in hedging activities. We have not implemented derivative transactions, futures, options, swaps, or other financial instruments to reduce our exposure to Bitcoin price volatility. Any future hedging activity, if undertaken, would be determined by management on a discretionary basis.

Bitcoin Mining Business

The Bitcoin mining business operation deploys our computing power to mine Bitcoin and validate transactions on the Bitcoin network. We believe that developments in Bitcoin mining have created an opportunity for us to deploy capital and conduct large-scale mining operations in the United States. We conduct this business through a wholly owned subsidiary, US Digital, which we formed in 2021 to develop and operate our Bitcoin mining business.

Bitcoin was introduced in 2008 with the goal of serving as a digital means of exchanging and storing value. Bitcoin is a form of digital currency that depends upon a consensus-based network and a public ledger called a "blockchain", which contains a record of every Bitcoin transaction ever processed. The Bitcoin network is the first decentralized peer-to-peer payment network, powered by users participating in the consensus protocol, with no central authority or middlemen, that has wide network participation. The authenticity of each Bitcoin transaction is protected through digital signatures that correspond with addresses of users that send and receive Bitcoin. Users have full control over remitting Bitcoin from their own sending addresses. All transactions on the Bitcoin blockchain are transparent, allowing those running the appropriate software to confirm the validity of each transaction. To be recorded on the blockchain, each Bitcoin transaction is validated through a proof-of-work consensus method, which entails solving complex mathematical problems to validate transactions and post them on the blockchain. This process is called mining. Miners are rewarded with Bitcoins, both in the form of newly-created Bitcoins and fees in Bitcoin, for successfully solving the mathematical problems and providing computing power to the network.

Factors such as access to computer processing capacity, interconnectivity, electricity cost, environmental factors (such as cooling capacity) and location play important roles in mining. In Bitcoin mining, "hashrate" is a measure of the computing and processing power and speed by which a mining computer mines and processes transactions on the Bitcoin network. A company's computing power measured in hashrate is generally considered to be one of the most important metrics for evaluating Bitcoin mining companies.

We obtain Bitcoin as a result of our mining operations, and we sell Bitcoin from time to time to support our operations and strategic growth. We do not currently plan to engage in regular trading of Bitcoin (other than as necessary to convert our Bitcoin into U.S. dollars) or to engage in hedging activities related to our holding of Bitcoin; however, our decision to hold or sell Bitcoin at any given time may be impacted by the Bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold, or the number of Bitcoins we will sell. Rather, decisions to hold or sell Bitcoins are currently determined by management by monitoring the market in real time.

New Bitcoins are introduced into circulation through a process called mining, where participants validate transactions and add them to the blockchain. Miners are rewarded with a fixed number of Bitcoins for each block they successfully add, with this reward halving approximately every four years to control the supply. As of September 30, 2025, there were approximately 19,930,000 Bitcoins in circulation, with a maximum supply capped at 21 million, a limit expected to be reached around the year 2140. Additionally, as of September 30, 2025, Bitcoin's market capitalization, calculated using market prices and total available supply, was \$2.27 trillion.

The lifecycle of Bitcoin can be described by the following:

1. Creation (Mining): New Bitcoin are issued as a reward to miners who successfully add a new block to the blockchain by solving complex cryptographic puzzles. This process is called “mining” and currently results in a fixed block reward that halves approximately every four years.
2. Circulation: Once created, Bitcoin are held in digital wallets and can be transferred between users by broadcasting digitally signed transactions to the network.
3. Validation and Settlement: Transactions are validated by nodes and recorded permanently on the blockchain.
4. Removal: Bitcoin cannot be revoked or deleted, but they can become inaccessible if private keys are lost or if sent to unspendable addresses.
5. Fixed Supply Cap: Issuance continues until the maximum supply limit is reached, after which miners will be compensated solely by transaction fees.

While Bitcoin’s price has been significantly influenced by speculative trading, its valuation is also impacted by the underlying health and performance of the Bitcoin network. Key metrics such as the network’s hash rate (a measure of computational power), the number of active addresses, and transaction volumes can provide insights into network security, user adoption, and overall activity, all of which contribute to Bitcoin’s valuation.

Custodially-Held Assets

Through “off-the-shelf” custody agreements (the “Custody Agreements”), we custody approximately 75% of our Bitcoin holdings at regulated third-party custodians (the “Bitcoin Custodians”) that carry insurance and are chartered as a limited purpose trust company under the New York Banking Law. The remaining approximately 25% of our Bitcoin holdings are held in a depository account with the Bitcoin Custodians, where Bitcoin mining proceeds are deposited. The Bitcoin Custodians make available to us segregated from all other assets held by the Bitcoin Custodians in which our Bitcoin holdings are directly verifiable via the applicable blockchain. Bitcoin private keys are stored in two different forms: “hot” storage, whereby the private keys are stored on secure, internet-connected devices (a “hot wallet”), and “cold” storage, where digital currency private keys are stored completely offline. The Bitcoin Custody Agreements require the Bitcoin Custodians to hold our Bitcoin in cold storage, unless required to facilitate withdrawals as a temporary measure. The Bitcoin Custodians will at all times record and identify in its books and records that such Bitcoins constitute the property of our Bitcoin account. The Custody Agreements provides that the Bitcoin Custodians will not loan, hypothecate, pledge or otherwise encumber any of our Bitcoin held in our Bitcoin account. The Bitcoin Custodian’s services in respect of the Bitcoin account (i) allow Bitcoin to be deposited from a public blockchain address to our Bitcoin Account and (ii) allow Bitcoin to be withdrawn from our Bitcoin account to a public blockchain address as instructed by us. As of September 30, 2025, approximately 225 Bitcoin were held by the Bitcoin Custodians.

The Custody Agreements do not have a set duration and remains in force until terminated as permitted by the Custody Agreement and the associated user agreement governing the general services provided by the Bitcoin Custodian (the “User Agreement”). We may terminate the Custody Agreement and custody services with the Bitcoin Custodian at any time. The Bitcoin Custodians may terminate the Custody Agreement at any time and for any reason, upon which the Bitcoin Custodians will return the Bitcoin held in our Bitcoin Account, less the value of any trading fee discounts, rebates, debts owed to the Bitcoin Custodian or damages the Bitcoin Custodian is entitled to pursuant to the Custody Agreement and User Agreement.

While the Bitcoin Custodians carries insurance, its insurance does not cover any loss in value of Bitcoin and only covers losses caused by certain events such as fraud or theft and, in such covered events, it is unlikely the insurance would cover the full amount of any losses incurred by us. The insurance maintained by the Bitcoin Custodians is shared among all of the Bitcoin Custodian’s customers, is not specific to us or to any customers holding Bitcoin with the Bitcoin Custodian, and may not be available or sufficient to protect us from all possible losses or sources of losses. We directly maintain theft and fraud insurance covering our Bitcoin holdings, with coverage limits of \$3 million per occurrence. We recognize the importance of assessing, identifying and managing material risks associated with cybersecurity threats. Our share of Bitcoins mined from our pools are initially received by us in wallets we control. We currently sell the majority of the Bitcoin we mine and utilize hot wallets to hold this Bitcoin immediately prior to selling for working capital purposes. We hold any remainder of our Bitcoin in cold storage, as described above.

Our management evaluates all cybersecurity matters, with the purpose of meeting at least semi-annually and providing recommendations with respect to our information technology use and protection, including, but not limited to, data governance, privacy, compliance and cybersecurity. We have implemented controls, policies, procedures and technological safeguards to maintain and protect the integrity, continuous operation, redundancy and security of our IT systems and data that we believe to be reasonably consistent with industry standards and practices, or as required by applicable regulatory standards. We are also required to comply with applicable laws, rules, regulations and contractual obligations relating to the privacy and security of our IT systems and data and to the protection of such IT systems and data from unauthorized use, access, misappropriation or modification.

Specialty Finance Business

With respect to our specialty finance business, the Company has historically engaged in the business of providing funding to nonprofit community associations primarily located in the state of Florida. We offer incorporated nonprofit community associations, which we refer to as “Associations,” a variety of financial products customized to each Association’s financial needs. Our original product offering consists of providing funding to Associations by purchasing their rights under delinquent accounts that are selected by the Associations arising from unpaid Association assessments. Historically, we provided funding against such delinquent accounts, which we refer to as “Accounts,” in exchange for a portion of the proceeds collected by the Associations from the account debtors on the Accounts. In addition to our original product offering, we also purchase Accounts on varying terms tailored to suit each Association’s financial needs, including under our New Neighbor Guaranty™ program.

Factors Affecting Profitability

Market Price of Bitcoin

Our business is heavily dependent on the price of Bitcoin. The prices of digital assets, including Bitcoin, have historically experienced substantial volatility, and digital asset prices have in the past and may in the future be driven by speculation and incomplete information, subject to rapidly changing investor sentiment, and influenced by factors such as technology, macroeconomic conditions, regulatory void or changes, fraudulent actors, manipulation, and media reporting. Further, the value of Bitcoin and other digital assets may be significantly impacted by factors beyond our control, including consumer trust in the market acceptance of Bitcoin as a means of exchange by consumers and producers.

Bitcoin “Halving” Events

Bitcoin halving is a phenomenon that has historically occurred approximately every four years on the Bitcoin network. Halving is a key part of the Bitcoin protocol and serves to control the overall supply and reduce the risk of inflation in digital assets using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term “halving.” For example, the reward for adding a single block to the blockchain was initially set at 50 Bitcoin currency rewards. The Bitcoin blockchain has undergone halving four times since its inception as follows: (1) on November 28, 2012 at block height 210,000; (2) on July 9, 2016 at block height 420,000; (3) on May 11, 2020 at block height 630,000 (4) on April 20, 2024 at block height 840,000 when the reward was reduced to its current level of 3.125 per block. The next halving for the Bitcoin blockchain is anticipated to occur around April 2028 at block height 1,050,000. This process will recur until the total amount of Bitcoin currency rewards issued reaches 21.0 million, and the theoretical supply of new Bitcoin is exhausted, which is expected to occur around 2140. Many factors influence the price of Bitcoin, and potential increase or decrease in prices in advance of or following the future halving is unknown.

Halving is an important part of the Bitcoin ecosystem, and it is closely watched by miners, investors, and other participants in the digital asset market. Each halving event has historically been associated with significant price movements in the value of Bitcoin.

Network Hash Rate and Difficulty

Generally, a Bitcoin mining rig’s chance of solving a block on the Bitcoin blockchain and earning a Bitcoin reward is a function of the mining rig’s hash rate, relative to the global network hash rate (i.e., the aggregate amount of computing power devoted to supporting the Bitcoin blockchain at a given time). As demand for Bitcoin increases, the global network hash rate rapidly increases, and as more adoption of Bitcoin occurs, we expect the demand for new Bitcoin will likewise increase as more mining companies are drawn into the industry by this increase in demand. Further, as more and increasingly powerful mining rigs are deployed, the network difficulty for Bitcoin increases. Network difficulty is a measure of how difficult it is to solve a block on the Bitcoin blockchain, which is adjusted every 2,016 blocks, or approximately every two weeks, so that the average time between each block is approximately ten minutes. A high difficulty means that it will take more computing power to solve a block and earn a new Bitcoin reward which, in turn, makes the Bitcoin network more secure by limiting the possibility of one miner or mining pool gaining control of the network. Therefore, as new and existing miners deploy additional hash rate, the global network hash rate will continue to increase, meaning a miner’s share of the global network hash rate (and therefore its chance of earning Bitcoin rewards) will decline if it fails to deploy additional hash rate at pace with the industry.

The value of Bitcoin has historically been subject to wide swings. The carrying value of each Bitcoin we hold reflects the price of one Bitcoin quoted on the active exchange at the end of the reporting period. Therefore, negative swings in the market price of Bitcoin could have a material impact on our earnings and on the carrying value of our Bitcoin. The following table provides a range of intraday low and intraday high Bitcoin prices between December 31, 2022 through September 30, 2025.

Range of intraday Bitcoin prices
Quarterly Reporting Periods Ended

	Minimum Price		Maximum Price	
December 31, 2022	\$	15,486	\$	21,474
March 31, 2023	\$	16,489	\$	29,178
June 30, 2023	\$	24,750	\$	31,422
September 30, 2023	\$	24,915	\$	31,838
December 31, 2023	\$	26,544	\$	44,800
March 31, 2024	\$	38,501	\$	73,836
June 30, 2024	\$	56,500	\$	72,777
September 30, 2024	\$	49,050	\$	70,000
December 31, 2024	\$	58,864	\$	108,389
March 31, 2025	\$	76,555	\$	109,358
		74,421		
June 30, 2025	\$		\$	112,000
September 30, 2025	\$	105,120	\$	124,533

The following reflects the financial summary of our Bitcoin holdings:

Bitcoin

	September 30, 2025		December 31, 2024		September 30, 2024	
Number of Bitcoin held		304.5		150.2		142.3
Carrying basis - per Bitcoin	\$	106,040	\$	65,332	\$	58,409
Fair value - per Bitcoin	\$	114,055	\$	93,354	\$	63,301
Carrying basis of Bitcoin	\$	32,289,136	\$	9,812,891	\$	8,310,473
Fair value of Bitcoin	\$	34,729,822	\$	14,019,205	\$	8,972,153

As of September 30, 2025 and December 31, 2024, we held approximately 304 and 150 Bitcoin, respectively. The carrying value of our Bitcoin as of September 30, 2025 and December 31, 2024 was approximately \$34.7 million and \$14.0 million, respectively, on our consolidated balance sheet. As of September 30, 2025 and December 31, 2024 approximately 61 Bitcoin and 54 Bitcoin, respectively (with an approximate fair value of \$6.9 million and \$5.0 million) were held in a custody account as collateral for the \$6.3 million and \$5.0 million Liebel loans and were classified within “Digital assets - collateral” on the consolidated balance sheets.

The following is a summary of the average cost of revenues for mining each Bitcoin during the three and nine months ended September 30, 2025 and 2024:

Cost of Revenues - Analysis of costs to mine one Bitcoin (per Bitcoin amounts are actual)	Three months ended September 30,		Nine Months ended September 30,			
	2025	2024	2025	2024		
Bitcoin Mined	17.6	18.5	60.3	149.0		
Digital mining revenues	\$ 2,010,404	\$ 1,127,455	\$ 6,090,708	\$ 8,618,436		
Average revenue of each Bitcoin mined (1)	\$ 114,228	\$ 60,944	\$ 101,007	\$ 57,842		
Digital mining cost of revenues and curtailment and energy sales	\$ 1,025,297	\$ 730,716	\$ 3,489,036	\$ 5,742,773		
Miner related depreciation (2)	\$ 1,886,301	\$ 1,933,638	\$ 5,847,903	\$ 5,779,280		
Direct costs to mine including non-cash depreciation	\$ 2,911,598	\$ 2,664,354	\$ 9,336,939	\$ 11,522,053		
Direct costs to mine one Bitcoin - Energy/hosting fees only (3)	\$ 58,256	\$ 39,498	\$ 57,861	\$ 38,542		
Direct costs to mine one Bitcoin - including miner related depreciation expense	\$ 165,432	\$ 144,019	\$ 154,841	\$ 77,329		
Cost of mining one Bitcoin as % of average Bitcoin mining revenue - hosting fees only	51 %	65 %	57 %	67 %		
Cost of mining one Bitcoin as % of average Bitcoin mining revenue - including miner related depreciation expense	145 %	236 %	153 %	134 %		

(1) Average revenue of each Bitcoin mined is calculated by dividing the sum of Bitcoin mining revenue by the total number of Bitcoin mined during the respective periods. See the table “Range of intraday Bitcoin prices” for information on the range of intraday Bitcoin prices for quarterly periods.

(2) Miner related depreciation includes depreciation and amortization related to intangible assets, buildings, equipment and mining machines used in the mining process.

(3) Weighted average cost of mining one Bitcoin is calculated by dividing the sum of total hosting fee expense by the total Bitcoin mined during the respective periods.

The Company's Bitcoin unit activity during the nine months ended September 30, 2025 and 2024 was as follows:

	September 30, 2025	September 30, 2024
Beginning of Year	150.2	95.1
Production of Bitcoin	60.3	149.0
Purchase of Bitcoin	164.0	-
Sale of Bitcoin	(69.6)	(101.5)
Fees	(0.4)	(0.3)
End of Period	304.5	142.3

Power prices are the most significant cost driver for our wholly owned locations. Energy prices can be highly volatile and global events (including the war in Ukraine and the resulting natural gas shortage) can cause power prices to increase. Our wholly owned and operated sites in Oklahoma and Mississippi are currently subject to variable prices and market rate fluctuations with respect to wholesale power costs. Such prices are governed by power purchase agreements and said prices can change hour to hour. While this renders energy prices less predictable, it also gives us greater ability and flexibility to actively manage the energy we consume with a goal of increasing profitability and energy efficiency. Energy prices are also highly sensitive to weather events, such as winter storms, polar vortices and hurricanes, which increase the demand for power regionally. When such events occur, we may curtail our operations to avoid using power at increased rates.

Our management team makes real-time determinations on the need and timing during which we should curtail our operations. We curtail when power prices exceed the value we would receive for the corresponding fixed Bitcoin reward. This means if Bitcoin's value decreases or energy prices increase, our curtailment will increase; likewise, when Bitcoin's value increases and energy prices decrease, our curtailment will decrease. Our management team manages this decision on an hour-by-hour basis for our owned site.

The Company records depreciation expense (a non-cash expense) on its miners on a straight-line basis over the miners' expected useful life. Such non-cash depreciation amounts are recorded within the consolidated statements of operations and comprehensive loss as "Depreciation and Amortization". Although the Company recognizes depreciation with respect to its mining assets, it does not consider depreciation in determining whether it is economical to operate its mining equipment since depreciation expense is not an avoidable operating cost, such as energy costs. The table above presents the non-cash miner depreciation expense on a "per Bitcoin" basis, calculated by dividing miner depreciation expense in our hosted facilities by the number of Bitcoin mined in the hosted facilities. On a "per Bitcoin" ratio, direct costs to mine including miner depreciation expense was approximately \$165 thousand and \$155 thousand for the three and nine months ended September 30, 2025, respectively, and approximately \$144 thousand and \$77 thousand for the three and nine months ended September 30, 2024, respectively.

The number of Bitcoin received by the Company as a result of its mining operations was reduced by approximately 50% effective April 19, 2024 when the Bitcoin algorithm halved the rewards from 6.25 per block to 3.125 per block.

Mississippi Property Acquisition

On September 16, 2025, the Company, through its wholly-owned subsidiary US Digital Mining Mississippi LLC, a Mississippi limited liability company (the "Acquirer") completed an acquisition from Greenidge Mississippi LLC, a Mississippi limited liability company ("Seller") of the approximate 6.4 acre parcel of real property located at 249 Datco Industrial Road, Columbus, Mississippi 39707 (the "Mississippi Property"), including substantially all of the business assets of the Seller, excluding any Bitcoin miners (the "Transaction"). The total consideration paid by the Acquirer to Seller in the Transaction was approximately \$3.9 million.

Bitcoin Miner Purchase Agreement

In connection with the completion of the Transaction, on September 16, 2025, the Company, through the Acquirer, entered into and closed the acquisition (the "Miner Acquisition") contemplated by that certain Bitcoin Miner Purchase and Sale Agreement (the "Miner Purchase Agreement") with Greenidge Generation LLC, a New York limited liability company and affiliate of the Seller (the "Miner Seller"), pursuant to which the Acquirer purchased and acquired from the Miner Seller approximately 2,330 Bitmain Antminer S19, S19 Pro and S19 J Pro Bitcoin miners (collectively, the "Miners") of the Miner Seller for an aggregate purchase price of approximately \$362 thousand, less approximately \$32 thousand in sales taxes and fees paid by the seller. The closing of the transactions contemplated by the Miner Purchase Agreement was completed on September 16, 2025, contemporaneously with the consummation of the Transaction.

Oklahoma Mining Site

As of December 31, 2024, approximately 3,000 mining machines were installed at our 15 MW hosting site located in Oklahoma (the "Oklahoma site") with a total projected hashrate of 301 PH. As of September 30, 2025, we have approximately 4,320 installed mining machines at this location which have a total projected hashrate of 478 PH. We have another approximately 795 mining machines in storage or repair at the Oklahoma site. The Company transferred 490 mining machines to the Mississippi site.

Mississippi Mining Site

We acquired the Mississippi mining site on September 16, 2025 which is able to use 11 MW of power. As of September 30, 2025, we have approximately 2,330 installed mining machines at this location which have a total projected hashrate of 228 PH. We have another approximately 490 mining machines in storage at the Mississippi site. As of September 30, 2025, we own approximately 7,900 machines with total hashing capacity of approximately 0.840 EH/s.

Results of Operations

Summarized Consolidated Statements of Operations

	Three Months ended September 30,		Nine Months ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 2,178,303	\$ 1,255,473	\$ 6,477,964	\$ 9,014,424
Operating costs and expenses	5,695,301	5,255,996	14,671,287	16,323,667
Operating loss	(3,516,998)	(4,000,523)	(8,193,323)	(7,309,243)
Other loss	(207,544)	(388,795)	(877,718)	(909,223)
Loss before income taxes	(3,724,542)	(4,389,318)	(9,071,041)	(8,218,466)
Income tax expense	-	-	-	-
Net loss	(3,724,542)	(4,389,318)	(9,071,041)	(8,218,466)
Less: loss (income) attributable to non-controlling interest	(4,903)	105,043	43,476	265,296
Net loss attributable to LM Funding America Inc.	<u>\$ (3,729,445)</u>	<u>\$ (4,284,275)</u>	<u>\$ (9,027,565)</u>	<u>\$ (7,953,170)</u>

The Three Months Ended September 30, 2025 compared with the Three Months Ended September 30, 2024

Revenues

During the three months ended September 30, 2025, total revenues increased by \$0.9 million, to \$2.2 million from \$1.3 million for the three months ended September 30, 2024.

Digital mining revenue increased in the three months ended September 30, 2025 by \$0.9 million to \$2.0 million from \$1.1 million for the three months ended September 30, 2024.

Bitcoin mining revenues are determined by two main drivers: quantity of Bitcoin mined and the price of Bitcoin on the date the Bitcoin is mined. During the three months ended September 30, 2025, we mined 17.6 Bitcoin with an average Bitcoin price of approximately \$114 thousand as compared to 18.5 Bitcoin with an average Bitcoin price of approximately \$61 thousand during the three months ended September 30, 2024. The increase in Bitcoin mining revenue for the three months ended September 30, 2025 was attributable to an increase in Bitcoin price, offset in part by the increased difficulty rate, which reduced our share of the global hashrate and a decrease in the number of miners actively mining.

Operating Expenses

During the three months ended September 30, 2025, operating expenses increased \$0.4 million to \$5.7 million from \$5.3 million for the three months ended September 30, 2024. The increase in operating expenses is primarily due to the following factors:

Fair Market Adjustment on mined digital assets

The fair market adjustment on mined digital assets resulted in a gain of \$1.0 million for the three months ended September 30, 2025 compared to a gain of \$0.1 million for the three months ended September 30, 2024.

Digital mining cost of revenues

Bitcoin mining costs increased by \$0.5 million to \$1.2 million for the three months ended September 30, 2025 from \$0.7 million for the three months ended September 30, 2024 primarily due to an increase in the number of miners active at the Oklahoma and Mississippi sites as compared to third party hosting sites, and the idling of some mining machines during the prior year quarter. Mining costs as a percentage of digital mining revenue decreased to 58.6% from 64.8% due to the overall lower operating costs of mining.

Curtailment and energy sales

Compensation from curtailment and energy sales was \$0.2 million for the three months ended September 30, 2025 compared to nil for the three months ended September 30, 2024.

Staff costs and payroll

Compensation costs for three months ended September 30, 2025 increased by \$0.9 million to \$2.5 million from \$1.6 million for the three months ended September 30, 2024 primarily due to increased staff costs associated with the Oklahoma and Mississippi sites and performance compensation bonuses.

Professional fees

Professional fees for three months ended September 30, 2025 decreased by \$0.2 million to \$0.4 million from \$0.6 million for the three months ended September 30, 2024 primarily due to reduced offering and other legal costs.

Depreciation and amortization

Depreciation and amortization for three months ended September 30, 2025 was relatively flat at \$2.0 million compared to \$1.9 million for the three months ended September 30, 2024 primarily due to stable fixed asset management.

Selling, general and administrative

Selling, general and administrative costs were \$0.4 million and \$0.2 million for the three months ended September 30, 2025 and 2024, respectively. The increase is related to travel costs associated with our Oklahoma and Mississippi facilities, costs associated with improving both sites and increased proxy and investor related costs.

Loss on disposal of mining equipment

Loss on disposal of mining equipment was nil and \$12 thousand for the three months ended September 30, 2025 and 2024, respectively.

Other Income (Expense)

The Company recognized an unrealized gain on securities \$16 thousand for the three months ended September 30, 2025 as compared to an unrealized loss of \$347 thousand for the three months ended September 30, 2024 from the revaluation of Seastar Medical's common stock and private placement warrants.

The Company recognized \$235 thousand of interest expense for the three months ended September 30, 2025 as compared to \$124 thousand for the three months ended September 30, 2024 due to an increase in secured borrowings.

Income Tax Expense

During the three months ended September 30, 2025, the Company generated a \$3.7 million net loss before income taxes and the Company increased its income tax valuation allowance by \$0.8 million, which offset the Company's incurred net income tax benefit of \$0.8 million which resulted in no income tax expense being recognized for the three months ended September 30, 2025. During the three months ended September 30, 2024, the Company generated \$4.4 million net loss before income taxes and the Company increased its income tax valuation allowance by \$1.2 million, which offset the Company's incurred net income tax benefit of \$1.2 million, resulting in no income tax expense being recognized during the period.

Net Income (Loss)

During the three months ended September 30, 2025, net loss was \$3.7 million as compared to net loss of \$4.4 million for the three months ended September 30, 2024.

Net Income (Loss) Attributable to Non-Controlling Interest

The Company owns 69.5% of the equity interests of Sponsor. As such, there is a \$5 thousand net income for the three months ended September 30, 2025 attributable to the Non-Controlling Interest as compared to a \$105 thousand net loss for the three months ended September 30, 2024.

Net Income (Loss) Attributable to LM Funding America, Inc.

During the three months ended September 30, 2025, net income attributable to LM Funding America, Inc. was \$3.7 million as compared to net loss of \$4.3 million for the three months ended September 30, 2024.

Net Loss Attributable to Common Shareholders

During three months ended September 30, 2025 and September 30, 2024, net loss attributable to common shareholders was increased by \$0.3 million and \$1.7 million, respectively compared to net loss attributable to LM Funding America, Inc. due to deemed dividends related to warrant repricing. During the three months ended September 30, 2025, net loss attributable to common shareholders was \$4.1 million as compared to \$6.0 million for the three months ended September 30, 2024.

The Nine Months Ended September 30, 2025 compared with the Nine Months Ended September 30, 2024

Revenues

During the nine months ended September 30, 2025, total revenues decreased by \$2.5 million, to \$6.5 million from \$9.0 million for the nine months ended September 30, 2024.

Digital mining revenue decreased in the nine months ended September 30, 2025 by \$2.5 million to \$6.1 million from \$8.6 million for the nine months ended September 30, 2024.

Bitcoin mining revenues are determined by two main drivers: quantity of Bitcoin mined and the price of Bitcoin on the date the Bitcoin is mined. During the nine months ended September 30, 2025, we mined 60.3 Bitcoin with an average Bitcoin price of approximately \$101 thousand as compared to 149 Bitcoin with an average Bitcoin price of approximately \$58 thousand during the nine months ended September 30, 2024. The decrease in Bitcoin mining revenue for the nine months ended September 30, 2025 was attributable to the reduction in the number of Bitcoins mined during the period due to the halving event in April 2024, machines that were being relocated from various hosting sites, the increased difficulty rate, which reduced our share of the global hashrate, offset in part by the increase in Bitcoin prices.

Operating Expenses

During the nine months ended September 30, 2025, operating expenses decreased \$1.6 million to \$14.7 million from \$16.3 million for the nine months ended September 30, 2024. The decrease in operating expenses is primarily due to the following factors:

Fair Market Adjustment on mined digital assets

The fair market adjustment on mined digital assets resulted in a gain of \$3.0 million for the nine months ended September 30, 2025 compared to a gain of \$3.1 million for the nine months ended September 30, 2024.

Digital mining cost of revenues

Bitcoin mining costs decreased by \$1.7 million to \$4.0 million for the nine months ended September 30, 2025 from \$5.7 million for the nine months ended September 30, 2024 primarily due to the lower overall operating costs at our Oklahoma and Mississippi sites as compared to third party hosting sites, and the idling of some mining machines during 2025. Mining costs as a percentage of digital mining revenue decreased to 65.9% from 66.6% primarily due to the lower costs to mine and the relative number of Bitcoin mined as compared to the prior year and the idling of mining machines.

Curtailment and energy sales

Compensation from curtailment and energy sales was \$0.5 million for the nine months ended September 30, 2025 compared to nil for the nine months ended September 30, 2024.

Professional fees

Professional fees for nine months ended September 30, 2025 decreased by \$0.5 million to \$1.1 million from \$1.6 million for the nine months ended September 30, 2024 primarily due to reduced offering and legal costs.

Depreciation and amortization

Depreciation and amortization for nine months ended September 30, 2025 increased by \$0.2 million to \$6.0 million from \$5.8 million for the nine months ended September 30, 2024 primarily due to intangible asset amortization related to our Oklahoma and Mississippi sites.

Selling, general and administrative

Selling, general and administrative costs increased by \$0.5 million to \$1.1 million for the nine months ended September 30, 2025 from \$0.6 million for the nine months ended September 30, 2024 due to costs associated with the Oklahoma and Mississippi sites.

Impairment loss on mining equipment

During the nine months ended September 30, 2024 the Company incurred a \$1.2 million impairment on mining equipment related to machines disposed in April 2024. There was no impairment loss for the nine months ended September 30, 2025.

Loss on disposal of mining equipment

Loss on disposal of mining equipment was \$286 thousand and \$55 thousand for the nine months ended September 30, 2025 and 2024, respectively.

Other Income (Expense)

The Company recognized an unrealized loss on securities \$140 thousand for the nine months ended September 30, 2025 as compared to an unrealized loss of \$853 thousand for the nine months ended September 30, 2024 from the revaluation of Seastar Medical's common stock and private placement warrants.

The Company recognized \$684 thousand of interest expense for the nine months ended September 30, 2025 as compared to \$232 thousand for the nine months ended September 30, 2024 due to an increase in secured borrowings.

Income Tax Expense

During the nine months ended September 30, 2025, the Company generated a \$9.1 million net loss before income taxes and the Company increased its income tax valuation allowance by \$2.3 million, which offset the Company's incurred net income tax benefit of \$2.3 million which resulted in no income tax expense being recognized for the nine months ended September 30, 2025. During the nine months ended September 30, 2024, the Company generated \$8.2 million net loss before income taxes and the Company increased its income tax valuation allowance by \$2.4 million, which offset the Company's incurred net income tax benefit of \$2.4 million, resulting in no income tax expense being recognized during the period.

Net Loss

During the nine months ended September 30, 2025, net loss was \$9.1 million as compared to net loss of \$8.2 million for the nine months ended September 30, 2024.

Net Loss Attributable to Non-Controlling Interest

The Company owns 69.5% of the equity interests of Sponsor. As such, there is a \$43 thousand net loss for the nine months ended September 30, 2025 attributable to the Non-Controlling Interest as compared to a \$265 thousand net loss for the nine months ended September 30, 2024.

Net Loss Attributable to LM Funding America, Inc.

During the nine months ended September 30, 2025, net loss attributable to LM Funding America, Inc. was \$9.0 million as compared to net loss of \$8.0 million for the nine months ended September 30, 2024.

Net Loss Attributable to Common Shareholders

During the nine months ended September 30, 2025 and September 30, 2024, net loss attributable to common shareholders was increased by \$0.3 million and \$1.7 million, respectively compared to net loss attributable to LM Funding America, Inc. due to deemed dividends related to warrant repricing. During the nine months ended September 30, 2025, net loss attributable to common shareholders was \$9.4 million as compared to \$9.7 million for the nine months ended September 30, 2024.

Liquidity and Capital Resources

General

Our primary sources of liquidity are our cash and cash equivalents, Bitcoin generated from our digital mining operations, proceeds from borrowings and cash from our note receivables. At September 30, 2025 and December 31, 2024, we had cash, cash equivalents and Bitcoin (excluding \$6.9 million and \$5.0 million of Bitcoin pledged as collateral against outstanding borrowings, respectively) of \$28.1 million and \$12.4 million, respectively. We have access to equity financing through equity and debt financing. Cash management continues to be a top priority. We expect to incur negative operating cash flows as we work to increase our digital mining revenue and maintain operational efficiencies.

Our working capital needs may increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our then current business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. No assurance can be given that we will be successful in raising the required capital at a reasonable cost and at the required times, or at all. Further equity financings may have a dilutive effect on shareholders and any debt financing, if available, may require restrictions to be placed on our future financing and operating activities. If we require additional capital and are unsuccessful in raising that capital, we may not be able to continue our business operations in the Bitcoin mining industry which could adversely impact our business, financial condition and results of operations.

As of September 30, 2025 and December 31, 2024, our liquidity was comprised of:

	September 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 291,571	\$ 3,378,152
Bitcoin - current portion	16,899,701	9,021,927
Bitcoin - long-term	17,832,955	5,000,000
Marketable securities	23,630	27,050
End of Period	\$ 35,047,857	\$ 17,427,129

The Company's cash flow summary for the nine months ended September 30, 2025 and 2024 are as follows:

	Nine Months ended September 30,	
	2025	2024
Cash flows used in operating activities	\$ (8,768,788)	\$ (8,690,014)
Cash flows provided by (used in) investing activities	(16,414,532)	4,230,632
Cash flows provided by financing activities	22,096,739	7,970,766
Net increase (decrease) in cash	(3,086,581)	3,511,384
Cash - beginning of year	3,378,152	2,401,831
Cash - end of period	\$ 291,571	\$ 5,913,215

Cash from Operations

Net cash used in operations was \$8.8 million during the nine months ended September 30, 2025 compared with net cash used in operations of \$8.7 million during the nine months ended September 30, 2024. The mining of Bitcoin is considered a noncash item for operating purposes which totaled \$6.1 million and \$8.6 million for the nine months ended September 30, 2025 and 2024, respectively.

Cash from Investing Activities

For the nine months ended September 30, 2025 net cash used in investing activities was \$16.4 million as compared to net cash provided by investing activities of \$4.2 million for the nine months ended September 30, 2024. As part of the August 2025 equity raise, the Company purchased \$18.7 million Bitcoin. The proceeds from the sale of Bitcoin is considered an investing activity which totaled \$7.0 million and \$6.8 million for the nine months ended September 30, 2025 and 2024, respectively. For the nine months ended September 30, 2025, the Company received net payments of approximately \$0.2 million from the collection of Symbiont sale receivable while investing \$1.0 million on deposits for Bitcoin mining equipment and \$4.2 million for the acquisition of the Mississippi mining site. For the nine months ended September 30, 2024 the Company received net payments of approximately \$1.4 million from SeaStar Medical related to the payment of outstanding notes receivable while investing \$1.2 million for capital expenditures including Bitcoin mining equipment and \$2.9 million investment in a note receivable.

Cash from Financing Activities

Net cash provided by financing activities was \$22.1 million for the nine months ended September 30, 2025 as compared to net cash from financing activities of \$8.0 million for the nine months ended September 30, 2024. During the nine months ended September 30, 2025, the Company raised \$21.3 million, net, from an equity raise in August 2025 and raised \$1.2 million from secured borrowings. During the nine months ended September 30, 2024, the Company raised \$2.1 million, net, from an equity raise in August 2024 and \$6.3 million from secured borrowings.

Equity Financing Transactions

The Company raised gross proceeds of \$24.2 million and \$2.3 million from equity financing transactions during the nine months ended September 30, 2025 and 2024, respectively, as described below.

August 2025 Private Placements

On August 18, 2025, the Company and institutional investors (the "Purchasers") entered into a securities purchase agreement, pursuant to which the Company agreed to issue to the Purchasers, in a private placement (the "PIPE Offering"), (i) 4,322,265 shares (the "Shares") of the Company's common stock and (ii) 4,322,265 warrants to purchase shares of common stock at an exercise price of \$2.41 per share. The combined purchase price for each Share and Common Warrant was \$2.41.

On August 18, 2025, following the closing of the PIPE Offering, the Company and institutional investors (the "RD Purchasers") entered into a securities purchase agreement, pursuant to which the Company agreed to issue to the RD Purchasers (the "Offering"), (i) 5,231,681 shares (the "RD Shares") of the Company's common stock and, in a concurrent private placement, (ii) 5,231,681 warrants to purchase shares of common stock at an exercise price of \$2.41 per share (the "Placement Common Warrants"). The combined purchase price for each RD Share and Placement Common Warrant was \$2.41.

On August 28, 2025, the Company provided notice to the holders of the Common Warrants and Placement Common Warrants that, as a result of reset provisions in such warrants, the exercise price of such warrants has been reduced from \$2.41 per share to \$1.10 per share and the aggregate number of shares issuable upon exercise of such warrants has increased to 20,931,827 shares.

The price reset of the Common Warrant and Placement Common Warrants was accounted for as an equity contract modification. The difference in fair value immediately before and after the price reset was determined to be \$12.4 million and was recorded as a debit to issuance costs and a credit to APIC, with no net impact to equity.

August 2024 Offering

On August 16, 2024, the Company and an institutional investor (the “Investor”) entered into a securities purchase agreement, pursuant to which the Company agreed to issue to the Investor, (i) in a registered direct offering, 278,000 shares of the Company’s common stock and pre-funded warrants to purchase 590,185 shares of common stock (the “Pre-Funded Warrants”) with an exercise price of \$0.0001 per share, and (ii) in a concurrent private placement, Series A warrants to purchase 868,185 shares of common stock (the “Series A Common Warrants”) and Series B warrants to purchase 868,185 shares of common stock (the “Series B Common Warrants” and together with the Series A Common Warrants, the “2024 Warrants”), each with an exercise price of \$2.98. Such registered direct offering and concurrent private placement are referred to herein as the “2024 Transactions”. The combined effective offering price for each share of common stock (or Pre-Funded Warrants in lieu thereof) and accompanying Series A Warrant and Series B Warrant in the 2024 Transaction was \$2.98. The 2024 Transactions closed on August 19, 2024.

Certain outstanding and exercisable warrants include price protection provisions requiring a reduction in the instrument's exercise price in the event that the Company subsequently issues shares at a purchase price, or warrants at an exercise price, lower than the instrument’s original exercise price. As a result of the 2024 Transactions, this provision was triggered and the exercise price for 1,247,807 warrants was reduced from \$30.00 to \$2.88.

Debt

On September 15, 2025, the Company entered into an Amendment to Loan Agreement and Loan Documents (the “Loan Agreement Amendment”) by and among the Company, each of LM Funding, LLC and US Digital (subsidiaries of the Company), as guarantors (jointly and severally, the “Guarantors”), and SE & AJ Liebel Limited Partnership, as lender (the “Lender”). The Loan Agreement Amendment amends the Loan Agreement previously entered into on August 6, 2024, among the Company, the Guarantors, and the Lender (the “Original Loan Agreement”). Pursuant to the Loan Agreement Amendment, the Company obtained an additional loan of up to \$2.0 million from the Lender (the “Additional Loan”), which is in addition to the \$5.0 million loan that was made to the Company by the Lender under the Original Loan Agreement (the “Initial Loan”).

The Additional Loan bears interest at a rate of 12.0% per annum and will mature on September 15, 2027. As provided in the Loan Agreement Amendment and the Promissory Note issued by the Company thereunder (the “Promissory Note”), an amount equal to \$1.3 million of the Additional Loan was funded on the date of the Loan Agreement Amendment, and the balance of the additional loan in an amount of up to \$700,000 was funded on October 15, 2025. The Additional Loan is secured by the same collateral, security agreement, and pledge agreement, and is subject to the same guarantees, as the Initial Loan, provided that the minimum Bitcoin collateral value that is pledged to secure the loan has been increased to 110% of the outstanding principal amount of Initial Loan and Additional Loan.

On March 27, 2025, we entered into a first amendment to secured promissory note with Brown Family Enterprises LLC (“Brown Family”) to increase the interest rate to eleven percent (11%) interest per annum, simple interest, payable on the maturity date. In addition, we agreed with Brown Family to extend the maturity date of the secured promissory note until March 31, 2026.

Debt of the Company consisted of the following at September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Financing agreement with Imperial PFS that is unsecured. Down payment of \$47,990 was required upfront and ten installment payments of \$47,990 are to be made over the loan term. The note matured on August 1, 2025 and was paid in full. Annualized interest is 9.35%.	-	382,013
Financing agreement with Imperial PFS that is unsecured. Down payment of \$14,040 was required upfront. Three installment payments of \$14,830 and eight installment payments of \$717 are to be made over the loan term. The note matured on July 1, 2025. Annualized interest is 10.45%.	-	4,299
Financing agreement with Imperial PFS that is unsecured. Down payment of \$9,218 was required upfront. Eleven installment payments of \$16,760 are to be made over the loan term. The note matures on July 1, 2026. Annualized interest is 9.45%.	150,691	-
Secured loan with Brown Family Enterprises LLC. The note matures on March 31, 2026. Interest was 10% per annum for the year ended December 31, 2024, with an increase to 11% per annum as of March 27, 2025.	1,500,000	1,500,000
Loan with SE & AJ Liebel Limited Partnership. \$1.4 million of Bitcoin has been pledged as collateral. The note matures on September 15, 2027. Interest is 12% per annum.	1,300,000	-
Loan with SE & AJ Liebel Limited Partnership. \$5.5 million of Bitcoin has been pledged as collateral. The note matures on August 6, 2026. Interest is 12% per annum.	5,000,000	5,000,000
Debt discount	(127,466)	(134,655)
	<u>\$ 7,823,225</u>	<u>\$ 6,751,657</u>

The following table presents maturities of debt on an undiscounted basis as of September 30, 2025:

Maturity	Amount
2025	\$ -
2026	6,650,691
2027	1,300,000
	<u>\$ 7,950,691</u>

Non-GAAP Financial Measures

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 loss (gain) on investment and equity securities, loss on disposal of mining equipment, impairment loss on mining equipment and stock compensation expense and option 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.

The following tables reconcile net income (loss), which we believe is the most comparable GAAP measure, to EBITDA and Core EBITDA:

	Three Months ended September 30,		Nine Months ended September 30,	
	2025	2024	2025	2024
Net income (loss)	\$ (3,724,542)	\$ (4,389,318)	\$ (9,071,041)	\$ (8,218,466)
Income tax expense	-	-	-	-
Interest expense	235,282	124,035	683,734	231,754
Depreciation and amortization	1,972,133	1,935,835	6,049,054	5,787,390
Loss before interest, taxes & depreciation	\$ (1,517,127)	\$ (2,329,448)	\$ (2,338,253)	\$ (2,199,322)
Unrealized loss (gain) on investment and equity securities	(16,422)	346,866	140,452	852,624
Loss on disposal of mining equipment	-	12,449	286,359	54,506
Impairment loss on mining equipment	-	-	-	1,188,058
Stock compensation and option expense	123,958	110,806	259,384	408,737
Core income (loss) before interest, taxes & depreciation	<u>\$ (1,409,591)</u>	<u>\$ (1,859,327)</u>	<u>\$ (1,652,058)</u>	<u>\$ 304,603</u>

Critical Accounting Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure or inclusion of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. There are no critical accounting estimates for the three and nine months ended September 30, 2025.

There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in our Annual Report on Form 10-K. For a description of our critical accounting policies and estimates, see Part I, Item 1, Note 1, “Summary of Significant Accounting Policies” in our notes to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

Please refer to Note 1 in our unaudited consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of September 30, 2025.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to make disclosures under this item.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2025.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Legal Proceedings are set forth under Note 8 “Commitments and Contingencies” included in Part I, Item 1 of this Quarterly Report on Form 10-Q and are incorporated herein by reference.

Item 1A. Risk Factors

As of the date of this Quarterly Report on Form 10-Q, we supplement the risk factors in our Annual Report on Form 10-K with the following risk factors. Any of these factors disclosed in our Annual Report on Form 10-K or herein could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Risks Related to our Bitcoin Treasury Strategy

Our operating results are dependent on the price of Bitcoin. If prices decline, our business, operating results, and financial condition would be adversely affected.

Any declines in the volume of crypto asset transactions, the price of crypto assets, or market liquidity for crypto assets generally may adversely affect our operating results. We have (or plan to have) significant investments in Bitcoin. Thus, changes in the value of Bitcoin will generally have a significant impact on our results. Our operating results will be impacted by the revenues and profits we generate from the purchase, sale, and trading of crypto assets.

The price of crypto assets and associated demand for buying, selling, and trading of crypto assets have historically been subject to significant volatility. Bitcoin is a highly volatile asset. The trading price of Bitcoin significantly decreased during prior periods, and such declines may occur again in the future. Such extreme fluctuations could significantly increase or reduce the value of our holdings within a short period. The price and trading volume of any crypto asset is subject to significant uncertainty and volatility, and may significantly decline in the future, without recovery. Such uncertainty and volatility depend on a number of factors, including:

- market conditions across the crypto economy;
- changes in liquidity, volume, and trading activities;
- trading activities on crypto asset trading platforms worldwide, many of which may be unregulated, and may include manipulative activities;
- investment and trading activities of highly active retail and institutional users, speculators, miners, and investors;
- the speed and rate at which cryptocurrency is able to gain adoption as a medium of exchange, utility, store of value, consumptive asset, security instrument, or other financial asset worldwide, if at all;
- decreased user and investor confidence in crypto assets and crypto asset trading platforms;
- negative publicity and events relating to the crypto economy;
- unpredictable social media coverage or “trending” of crypto assets;
- the ability for crypto assets to meet user and investor demands;
- the functionality and utility of crypto assets and their associated ecosystems and networks, including crypto assets designed for use in various applications;
- consumer preferences and perceived value of crypto assets and crypto asset markets;
- increased competition from other payment services or other crypto assets that exhibit better speed, security, scalability, or other characteristics;
- regulatory (including enforcement) or legislative changes and updates affecting the crypto economy;
- the characterization of crypto assets under the laws of various jurisdictions around the world;
- the maintenance, troubleshooting, and development of the blockchain networks underlying crypto assets, including by miners, validators, and developers worldwide;
- the ability for cryptocurrency networks to attract and retain miners or validators to secure and confirm transactions accurately and efficiently;
- ongoing technological viability and security of crypto assets and their associated smart contracts, applications, and networks, including vulnerabilities against hacks and scalability;
- fees and speed associated with processing crypto asset transactions, including on the underlying blockchain networks and on crypto asset trading platforms;
- financial strength of market participants;
- the availability and cost of funding and capital;
- the liquidity of crypto asset trading platforms;

- interruptions in service from or failures of major crypto asset trading platforms;
- availability of an active derivatives market for various crypto assets;
- availability of banking and payment services to support cryptocurrency-related projects;
- level of interest rates and inflation;
- monetary policies of governments, trade restrictions, and fiat currency devaluations; and
- national and international economic and political conditions.

Furthermore, crypto asset prices may be subject to market manipulation or distortion, including pump-and-dump schemes, wash trading, spoofing, and front-running, particularly on unregulated exchanges. Such manipulation could significantly impact the perceived value and trading volume and undermine investor confidence in the crypto asset market, adversely affecting our business.

There is no assurance that any crypto asset will maintain its value or that there will be meaningful levels of trading activities. In the event that the price of crypto assets or the demand for trading crypto assets decline, our business, operating results, and financial condition could be adversely affected.

Competition from the emergence or growth of other crypto assets or the development of other methods of investing in crypto assets could have a negative impact on the price of Bitcoin and negatively affect the price of our common stock.

Bitcoin was the first digital asset to gain global adoption and critical mass, and as a result, it has a “first to market” advantage over other digital assets. As of September 30, 2025, Bitcoin was the largest digital asset by market capitalization and had the largest combined mining power. As of September 30, 2025, the alternative digital assets tracked by CoinMarketCap.com, had a total market capitalization of approximately \$3.9 trillion (including the approximately \$2.27 trillion market capitalization of Bitcoin), as calculated using market prices and total available supply of each digital asset. In addition, many consortiums and financial institutions are also researching and investing resources into private or permissioned smart contract platforms rather than open platforms like the Bitcoin network. Competition from the emergence or growth of alternative digital assets and smart contracts platforms, such as Ethereum, Solana, Avalanche, Polkadot, or Cardano, could have a negative impact on the demand for, and price of, Bitcoin and thereby adversely affect the value of our common stock.

In addition, some digital asset networks, including the Bitcoin network, may be the target of ill will from users of other digital asset networks. For example, Litecoin is the result of a hard fork of Bitcoin. Some users of the Bitcoin network may harbor ill will toward the Litecoin network, and vice versa. These users may attempt to negatively impact the use or adoption of the Bitcoin network.

The trading prices of many digital assets, including Bitcoin, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including further declines in the trading prices of Bitcoin, could have a material adverse effect on the value of our common stock and our common stock could lose all or substantially all of their value.

The trading prices of many digital assets, including Bitcoin, have experienced extreme volatility in recent periods and may continue to do so. For instance, the average one-year trailing volatility of Bitcoin over the past ten years to date remains elevated at 81%. There were steep increases in the value of certain digital assets, including Bitcoin, over the course of 2021, and multiple market observers asserted that digital assets were experiencing a “bubble.” These increases were followed by steep drawdowns throughout 2022 in digital asset trading prices, including for Bitcoin. In the 2021-2022 cycle, the price of Bitcoin peaked at \$67,734 and bottomed at \$15,632, marking a steep 77% drawdown. These episodes of rapid price appreciation followed by steep drawdowns have occurred multiple times throughout Bitcoin’s history, including in 2011, 2013-2014, and 2017-2018, before repeating again in 2021-2022.

The price of some digital assets, including Bitcoin, has risen following the re-election of Donald Trump as president of the United States. Industry participants generally expect the administration to continue to take a constructive approach toward the digital assets industry. Through his executive orders, President Trump has indicated that the administration will work toward providing greater regulatory clarity and certainty for emerging technologies, including blockchain technology and digital assets, thereby fostering their development. Similarly, the digital assets industry expects favorable legislation from the new U.S. Congress as certain members have expressed interest in advancing digital asset specific legislation. To the extent market expectations about future activity by the administration or Congress lead digital asset prices and valuations to increase, there can be no assurance such expectations will be fulfilled, or that digital asset prices will rise or maintain their current levels. Some commentators have referred to the digital asset market post-President Trump’s election as a bubble. There can be no assurance that such a bubble does not exist. The failure of the administration and Congress to provide greater regulatory clarity and certainty for blockchain technology and digital assets, such as through promulgating a regulatory framework governing the issuance and operation of digital assets that meets industry expectations, could lead to a decline in digital assets prices, including Bitcoin. Such a decline could cause a decline in the value of our common stock and cause our stockholders to suffer losses. Moreover, there can be no assurance that political sentiments toward the digital asset industry, or market perceptions of those sentiments, will not shift over time.

Extreme volatility in the future, including further declines in the trading prices of Bitcoin, could have a material adverse effect on the value of our common stock and our common stock could lose all or substantially all of their value.

Our custodially-held crypto may become part of the custodian's insolvency estate if one or more of our custodians enters bankruptcy, receivership or similar insolvency proceedings.

If our custodially-held assets are considered to be the property of our custodians' estates in the event that any such custodians were to enter bankruptcy, receivership or similar insolvency proceedings, we could be treated as a general unsecured creditor of such custodians, inhibiting our ability to exercise ownership rights with respect to such assets and this may ultimately result in the loss of the value related to some or all of such assets. A series of recent high-profile bankruptcies, closures, liquidations, regulatory enforcement actions and other events relating to companies operating in the digital asset industry, including the filings for bankruptcy protection by Three Arrows Capital, Celsius Network, Voyager Digital, FTX Trading and Genesis Global Capital, the closure or liquidation of certain financial institutions that provided lending and other services to the digital assets industry, including Signature Bank and Silvergate Bank, SEC enforcement actions against Coinbase, Inc. and Binance Holdings Ltd., the placement of Prime Trust, LLC into receivership following a cease-and-desist order issued by Nevada's Department of Business and Industry, and the filing and subsequent settlement of a civil fraud lawsuit by the New York Attorney General against Genesis Global Capital, its parent company Digital Currency Group, Inc., and former partner Gemini Trust Company, have highlighted the counterparty risks applicable to owning and transacting in digital assets. Although these bankruptcies, closures, liquidations and other events have not resulted in any loss or misappropriation of our crypto, nor have such events adversely impacted our access to our crypto, they have, in the short-term, likely negatively impacted the adoption rate and use of crypto. Additional bankruptcies, closures, liquidations, regulatory enforcement actions or other events involving participants in the digital assets industry in the future may further negatively impact the adoption rate, price, and use of crypto, limit the availability to us of financing collateralized by crypto, or create or expose additional counterparty risks. Any loss associated with such insolvency proceedings is unlikely to be covered by any insurance coverage we maintain related to our assets. Even if we are able to prevent our assets from being considered the property of a custodian's bankruptcy estate as part of an insolvency proceeding, it is possible that we would still be delayed or may otherwise experience difficulty in accessing our assets held by the affected custodian during the pendency of the insolvency proceedings. Any such outcome could have a material adverse effect on our financial condition and the market price of our common stock.

We face risks relating to the custody of our Bitcoin, including the loss or destruction of private keys required to access our Bitcoin and cyberattacks or other data loss relating to our Bitcoin.

We hold a substantial amount of Bitcoin with regulated custodians that have duties to safeguard our private keys. The insurance that covers losses of our Bitcoin holdings covers only a small fraction of the value of the entirety of our Bitcoin holdings, and there can be no guarantee that such insurance will be maintained as part of the custodial services we have or that such coverage will cover losses with respect to our Bitcoin.

Bitcoin is controllable only by the possessor of both the unique public key and private key(s) relating to the local or online digital wallet in which the Bitcoin is held. While the Bitcoin blockchain ledger requires a public key relating to a digital wallet to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the Bitcoin held in such wallet. To the extent the private key(s) for a digital wallet are lost, destroyed, or otherwise compromised and no backup of the private key(s) is accessible, neither we nor our custodians will be able to access the Bitcoin held in the related digital wallet. Furthermore, we cannot provide assurance that our digital wallets, nor the digital wallets of our custodians held on our behalf, will not be compromised as a result of a cyberattack. The Bitcoin and blockchain ledger, as well as other digital assets and blockchain technologies, have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities.

We are not subject to legal and regulatory obligations that apply to investment companies such as mutual funds, or to obligations applicable to investment advisers or other regulated entities.

Mutual funds and other registered investment companies are subject to extensive federal regulation as "investment companies" under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Additionally, firms that manage the assets of registered investment companies generally must register as "investment advisers" under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). These regulatory regimes impose stringent requirements relating to custody of assets, restrictions on transactions with affiliated parties, limits on investment activities, mandated governance structures, and detailed disclosure obligations designed to protect investors.

We are not an investment company and do not manage third-party assets. Therefore, we are neither registered nor required to register as an investment company or investment adviser. Although our key treasury reserve assets are crypto assets and we engage in activities such as staking, we conduct these activities solely for our own corporate treasury management and not on behalf of external investors. Consequently, our operations involving Bitcoin, including custody arrangements, transactions with affiliates, investment decisions, and general business practices, are not subject to the extensive regulatory framework applicable to mutual funds and registered investment advisers. Investors in our company therefore do not benefit from the heightened protections provided under the Investment Company Act or the Investment Advisers Act.

For example, although significant changes to our crypto asset strategy require approval by our board of directors, these changes do not necessitate stockholder votes or regulatory approvals mandated for registered investment companies. As a result, our board retains

broad discretion regarding investment and cash management policies, including the authority to modify, suspend, or expand our strategy of acquiring, holding, or staking crypto assets, without being subject to regulatory procedures applicable to investment companies.

If crypto assets held by the Company are determined to be securities under U.S. federal or state law, the Company would become subject to significant regulatory burdens, which may materially and adversely affect its business, operations, and financial condition.

The legal characterization of crypto assets under U.S. securities laws remains unsettled and continues to evolve. If the U.S. Securities and Exchange Commission (“SEC”), another federal agency, or a state regulator determines that Bitcoin or any other crypto asset held by the Company constitutes a security under the Securities Act of 1933, as amended (the “Securities Act”), or the Investment Company Act, the Company could become subject to extensive regulatory obligations. These obligations may include registration requirements, enhanced disclosure and reporting, restrictions on business activities, and compliance with corporate governance and custody standards.

The SEC has taken the position that certain crypto assets, depending on their characteristics, method of distribution, and functional use, may be classified as investment contracts or otherwise fall within the definition of a “security.” Although we do not believe that our current activities involve investment securities or cause us to be an investment company within the meaning of the Investment Company Act, there can be no assurance that regulators will agree with our assessment, particularly as new guidance, enforcement actions, or legal precedents develop.

If the Company were required to register as an investment company, or if the crypto assets it holds were deemed to be unregistered securities, we could be forced to significantly alter, limit, or cease certain operations, including staking or other network participation activities. In such a scenario, the Company may also become subject to enforcement actions, penalties, or other remedial measures, any of which could result in reputational harm, legal liability, or the inability to continue its current business model. In addition to federal law, the Company may be subject to regulation under state securities laws, some of which apply broader definitions of a “security” than those used by the SEC. As a result, the Company could face additional regulatory scrutiny, registration requirements, or enforcement exposure at the state level, even if federal regulators do not classify its crypto assets as securities.

Regulatory uncertainty surrounding the classification of crypto assets presents a continuing risk to the Company’s operations. Any determination that the crypto assets held or activities conducted by the Company fall within the scope of U.S. securities laws could impose significant costs, create legal obstacles to continued operations, or materially impair the value of the Company’s assets and the returns available to its investors. If we decide to cease certain operations in response to new regulatory obligations, such actions could occur at a time that is unfavorable to investors.

Engaging in certain activities involving crypto assets classified as commodities, such as offering futures, derivatives, leveraged transactions, or providing trading advice or brokerage services, could subject us to additional regulation by the Commodity Futures Trading Commission (“CFTC”), and potentially oversight by the National Futures Association (“NFA”).

If our activities require CFTC registration, we may be required to comply with extensive regulatory obligations, which could result in significant costs and operational disruptions. For example, depending on our activities, we could be required to register a commodity pool, commodity pool operator, and/or commodity trading advisor with the CFTC through the NFA. Compliance with these additional regulatory requirements could result in substantial, non-recurring expenses, adversely affecting an investment in our securities. If we determine not to comply with such regulations, we may be forced to cease certain operations, which could negatively impact our investors. Additionally, current and future legislative or regulatory developments, including new CFTC interpretations, could impact how crypto assets are classified and traded.

Potential classification of our crypto asset activities including staking as money transmission could subject us to additional regulatory requirements, resulting in significant compliance costs or the cessation of certain operations.

If regulatory changes or interpretations require us to register as a money services business (“MSB”) with the Financial Crimes Enforcement Network (“FinCEN”) under the U.S. Bank Secrecy Act (“BSA”), or as a money transmitter (an entity licensed to transfer money or monetary value between parties) under applicable state laws, we may become subject to extensive regulatory obligations, including anti-money laundering (“AML”) programs, reporting, record keeping, licensing, and periodic examinations. Compliance with these requirements could result in significant expenses and operational burdens. If such requirements apply, we may incur extraordinary costs to maintain compliance, or alternatively, we may determine that continuing certain business activities is no longer economically viable.

Regulatory scrutiny or shifting enforcement priorities could subject our crypto asset activities to significant compliance costs, legal liabilities, and operational disruptions, even absent formal classification as securities or commodities.

Our crypto asset activities are subject to a rapidly evolving and uncertain regulatory environment involving multiple jurisdictions and regulatory authorities, including the SEC, CFTC, FinCEN, and various state and foreign regulators. Regulatory authorities across different countries often adopt inconsistent or conflicting approaches toward cryptocurrencies and related services, leading to

uncertainty in regulatory application. Even absent formal classification of our crypto assets as securities, commodities, or other regulated products, shifting regulatory interpretations or enforcement priorities could significantly increase scrutiny of our activities.

Recent enforcement actions in the cryptocurrency industry illustrate the potential for rapid and unforeseen changes in regulatory stances. Should regulators assert jurisdiction over our crypto asset activities, we may face substantial compliance costs, legal liabilities, operational disruptions, reputational harm, or be compelled to substantially alter or discontinue certain activities altogether. In particular, the regulatory status of specific crypto assets remains unclear, and if regulators classify Bitcoin as a security or other regulated instrument, we could be subject to regulatory inquiries and penalties.

This regulatory uncertainty elevates the risk of inadvertent violations, potentially resulting in enforcement actions, sanctions, or cease-and-desist orders requiring immediate changes to our business operations. Furthermore, new legislation or regulatory actions could ban, restrict, or impose stringent licensing or operational requirements on crypto asset activities. Given the interconnected nature of global regulatory oversight, regulatory developments in one jurisdiction can prompt similar actions elsewhere, amplifying the compliance burdens we face and further increasing operational complexity and costs.

We may also face litigation or regulatory enforcement actions related to crypto asset transactions, custody, disclosures, staking, or compliance practices. Regulatory agencies, including the SEC, CFTC, state regulators, or private plaintiffs, could assert claims alleging violations of securities laws, fraud, fiduciary breaches, or other misconduct. Defending such actions would involve significant costs, consume substantial management resources, and could result in adverse judgments, regulatory fines, cease-and-desist orders, forced operational modifications, or reputational damage that materially impact our business.

Companies that adopt crypto asset treasury or similar activities have also historically been subject to increased scrutiny from regulators, investors, and the public. Some transitions have triggered enforcement actions, investigations, and litigation relating to inadequate or misleading disclosures, potential insider trading, regulatory noncompliance, and operational deficiencies. We may similarly face heightened regulatory oversight and investor scrutiny, increasing the risk of litigation or regulatory investigations.

Changes in tax law or adverse positions by tax authorities regarding crypto assets could result in increased tax burdens, reporting requirements, or other negative consequences.

The tax treatment of cryptocurrencies and related transactions, including staking rewards, is an evolving area of law characterized by rapid changes, regulatory uncertainty, and ongoing debate. Currently, the U.S. Internal Revenue Service (“IRS”) classifies cryptocurrencies, such as Bitcoin, as property rather than currency, meaning transactions involving crypto assets are generally treated as dispositions subject to capital gains taxation. However, this classification and related tax positions could abruptly change as lawmakers, regulators, or courts respond to the increasing adoption and use of crypto assets.

New legislation, regulatory interpretations, or judicial rulings may significantly alter the existing tax framework, including any changes to reporting requirements. For instance, reclassification of cryptocurrencies as currencies or introduction of new transaction taxes, withholding requirements, or stringent reporting obligations could materially increase our tax liabilities and compliance costs. Due to the complexity and continuously changing nature of crypto taxation, we could inadvertently incur unexpected tax obligations, reporting deficiencies, or penalties for non-compliance, negatively affecting our financial position, operational efficiency, and reputation. Moreover, uncertainty surrounding crypto taxation could deter users from engaging in crypto transactions, indirectly reducing demand and adversely impacting our business.

Bitcoin and other digital assets are novel assets, and are subject to significant legal, commercial, regulatory and technical uncertainty.

Bitcoin and other digital assets are relatively novel and are subject to significant uncertainty, which could adversely impact their price. The application of state and federal securities laws and other laws and regulations to digital assets is unclear in certain respects, and it is possible that regulators in the United States or foreign countries may interpret or apply existing laws and regulations in a manner that adversely affects the price of Bitcoin.

The U.S. federal government, states, regulatory agencies, and foreign countries may also enact new laws and regulations, or pursue regulatory, legislative, enforcement or judicial actions, that could materially impact the price of Bitcoin or the ability of individuals or institutions such as us to own or transfer Bitcoin. For example, the U.S. executive branch and SEC, among others in the United States and abroad, have been active in recent years, and laws including the European Union’s Markets in Crypto Assets Regulation and the U.K.’s Financial Services and Markets Act 2023 became law. It is not possible to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, or whether, or when, any other federal, state or foreign legislative bodies will take any similar actions. It is also not possible to predict the nature of any such additional authorities, how additional legislation or regulatory oversight might impact the ability of digital asset markets to function or the willingness of financial and other institutions to continue to provide services to the digital assets industry, nor how any new regulations or changes to existing regulations might impact the value of digital assets generally and Bitcoin specifically. The consequences of increased or different regulation of digital assets and digital asset activities could adversely affect the market price of such assets and in turn adversely affect the market price of our common stock.

Our crypto treasury strategy subjects us to enhanced regulatory oversight.

Several spot Bitcoin ETPs have received approval from the SEC to list their shares on a U.S. national securities exchange with continuous share creation and redemption at NAV. Even though we are not, and do not function in the manner of, a spot Bitcoin ETP, it is possible that we nevertheless could face regulatory scrutiny from the SEC or other federal or state agencies due to our crypto holdings.

In addition, there has been increasing focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist activities, or circumvent sanctions regimes, including those sanctions imposed in response to the ongoing conflict between Russia and Ukraine. While we have implemented and maintain policies and procedures reasonably designed to promote compliance with applicable anti-money laundering and sanctions laws and regulations and take care to only acquire our crypto through entities subject to anti-money laundering regulation and related compliance rules in the United States, if we are found to have purchased any of our Bitcoin from bad actors that have used crypto to launder money or persons subject to sanctions, we may be subject to regulatory proceedings and any further transactions or dealings in crypto by us may be restricted or prohibited.

We may consider issuing debt or other financial instruments that may be collateralized by our crypto holdings. We may also consider pursuing strategies to create income streams or otherwise generate funds using our crypto holdings. These types of crypto-related transactions are the subject of enhanced regulatory oversight. These and any other crypto-related transactions we may enter into, beyond simply acquiring and holding crypto, may subject us to additional regulatory compliance requirements and scrutiny, including under federal and state money services regulations, money transmitter licensing requirements and various commodity and securities laws and regulations.

Additional laws, guidance and policies may be issued by domestic and foreign regulators following the filing for Chapter 11 bankruptcy protection by FTX Trading, one of the world's largest cryptocurrency exchanges, in November 2022. U.S. and foreign regulators have also increased enforcement activity thereafter, and regulatory requirements continue to evolve in response to FTX Trading's collapse as well as changes in government policies regarding cryptocurrencies. Changes in the regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government or any new legislation affecting crypto, as well as enforcement actions involving or impacting our trading venues, counterparties and custodians, may impose significant costs or significantly limit our ability to hold and transact in crypto.

In addition, private actors that are wary of crypto or the regulatory concerns associated with crypto may in the future take further actions that may have an adverse effect on our business or the market price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Sales of Unregistered Securities.

None.

(b) Use of Proceeds.

None.

(c) Repurchase of Securities.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

a) None.

b) None.

c) During the nine months ended September 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in the Securities and Exchange Commission's rules).

Item 6. Exhibits

The following documents are filed as a part of this report or are incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION
2.1	Asset Purchase Agreement, dated as of August 1, 2025, between US Digital Mining Mississippi LLC and Greenidge Mississippi LLC (incorporated by reference to Exhibit 2.1 to the Form 8-K filed on August 7, 2025)
3.1	Certificate of Incorporation of LM Funding America, Inc., as amended (incorporated by reference to Exhibit 3.1 to the Form 10-Q filed on August 13, 2024)
3.2	Restated By-Laws of LM Funding America, Inc. (incorporated by reference to Exhibit 3.2 to the Form 10-Q filed on November 17, 2022)
4.1	Form of Series A Common Warrant (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on August 19, 2024)
4.2	Form of Series B Common Warrant (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on August 19, 2024)
4.3	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to Form 8-K filed on August 18, 2020)
4.4	Form of Common Warrant (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on October 20, 2021)
4.5	Promissory Note, dated August 6, 2024 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on August 12, 2024)
4.6	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on January 10, 2025)
4.7	Amendment to Secured Promissory Note, dated March 27, 2025, between LM Funding America, Inc. and Brown Family Enterprises LLC (incorporated by reference to Exhibit 4.11 to the Form 10-K filed on March 31, 2025)
4.8	Form of Common Stock Purchase Warrant (PIPE Offering) (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on August 19, 2025)
4.9	Form of Common Stock Purchase Warrant (RDO) (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on August 19, 2025)
4.10	Promissory Note, dated September 15, 2025 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on September 18, 2025)
10.1	Form of Securities Purchase Agreement between the Company and the purchasers signatory thereto (PIPE Offering) (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on August 19, 2025)
10.2	Form of Securities Purchase Agreement between the Company and the purchasers signatory thereto (RDO) (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on August 19, 2025)
10.3	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.3 to the Form 8-K filed on August 19, 2025)
10.4	Loan Agreement Amendment, dated as of September 15, 2025, among LM Funding America, Inc., US Digital Mining and Hosting Co., LLC, and SE & AJ Liebel Limited Partnership (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on September 18, 2025)
10.5	Bitcoin Miner Purchase and Sale Agreement, dated as of September 16, 2025, between US Digital Mining Mississippi LLC and Greenidge Generation LLC (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on September 18, 2025)
10.6*	Master Digital Currency Loan Agreement, dated October 29, 2025, between LM Funding America, Inc. and Galaxy Digital, LLC, together with Loan Term Sheet dated October 30, 2025
31.1*	Rule 13a – 14(a) Certification of the Principal Executive Officer
31.2*	Rule 13a – 14(a) Certification of the Principal Financial Officer
32.1*	Written Statement of the Principal Executive Officer, Pursuant to 18 U.S.C. § 1350
32.2*	Written Statement of the Principal Financial Officer, Pursuant to 18 U.S.C. § 1350
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

LM FUNDING AMERICA, INC.

Date: November 14, 2025

By: /s/ Bruce M. Rodgers
Bruce M. Rodgers
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Date: November 14, 2025

By: /s/ Richard Russell
Richard Russell
Chief Financial Officer
(Principal Accounting Officer)

MASTER DIGITAL CURRENCY LOAN AGREEMENT

This Master Digital Currency Loan Agreement (“Agreement”) is made on October 29, 2025 (“Effective Date”) by and between LM Funding America Inc, (“Borrower”), a C corporation organized and existing under the laws of Delaware, with its principal place of business at 1200 W Platt Street, Suite 100 Tampa, FL 33606, and Galaxy Digital LLC (“Galaxy” or “Lender”) a limited liability company organized and existing under the laws of the state of Delaware, with its principal place of business at 300 Vesey Street, 13th Floor, New York, N.Y. 10282.

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Borrower may, from time to time, seek to initiate a transaction pursuant to which Lender lends Digital Currency and/or Dollars to Borrower and Borrower will return such Digital Currency and/or Dollars or, in the case of a Collar-Loan, pay the Final Settlement Amount, as set forth herein, to Lender upon the termination of the Loan or Collar-Loan, as the case may be.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby acknowledged, the Borrower and the Lender hereby agree as follows:

I. Definitions

“Additional Collateral” means any increase in Collateral required to be provided by Borrower pursuant to the terms of this Agreement, including as a result of a change in the value of Borrowed Assets or Collateral.

“Affiliate” means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“Applicable Airdrop” means a distribution of a new token or tokens resulting from the ownership of a Digital Currency. For the purposes of this Agreement, an **“Applicable Airdrop”** is an Airdrop for which the distribution of new tokens can be definitively calculated according to its distribution method, such as a pro rata distribution based on the amount of the relevant Digital Currency held at a specified time. A **“Non-**

Applicable Airdrop” is an Airdrop for which the distribution of new tokens cannot be definitively calculated, such as a random distribution.

“Applicable Law” means (regardless of jurisdiction) any applicable (i) federal, national, state and local laws, ordinances, regulations, orders, statutory instrument, rules, treaties, codes of practice, guidance notes, policy statements, customary laws, decrees, injunctions, or judgments and any (ii) ruling, declaration, regulation, requirement, request or interpretation issued by any (or any quasi-) regulatory, judicial, administrative or governmental body or person;

“**Authorized Agent for Borrower**” means any representative or agent authorized by Borrower to deliver Lending Requests in accordance with the terms of the Agreement, as identified in **Exhibit A**.

“**Borrow Fee**” means the fee paid by Borrower to the Lender for the Loan.

“**Borrow Amount**” means the amount of any Borrowed Asset borrowed pursuant to this Agreement, as agreed upon by Borrower and Lender.

“**Borrowed Asset**” means the Digital Currency or Dollars to be borrowed pursuant to this Agreement, as agreed upon by Borrower and Lender.

“**Business Day**” means any day other than a Saturday, Sunday, or any other day on which banking institutions in New York, New York are authorized or required by law or executive order to close.

“**Callable Option**” means the Borrower and Lender each have the option to redeliver or recall an Open Loan (as defined below) at any time during the term of the Loan.

“**Cash Collateral**” means Dollars that have been deposited as Collateral.

“**Collateral**” means an amount of Dollars or Digital Currency used to secure a Loan, as determined and agreed upon by Borrower and Lender. With respect to Digital Currency, the Collateral shall include all controllable electronic records or transferable records, whether now owned or hereafter acquired, consisting of, arising under, or related to such cryptocurrency, and all of Borrower’s right, title and interest in any general intangibles relating to, arising under or consisting of such Digital Currency and all proceeds of the foregoing.

“**Confirmation Protocol**” means the requirement that the Transfer of a Digital Currency shall not be deemed completed until (i) the transaction has been recorded in a block and a certain number of subsequent blocks have been added to the applicable blockchain using the Coinbase, Inc. protocol or, if not listed on Coinbase, then any other protocol deployed by one of the top 5 exchanges as listed on CoinMarketCap, as chosen by Lender in its reasonable discretion; or (ii) the transaction has met a different protocol for a specific Digital Currency, which may be agreed upon by the parties and added hereto as an additional exhibit to this Agreement. In addition to the foregoing, the Transfer of a Digital Currency will only be deemed completed if the relevant transaction(s) is included in the current longest chain of the applicable blockchain.

“**Digital Currency**” means Bitcoin (BTC), Bitcoin Cash (BCH), Ether (ETH), Ether Classic (ETC), or Litecoin (LTC), any Resulting Currency and any additional digital currency that the Borrower and Lender agree upon in writing.

“**Digital Currency Address**” means an identifier of alphanumeric characters that represents a possible destination for a Transfer of Digital Currency.

“**Dollars**” and “**\$**” mean lawful money of the United States of America.

“**Equivalent Assets**” means, in relation to Collateral, assets that are of an identical type, nominal value,

description and amount as, and fungible with, that Collateral; and if for any Collateral a record date occurs by reference to which any distribution is made on that Collateral, the Equivalent Assets for that Collateral include the amount of the distribution that Lender would have received had it held the Collateral, including but not limited to any New Tokens issued in respect any Hard Fork or Applicable Airdrop.

“Fees” mean the Borrow Fee and the Late Fee.

“Governmental Authority” means the government of any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Hard Fork” means a software update implemented by a blockchain or cryptocurrency’s network nodes that is incompatible with the existing blockchain protocol, causing a permanent split into two separate networks that run in parallel.

“Late Fee” has the meaning given to such term in Section 3 (b).

“Lending Request” means a request to Lender from Borrower for a Borrowed Asset, pursuant to the terms of this Agreement.

“Lien” means any security interests, liens, mortgages, hypothecations, pledges, claims (pending or threatened), rights of first refusal, charges, escrows, encumbrances or similar rights.

“Liquidity Exchanges” means the top three (3) exchanges by volume reporting prices for a Borrowed Asset or Posted Collateral, in each case consisting of Digital Currency, determined in a commercially reasonable manner by Lender.

“Loan” means a loan of a Borrowed Asset, made pursuant to and subject to this Agreement.

“Loan Documents” shall mean this Agreement, each Loan Term Sheet and all exhibits and schedules hereto or thereto.

“Loan Effective Date” means the date upon which a Loan begins.

“Loan Term Sheet” means the Loan Term Sheet form attached hereto as **Exhibit B**, which form shall be utilized to memorialize the specific and final terms of any Loan pursuant to this Agreement. In the event of any conflict of terms between this Agreement and the terms applicable within a Loan Term Sheet, the terms in the relevant Loan Term Sheet shall govern.

“Loan Type” means either an Open Loan or a Term Loan, as indicated in the relevant Loan Term Sheet.

“Margin Refund Notice” means a notice sent by Borrower to Lender pursuant to the Margin Refund section in this Agreement.

“Market Disruption Event” means any event, circumstance, occurrence or condition that is beyond a party’s control that restricts such party from performing its obligations under this Agreement in the normal course by exercising commercially reasonable efforts, including but not limited to, for example, 51% attacks in which any Liquidity Exchange limits Transfers, mining of empty blocks, no blocks are produced at all, or where a Liquidity Exchange is censored by miners.

“Maturity Date” means, with respect to any Loan, the date set forth on the relevant Loan Term Sheet opposite the caption, “Maturity Date.”

“Open Loan” means a Loan without a Maturity Date where Borrower may redeliver, and Lender may recall, the Borrowed Asset, at any time, subject to the terms and conditions of this Agreement.

“Posted Collateral” means Collateral that has been delivered or transferred to the Lender in accordance with this Agreement.

“Price Ceiling” means the price set forth in the Loan Term Sheet opposite the caption, “Price Ceiling.”

“Price Floor” means the price set forth in the Loan Term Sheet opposite the caption, “Price Floor.”

“Recall Amount” shall mean the portion of a Borrowed Asset subject to recall pursuant to a Callable Option, as further described in the Callable Option section of this Agreement.

“Recall Delivery Date” shall mean the second (2nd) Business Day from the Recall Request Date (as such term is defined below) unless otherwise agreed to and defined in the relevant Loan Term Sheet.

“Recall Grace Period” shall have the meaning set forth in the “General Operation” section of this Agreement.

“Recall Request Date” shall be as defined in the Callable Option section of this Agreement.

“Redelivery Grace Period” shall have the meaning set forth in the “General Operation” section of this Agreement.

“Resulting Currency” means a Digital Currency issued as a result of a Hard Fork.

“Settlement Price” means, with respect to any Digital Currency, the spot rate of such Digital Currency as published by CF Benchmarks at 16:00 London time on the Maturity Date. If CF Benchmarks does not publish such rate at that time, the Settlement Price shall be the time-weighted average price (using 1-minute candles, closing price) of the spot rate as published on Coinbase from 15:00 to 16:00 London time on the Maturity Date. If such rate is also not published by Coinbase at that time, the Settlement Price shall be determined using the time-weighted average spot rate as published by Bitstamp at such time. If none of the

foregoing sources publish a spot rate at such time, the Settlement Price shall be the time-weighted average spot rate published by Kraken over the same interval on the Maturity Date.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term**” shall have the meaning set forth in the “Term and Termination” section of this Agreement.

“**Term Loan**” means a Loan with a pre-determined Maturity Date, where Lender has no right to demand a return of the Borrowed Asset prior to such Maturity Date.

“**Transfer**” shall mean, as applicable, the transfer of Digital Currency (whether as a Borrowed Asset or as Collateral) by Lender or Borrower.

II. General Operation.

(a) Loans of Digital Currency and/or Dollars

Subject to the terms and conditions hereof, Borrower may request that the Lender extend a Loan to Borrower of a Borrowed Asset and Lender may, in its sole and absolute discretion, extend such Loan or decline to extend such Loan.

(b) Loan Procedure

From time to time during the Term of this Agreement, on any Business Day (the “Request Day”) an Authorized Agent of Borrower may by email, directed to the Lender email address identified for such requests in **Exhibit A**, make a Lending Request for a Borrowed Asset. Lender shall by email, directed to an Authorized Agent identified in **Exhibit A**, inform Borrower whether Lender agrees to make such a Loan by 5:00 pm New York time on the day of receiving a Lending Request. If Borrower does not receive an email informing it of Lender’s agreement within such period, Borrower’s Lending Request is withdrawn.

Each Lending Request shall include the following information:

- (i) The type of Borrowed Asset requested;
- (ii) the amount of Borrowed Asset requested;
- (iii) whether the Loan is a Term Loan, Open Loan or Collar-Loan;
- (iv) the requested Loan Effective Date;
- (v) the requested Maturity Date (if a Term Loan);
- (vi) the type and amount of Collateral;
- (vii) the Digital Currency Address or bank account, as applicable, to which the Borrowed Asset

is to be Transferred or transferred, as the case may be; and
(viii) other applicable information on the Loan Term Sheet.

Prior to the funding of any Loan under this Agreement, Lender shall deliver a draft Loan Term Sheet to Borrower for review. Borrower shall promptly, and in any event within one (1) Business Day of receipt, confirm the accuracy and completeness of the draft Loan Term Sheet by executing and returning a signed copy to Lender. Execution may be in electronic form (including via email or other agreed electronic means). No Loan shall be funded unless and until the Loan Term Sheet has been finalized and signed by both Borrower and Lender. The specific and final terms of a Loan shall be memorialized using the Loan Term Sheet. In the event of a conflict of terms between this Agreement and a Loan Term Sheet, the terms in the Loan Term Sheet shall govern.

On the Loan Effective Date of a Loan, Lender shall, as applicable, (x) Transfer to Borrower's Digital Currency Address the amount of Digital Currency constituting the Borrowed Amount or (y) transfer to Borrower's bank account by bank wire the amount of Dollars constituting the Borrowed Asset.

(c) Callable Option

Applicable to Open Loans, Lender may at any time from 9:00 am until 5:00 pm New York time on a Business Day (the "Recall Request Date") exercise the Callable Option and recall all or any portion of a Borrowed Asset loaned to Borrower (the "Recall Amount"). Borrower will then have until 5:00 pm New York time on the Recall Delivery Date to deliver the Recall Amount to Lender. In the event a Market Disruption Event is in effect on any Recall Delivery Date for a Borrowed Asset consisting of Digital Currency, the Recall Delivery Date will be extended to the earlier of (x) fifteen (15) Business Days or (y) until the Market Disruption Event is no longer in effect (the "Recall Grace Period"). If a Market Disruption Event is still in effect at the end of such fifteen (15) Business Day period, Borrower shall immediately transfer available funds in an amount of Dollars equal to the average price on the Liquidity Exchanges (measured at 4:00 p.m. New York time) of the borrowed Digital Currency during the fifteen (15) Business Days including and prior to the Market Disruption Event (the "Market Disruption Spot Rate").

Applicable to Open Loans, Borrower may at any time from 9:00 am until 5:00 pm New York time on a Business Day (the "Redelivery Day") exercise the Callable Option and return all or any portion of any Borrowed Asset to Lender.

(d) Digital Currency Substitution

With respect to solely to a Term Loan of a Borrowed Asset consisting of Digital Currency, Lender may at any time from 9:00 am until 5:00 pm New York time on a Business Day (the "Borrowed Asset Substitution Request Date") request that the Borrower return to Lender all or a specified amount of Digital Currency that Borrower has borrowed under this Agreement (the "Substituted Recall Amount"), provided that Lender shall replace the Digital Currency identified as the Substituted Recall Amount with an amount of Dollars,

as of the Borrowed Asset Substitution Request Date, equal to the fair market value of the Digital Currency identified as the Substituted Recall Amount as of such date, as reasonably determined by Lender (such amount of Dollars the “Replacement Assets”). Following a Borrowed Asset Substitution Request Date, Borrower shall be obligated to deliver to Lender the Substituted Recall Amount no later than the second (2nd) Business Day from the Borrowed Asset Substitution Request Date (or, if later, one (1) Business Day following the transfer by Lender to Borrower of the Replacement Assets). Following a Digital Currency substitution in respect of a Term Loan as contemplated in this paragraph, the terms of the Term Loan shall remain unchanged and all terms of this Agreement shall continue to apply to such Term Loan, except that the Replacement Assets shall become the Borrowed Assets for all purposes under such Term Loan and this Agreement. In no event shall any penalty apply to Lender for a Digital Currency substitution as contemplated in this paragraph.

(e) Termination of Loan

Loans will terminate:

(i) If a Term Loan, upon redelivery by Borrower of the Borrowed Asset (or, in the case of a Collar-Loan, either payment of the Final Settlement Amount or, if Borrower shall have elected to physically settle the Collar-Loan, delivery of the Final Settlement Digital Currency Amount) at the Maturity Date; and

(ii) If an Open Loan, upon redelivery by Borrower of the Borrowed Asset once the Borrower or Lender exercises the Callable Option.

(f) Prepayment of Term Loans and Collar-Loans.

Borrower may, at its sole option and without premium or penalty, prepay any Term Loan in whole or in part at any time prior to the applicable Maturity Date, provided that any such prepayment shall be made in accordance with this Agreement.

Notwithstanding the foregoing, in the case of any Collar-Loan, the date on which such prepayment is effected in accordance with such notice shall be deemed to be the Maturity Date for all purposes of this Agreement, including for purposes of determining the Settlement Price and calculating the Final Settlement Amount and Final Settlement Digital Currency Amount pursuant to Section IV(b).

(g) Redelivery of Borrowed Digital Currency

Upon termination of a Loan of a Borrowed Asset consisting of Digital Currency, the Borrower shall redeliver the Borrowed Asset on or before 5:00 pm New York time on the applicable Business Day (i.e., the Maturity Date, the Recall Delivery Date, or the Redelivery Date, as the case may be). In the event a Market Disruption Event is in effect on such Business Day, the Maturity Date, Recall Delivery Date or Redelivery Date (as the case may be) will be extended to the earlier of (x) fifteen (15) Business Days following such Business Day or (y) such date as the Market Disruption Event is no longer in effect (the “Redelivery Grace Period”). If a Market Disruption Event is still in effect at the end of such Redelivery Grace Period, Borrower shall repay at such time an amount in Dollars equal to the Market Disruption Spot Rate.

(h) Redelivery of Digital Currency in an Illiquid Market

With respect solely to Loans of a Borrowed Asset consisting of Digital Currency, if (x) the market in the borrowed Digital Currency is Illiquid (as defined below) as of the Maturity Date or the Recall Delivery Date (as the case may be), and (y) Galaxy determines that it has become commercially infeasible for Borrower to return the Digital Currency, then Borrower may repay the Loan in Dollars at the Illiquid Market Spot Rate (as defined below).

The market in the borrowed Digital Currency shall be deemed “Illiquid” if, as of the Maturity Date or Recall Delivery Date (as applicable), the seven-day average daily trading volume across the Liquidity Exchanges has decreased by at least ninety percent (90%) compared to the thirty-day average daily trading volume across the Liquidity Exchanges on the Loan Date, or if the borrowed Digital Currency is no longer listed on any of the Liquidity Exchanges. The “Illiquid Market Spot Rate” shall be determined as follows: for each of the fifteen (15) Business Days ending on (and including) the date the market became Illiquid, the 4:00 p.m. New York time prices of the borrowed Digital Currency as reported by each of the Liquidity Exchanges shall be averaged to produce a daily average price, and the simple arithmetic mean of such fifteen (15) daily average prices shall constitute the Illiquid Market Spot Rate. Notwithstanding the foregoing or anything in this Agreement to the contrary, Borrower may always satisfy its repayment or delivery obligations pertaining to Digital Currency in this Agreement by repaying or delivering the applicable amount of borrowed Digital Currency.

(i) Changes in Applicable Laws.

If because of changes in Applicable Laws (“Government Restrictions”), a party’s ability to Transfer or own Digital Currency that has been the Borrowed Asset for a Loan or Loans hereunder is eliminated, materially impaired or declared illegal:

- (1) if possible under the Government Restrictions and where a Market Disruption Event is not in effect, including, without limitation, during any notice or grace period, a party shall pay any amounts owed in the relevant Digital Currency; and
- (2) if such payment is not possible under the Government Restrictions, a party shall pay an amount in Dollars equal to the average price on the Liquidity Exchanges (measured at 4:00 p.m. New York time each day) of the relevant Digital Currency during the 30-day period prior to the effective date of the Government Restrictions.

(j) Tax Matters

(i) Withholding

a. All amounts paid or transferred hereunder shall be paid or transferred free and clear of deduction or withholding for any Taxes. If any such deduction or withholding is required by applicable law, then the amounts paid or transferred hereunder shall be increased as necessary so that after making all required deduction or withholding, Lender shall receive value equal to the value it would have received had no such deduction or withholding been made.

b.If Borrower is required by applicable law to make any deduction or withholding in respect of amounts paid or transferred hereunder, Borrower does not so deduct or withhold, and a liability resulting from such failure to deduct or withhold is asserted directly against Lender, then Borrower will promptly pay to Lender the amount of such liability (including any interest or penalties).

c.Before the Loan Effective Date of the first Loan under the Agreement, Borrower will provide to Lender a valid, complete IRS Tax Form (either IRS Form W-9 or IRS Form W-8, as applicable) and any other tax form reasonably requested by Lender, and Lender will provide to Borrower a valid, complete IRS Tax Form (either IRS Form W-9 or IRS Form W-8, as applicable) and any other tax form reasonably requested by Borrower. Each of Borrower and Lender shall promptly provide updated tax forms upon learning that any form previously provided has become obsolete or incorrect.

(ii)For U.S. federal, state and local income tax purposes, each of Lender and Borrower intend that, absent a change in law, any Loan of Digital Currency under this Agreement shall be treated as a loan and not be treated as an exchange of property for other property differing materially in kind or extent (within the meaning of Section 1001 of the Internal Revenue Code of 1986, as amended), and each of Borrower and Lender agrees that it will not take any position inconsistent with such treatment for all such tax purposes.

(k)Embedded Collar for USD Term Loans Secured by Digital Currency.

The Parties agree that if a Price Ceiling and Price Floor are specified in the Loan Term Sheet with respect to a Term Loan of Borrowed Assets consisting of Dollars and Collateral consisting of Digital Currency, then such Loan shall include an embedded collar on a notional amount (the “Notional Amount”) of Digital Currency equal to the quantity of such Digital Currency pledged as Collateral (a “Collar-Loan”).

With respect to each Collar-Loan, the amount payable by the Borrower on the Maturity Date (the “Final Settlement Amount”) shall be determined as follows:

(i)If the Settlement Price of such Digital Currency is equal to or below the Price Floor, the Final Settlement Amount shall be an amount of Dollars equal to (A) the Borrowed Amount minus (B) the product of (x) the Notional Amount and (y) the excess, if any, of the Price Floor over the Settlement Price;

(ii)If the Settlement Price exceeds the Price Floor but is less than or equal to the Price Ceiling, the Final Settlement Amount shall be equal to the Borrowed Amount; and

(iii)If the Settlement Price exceeds the Price Ceiling, the Final Settlement Amount shall be an amount of Dollars equal to (A) the Borrowed Amount plus (B) the product of (x) the Notional Amount and (y) the excess, if any, of the Settlement Price over the Price Ceiling.

Unless the Borrower elects to physically settle in accordance with the following paragraph, the Collar-Loan shall be cash-settled.

The Borrower may, upon not less than two (2) Business Days' prior written notice to Lender, irrevocably elect to physically settle the Collar-Loan. In such case, the Borrower shall direct the Custodian to deliver to Lender an amount of Digital Currency (the "Final Settlement Digital Currency Amount") equal to the quotient obtained by dividing (A) the Final Settlement Amount that would otherwise be payable by (B) the Settlement Price.

III. Borrow Fees and Transaction Fees.

(a) Borrow Fee Calculation

When a Loan is funded, the Borrower will be responsible for payment of the Borrow Fee as agreed to in the relevant Loan Term Sheet, and the Borrow Fee shall be annualized but calculated daily on the basis of a 360-day year for the actual number of days elapsed, and is subject to change if agreed to by Borrower and Lender. The Borrow Fee when the Borrowed Asset is Digital Currency shall be payable, unless otherwise agreed by the Borrower and Lender, in the applicable Digital Currency. When the Borrowed Asset is Dollars, the Borrow Fee shall be paid in Dollars.

Lender shall calculate any Borrow Fees owed on a daily basis, and shall provide Borrower with the calculation upon request.

(b) Late Fee

For each Business Day after the Maturity Date or the Recall Delivery Date (whichever is applicable) on which Borrower has not returned the Borrowed Asset or, in the case of a Collar-Loan, paid the Final Settlement Amount or delivered the Final Settlement Digital Currency Amount, as applicable, Borrower shall incur an additional fee (the "Late Fee") of 5% (annualized, calculated daily) of the notional amount of the Loan in addition to the Borrow Fee. The Late Fee shall be payable, unless otherwise agreed by the Borrower and Lender, in the applicable Digital Currency or in Dollars if the Loan was in Dollars. No Late Fee will be charged during any Recall Grace Period or Redelivery Grace Period.

For the avoidance of doubt, if Borrower fails to return any portion of the Borrowed Asset by the applicable Maturity Date or Recall Delivery Date, the Late Fee shall accrue on the unreturned portion only, calculated on a pro rata basis relative to the notional amount of the Loan.

(c) Payment of Borrow Fees and Late Fees

An invoice for Borrow Fees and any Late Fees (the "Invoice Amount") shall be sent to the Borrower at the address set forth on Appendix A on the first Business Day of the month by Lender and shall include any

Borrow Fees incurred from the previous month. Borrower shall have up to five (5) Business Days from receipt of such invoice to submit payment for the Invoice Amount (the "Invoice Due Date"). Fees unpaid by the Invoice Due Date shall also become subject to a Late Fee, commencing the day after the Invoice Due Date.

(d)Application of Payments

Borrower shall, at the time of making each payment under this Agreement, specify to the Lender the Loan to which such payment is to be applied. In the event that the Borrower fails to so specify, or if an Event of Default has occurred and is continuing, the Lender may apply the payment in such manner as it may determine to be appropriate in its sole discretion.

(e)Application of Insufficient Payments

If at any time insufficient amounts are received by the Lender to pay fully all amounts of principal, Fees, and other amounts then due and payable hereunder, such Digital Currency and/or Dollars payment received shall be applied (i) first, to pay Fees then due and payable hereunder, (ii) then, to pay principal then due and payable hereunder, and (iii) then, to pay other amounts then due and payable under this Agreement. In no event shall payments by Borrower in one Digital Currency and/or Dollars be applied by Lender to pay off obligations outstanding with respect to a Loan in another Digital Currency and/or Dollars.

(f)Non-Business Days

If the due date of any payment under this Agreement would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day and, in the case of any payment accruing Fees such Fees shall be payable for the period of such extension.

(g)Computations

Fees shall be computed on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which payable. For purposes of calculating Fees, Digital Currencies shall be deemed to have been Transferred by one party to the other when the applicable Confirmation Protocol for the relevant Digital Currency has been completed. If the requirements of the Confirmation Protocol are not met by 5:00 pm New York Time, the Transfer shall be deemed to have been made on the following Business Day. Calculation of Fees shall be based on the date when the relevant Transfer is deemed to have occurred.

IV.Collateral Requirements

(i)General Requirements.

Borrower shall provide Collateral as determined and agreed upon by the Borrower and Lender and memorialized using the Loan Term Sheet attached as **Exhibit B**. The Collateral for a given Loan will be described in the Loan Term Sheet.

Borrower hereby pledges to Lender all Posted Collateral, including any Collateral consisting of Digital Currency that is conveyed, Transferred and delivered to Lender from time to time pursuant to this Agreement, and hereby grants a first priority security interest therein, a Lien thereon, and in the event of a default hereunder a right of set-off against any amounts owed by Lender to Borrower pursuant to this Agreement. Such lien and security interest shall secure the discharge of all obligations and liabilities of the Borrower under this Agreement, whether now existing or hereafter arising (including any interest and fees that may accrue after the commencement by or against the Borrower of any bankruptcy, insolvency, reorganization or similar proceeding).

Lender shall hold, and be in control of, all Collateral in a segregated account in the name of the Lender solely for the benefit of Borrower, and shall not sell, pledge, rehypothecate, assign, or otherwise use such Collateral except as expressly permitted under this Agreement. To the extent that any financing statement is filed by Lender to perfect its security interest in posted Collateral pursuant to this Agreement and any Loan hereunder, with any applicable office, secretary of state, district recorder of deeds, personal property security register, or any other appropriate instrumentality, principality, province or government agency, Borrower hereby waives any right to receive a copy of such filing from Lender. Further, in any jurisdiction where approval may be interpreted as being required for the filing of any financing statement (or similar instrument), Borrower hereby grants such approval to Lender to make such filing pursuant to a Loan hereunder.

(ii)Rehypothecation

Lender shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Collateral it holds, free from any claim or right of any nature whatsoever of the Borrower, including any equity or right of redemption by the Borrower, and register any Collateral in the name of Lender or its custodian, if applicable. For purposes of satisfying the rights and obligations of both parties pursuant to this Agreement, Lender will be deemed to continue to hold all Collateral, regardless of whether the Lender has exercised any rights with respect to Collateral pursuant to this section, provided that if Lender is required to return all or any portion of the Collateral to Borrower under the terms of this Agreement, it shall return the Collateral in a form fungible with the Collateral originally provided by the Borrower (for example, if the Borrower original posted a Digital Currency as Collateral, Lender must return Digital Currency of the same kind).

(iii)Margin Refund

Where a Margin Refund Rate is indicated in the Loan Term Sheet, then if during the term of a Loan the value of the Borrowed Asset changes relative to the Collateral, such that the Collateral becomes valued at a rate greater than the Margin Refund Rate for Collateral indicated on the Loan Term Sheet as measured by the spot rate published on Coinbase Pro, or if the Borrowed Asset is not listed on Coinbase Pro, then the

spot rate published on Kraken (such rate, the “Margin Return Spot Rate”) then Borrower shall have the right to require Lender to return a portion of Collateral so that the Collateral is valued at the same percentage indicated in the Loan Term Sheet relative to the value of the Borrowed Asset at the Margin Return Spot Rate (the “Margin Refund Amount”).

If Borrower requires Lender to provide a Margin Refund Amount, it shall send a notice (the “Margin Refund Notice”) that sets forth: (i) the Margin Return Spot Rate and (ii) the Margin Refund Amount required based on the Margin Return Spot Rate. Such notice may be sent electronically, via email, telephone, Telegram, WhatsApp, or any other means of electronic communication agreed upon by the parties.

Lender shall have eighteen (18) hours from the time Borrower sends such Margin Refund Notice to respond and send the Margin Refund Amount to Borrower.

Failure to provide a Margin Refund Amount pursuant to a Margin Refund Notice shall give Borrower the right, but not the obligation, to declare an Event of Default. If a Margin Return Spot Rate is not specified on the Loan Term Sheet, then the foregoing paragraph shall not apply.

(iv) Return of Collateral

Upon Borrower’s redelivery of the Borrowed Assets and, in the case of Borrowed Assets consisting of Digital Currency, acceptance by Lender of the Borrowed Digital Currency into Lender’s applicable Digital Currency Address as provided herein, with such delivery being confirmed on the relevant Digital Currency blockchain six (6) times, Lender shall return the Posted Collateral, including any Digital Currency provided as such, to the Borrower’s applicable Digital Currency Address or, if applicable, a bank account in Borrower’s name.

(v) Withholding on Collateral Payments

If Lender is required by law to deduct or withhold any Taxes from amounts paid or transferred to Borrower with respect to the Collateral (including transfers pursuant to Section V), the amounts paid or transferred as reduced by such deduction or withholding shall constitute full payment and settlement of the amounts due.

V. Hard Fork, Applicable Airdrop

(a) Notification

In the event of a Hard Fork or Applicable Airdrop in the blockchain for any loaned Digital Currency or Collateral, Lender shall provide email notification to Borrower.

(b) No Immediate Termination of Loans

In the event of a Hard Fork or Applicable Airdrop with regards to any loaned Digital Currency or Collateral,

any outstanding Loans will not be immediately terminated.

(c) Hard Forks and Applicable Airdrops Payments

Lender will receive the benefit and ownership of any incremental tokens generated as a result of a Hard Fork or Applicable Airdrop for any loaned Digital Currency in such Digital Currency protocol or an Applicable Airdrop (the “New Tokens”), and Borrower will receive the same benefit and ownership rights for any Hard Fork or Applicable Airdrop in respect of Digital Currency provided as Collateral, so long as:

(i) such New Tokens are available in Coinbase Pro, Gemini or Fireblocks wallets no later than thirty (30) days following such Hard Fork or Applicable Airdrop event; or

(ii) one (1) of the following two (2) conditions is met in respect of the New Tokens distributed in such Hard Fork or Applicable Airdrop:

a. Market Capitalization: the average market capitalization of the New Token (defined as the total value of all New Tokens) on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average market capitalization of the relevant Digital Currency (defined as the total value of the relevant Digital Currency) (calculated as a 30-day average on such date). The source for the relevant Digital Currency market capitalization will be coinmetrics.io (or, if coinmetrics.io does not provide the required information, messari.io, and if neither provides the required information, the parties shall discuss in good faith and mutually agree upon another data source) and the source for the market capitalization of the New Token will be coinmetrics.io (or, if coinmetrics.io does not provide the required information, the parties shall discuss in good faith and mutually agree upon another data source prior to the 30-day mark of the creation of the New Token); or

b. 24-Hour Trading Volume: the average 24-hour trading volume of the New Token on the 30th day following the occurrence of the Hard Fork or Applicable Airdrop (calculated as a 30-day average on such date) is at least 5% of the average 24-hour trading volume of the relevant Digital Currency (calculated as a 30-day average on such date). The source for the relevant Digital Currency 24-hour trading volume will be messari.io (or, if messari.io does not provide the required information, the parties shall discuss in good faith and mutually agree upon another data source) and the source for the 24-hour trading volume of the New Token will be messari.io (or, if messari.io does not provide the required information, the parties shall discuss in good faith and mutually agree upon another data source prior to the 30-day mark of the creation of the New Token).

If the New Tokens distributed in the Hard Fork or Applicable Airdrop meet the conditions described in clauses (i) or (ii) above for any loaned Digital Currency, Borrower will transfer to Lender within five (5) Business Days from the date the condition is met a number of New Tokens equivalent to the number Lender would have received had the Loan not been made.

If the New Tokens distributed in the Hard Fork or Applicable Airdrop meet the conditions described in clauses (i) or (ii) above for any Collateral, Lender will transfer to Borrower within five (5) Business Days from the date the condition is met to transfer a number of New Tokens equivalent to the number Borrower would have received had the Collateral not been transferred to Lender.

Notwithstanding the foregoing, where New Tokens distributed in a Hard Fork or Applicable Airdrop do *not* meet the conditions described in clause (i) and/or clause (ii) above, then Lender (in the case of Digital Currency that is a Borrowed Asset) or Borrower (in the case of Digital Currency posted as Collateral) may request in writing the delivery of such New Tokens on or prior to the Maturity Date of the applicable Loan(s). A party will only be required to make a transfer of such New Tokens to the extent that it is feasible to make such transfer, as determined in a commercially reasonable manner by the applicable transferor. Where a transfer of such New Tokens is determined to be feasible, transferor will have five (5) Business Days from the receipt of the written request to transfer such New Tokens.

VI. Representations and Warranties.

(a) Each party represents on the date hereof and on the date of each Lending Request made to the Lender hereunder that this Agreement has been duly and validly authorized, executed and delivered on behalf of such party and constitutes the legal, valid and binding obligations of such party enforceable against such party in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally and subject to the availability of equitable remedies) and will not contravene (a) with respect to a party that is an entity, the constitutive documents of such party, (b) any Applicable Law, and (c) any judgment, award, injunction or similar legal restriction applicable to such party or its assets.

(b) Each party represents that no license, consent, authorization or approval or other action by, or notice to or filing or registration with, any Governmental Authority (including any foreign exchange approval), and no other third-party consent or approval, is necessary for the due execution, delivery and performance by such party of this Agreement or for the legality, validity or enforceability thereof against such party.

(c) Each party hereto represents and warrants that it has not relied on the other for any tax or accounting advice concerning this Agreement and that it has made its own determination as to the tax and accounting treatment of any Loan or any Digital Currency or funds received hereunder.

(d) Lender represents and warrants that it has or will have at the time of transfer of any Digital Currency, the right to lend such Digital Currency subject to the terms and conditions hereof, that it owns the Digital Currency, free and clear of all liens and that the Digital Currency has been acquired in accordance with all Applicable Laws.

(e) Borrower represents and warrants that it has or will have at the time of return of any Borrowed Asset consisting of Digital Currency, the right to transfer such Digital Currency subject to the terms and conditions hereof, and, to Borrower's knowledge, free and clear of all liens and encumbrances other than those arising under this Agreement and that the Digital Currency that it will return has been acquired in accordance with all Applicable Laws.

(f) Lender represents that the entity name in the first paragraph of this Agreement and in the signature block hereof is the full and complete legal entity name of Lender;

(g) Borrower represents that the name in the first paragraph of this Agreement and in the signature block hereof is the full and complete legal name of Borrower;

(h) Borrower, if an entity, represents that the address where Borrower is organized or incorporated is correctly indicated in Exhibit A, and Borrower agrees to promptly provide written notice to Lender of any change in such registered address;

(i) Borrower represents and warrants that it is an "eligible contract participant" as such term is defined in the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

(j) Lender represents and warrants that it is an "eligible contract participant" as such term is defined in the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

(k) Notwithstanding any communication that each party (and/or its Affiliates) may have had with the other party, each party to a Loan agrees and acknowledges that (i) when entering into, or continuing to maintain, such Loan, neither party is relying on (A) the manner or method in which the other party or any of its Affiliates may establish, maintain, adjust or unwind its hedge positions, (B) any communication, whether written or oral, between the parties or any of their respective Affiliates with respect to any hedging activities of the other party or any of its Affiliates, or (C) any representation, warranty or statement being made by such party or any of its Affiliates as to whether, when, how or in what manner or method such party or any of its Affiliates may engage in any hedging activities and that (ii) (A) each party and its Affiliates may, but are not obliged to, hedge any Transaction on a dynamic, static or portfolio basis, by holding a corresponding position in the Digital Currency constituting Borrowed Assets or Collateral or in any other instrument or transaction; (B) any hedge position established by either party or any of its Affiliates is a proprietary trading position and activity of such party or such Affiliate; (C) each party or such Affiliate is not holding any hedge position or engaging in any hedging activity on behalf or for the account of or as agent or fiduciary for the other party, and the other party will not have any direct economic or other interest in, or beneficial ownership of, such hedge positions or hedging activities; and (D) the decision to engage in hedging activities is in the sole discretion of each party, and each party and its Affiliates may commence or, once commenced, suspend or cease the hedging activities at any time as it may solely determine.

VII. Events of Default.

It is further understood that the following events described below shall constitute Events of Default hereunder:

- (a) the failure of the Borrower to return any Borrow Amount or pay any Borrow Fees when due hereunder;
- (b) the failure of the Lender to return any Collateral to the Borrower when due hereunder;
- (c) a material default in the performance by Borrower or Lender of any of the other agreements, conditions, covenants, provisions or stipulations contained in any of the Loan Documents;
- (d) any failure of the Borrower to provide Additional Collateral or the Lender to provide a Margin Refund Amount, if applicable, pursuant to the terms of this Agreement;
- (e) any failure of the Borrower or Lender to pay the appropriate party with regards to either a Hard Fork or an Applicable Airdrop pursuant to the terms of this Agreement;
- (f) Borrower consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganizes, reincorporates or reconstitutes into or as another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganization, reincorporation or reconstitution the resulting, surviving or transferee entity fails to assume all the obligations of Borrower under this Agreement;
- (g) any bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors or dissolution proceedings shall be instituted by or against the Borrower and shall not be dismissed within thirty (30) days of their initiation;
- (h) any representation or warranty made in any of the Loan Documents proves to be untrue in any material respect as of the date of making or deemed making thereof; or
- (i) The occurrence or existence of a default, event of default or other similar condition or event (however described) in respect of Borrower (or any guarantor of Borrower pursuant to this Agreement), relating to any agreement with any affiliate of Lender shall be deemed to be an Event of Default under this Agreement, and shall constitute an Event of Default with respect to all outstanding Loans and other transactions between Lender and Borrower.
- (j) The occurrence or existence of a default, event of default or other similar condition or event (however described) in respect of Borrower, or any affiliate or subsidiary of Borrower, under any agreements or instruments relating to an obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money with any third party, shall be deemed to be an Event of Default under this Agreement, and shall constitute an Event of Default with respect to all outstanding Loans and other transactions between Lender and Borrower, in this Agreement or any other agreement in place between the parties.

VIII.Termination Events.

(a)Regulatory

Borrower (i) fails to obtain, (ii) loses, (iii) has withdrawn from it or (iv) fails to obtain renewal of any necessary license or regulatory authorization from any relevant Governmental Authority, which results in Borrower becoming prohibited from operating its business or entering into or performing any Loan under this Agreement.

(b)Government

(i) Borrower (1) becomes subject to or is a defendant in any investigation, proceeding or action relating to, (2) is indicted for or (3) is convicted of (x) any felony or (y) any other crime or potential crime relating to securities, investment management or Digital Currency Transactions or involving fraud or breach of trust; or (ii) Borrower becomes subject to any regulatory or administrative investigation, proceeding, action or sanction of or by any Governmental Authority (as defined above).

(c)Decline in Net Asset Value

Borrower's Net Asset Value as of the last Business Day of any calendar month declines by 25% or more from Borrower's Net Asset Value as of the last Business Day of the immediately preceding calendar month; (ii) Borrower's Net Asset Value as of the last Business Day of any calendar month declines by 35% or more from Borrower's Net Asset Value as of the last Business Day of the third calendar month immediately preceding such day; or (iii) Borrower's Net Asset Value declines by 45% or more from Borrower's Net Asset Value as of the last Business Day of any calendar month in the immediately preceding calendar year;

(d)Minimum Net Worth Event

Borrower's Net Worth at the end of any calendar month is valued at a level less than the greater of (i) Borrower's Net Worth as of the Effective Date, or (ii) 50% of the highest month-end Borrower Net Worth achieved by Borrower during the term of this Agreement (or the equivalent in another currency, currency unit, virtual currency or combination thereof); or

(e)Failure to Deliver Requested Documents On Or Before Required Delivery Date

Borrower fails to deliver (i) a written statement of its Net Asset Value, (ii) its annual report, or (iii) other required documents specified in this Agreement, in each case on or before the required delivery date specified hereto, and such failure is not remedied within one (1) Business Day following notice from Lender of such failure; or

(f)Key Person Event

A Key Person ceases to be actively involved in or responsible for the management or investment decision making of Borrower (a "Key Person Event") and such Key Person shall not have been replaced by another person or persons to whom Galaxy has not made a written objection following written notice from Borrower of such change in Key Person, where "Key Person" means Richard Russell.

IX. Remedies.

Upon the occurrence and during the continuation of any Event of Default or Termination Event with respect to Borrower, the Lender may, at its option, (a) declare all Borrow Amounts and Fees outstanding hereunder and, with respect to any Collar-Loan, the Final Settlement Amount (determined as though the date of acceleration were the Maturity Date) immediately due and payable, (b) terminate this Agreement upon notice to Borrower, and (c) exercise all other rights and remedies available to the Lender hereunder, under applicable law or in equity, provided, that upon any Event of Default or Termination Event all Borrow Amounts and the amount of any Fees then outstanding hereunder shall automatically become immediately due and payable.

Upon the occurrence and during the continuation of any Event of Default or Termination Event with respect to Lender, the Borrower may, at its option, (a) declare all Collateral outstanding hereunder immediately due and payable, (b) terminate this Agreement upon notice to Lender, and (c) exercise all other rights and remedies available to the Borrower hereunder, under applicable law, or in equity.

X. Limitation of Liability.

EXCEPT FOR ACTS OR OMISSIONS THAT CONSTITUTE FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS RESPECTIVE AFFILIATES, BENEFICIARIES, ASSIGNEES OR SUCCESSORS (BY ASSIGNMENT OR OTHERWISE) BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL DAMAGES, OR ANY PUNITIVE, EXEMPLARY, REMOTE, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE, LOST PROFITS, COST OF COVER OR OTHER SPECIAL DAMAGES, IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR ANY LOAN DOCUMENTS, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY LOAN DOCUMENTS HERETO.

XI. Documents to be Delivered.

As soon as practicable after the execution of this Agreement, and within 150 calendar days after the end of each fiscal year, Borrower shall provide a copy of its annual report containing audited consolidated financial statements for each such fiscal year, certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party is organized.

Borrower shall also provide a copy of monthly statements that include Borrower's Net Asset Value within five (5) Business Days after the end of each calendar month.

XII. Rights and Remedies Cumulative.

No delay or omission by either party in exercising any right or remedy hereunder shall operate as a waiver

of the future exercise of that right or remedy or of any other rights or remedies hereunder. All rights of the parties stated herein are cumulative and in addition to all other rights provided by law, in equity.

XIII.Collection Costs.

In the event Borrower fails to pay any amounts due or to return any Borrowed Asset hereunder, the Borrower shall pay to the Lender upon demand all reasonable costs and expenses, including without limitation, reasonable attorneys' fees and court costs incurred by the Lender in connection with the enforcement of its rights hereunder.

XIV.Passwords and Security.

Each party is responsible for maintaining adequate security and control of any and all passwords, private keys, and any other codes that it uses to Transfer or receive Digital Currencies hereunder. Each party will be solely responsible for the private keys that it uses to make the Transfers and maintaining secure back-ups. Each party will be responsible for any unauthorized Transfers made utilizing its passwords, private keys, and any other codes it uses to make or receive Transfers.

XV.Governing Law; Dispute Resolution.

This Agreement is governed by, and shall be construed and enforced under, the laws of the State of New York applicable to contracts made and to be performed wholly within such State, without regard to any choice or conflict of laws rules. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation it shall be finally resolved by arbitration administered in the County of New York, State of New York by the American Arbitration Association under its Commercial Arbitration Rules, or such other applicable arbitration body as required by law or regulation, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. If any proceeding is brought for the enforcement of this Agreement, then the successful or prevailing party shall be entitled to recover attorneys' fees and other costs incurred in such proceeding in addition to any other relief to which it may be entitled.

XVI.Notices.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement shall be in writing and shall be personally delivered or sent by Express mail, certified mail (postage prepaid, return receipt requested), overnight courier, or electronic mail (at such email addresses as a party may designate in accordance herewith) to the applicable address set forth in **Exhibit A**.

XVII.Modifications.

All modifications or amendments to this Agreement shall be effective only when reduced to writing and signed by both parties hereto.

XVIII. Entire Agreement.

This Agreement and each exhibit referenced herein constitutes the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior negotiations, understandings and agreements.

XIX. Successors and Assigns.

This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that Borrower may not assign this Agreement or any rights or duties hereunder without the prior written consent of Lender.

XX. Severability of Provisions.

Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

XXI. Counterpart Execution.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

XXII. Relationship of Parties.

Nothing contained in this Agreement shall be deemed or construed by the parties, or by any third party, to create the relationship of partnership or joint venture between the parties hereto, it being understood and agreed that no provision contained herein shall be deemed to create any relationship between the parties hereto other than the relationship of Borrower and Lender.

XXIII. Term and Termination.

The Term of this Agreement shall commence on the date hereof for a period of one year, and shall automatically renew for successive one-year terms annually. Either party may provide notice of a desire to terminate the Agreement not less than ten (10) Business Days prior to the end of such one-year period, or upon thirty (30) Business Days' prior written notice by either party to the other. In the event of a termination of this Agreement as set forth in this provision, (i) all outstanding Open Loan(s) shall be deemed terminated and any loaned Borrowed Asset shall be redelivered immediately and any fees owed shall be payable immediately, and (ii) all outstanding Term Loans shall continue until the relevant Maturity Date for such Loan(s).

For the avoidance of doubt, in the event of a termination of this Agreement due to an Event of Default or

any other termination for cause pursuant to the terms hereof or any Loan Term Sheet agreed upon by Lender and Borrower, all Open Loans *and* Term Loans shall be deemed terminated, all Borrowed Assets and Collateral shall be redelivered/repaid immediately, and any fees owed shall be payable immediately.

Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement. The section headings are for convenience only and shall not affect the interpretation or construction of this Agreement. The Parties acknowledge that the Agreement and any Loan is the result of negotiation between the Parties which are represented by sophisticated counsel and therefore none of the Agreement's provisions will be construed against the drafter.

XXIV. Confidentiality

For purposes of this Agreement, "Confidential Information" means any and all information and material (whether oral, written, electronic or otherwise) disclosed or otherwise made available by a party hereto (such party, the "Disclosing Party") or any of its Representatives (as defined below) to the other party (such party, the "Receiving Party") or any of its Representatives during the term of this Agreement, together with all notes, analyses, compilations, studies, interpretations or other material that contain, reflect or are based in whole or part on any such Confidential Information. In addition, Confidential Information shall include (x) the fact that the Parties have executed this Agreement, (y) all of the terms and conditions of the Agreement (including any financial terms and conditions), or other facts with respect to a party's performance hereunder.

Without the prior written consent of Disclosing Party, Receiving Party shall keep, and shall direct its Representatives to keep, all Confidential Information confidential and shall not disclose, and shall direct its Representatives not to disclose, any Confidential Information to any person, other than to Receiving Party's Representatives who need to know such Confidential Information for the purpose of assisting Receiving Party in connection with fulfilling its obligations under this Agreement. For this purpose, Confidential Information does not include information which (i) was, is or becomes generally available to the public other than as a result of disclosure by the Receiving Party or its Representatives in violation of this Section, (ii) was, is or becomes known or made available to the Receiving Party on a non-confidential basis from a source (other than the Disclosing Party or its Representatives), provided that such source is not, to the actual knowledge of the Receiving Party or its Representatives, itself bound by a legal or contractual duty of confidentiality or otherwise prohibited from disclosing such information to the Receiving Party, (iii) is or was in the Receiving Party's or its Representatives' possession (on a non-confidential basis) prior to the time of disclosure to Receiving Party by Disclosing Party (provided that such information was not obtained from a source actually known by Receiving Party to be prohibited from disclosing such information to Receiving Party by any legal or contractual obligation of confidentiality) or (iv) is or was independently developed or acquired by Receiving Party or any of its Representatives without use of or reference to any Confidential Information. For purposes of this Section, the term "Representatives" means, with respect to any person, such person's affiliates and its and their respective directors, officers, employees, agents and

advisors (including financial advisors, attorneys and accountants) and representatives; provided that, in the case of Receiving Party, "Representatives" shall only include such persons to the extent they actually receive Confidential Information from or on behalf of the Receiving Party.

Notwithstanding any provision herein to the contrary, the Receiving Party may disclose Confidential Information to the extent requested or expressly compelled by applicable law, rule or regulation (including, without limitation, the rules of any stock exchange or other regulatory or self-regulatory body) or order issued by any administrative, governmental, regulatory, or judicial authority (including by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) with competent jurisdiction over the Receiving Party or its Representatives. If Receiving Party or any of its Representatives are requested or required to disclose any Confidential Information, then (to the extent reasonably practicable and permissible) Receiving Party shall provide Disclosing Party with reasonably prompt written notice of such request or requirement, so that Disclosing Party may, at its sole cost and expense, seek an appropriate protective order or other remedy or waive compliance with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or Disclosing Party waives compliance, in whole or in part, with the terms of this Agreement, Receiving Party or its Representatives, as the case may be, shall be free to disclose that portion of the Confidential Information that is legally requested or required to be disclosed. Notwithstanding the foregoing, no such notice shall be required in the case of a routine proceeding involving general requests of Receiving Party or its Representatives by bank, securities, tax, regulatory, professional or similar authorities with jurisdiction over Receiving Party or its Representatives, as applicable (which may include any bank regulator or public accounting oversight body), or in response to any request by such persons; provided that the proceeding or request is not specifically targeted at the Disclosing Party or the Confidential Information.

Upon the termination or expiration of this Agreement, or upon a Disclosing Party's request, the Receiving Party will return or destroy such Confidential Information without maintaining a copy of such Confidential Information, except that the parties (i) may retain copies of Confidential Information in accordance with bona fide internal document retention policies and procedures or other bona fide policies and procedures implemented to comply with legal and regulatory requirements; and (ii) shall not be obligated to delete or erase any Confidential Information contained in an archival computer system backup that cannot be accessed by end users or expunged without considerable effort. Any Confidential Information that is not returned or destroyed shall remain confidential in accordance with the terms and conditions of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

LENDER:

GALAXY DIGITAL LLC

By: /s/ Jason Urban

Name: Jason Urban

Title: Head of Galaxy Digital Trading

BORROWER

LM Funding America Inc.

By: /s/ Richard Russell

Name: Richard Russell

Title: CFO

EXHIBIT A
NOTICE INFORMATION

The following notice information is applicable to the Agreement entered into between Borrower and Lender:

Borrower's Address:

Attn: [_____]]
Email: [_____]]

Registered Address Information for Borrower:

Address: [_____]]

Authorized Agent(s) Appointed by Borrower (if any):

Name: [_____]]
Email: [_____]]

Borrower may change its Authorized Agents by notice given to Lender at:

MLAnotices@galaxy.com

Lender Designated Email Address for Receipt of Lending Requests, Margin Refund Notices and related matters:

MLAnotices@galaxy.com

Legal Notice Information for Borrower and Lender:

For Borrower:

[_____]

Address: [_____]

Attn: [_____]

Email: [_____]

For Lender:

Galaxy Digital LLC

300 Vesey Street, 13th Floor, New York, N.Y. 10282

Attn: General Counsel

Email: legal-compliance@galaxy.com

Either party may change its address by giving the other party written notice of its new address using the Legal Notice Information above.

EXHIBIT B
LOAN TERM SHEET

This Loan Term Sheet dated [DATE], incorporates all of the terms of the Master Digital Currency Loan Agreement (“Agreement”) entered into by [] (“Borrower”) and GALAXY DIGITAL LLC (“Galaxy”) on [DATE], as amended from time to time, and the following specific Loan terms:

Borrower:	[]
Lender:	GALAXY DIGITAL LLC
Loan Effective Date:	[]
Borrow Amount:	[]
Borrow Fee:	[]
Maturity Date:	[]
Collateral:	[]
Collateral Type:	[]
Price Floor:	[]
Price Ceiling:	[]
Rehypothecation:	[]

IN WITNESS WHEREOF, the parties have caused this Loan Term Sheet to be executed and delivered as of the date first above written.

By: By:
Name: Name:
Title: Title

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bruce Rodgers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LM Funding America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2025

/s/ Bruce Rodgers
Bruce Rodgers
Chief Executive Officer
(Principal Executive Officer)

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Richard Russell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LM Funding America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2025

/s/ Richard Russell
Richard Russell
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Written Statement of the Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Executive Officer of LM Funding America, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2025 as filed with the Securities and Exchange Commission on November 14, 2025 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bruce Rodgers

Bruce Rodgers
Chief Executive Officer
(Principal Executive Officer)
November 14, 2025

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Written Statement of the Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Financial Officer of LM Funding America, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2025 as filed with the Securities and Exchange Commission on November 14, 2025 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard Russell

Richard Russell

Chief Financial Officer

(Principal Financial and Accounting Officer)

November 14, 2025

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
