

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, 2021

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-39445

**Lionheart Acquisition Corporation II**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**84-4117825**

(I.R.S. Employer  
Identification No.)

**4218 NE 2nd Avenue  
Miami, FL 33137**

(Address of Principal Executive Offices, Zip Code)

**(305) 573-3900**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Units, each consisting of one share of Class A Common Stock and one-half of one Redeemable Warrant	LCAPU	The Nasdaq Capital Market LLC
Class A Common Stock, par value \$0.0001 per share	LCAP	The Nasdaq Capital Market LLC
Redeemable Warrants, each whole warrant exercisable for one share of Class A Common Stock at an exercise price of \$11.50	LCAPW	The Nasdaq Capital 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  
 Non-accelerated filer

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

As of November 15, 2021 there were 23,650,000 shares of Class A common stock, \$0.0001 par value and 5,750,000 shares of Class B common stock, \$0.0001 par value, issued and outstanding.

**LIONHEART ACQUISITION CORPORATION II**  
**FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2021**  
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**LIONHEART ACQUISITION CORPORATION II  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated) <sup>1</sup>
<b>ASSETS</b>		
Current assets		
Cash	\$ 353,032	\$ 1,017,137
Prepaid expenses	48,944	124,766
Total Current Assets	401,976	1,141,903
Marketable securities held in Trust Account	230,008,192	230,011,254
<b>TOTAL ASSETS</b>	<b>\$ 230,410,168</b>	<b>\$ 231,153,157</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,918,987	\$ 1,163,558
Accrued offering costs	—	5,450
Total Current Liabilities	2,918,987	1,169,008
Warrant liability	10,176,000	13,365,500
Deferred underwriting fee payable	8,050,000	8,050,000
<b>TOTAL LIABILITIES</b>	<b>21,144,987</b>	<b>22,584,508</b>
<b>Commitments and Contingencies (Note 7)</b>		
Class A common stock subject to possible redemption, 23,000,000 shares at redemption value as of September 30, 2021 and December 31, 2020.	230,000,000	230,000,000
<b>Stockholders' Deficit</b>		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; 650,000 issued and outstanding (excluding 23,000,000 shares subject to possible redemption) as of September 30, 2021 and December 31, 2020.	65	65
Class B common stock, \$0.0001 par value; 10,000,000 shares authorized; 5,750,000 shares issued and outstanding as of September 30, 2021 and December 31, 2020.	575	575
Accumulated deficit	(20,735,459)	(21,431,991)
<b>Total Stockholders' Deficit</b>	<b>(20,734,819)</b>	<b>(21,431,351)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 230,410,168</b>	<b>\$ 231,153,157</b>

(1) As restated due to review of the treatment of common stock subject to redemptions (see Note 2)

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

**LIONHEART ACQUISITION CORPORATION II**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020 <sup>(1)</sup>	2021	2020 <sup>(1)</sup>
Operating and formation costs	\$ 349,966	\$ 88,889	\$ 2,503,274	\$ 88,889
Loss from operations	(349,966)	(88,889)	(2,503,274)	(88,889)
Other income (expense):				
Interest earned on marketable securities held in Trust Account	3,473	6,646	10,306	6,646
Transactions costs associated with the Initial Public Offering	—	(837,355)	—	(837,355)
Change in fair value of warrant liabilities	1,070,750	466,500	3,189,500	466,500
Other income (expense), net	1,074,223	(364,209)	3,199,806	(364,209)
<b>Net Income (Loss)</b>	<b>\$ 724,257</b>	<b>\$ (453,098)</b>	<b>\$ 696,532</b>	<b>\$ (453,098)</b>
Basic and diluted weighted average shares outstanding, Class A Common Stock	23,650,000	10,858,152	23,650,000	3,645,803
<b>Basic and diluted net income per share, Class A Common Stock</b>	<b>\$ 0.02</b>	<b>\$ (0.03)</b>	<b>\$ 0.02</b>	<b>\$ (0.05)</b>
Basic and diluted weighted average shares outstanding, Class B Common Stock	5,750,000	5,301,630	5,750,000	4,918,796
<b>Basic and diluted net income per share, Class B Common Stock</b>	<b>\$ 0.02</b>	<b>\$ (0.03)</b>	<b>\$ 0.02</b>	<b>\$ (0.05)</b>

(1) As restated due to review of the treatment of common stock subject to redemptions (see Note 2)

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

**LIONHEART ACQUISITION CORPORATION II**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY**  
**(Unaudited)**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
<b>Balance — January 1, 2021 (1)</b>	<b>650,000</b>	<b>\$ 65</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$ (21,431,991)</b>	<b>\$ (21,431,351)</b>
Net income	—	—	—	—	—	4,641,710	4,641,710
<b>Balance - March 31, 2021 (1)</b>	<b>650,000</b>	<b>65</b>	<b>5,750,000</b>	<b>575</b>	<b>—</b>	<b>\$ (16,790,281)</b>	<b>(16,789,641)</b>
Net loss	—	—	—	—	—	(4,669,435)	(4,669,435)
<b>Balance — June 30, 2021<sup>(1)</sup></b>	<b>650,000</b>	<b>65</b>	<b>5,750,000</b>	<b>575</b>	<b>\$ —</b>	<b>\$ (21,459,716)</b>	<b>\$ (21,459,076)</b>
Net income	—	—	—	—	—	724,257	724,257
<b>Balance - September 30, 2021</b>	<b>650,000</b>	<b>\$ 65</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$ (20,735,459)</b>	<b>\$ (20,734,819)</b>

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020**

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
<b>Balance — January 1, 2020</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,000)</b>	<b>\$ (1,000)</b>
Issuance of Class B common stock to Sponsor	—	—	5,750,000	575	24,425	—	25,000
<b>Balance - March 31, 2020</b>	<b>—</b>	<b>—</b>	<b>5,750,000</b>	<b>575</b>	<b>24,425</b>	<b>(1,000)</b>	<b>24,000</b>
Net income (loss)	—	—	—	—	—	—	—
<b>Balance — June 30, 2020<sup>(1)</sup></b>	<b>—</b>	<b>—</b>	<b>5,750,000</b>	<b>575</b>	<b>24,425</b>	<b>(1,000)</b>	<b>24,000</b>
Sale of 23,000,000 Units, net of underwriting discounts and offering expenses	—	—	—	—	—	—	—
Sale of 650,000 Private Placement Units	650,000	65	—	—	6,123,809	—	6,123,874
Accretion to common stock subject to redemption amount	—	—	—	—	(6,148,234)	(19,369,222)	(25,517,456)
Net loss	—	—	—	—	—	(453,098)	(453,098)
<b>Balance — September 30, 2020<sup>(1)</sup></b>	<b>650,000</b>	<b>\$ 65</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$ (19,823,320)</b>	<b>\$ (19,822,680)</b>

(1) As restated due to review of the treatment of common stock subject to redemptions (see Note 2)

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

**LIONHEART ACQUISITION CORPORATION II**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Nine Months Ended September 30,	
	2021	2020 <sup>(1)</sup>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 696,532	\$ (453,098)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Change in fair value of warrant liability	(3,189,500)	(466,500)
Transaction costs associated with the Initial Public Offering	—	837,355
Interest earned on marketable securities held in Trust Account	(10,306)	(6,646)
Changes in operating assets and liabilities:		
Prepaid expenses	75,822	(163,745)
Accounts payable and accrued expenses	1,755,429	69,833
<b>Net cash used in operating activities</b>	<b>(672,023)</b>	<b>(182,801)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment of cash into Trust Account	—	(230,000,000)
Cash withdrawn from Trust Account to pay franchise and income taxes	13,368	—
<b>Net cash provided by (used in) investing activities</b>	<b>13,368</b>	<b>(230,000,000)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from issuance of Class B common stock to Sponsor	—	25,000
Proceeds from sale of Units, net of underwriting discounts paid	—	225,400,000
Proceeds from sale of Private Placement Units	—	6,500,000
Proceeds from promissory note – related party	—	140,671
Repayment of promissory note – related party	—	(140,671)
Payment of offering costs	(5,450)	(473,487)
<b>Net cash (used in) provided by financing activities</b>	<b>(5,450)</b>	<b>231,451,513</b>
<b>Net Change in Cash</b>	<b>(664,105)</b>	<b>1,268,712</b>
Cash — Beginning	1,017,137	—
<b>Cash — Ending</b>	<b>\$ 353,032</b>	<b>\$ 1,268,712</b>
<b>Non-cash investing and financing activities:</b>		
Offering costs included in accrued offering costs	\$ —	\$ 5,450
Initial classification of Class A common stock subject to possible redemption	\$ —	\$ 230,000,000
Deferred underwriting fee payable	\$ —	\$ 8,050,000

(1) As restated due to review of the treatment of common stock subject to redemptions (see Note 2)

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

**LIONHEART ACQUISITION CORPORATION II**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**  
**(Unaudited)**

**NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

Lionheart Acquisition Corporation II (formerly known as Lionheart Acquisition Corp.) (the “Company”) was incorporated in Delaware on December 23, 2019. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the “Business Combination”).

The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies. The Company has one subsidiary, Lionheart II Holdings, LLC, a wholly owned subsidiary incorporated in Delaware on July 9, 2021.

As of September 30, 2021, the Company had not commenced any operations. All activity for the period from December 23, 2019 (inception) through September 30, 2021 relates to the Company’s formation, the initial public offering (“Initial Public Offering”), which is described below, and, subsequent to the Initial Public Offering, identifying a target company for a Business Combination, in particular activities in connection with the potential acquisition of MSP Recovery (see Proposed Business Combination within Note 1). The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company generates non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering.

The registration statement for the Company’s Initial Public Offering was declared effective on August 12, 2020. On August 18, 2020, the Company consummated the Initial Public Offering of 20,000,000 units (the “Units” and, with respect to the shares of Class A common stock included in the Units sold, the “Public Shares”), at \$10.00 per Unit, generating gross proceeds of \$200,000,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 650,000 units (the “Private Placement Units”) at a price of \$10.00 per Private Placement Unit in a private placement to Lionheart Equities, LLC, a Delaware Limited Liability Company (the “Sponsor”), and Nomura Securities International, Inc. (“Nomura”), an underwriter in the Initial Public Offering, generating gross proceeds of \$6,500,000, which is described in Note 5.

Following the closing of the Initial Public Offering on August 18, 2020, an amount of \$200,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Units was placed in a trust account (the “Trust Account”) located in the United States and invested only in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account, as described below.

On August 20, 2020, the underwriters notified the Company of their intention to exercise their over-allotment option in full, resulting in an additional 3,000,000 Units issued on August 24, 2020 for \$30,000,000. A total of \$30,000,000 was deposited into the Trust Account, bringing the aggregate proceeds held in the Trust Account to \$230,000,000.

Transaction costs amounted to \$13,128,937 consisting of \$4,600,000 of underwriting fees, \$8,050,000 of deferred underwriting fees and \$478,937 of other offering costs.

**LIONHEART ACQUISITION CORPORATION II**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**  
**(Unaudited)**

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of Private Placement Units, although substantially all of the net proceeds are intended to be applied generally toward completing a Business Combination. The Company must complete a Business Combination with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on interest earned on the Trust Account) at the time of the agreement to enter into a Business Combination. The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to complete a Business Combination successfully.

The Company will provide its stockholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The public stockholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be \$10.00 per Public Share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations). The per-share amount to be distributed to public stockholders who redeem their Public Shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants.

The Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 immediately prior to or upon such consummation of a Business Combination and, if the Company seeks stockholder approval, a majority of the shares voted are voted in favor of the Business Combination. If a stockholder vote is not required by law and the Company does not decide to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Certificate of Incorporation (the "Amended and Restated Certificate of Incorporation"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a Business Combination. If, however, stockholder approval of the transactions is required by law, or the Company decides to obtain stockholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks stockholder approval in connection with a Business Combination, the Company's Sponsor, officers and directors and Nomura have agreed to vote their Founder Shares (as defined in Note 6), Private Placement Shares (as defined in Note 5) and any Public Shares purchased during or after the Initial Public Offering in favor of approving a Business Combination. Additionally, each public stockholder may elect to redeem their Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against the proposed Business Combination.

If the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Amended and Restated Certificate of Incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the Public Shares, without the prior consent of the Company.

The Sponsor has agreed (a) to waive its redemption rights with respect to any Founder's Shares, Private Placement Shares and Public Shares held by it in connection with the completion of a Business Combination and (b) not to propose an amendment to the Amended and Restated Certificate of Incorporation that would affect the substance or timing of the ability of holders of the Public Shares to seek redemption in connection with a Business Combination or the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination, unless the Company provides the public stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment.



**LIONHEART ACQUISITION CORPORATION II**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**  
**(Unaudited)**

The Company will have until February 18, 2022 to complete a Business Combination (the “Combination Period”). If the Company is unable to complete a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter subject to lawfully available funds therefor, redeem 100% of the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations (less up to \$100,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders’ rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company’s remaining stockholders and the Company’s board of directors, dissolve and liquidate, subject in each case to the Company’s obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company’s warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

The Sponsor and Nomura have agreed to waive their liquidation rights with respect to the Private Placement Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the initial stockholders or any of their respective affiliates acquire Public Shares after the Initial Public Offering, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 7) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit (\$10.00).

In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per Public Share and (ii) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company’s indemnity of the underwriters of Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “Securities Act”). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers, prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

**Liquidity and Going Concern**

The Company has principally financed its operations from inception using proceeds from the sale of its equity securities to its stockholders prior to the Initial Public Offering and such amount of proceeds from the Initial Public Offering that were placed in an account outside of the Trust Account for working capital purposes. At September 30, 2021, the Company had cash outside the trust of \$353,032 and working capital deficit of \$2,508,819. The Company has incurred and expects to continue to incur significant costs in pursuit of its financing and acquisition plans. On February 21, 2021, the Sponsor committed up to \$750,000 in loans to the Company for continuing operations to consummate a business combination. The loans are non-interest bearing, unsecured, and to be repaid upon the consummation of a business combination. On July 29, 2021, the Sponsor committed up to an additional \$250,000 in loans to the Company for continuing operations to consummate a business combination. The loans are non-interest bearing, unsecured, and to be repaid upon the consummation of a business combination. In the event that a business combination does not occur, then all loaned amounts under this commitment will be forgiven except to the extent that the Company has funds available to it outside the trust account. The Sponsor has committed an aggregate of \$1,000,000.

**LIONHEART ACQUISITION CORPORATION II**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**  
**(Unaudited)**

In the event that a business combination does not occur, then all loaned amounts under this commitment will be forgiven except to the extent that the Company has funds available to it outside the trust account. In addition, the Sponsor, an affiliate of the Sponsor, or our officers and directors may, but are not obligated to, loan us funds as may be required (see Note 6 Related Party Loans). The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the Business Combination.

The Company will need to raise further additional capital through loans or additional investments from its Sponsor, stockholders, officers, directors, or third parties. In addition to the loan commitment described herein, the Company's officers, directors and Sponsor may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern through February 18, 2022, the current date that the Company will be required to cease all operations, except for the purpose of winding up, if a Business Combination is not consummated. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

**Proposed Business Combination**

On July 11, 2021, the Company entered into a Membership Interest Purchase Agreement (the "MIPA") by and among the Company, Lionheart II Holdings, LLC, a newly formed wholly owned subsidiary of the Company ("Purchaser"), each limited liability company set forth on Schedule 2.1(a) thereto (the "MSP Purchased Companies"), the members of the MSP Purchased Companies listed on Schedule 2.1(b) thereto (the "Members"), and John H. Ruiz, as the representative of the Members.

Subject to the terms and conditions set forth in the MIPA, including the approval of the Company's stockholders, the parties thereto will enter into a business combination transaction (the "Business Combination"), pursuant to which, among other things, the Members will sell and assign all of their membership interests in the MSP Purchased Companies to Purchaser in exchange for non-economic voting shares of Class V common stock, par value \$0.0001, of the Company ("Class V Common Stock") and non-voting economic Class B Units of Purchaser ("Class B Units," and each pair consisting of one share of Class V Common Stock and one Class B Unit, an "Up-C Unit"), with Up-C Units being exchangeable on a one-for-one basis for shares of the Company's Class A common stock. Following the closing of the Business Combination (the "MIPA Closing"), the Company will own all of the voting Class A Units of Purchaser and the Members or their designees will own all of the non-voting economic Class B Units of Purchaser. Subject to the terms and conditions set forth in the MIPA, the aggregate consideration to be paid to the Members (or their designees) will consist of a number of (i) Up-C Units equal to (a) \$32.5 billion divided by (b) \$10.00 and (ii) rights to receive payments under the Tax Receivable Agreement (as defined below). Of the Up-C Units to be issued to certain Members at the MIPA Closing, 6,000,000 (the "Escrow Units") will be deposited into an escrow account with Continental Stock Transfer and Trust, to satisfy potential indemnification claims brought pursuant to the MIPA. Additionally, in connection with the Business Combination, the Company intends, subject to compliance with applicable law, to declare a dividend comprising approximately 1,029,000,000 newly issued warrants, each to purchase one share of Class A common stock for an exercise price of \$11.50 per share, conditioned upon the consummation of any redemptions by the Company's stockholders and the MIPA, to the holders of record of Class A common stock as of the close of business on the date of the MIPA Closing, after giving effect to the waiver of the right to participate in such dividend by the Members.

The MIPA contains customary representations, warranties and covenants by the parties thereto and the closing is subject to certain conditions as further described in the MIPA.

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On November 10, 2021, the Company filed with the U.S. Securities and Exchange Commission (“SEC”) in preliminary form a registration statement on Form S-4 (the “Registration Statement”) which contains a preliminary proxy statement/prospectus, in connection with the proposed business combination between the Company and MSP Recovery announced on July 12, 2021. While the Registration Statement has not yet become effective and the information contained therein is subject to change, it provides important information about MSP Recovery, LCAP, and the proposed business combination.

**Risks and Uncertainties**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the World. As of the date the financial statements were issued, there was considerable uncertainty around the expected duration of this pandemic. The Company has concluded that while it is reasonably possible that COVID-19 could have a negative effect on identifying a target company for a Business Combination, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**NOTE 2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

In connection with the preparation of the Company’s financial statements as of September 30, 2021, management identified errors made in its historical financial statements where, at the closing of the Company’s Initial Public Offering, the Company improperly valued its Class A common stock subject to possible redemption. The Company previously determined the Class A common stock subject to possible redemption to be equal to the redemption value of \$10.00 per share of Class A common stock while also taking into consideration a redemption cannot result in net tangible assets being less than \$5,000,001. Management determined that the Class A common stock issued during the Initial Public Offering can be redeemed or become redeemable subject to the occurrence of future events considered outside the Company’s control. Therefore, management concluded that the redemption value should include all shares of Class A common stock subject to possible redemption, resulting in the Class A common stock subject to possible redemption being equal to their redemption value. As a result, management has noted a reclassification error related to temporary equity and permanent equity. This resulted in an adjustment to the initial carrying value of the Class A common stock subject to possible redemption with the offset recorded to additional paid-in capital (to the extent available), accumulated deficit and Class A common stock.

In connection with the change in presentation for the Class A common stock subject to redemption, the Company also restated its income (loss) per common stock calculated to allocate net income (loss) evenly to Class A and Class B common stock. This presentation contemplates a Business Combination as the most likely outcome, in which case, both classes of common stock pro rata in the income (loss) of the Company. There is no impact to the reported amounts for total assets, total liabilities, cash flows, or net income (loss).

The impact of the restatement on the Company’s financial statements is reflected in the following table.

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	As Previously Reported	Adjustment	As Restated
<b>Balance Sheet as of August 18, 2020 (audited)</b>			
Class A common stock subject to possible redemption	\$ 176,443,060	\$ 23,556,940	\$ 200,000,000
Class A common stock	\$ 301	\$ (236)	\$ 65
Additional paid-in capital	\$ 5,837,483	\$ (5,837,483)	\$ —
Accumulated deficit	\$ (838,356)	\$ (17,719,221)	\$ (18,557,577)
Total Stockholders' Equity (Deficit)	\$ 5,000,003	\$ (23,556,940)	\$ (18,556,937)
<b>Balance Sheet as of September 30, 2020 (unaudited)</b>			
Class A common stock subject to possible redemption	\$ 205,177,310	\$ 24,822,690	\$ 230,000,000
Class A common stock	\$ 313	\$ (248)	\$ 65
Additional paid-in capital	\$ 5,453,221	\$ (5,453,221)	\$ —
Accumulated deficit	\$ (454,099)	\$ (19,369,221)	\$ (19,823,320)
Total Stockholders' Equity (Deficit)	\$ 5,000,010	\$ (24,822,690)	\$ (19,822,680)
<b>Balance Sheet as of December 31, 2020 (audited)</b>			
Class A common stock subject to possible redemption	\$ 203,568,640	\$ 26,431,360	\$ 230,000,000
Class A common stock	\$ 329	\$ (264)	\$ 65
Additional paid-in capital	\$ 7,061,874	\$ (7,061,874)	\$ —
Accumulated deficit	\$ (2,062,769)	\$ (19,369,222)	\$ (21,431,991)
Total Stockholders' Equity (Deficit)	\$ 5,000,009	\$ (26,431,360)	\$ (21,431,351)
<b>Balance Sheet as of March 31, 2021 (unaudited)</b>			
Class A common stock subject to possible redemption	\$ 208,210,350	\$ 21,789,650	\$ 230,000,000
Class A common stock	\$ 283	\$ (218)	\$ 65
Additional paid-in capital	\$ 2,420,210	\$ (2,420,210)	\$ —
Accumulated deficit	\$ 2,578,941	\$ (19,369,222)	\$ (16,790,281)
Total Stockholders' Equity (Deficit)	\$ 5,000,009	\$ (21,789,650)	\$ (16,789,641)
<b>Balance Sheet as June 30, 2021 (unaudited)</b>			
Class A common stock subject to possible redemption	\$ 203,540,920	\$ 26,459,080	\$ 230,000,000
Class A common stock	\$ 330	\$ (265)	\$ 65
Additional paid-in capital	\$ 7,089,593	\$ (7,089,593)	\$ —
Accumulated deficit	\$ (2,090,494)	\$ (19,369,222)	\$ (21,459,716)
Total Stockholders' Equity (Deficit)	\$ 5,000,004	\$ (26,459,080)	\$ (21,459,076)
<b>Statement of Operations for the Three Months Ended September 30, 2020 (unaudited)</b>			
Basic and diluted weighted average shares outstanding, Class A Common Stock	18,952,768	(8,094,616)	10,858,152
Basic and diluted net (loss) per share, Class A	\$ —	\$ (.03)	\$ (.03)
Basic and diluted weighted average shares outstanding, Class B Common Stock	3,374,881	(1,926,749)	5,301,630
Basic and diluted net (loss) per share, Class B Common Stock	\$ —	\$ (.03)	\$ (.03)
<b>Statement of Operations for the Nine Months Ended September 30, 2020 (unaudited)</b>			
Basic and diluted weighted average shares outstanding, Class A Common Stock	18,952,768	(15,306,965)	3,645,803
Basic and diluted net (loss) per share, Class A	\$ —	\$ (.05)	\$ (.05)

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Basic and diluted weighted average shares outstanding, Class B Common Stock	3,424,425		1,494,371		4,918,796
Basic and diluted net (loss) per share, Class B Common Stock	\$ —		\$ (.05)		\$ (.05)

**Statement of Operations for the Year Ended December 31, 2020 (audited)**

Basic and diluted weighted average shares outstanding, Class A Common Stock	20,323,974		181,518		20,505,492
Basic and diluted net (loss) per share, Class A	\$ —		\$ (0.08)		\$ (0.08)
Basic and diluted weighted average shares outstanding, Class B Common Stock	2,318,726		2,809,006		5,127,732
Basic and diluted net (loss) per share, Class B Common Stock	\$ (0.89)		\$ 0.81		\$ (0.08)

**Statement of Operations for the Three Months Ended March 31, 2021 (unaudited)**

Basic and diluted weighted average shares outstanding, Class A Common Stock	21,693,414		1,956,586		23,650,000
Basic and diluted net (loss) per share, Class A	\$ —		\$ 0.16		\$ 0.16
Basic and diluted weighted average shares outstanding, Class B Common Stock	9,043,136		(3,293,136)		5,750,000
Basic and diluted net (loss) per share, Class B Common Stock	\$ 0.51		\$ (0.35)		\$ 0.16

**Statement of Operations for the Three Months Ended June 30, 2021 (unaudited)**

Basic and diluted weighted average shares outstanding, Class A Common Stock	20,821,035		2,828,965		23,650,000
Basic and diluted net (loss) per share, Class A	\$ —		\$ (0.16)		\$ (0.16)
Basic and diluted weighted average shares outstanding, Class B Common Stock	8,485,715		(2,735,715)		5,750,000
Basic and diluted net (loss) per share, Class B Common Stock	\$ (0.54)		\$ 0.38		\$ (0.16)

**Statement of Operations for the Six Months Ended June 30, 2020 (unaudited)**

Basic and diluted weighted average shares outstanding, Class A Common Stock	21,926,782		1,723,218		23,650,000
Basic and diluted weighted average shares outstanding, Class B Common Stock	8,809,768		(3,059,768)		5,750,000

**Statement of Cash Flows for the Nine Months Ended September 30, 2020 (unaudited)**

Initial classification of Class A common stock subject to possible redemption	\$ 204,793,060		\$ 25,206,940		\$ 230,000,000
Change in value of Class A common stock subject to possible redemption	\$ 384,250		\$ (384,250)		\$ —

**Statement of Cash Flows for the Year Ended December 31, 2020 (audited)**

Initial classification of Class A common stock subject to possible redemption	\$ 204,793,060		\$ 25,206,940		\$ 230,000,000
Change in value of Class A common stock subject to possible redemption	\$ (1,224,420)		\$ 1,224,420		\$ —

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**Statement of Cash Flows for the Three Months Ended March 31, 2021**  
**(unaudited)**

Change in value of Class A common stock subject to possible redemption	\$	4,641,710	\$	(4,641,710)	\$	—
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**Statement of Cash Flows for the Six Months Ended June 30, 2021 (unaudited)**

Change in value of Class A common stock subject to possible redemption	\$	(27,720)	\$	27,720	\$	—
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**Statement of Changes in Stockholders' Equity (Deficit) for the Period Ended**  
**September 30, 2020 (unaudited)**

Sale of 23,000,000 Units, net of underwriting discounts	204,482,544	(204,482,544)	—
Class A common stock subject to possible redemption	(205,177,310)	205,177,310	—
Accretion to common stock subject to redemption amount	—	(25,517,456)	(25,517,456)
Total Stockholders' Equity	5,000,010	(24,822,689)	(19,822,680)

**Statement of Changes in Stockholders' Equity (Deficit) for the Year Ended**  
**December 30, 2020 (audited)**

Change in value of common stock subject to redemption	1,608,670	(1,608,670)	—
Total Stockholders' Equity	5,000,009	(26,431,360)	(21,431,351)

**Statement of Changes in Stockholders' Equity (Deficit) for the Period Ended**  
**March 31, 2021 (unaudited)**

Change in value of common stock subject to redemption	(4,641,710)	(4,641,710)	—
Total Stockholders' Equity	5,000,009	(21,789,650)	(16,789,641)

**Statement of Changes in Stockholders' Equity (Deficit) for the Period Ended**  
**June 30, 2021 (unaudited)**

Change in value of common stock subject to redemption	4,669,430	(4,669,430)	—
Total Stockholders' Equity	5,000,004	(26,459,080)	(21,459,076)

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X promulgated under the Securities Act. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed consolidated or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K/A as filed with the SEC on May 19, 2021. The interim results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any future periods.

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**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

**Emerging Growth Company**

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with GAAP requires the Company’s 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 financial statements and the reported amounts of revenues and expenses during the reporting periods.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. One of the more significant accounting estimates included in these financial statements is the determination of the fair value of warrant liabilities. Such estimates may be subject to change as more current information becomes available and accordingly, the actual results could differ significantly from those estimates.

**Cash and Cash Equivalents**

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of September 30, 2021 and December 31, 2020.

**Marketable Securities Held in Trust Account**

At September 30, 2021 and December 31, 2020, substantially all of the assets held in the Trust Account were held in money market funds which are invested primarily in U.S. Treasury Securities. All of the Company’s investments held in the Trust Account are classified as trading securities. Trading securities are presented on the balance sheet at fair value at the end of each reporting period.

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Gains and losses resulting from the change in fair value of investments held in Trust Account are included in interest earned on marketable securities held in Trust Account in the accompanying condensed consolidated statements of operations. The estimated fair values of investments held in Trust Account are determined using available market information.

#### **Class A Common Stock Subject to Possible Redemption**

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC 480. Class A common stock subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, common stock is classified as shareholders' equity. The Company's Class A common stock feature certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, at September 30, 2021, Class A common stock subject to possible redemption are presented as temporary equity, outside of the stockholders' equity section of the Company's condensed consolidated balance sheet.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. Immediately upon the closing of the Initial Public Offering, the Company recognized the accretion from initial book value to redemption amount value. The change in the carrying value of redeemable Class A common stock resulted in charges against additional paid-in capital and accumulated deficit.

At September 30, 2021, the Class A common stock reflected in the condensed consolidated balance sheet are reconciled in the following table:

Gross proceeds	\$ 230,000,000
Less:	
Proceeds allocated to Public Warrants	\$ (13,225,000)
Class A common stock issuance costs	\$ (12,292,456)
Plus:	
Accretion of carrying value to redemption value	\$ 25,517,456
Class A common stock subject to possible redemption	<u>\$ 230,000,000</u>

#### **Warrant Liabilities**

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations.

Based on management's evaluation, the Company's audit committee, in consultation with management, concluded that the Company's Private Placement Warrants are not indexed to the Company's common stock in the manner contemplated by ASC Section



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815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares. In addition, based on management's evaluation, the Company's audit committee, in consultation with management, concluded that the tender offer provision fails the "classified in stockholders' equity" criteria as contemplated by ASC Section 815-40-25. As a result, the Company accounts for the Public Warrants and Private Placement Warrants as liabilities in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity."

**Income Taxes**

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of September 30, 2021 and December 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

On March 27, 2020, the CARES Act was enacted in response to COVID-19 pandemic. Under ASC 740, the effects of changes in tax rates and laws are recognized in the period which the new legislation is enacted. The CARES Act made various tax law changes including among other things (i) increasing the limitation under Section 163(j) of the Internal Revenue Code of 1986, as amended (the "IRC") for 2019 and 2020 to permit additional expensing of interest (ii) enacting a technical correction so that qualified improvement property can be immediately expensed under IRC Section 168(k), (iii) making modifications to the federal net operating loss rules including permitting federal net operating losses incurred in 2018, 2019, and 2020 to be carried back to the five preceding taxable years in order to generate a refund of previously paid income taxes and (iv) enhancing the recoverability of alternative minimum tax credits.

**Net Income (Loss) per Common Share**

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share". Net income (loss) per common stock is computed by dividing net income (loss) by the weighted average number of common stocks outstanding for the period. The Company applies the two-class method in calculating earnings per share. Accretion associated with the redeemable shares of Class A common stocks is excluded from earnings per share as the redemption value approximates fair value.

The calculation of diluted income (loss) per share does not consider the effect of the warrants issued in connection with the (i) Initial Public Offering, and (ii) the private placement since the exercise of the warrants is contingent upon the occurrence of future events. The warrants are exercisable to purchase 11,825,000 Class A common stocks in the aggregate. As of September 30, 2021, the Company did not have any dilutive securities or other contracts that could, potentially, be exercised or converted into common stocks and then share in the earnings of the Company. As a result, diluted net loss per common stock is the same as basic net loss per common stock for the periods presented.

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The following table reflects the calculation of basic and diluted net loss per common stock (in dollars, except per share amounts):

	Three Months Ended September 30, 2021		Three Months Ended September 30, 2020 (As Restated)		Nine Months Ended September 30, 2021		Nine Months Ended September 30, 2020 (As Restated)	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
<i>Basic and diluted net income (loss) per common stock</i>								
Numerator:								
Allocation of net income (loss), as adjusted	\$ 582,608	\$ 141,649	\$ (304,448)	\$ (148,650)	\$ 560,306	\$ 136,226	\$ (192,876)	\$ (260,222)
Denominator:								
Basic and diluted weighted average stock outstanding	23,650,000	5,750,000	10,858,152	5,301,630	23,650,000	5,750,000	3,645,803	4,918,796
Basic and diluted net income (loss) per common stock	<u>\$ .02</u>	<u>\$ .02</u>	<u>\$ (.03)</u>	<u>\$ (.03)</u>	<u>\$ .02</u>	<u>\$ .02</u>	<u>\$ (.05)</u>	<u>\$ (.05)</u>

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of \$250,000. The Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

**Fair value of Financial Instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying condensed consolidated balance sheets, primarily due to their short-term nature, except for warrant liabilities (see Note 10.)

**Recent Accounting Standards**

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06 — "Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06")", to simplify accounting for certain financial instruments ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

Management does not believe that any recently issued, but not yet effective, accounting standards update, if currently adopted, would have a material effect on the Company's condensed consolidated financial statements.

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**NOTE 4. INITIAL PUBLIC OFFERING**

Pursuant to the Initial Public Offering, the Company sold 23,000,000 Units, inclusive of 3,000,000 Units sold to the underwriters on August 24, 2020 upon the underwriters' election to fully exercise their option to purchase additional Units, at a purchase price of \$10.00 per Unit. Each Unit consists of one share of Class A common stock and one-half of one redeemable warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 9).

**NOTE 5. PRIVATE PLACEMENT**

Simultaneously with the closing of the Initial Public Offering, the Sponsor and Nomura purchased an aggregate of 650,000 Private Placement Units at a price of \$10.00 per Private Placement Unit, for an aggregate purchase price of \$6,500,000. Each Private Placement Unit consists of one share of Class A common stock ("Private Placement Share") and one-half of one redeemable warrant ("Private Placement Warrant"). Each whole Private Placement Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 9). A portion of the proceeds from the Private Placement Units were added to the proceeds from the Initial Public Offering held in the Trust Account. The Private Placement Units are identical to the Public Units sold in the Initial Public Offering, except as described in Note 9. If the Company does not complete a Business Combination within the Combination Period, the proceeds of the sale of the Private Placement Units will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and underlying securities will be worthless.

**NOTE 6. RELATED PARTY TRANSACTIONS**

**Founder Shares**

On January 10, 2020, the Sponsor purchased 5,000,000 shares (the "Founder's Shares") of the Company's Class B common stock for an aggregate price of \$25,000. Subsequently, on February 6, 2020, the Company effected a stock dividend of 0.15 share for each Founder's Share outstanding, resulting in the Sponsor holding an aggregate of 5,750,000 Founder's Shares. All share and per-share amounts have been retroactively restated to reflect the stock dividend.

The Founder's Shares included an aggregate of up to 750,000 shares subject to forfeiture to the extent that the underwriters' over-allotment option was not exercised in full or in part, so that the initial stockholders (including Nomura) would own, on an as-converted basis, 22.03% of the Company's issued and outstanding shares after the Initial Public Offering (including the Private Placement Shares and assuming the initial stockholders do not purchase any Public Shares in the Initial Public Offering). As a result of the underwriters' election to exercise their over-allotment option in full on August 24, 2020, the 750,000 Founder's Shares are no longer subject to forfeiture.

The initial stockholders have agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder's Shares until the earlier to occur of: (A) six months after the completion of a Business Combination or (B) subsequent to a Business Combination, (x) if the last sale price of the Company's Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 30 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of the Company's stockholders having the right to exchange their shares of common stock for cash, securities or other property.

**Promissory Note — Related Party**

On January 10, 2020, the Company issued the Promissory Note to Lionheart Equities, LLC, the Sponsor, pursuant to which the Company could borrow up to an aggregate amount of \$300,000 to cover expenses related to the Initial Public Offering. The Promissory

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Note was non-interest bearing and payable on the completion of the Initial Public Offering. The outstanding balance under the Promissory Note of \$140,671 was repaid on August 24, 2020. Borrowings under the Promissory Note are no longer available.

**Administrative Services Agreement**

The Company entered into an agreement whereby, commencing on the August 14, 2020, the Company will pay the Sponsor a total of \$15,000 per month for office space, utilities and secretarial and administrative support. Upon completion of the Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. For the three and nine months ended September 30, 2021, the Company incurred and paid \$45,000 and \$135,000 in fees for these services. For the three and nine months ended September 30, 2020, the Company incurred \$30,000 in fees for these services.

**Related Party Loans**

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1.0 million of such Working Capital Loans may be convertible into units identical to the Private Placement Units at a price of \$10.00 per unit.

On February 21, 2021, the Sponsor committed up to \$750,000 in loans to the Company for continuing operations to consummate a business combination. The loans are non-interest bearing, unsecured, and to be repaid upon the consummation of a business combination. In the event that a business combination does not occur, then all loaned amounts under this commitment will be forgiven except to the extent that the Company has funds available to it outside the trust account.

On July 29, 2021, the Sponsor committed up to an additional \$250,000 in loans to the Company for continuing operations to consummate a business combination. The loans are non-interest bearing, unsecured, and to be repaid upon the consummation of a business combination. In the event that a business combination does not occur, then all loaned amounts under this commitment will be forgiven except to the extent that the Company has funds available to it outside the trust account. The Sponsor has committed an aggregate of \$1,000,000.

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**NOTE 7. COMMITMENTS AND CONTINGENCIES**

**Registration Rights**

Pursuant to a registration rights agreement entered into on August 13, 2020, the holders of the Founder's Shares, Private Placement Units, Private Placement Shares, Private Placement Warrants, securities issuable pursuant to the forward purchase agreement (discussed below), the units that may be issued upon conversion of Working Capital Loans, the shares of Class A common stock and the warrants issued as part of such units (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants included as part of the units that may be issued upon conversion of Working Capital Loans and upon conversion of the Founder's Shares) will be entitled to registration rights requiring the Company to register such securities for resale (in the case of the Founder's Shares, only after conversion to the Company's Class A common stock). The holders of the majority of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The registration rights agreement does not contain liquidating damages or other cash settlement provisions resulting from delays in registering the Company's securities. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

**Underwriting Agreement**

The underwriters are entitled to a deferred fee of \$0.35 per Unit, or \$8,050,000 in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

**Forward Purchase Agreement**

Nomura entered into a forward purchase agreement with the Company, which provides for the purchase by Nomura of the Company's Public Shares for an aggregate purchase price of up to \$100.0 million through, other than as described below, open market purchases or privately negotiated transactions with one or more third parties. In lieu of purchasing Public Shares in the open market or privately negotiated transactions, up to \$85.0 million of such aggregate purchase price may instead be in the form of an investment in the Company's equity securities on terms to be mutually agreed between Nomura and the Company, to occur concurrently with the closing of a Business Combination. In consideration of the forward purchase commitment, the Company will pay to Nomura (i) an amount equal to 2% of the aggregate purchase price of the purchases or investment requested by the Company pursuant to the forward purchase agreement (the "commitment fee") plus (ii) an amount equal to the internal charges and carrying costs incurred by Nomura in connection with the forward purchase commitment (the "commitment carrying costs") on a monthly basis during the period from and including the date the Company executes a definitive agreement for a Business Combination through the earlier of (x) the consummation of a Business Combination and (y) the date the Company notifies Nomura in writing that the Company does not require Nomura to provide the forward purchase commitment. Up to \$1.0 million of aggregate commitment carrying costs, to the extent timely paid pursuant to the forward purchase agreement, may be credited against the commitment fee. If the Company requests that Nomura purchase or invest the full \$100.0 million forward purchase commitment pursuant to the forward purchase agreement, a maximum of \$1.0 million of the commitment carrying costs will not be credited toward the commitment fee. The decision to make such an investment in other equity securities will not reduce the aggregate purchase price. However, Nomura will be excused from its purchase obligation in connection with a specific business combination unless, within five business days following written notice delivered by the Company of its intention to enter into such Business Combination, Nomura notifies the Company that it has decided to proceed with the purchase in whole or in part. Nomura may decide not to proceed with the purchase for any reason, including, without limitation, if it has determined that such purchase would constitute a conflict of interest. Nomura will also be restricted from making purchases if they are in possession of any material nonpublic information not disclosed to the seller or if such purchases are prohibited by Regulation M under the Exchange Act.

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Nomura has also indicated its intent, if so requested by the Company, to use its commercially reasonable efforts to underwrite, arrange and/or syndicate up to \$400 million of additional financing for the Company in the form of equity or debt (or a combination thereof) in connection with a Business Combination, subject to market conditions and on terms and conditions satisfactory in all respects to Nomura in its sole judgment and determination.

**Right of First Refusal**

The Company has agreed that, if Nomura offers to purchase any securities under the forward purchase agreement, it will have a “right of first refusal” to act as a bookrunner on any capital markets transaction issued in order to complete a Business Combination. In addition, so long as the investor owns 5% or more of the outstanding common stock of the post-business combination company on a fully-diluted basis, the Sponsor has agreed to use its best efforts and influence on the successor company to offer the investor a bookrunner role on any capital markets transaction. Any such bookrunner role will be pursuant to a separate agreement containing terms and conditions customary for the investor and mutually agreed upon by the Company or its successor company, as applicable. Notwithstanding the foregoing, the right of first refusal will not have a duration of more than three years from the date of commencement of sales of the Initial Public Offering.

**NOTE 8. STOCKHOLDER’S EQUITY**

**Preferred Stock** — On January 30, 2020, the Company amended Certificate of Incorporation such that the Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company’s Board of Directors. At September 30, 2021 and December 31, 2020, there were no shares of preferred stock issued or outstanding. The Company had no issued or outstanding shares of preferred stock.

**Class A Common Stock** — On January 30, 2020, the Company amended its Certificate of Incorporation such that the Company is authorized to issue 100,000,000 shares of Class A common stock with a par value of \$0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. At September 30, 2021 and December 31, 2020, there were 650,000 shares of Class A common stock issued and outstanding, excluding 23,000,000 shares of Class A common stock subject to possible redemption which are presented as temporary equity

**Class B Common Stock** — On January 30, 2020, the Company amended its Certificate of Incorporation such that the Company is authorized to issue 10,000,000 shares of common stock with a par value of \$0.0001 per share. Holders of Class B common stock are entitled to one vote for each share. At September 30, 2021 and December 31, 2020, there were 5,750,000 shares of common stock issued and outstanding.

Holders of Class A common stock and Class B common stock are entitled to one vote for each share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters submitted to a vote of stockholders, except as required by law.

The shares of Class B common stock will automatically convert into shares of Class A common stock at the time of a Business Combination on a one-for-one basis, subject to adjustment. In the case that additional shares of Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts offered in the Initial Public Offering and related to the closing of a Business Combination, the ratio at which shares of Class B common stock shall convert into shares of Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of shares of Class A common stock issuable upon conversion of all shares of Class B common stock will equal, in the aggregate, on an as-converted basis, 20% of the sum of the total number of all shares of common stock outstanding upon the completion of the Initial Public Offering plus all shares of Class A common stock and equity-linked securities issued or deemed issued in connection with a Business Combination (excluding any shares or equity-linked securities issued, or to be issued, to any seller in a Business Combination).

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**NOTE 9. WARRANTS**

**Warrants** — Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the Units and only whole warrants will trade. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue any shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 30 days, after the closing of a Business Combination, it will use its best efforts to file with the SEC a registration statement for the registration under the Securities Act of the shares of Class A common stock issuable upon exercise of the warrants and thereafter will use its reasonable best efforts to cause the same to become effective within 60 business days following the Business Combination and to maintain a current prospectus relating to the Class A common stock issuable upon exercise of the warrants, until the expiration of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. If that exemption, or another exemption, is not available, holders will not be able to exercise their warrants on a cashless basis.

Once the warrants become exercisable, the Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last reported sale price of the Company’s Class A common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending the third trading day prior to the date on which the Company sends the notice of redemption to each warrant holder.

If the Company calls the Public Warrants for redemption for cash, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement. The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, except as described below, the warrants will not be adjusted for issuance of Class A common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company’s assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

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In addition, if the Company issues additional shares of common stock or equity-linked securities for capital raising purposes in connection with the closing of an initial Business Combination at an issue price or effective issue price of less than \$9.20 per share of common stock (with such issue price or effective issue price to be determined in good faith by the Company's board of directors, and in the case of any such issuance to the initial stockholders or their affiliates, without taking into account any Founder's Shares or private placement securities held by them, as applicable, prior to such issuance) (the "Newly Issued Price"), the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers of the Private Placement Units or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers of the Private Placement Units or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

**NOTE 10. FAIR VALUE MEASUREMENTS**

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

At September 30, 2021, there were 11,500,000 Public Warrants and 325,000 Private Placement Warrants outstanding.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis at September 30, 2021 and December 31, 2020, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:



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Description	Level	September 30, 2021	December 31, 2020
<b>Assets:</b>			
Marketable securities held in Trust Account	1	\$ 230,008,192	\$ 230,011,254
<b>Liabilities</b>			
Warrant Liability – Public Warrants	1	9,890,000	12,995,000
Warrant Liability – Private Warrants	3	286,000	370,500

The Warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on our balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the statements of operations.

The Private Warrants were valued using Monte Carlo Model, which is considered to be a Level 3 fair value measurement. The Monte Carlo model's primary unobservable input utilized in determining the fair value of the Private Warrants is the expected volatility of the common stock. The expected volatility as of the IPO date was derived from observable public warrant pricing on comparable 'blank-check' companies without an identified target. The expected volatility as of subsequent valuation dates was implied from the Company's own public warrant pricing. The Public warrants were valued using the close price of the public warrant price was used as the fair value as of each relevant date.

The key inputs into the Monte Carlo simulation model for the Private Placement Warrants were as follows at December 31, 2020 and September 30, 2021:

Input	September 30, 2021	December 31, 2020
Risk-free interest rate	1.04 %	0.51 %
Trading days per year	250	252
Expected volatility	14.0 %	15.8 %
Exercise price	\$ 11.50	\$ 11.50
Stock Price	\$ 9.91	\$ 10.08

The following table presents the changes in the fair value of warrant liabilities:

	Private Placement	Public	Warrant liabilities
December 31, 2020	\$ 370,500	\$ 12,995,000	\$ 13,365,500
Change in fair value	(133,250)	(4,715,000)	(4,848,250)
Fair value as of March 31, 2021	237,250	8,280,000	8,517,250
Change in fair value	84,500	2,645,000	2,729,500
Fair value as of June 30, 2021	321,750	10,925,000	11,246,750
Change in fair value	(35,750)	(1,035,000)	(1,070,750)
Fair value as of September 30, 2021	\$ 286,000	\$ 9,890,000	\$ 10,176,000

**NOTE 11. SUBSEQUENT EVENTS**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, other than described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On November 10, 2021, the Company filed with the U.S. Securities and Exchange Commission ("SEC") in preliminary form a registration statement on Form S-4 (the "Registration Statement") which contains a preliminary proxy statement/prospectus, in connection with the proposed business combination between the Company and MSP Recovery announced on July 12, 2021. While the

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Registration Statement has not yet become effective and the information contained therein is subject to change, it provides important information about MSP Recovery, LCAP, and the proposed business combination.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References in this report (the "Quarterly Report") to "we," "us" or the "Company" refer to Lionheart Acquisition Corporation II. References to our "management" or our "management team" refer to our officers and directors, references to the "Sponsor" refer to Lionheart Equities, LLC. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

### Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at [www.sec.gov](http://www.sec.gov). Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

This Management's Discussion and Analysis of Financial Condition and Results of Operations has been amended and restated to give effect to the restatement of our financial statements as of September 30, 2020, December 31, 2020, March 31, 2021, and June 30, 2021. Management identified errors made in its historical financial statements where, at the closing of our Initial Public Offering, we improperly valued our Class A common stock subject to possible redemption. We previously determined the Class A common stock subject to possible redemption to be equal to the redemption value of \$10.00 per share of Class A common stock while also taking into consideration a redemption cannot result in net tangible assets being less than \$5,000,001. Management determined that the Class A common stock issued during the Initial Public Offering can be redeemed or become redeemable subject to the occurrence of future events considered outside of the Company's control. Therefore, management concluded that the redemption value should include all Class A common stock subject to possible redemption, resulting in the Class A common stock subject to possible redemption being equal to their redemption value. As a result, management has noted a reclassification error related to temporary equity and permanent equity. This resulted in a restatement to the initial carrying value of the Class A common stock subject to possible redemption with the offset recorded to additional paid-in capital (to the extent available), accumulated deficit and Class A common stock.

### Overview

We are a blank check company formed under the laws of the State of Delaware on December 23, 2019 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar Business Combination with one or more businesses. We intend to effectuate our Business Combination using cash from the proceeds of the Initial Public Offering and the sale of the Private Placement Units, the proceeds of the sale of our shares in connection with a Business Combination (pursuant to the forward purchase agreement with Nomura and pursuant to forward purchase agreements or backstop agreements, shares issued to the owners of the target, debt issued to bank or other lenders or the owners of the target, or a combination of the foregoing).

### Recent Developments

On July 11, 2021, we entered into a Membership Interest Purchase Agreement (the "*MIPA*") with Lionheart II Holdings, LLC, our newly formed wholly owned subsidiary ("*Purchaser*"), each limited liability company set forth on Schedule 2.1(a) thereto (the

“*MSP Purchased Companies*”), the members of the MSP Purchased Companies listed on Schedule 2.1(b) thereto (the “*Members*”), and John H. Ruiz, as the representative of the Members. See Note 10 to Item 1 above for a description of the MIPA and the transactions contemplated thereby.

### **Results of Operations**

We have neither engaged in any operations nor generated any revenues to date. Our only activities from December 23, 2019 (inception) through September 30, 2021 were organizational activities, those necessary to prepare for the Initial Public Offering, described below, and, subsequent to the Initial Public Offering, identifying a target company for a Business Combination, in particular activities in connection with the potential acquisition of the MSP Purchased Companies. We do not expect to generate any operating revenues until after the completion of our Business Combination. We expect to generate non-operating income in the form of interest income on marketable securities held after the Initial Public Offering. We incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended September 30, 2021, we had a net income of \$724,257, which consists of the change in fair value of warrant liabilities of \$1,070,750 and interest earned on marketable securities held in the Trust Account of \$3,473, offset by formation and operational costs of \$349,966.

For the nine months ended September 30, 2021, we had a net income of \$696,532, which consists of the change in fair value of warrant liabilities of \$3,189,500 and interest earned on marketable securities held in the Trust Account of \$10,306, offset by formation and operational costs of \$2,503,274.

For the three and nine months ended September 30, 2020, we had a net loss of \$453,098, which consists of formation and operational costs of \$88,889 and transaction costs associated with the Initial Public Offering of \$837,355, offset by the change in fair value of warrant liability of \$466,500 and interest income on marketable securities held in the Trust Account of \$6,646.

### **Liquidity and Capital Resources**

Until the consummation of the Initial Public Offering, our only source of liquidity was an initial purchase of common stock by the Sponsor and loans from our Sponsor.

On August 18, 2020, we consummated the Initial Public Offering of 20,000,000 Units at a price of \$10.00 per Unit, generating gross proceeds of \$200,000,000. Simultaneously with the closing of the Initial Public Offering, we consummated the sale of 650,000 Private Placement Units at a price of \$10.00 per Private Placement Unit in a private placement to our stockholders, generating gross proceeds of \$6,500,000.

On August 24, 2020, in connection with the underwriters’ election to fully exercise of their option to purchase additional Units, we consummated the sale of an additional 3,000,000 Units, generating total gross proceeds of \$30,000,000.

Following the Initial Public Offering, the full exercise of the over-allotment option by the underwriters’ and the sale of the Private Placement Units, a total of \$230,000,000 was placed in the Trust Account and we had \$2,039,384 of cash held outside of the Trust Account, after payment of costs related to the Initial Public Offering, and available for working capital purposes. We incurred \$13,128,937 in transaction costs, including \$4,600,000 of underwriting fees, \$8,050,000 of deferred underwriting fees and \$478,937 of other offering costs.

For the nine months ended September 30, 2021, cash used in operating activities was \$672,023, which consisted of our net income of \$696,532, affected by the change in fair value of warrant liability of \$3,189,500 and an interest earned on marketable securities held in the Trust Account of \$10,306. Changes in operating assets and liabilities provided \$1,831,251 of cash from operating activities.

For the nine months ended September 30, 2020, cash used in operating activities was \$182,801, which consisted of our net loss of \$453,098 affected by the change in fair value of warrant liability of \$466,500, transaction costs associated with the Initial Public Offering of \$837,355, and an interest earned on marketable securities held in the Trust Account of \$6,646. Changes in operating assets and liabilities used \$93,912 of cash from operating activities.

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As of September 30, 2021, we had cash and marketable securities held in the Trust Account of \$230,008,192. We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account to complete our Business Combination. We may withdraw interest to pay franchise and income taxes. Through September 30, 2021, we have withdrawn \$13,368 of interest earned on the Trust Account for the payment of franchise and income taxes. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

As of September 30, 2021, we had cash of \$353,032 outside of the Trust Account. We intend to use the funds held outside the Trust Account primarily to complete our disclosed Business Combination as agreed upon in our Membership Interest Purchase Agreement.

In addition, the Sponsor, an affiliate of the Sponsor, or our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete a Business Combination, we would repay such loaned amounts. In the event that a Business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts but no proceeds from our Trust Account would be used for such repayment. Up to \$1,000,000 of such loans may be convertible into units, at a price of \$10.00 per unit at the option of the lender. The units would be identical to the Private Placement Units. The terms of such loans by our officers and directors, if any, have not been determined and no written agreements exist with respect to such loans. The loans would be repaid upon consummation of a Business Combination, without interest.

In order to fund working capital deficiencies or finance transaction costs in connection with a business combination, on February 21, 2021, the Sponsor, Lionheart Equities, LLC, committed up to \$750,000 in loans to the Company for continuing operations to consummate a business combination. The Sponsor committed up to an additional \$250,000 in loans to the Company for continuing operations to consummate a business combination on July 29, 2021, for an aggregate commitment of \$1,000,000. The loans are non-interest bearing, unsecured, and to be repaid upon the consummation of a business combination. In the event that a business combination does not occur, then all loaned amounts under this commitment will be forgiven except to the extent that the Company has funds available to it outside the trust account.

We will need to raise additional funds in order to meet the expenditures required for operating our business. Based off our estimates of the costs of identifying a target business, undertaking in-depth due diligence, and negotiating a Business Combination, we may have insufficient funds available to operate our business prior to our Business Combination. Moreover, we may need to obtain additional financing either to complete our Business Combination or because we become obligated to redeem a significant number of our public shares upon consummation of our Business Combination, in which case we may issue additional securities or incur debt in connection with such Business Combination. Subject to compliance with applicable securities laws, we would only complete such financing simultaneously with the completion of our Business Combination. If we are unable to complete our Business Combination because we do not have sufficient funds available to us, we will be forced to cease operations and liquidate the Trust Account. In addition, following our Business Combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

### **Proposed Business Combination**

On July 11, 2021, the Company entered into a Membership Interest Purchase Agreement (the “MIPA”) by and among the Company, Lionheart II Holdings, LLC, a newly formed wholly owned subsidiary of the Company (“Purchaser”), each limited liability company set forth on Schedule 2.1(a) thereto (the “MSP Purchased Companies”), the members of the MSP Purchased Companies listed on Schedule 2.1(b) thereto (the “Members”), and John H. Ruiz, as the representative of the Members.

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Subject to the terms and conditions set forth in the MIPA, including the approval of the Company's stockholders, the parties thereto will enter into a business combination transaction (the "Business Combination"), pursuant to which, among other things, the Members will sell and assign all of their membership interests in the MSP Purchased Companies to Purchaser in exchange for non-economic voting shares of Class V common stock, par value \$0.0001, of the Company ("Class V Common Stock") and non-voting economic Class B Units of Purchaser ("Class B Units," and each pair consisting of one share of Class V Common Stock and one Class B Unit, an "Up-C Unit"), with Up-C Units being exchangeable on a one-for-one basis for shares of the Company's Class A common stock. Following the closing of the Business Combination (the "MIPA Closing"), the Company will own all of the voting Class A Units of Purchaser and the Members or their designees will own all of the non-voting economic Class B Units of Purchaser. Subject to the terms and conditions set forth in the MIPA, the aggregate consideration to be paid to the Members (or their designees) will consist of a number of (i) Up-C Units equal to (a) \$32.5 billion divided by (b) \$10.00 and (ii) rights to receive payments under the Tax Receivable Agreement (as defined below). Of the Up-C Units to be issued to certain Members at the MIPA Closing, 6,000,000 (the "Escrow Units") will be deposited into an escrow account with Continental Stock Transfer and Trust, to satisfy potential indemnification claims brought pursuant to the MIPA. Additionally, in connection with the Business Combination, the Company intends, subject to compliance with applicable law, to declare a dividend comprising approximately 1,029,000,000 newly issued warrants, each to purchase one share of Class A common stock for an exercise price of \$11.50 per share, conditioned upon the consummation of any redemptions by the Company's stockholders and the MIPA, to the holders of record of Class A common stock as of the close of business on the date of the MIPA Closing, after giving effect to the waiver of the right to participate in such dividend by the Members.

The MIPA contains customary representations, warranties and covenants by the parties thereto and the closing is subject to certain conditions as further described in the MIPA.

On November 10, 2021, the Company filed with the U.S. Securities and Exchange Commission ("SEC") in preliminary form a registration statement on Form S-4 (the "Registration Statement") which contains a preliminary proxy statement/prospectus, in connection with the proposed business combination between the Company and MSP Recovery announced on July 12, 2021. While the Registration Statement has not yet become effective and the information contained therein is subject to change, it provides important information about MSP Recovery, LCAP, and the proposed business combination.

### **Going Concern**

We have until February 18, 2022 to consummate an initial business combination. It is uncertain that we will have sufficient liquidity to fund the working capital needs of the Company until the liquidation date. Additionally, it is uncertain that we will be able to consummate an initial business combination by this time. The Company may not have sufficient liquidity to fund the working capital needs of the Company until February 18, 2022, the liquidation date. If an initial business combination is not consummated by this date, there will be a mandatory liquidation and subsequent dissolution. Management has determined that the mandatory liquidation, should an initial business combination not occur, and potential subsequent dissolution raises substantial doubt about our ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should we be required to liquidate after February 18, 2022.

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements as of September 30, 2021.

### **Contractual obligations**

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than an agreement to pay the Sponsor a monthly fee of \$15,000 for office space, utilities and secretarial and administrative support to the Company. We began incurring these fees on August 14, 2020 and will continue to incur these fees monthly until the earlier of the completion of the Business Combination and the Company's liquidation.

The underwriters are entitled to a deferred fee of \$0.35 per Unit, or \$8,050,000 in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

## **Critical Accounting Policies**

The preparation of condensed consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

### *Warrant Liabilities*

We account for the warrants issued in connection with our Initial Public Offering in accordance with the guidance contained in ASC 815 under which the warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, we classify the warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statements of operations.

### *Common Stock Subject to Possible Redemption*

We account for our common stock subject to possible conversion in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption is classified as a liability instrument and measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of our condensed consolidated balance sheets.

### *Net Income (Loss) Per Common Share*

We comply with accounting and disclosure requirements of FASB ASC Topic 260, “Earnings Per Share”. Net income (loss) per common stock is computed by dividing net income (loss) by the weighted average number of common stocks outstanding for the period. We apply the two-class method in calculating earnings per share. Accretion associated with the redeemable shares of Class A common stocks is excluded from earnings per share as the redemption value approximates fair value.

The calculation of diluted income (loss) per share does not consider the effect of the warrants issued in connection with the (i) Initial Public Offering, and (ii) the private placement since the exercise of the warrants is contingent upon the occurrence of future events. The warrants are exercisable to purchase 11,825,000 Class A common stocks in the aggregate. As of September 30, 2021, we did not have any dilutive securities or other contracts that could, potentially, be exercised or converted into common stocks and then share in the earnings of the Company. As a result, diluted net loss per common stock is the same as basic net loss per common stock for the periods presented.

### *Recent accounting standards*

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our condensed consolidated financial statements.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not required for smaller reporting companies.

#### Item 4. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2021. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective, due solely to the material weakness in our internal control over financial reporting related to the Company's accounting for complex financial instruments. As a result, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management believes that the financial statements included in this Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the period presented.

Management has implemented remediation steps to improve our internal control over financial reporting. Specifically, we expanded and improved our review process for complex securities and related accounting standards. We plan to further improve this process by enhancing access to accounting literature, identification of third-party professionals with whom to consult regarding complex accounting applications and consideration of additional staff with the requisite experience and training to supplement existing accounting professionals.

##### Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter of 2021 covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

#### Item 1. Legal Proceedings.

None.

#### Item 1A. Risk Factors.

As of the date of this Quarterly Report on Form 10-Q, except as described below, there have been no material changes to the risk factors disclosed in our annual report on Form 10-K/A filed with the SEC on May 19, 2021.

***In connection with the recent restatements of our financial statements, our management has concluded that our disclosure controls and procedures were not effective as of September 30, 2021 due to a material weakness in internal control over financial reporting solely related to our accounting for complex financial instruments. If we are unable to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results.***

After consultation with our independent registered public accounting firm and our management team, our audit committee concluded that it was appropriate to restate our previously issued financial statements as described in Note 2 to the financial statements included in this report. As part of such process, we identified a material weakness in our internal control over financial reporting, solely related to our accounting for complex financial instruments.



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A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We expect to take steps to remediate the material weakness, but there is no assurance that any remediation efforts will ultimately have the intended effects.

If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

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

On August 18, 2020, we consummated our Initial Public Offering of 20,000,000 Units. On August 24, 2020, in connection with underwriters' election to fully exercise their option to purchase additional Units, we sold an additional 3,000,000 Units. The Units were sold at an offering price of \$10.00 per Unit, generating total gross proceeds of \$230,000,000. Nomura Securities International, Inc. and Cantor Fitzgerald & Co. acted as the joint book running manager of the offering. The securities sold in the offering were registered under the Securities Act on a registration statement on Form S-1 (No. 333-240130). The SEC declared the registration statement effective on August 12, 2020.

Simultaneously with the consummation of the Initial Public Offering and the option to purchase additional Units, we consummated a private placement of 650,000 Private Placement Units to our Sponsor at a price of \$10.00 per Private Placement Unit, generating total proceeds of \$6,500,000. Such securities were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

Of the gross proceeds received from the Initial Public Offering, the closing of the over-allotment option and the Private Placement Units, \$230,000,000 was placed in the Trust Account.

We paid a total of \$4,600,000 in underwriting discounts and commissions and \$478,937 for other costs and expenses related to the Initial Public Offering. In addition, the underwriters agreed to defer up to \$8,050,000 in underwriting discounts and commissions.

For a description of the use of the proceeds generated in our Initial Public Offering, see Part I, Item 2 of this Form 10-Q.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**Item 5. Other Information.**

None.

**Item 6.Exhibits**

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<u>No.</u>	<u>Description of Exhibit</u>
<a href="#">31.1*</a>	<a href="#">Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">31.2*</a>	<a href="#">Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.1**</a>	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.2**</a>	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit).

\* Filed herewith.

\*\* Furnished.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**LIONHEART ACQUISITION CORPORATION II**

Date: November 15, 2021

By: /s/ Ophir Sternberg

Name: Ophir Sternberg

Title: Chief Executive Officer

(Principal Executive Officer)

Date: November 15, 2021

By: /s/ Paul Rapisarda

Name: Paul Rapisarda

Title: Chief Financial Officer

(Principal Accounting and Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ophir Sternberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lionheart Acquisition Corporation II;
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(s) 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)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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(s) 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.

Date: November 15, 2021

/s/ Ophir Sternberg  
Ophir Sternberg  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul Rapisarda, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lionheart Acquisition Corporation II;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(c)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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(s) 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.

Date: November 15, 2021

/s/ Paul Rapisarda  
Paul Rapisarda  
Chief Financial Officer  
(Principal Accounting and Financial Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Lionheart Acquisition Corporation II (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), I, Ophir Sternberg, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Dated: November 15, 2021

/s/ Ophir Sternberg  
Ophir Sternberg  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Lionheart Acquisition Corporation II (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), I, Paul Rapisarda, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Dated: November 15, 2021

/s/ Paul Rapisarda  
\_\_\_\_\_  
Paul Rapisarda  
Chief Financial Officer  
(Principal Accounting and Financial Officer)

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