

NEWS RELEASE

Cardiff Lexington Announces First Quarter 2025 Financial Results

2025-05-13

- 26% increase in total revenue to \$2.9 million compared to 1Q24
- Operating income increased 148% to \$543,934

LEXINGTON, KY / **ACCESS Newswire** / May 13, 2025 / Cardiff Lexington Corporation (OTC PINK:CDIX) announced today financial results for its first quarter ended March 31, 2025.

Alex Cunningham, Chief Executive Officer of Cardiff Lexington, commented, "Our first quarter results were characterized by strong year-over-year growth in revenue, gross profit, and operating margin, as well as an increase in non-GAAP adjusted EBITDA compared to the prior year. Demand for our services is strong and patient volume is steadily improving. In 2024, we opened several new Nova Ortho and Spine locations in key population centers throughout Florida and the southeast US, and we are now seeing the benefits of this expansion. We believe that we are well positioned to achieve record revenues in 2025."

First Quarter 2025 Financial Results (Compared to First Quarter 2024)

- Total revenue increased 26% to \$2,915,567. Revenue in the first quarter of 2024 included a one-time non-cash adjustment of \$339,834 to better align first quarter revenue with 2024 annualized claim settlement realization rates. Non-GAAP adjusted revenue, excluding the one-time non-cash adjustment, was \$2,661,966. First quarter 2025 revenue increased 9.5% over first quarter 2024 non-GAAP revenue
- Gross profit increased 34% to \$1,840,533, or 63% of total revenue

- Income from continuing operations increased 148% to \$543,934
- Non-GAAP adjusted EBITDA increased 5% to \$545,702

Balance Sheet (March 31, 2025, compared to December 31, 2024)

- Cash of \$996,758
- 6% increase in total assets to \$25,330,628
- Shareholders' equity of \$2,036,047

Alex Cunningham continued, "Since the beginning of the year, we have significantly streamlined our capital structure through the ongoing conversion of long-standing preferred shares to common stock. This provides us with a transformed cap table to better support the anticipated growth in our business while also enabling higher trading volume in our shares over time."

About Cardiff Lexington Corporation:

Cardiff Lexington Corporation is a unique targeted healthcare holding company focused on locating, acquiring, and building middle market, niche companies, primarily in Orthopedics, Spine Care, and Pain Management. Fundamental to the Cardiff Lexington strategy is the service-based partnership culture which emphasizes core values, teamwork, accountability, and performance.

A substantial majority of the Company's revenue is derived from Nova Ortho and Spine, LLC, which operates a group of regional primary specialty and ancillary care facilities throughout Florida and Georgia that provide traumatic injury victims with a full range of diagnostic and surgical services, primary care evaluations, interventional pain management, and specialty consultation services.

For more information on Cardiff Lexington Corporation, you may access the company's website at <https://cardifflexington.com/>

FORWARD LOOKING STATEMENT: This news release contains forward looking statements within the meaning of the Securities Litigation Reform Act. The statements reflect the Company's current views with respect to future events that involve risks and uncertainties. These risks include the failure to meet schedule or performance requirements of the Company's business, the Company's liquidity position, the Company's ability to obtain new business, the

emergence of competitors with greater financial resources, and the impact of competitive pricing. In the light of these uncertainties the forward-looking events referred to in this release might not occur.

Use of Non-GAAP Financial Measures

Cardiff Lexington Corporation prepares its consolidated financial statements in accordance with United States generally accepted accounting principles ("GAAP"). In addition to GAAP disclosures, this document contains financial information and measures considered to be "non-GAAP". These non-GAAP measures can be used in order to gain a more complete and accurate understanding of the Company's financial condition and results. Non-GAAP financial measures should be considered in conjunction with, and not as a substitute to GAAP financial measures.

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CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2024 AND 2023
(Unaudited)

	For the Three Months Ended	
	Mar 31,	Mar 31,
	<u>2025</u>	<u>2024 (Restated)</u>
Total revenue	\$ 2,915,567	\$ 2,322,132
Total cost of sales	1,075,034	948,154
Gross profit	<u>1,840,533</u>	<u>1,373,978</u>

Operating expenses	3,365	3,365
Depreciation expense	12,593	0
Loss on disposal of fixed assets	0	300,225
Stock compensation expense	1,280,641	851,396
Selling, general and administrative	<u>1,296,599</u>	<u>1,154,986</u>
Total operating expenses	<u>543,934</u>	<u>218,992</u>
Income from continuing operations	<u></u>	<u></u>
Other income (expense):	(1,597)	0
Other expense	0	(1,000)
Penalties and fees	(993,114)	(376,269)
Interest expense	0	(13,515)
Amortization of debt discounts	<u>(994,711)</u>	<u>(390,784)</u>
Total other expense	<u>(450,777)</u>	<u>(171,792)</u>
Net loss before discontinued operations	0	(111,312)
Loss from discontinued operations		
	<u>\$ (450,777)</u>	<u>\$ (283,104)</u>
Net loss	<u></u>	<u></u>

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND DECEMBER 31, 2023
(Unaudited)

	March 31, 2025	December 31, 2025
ASSETS		
Current assets	\$ 996,758	\$ 1,188,185
Cash		

	17,502,055	15,934,490
Accounts receivable-net	111,691	89,901
Prepaid and other current assets	<u>18,610,504</u>	<u>17,212,576</u>
Total current assets		
	5,239	21,198
Property and equipment, net	540,000	540,000
Land	5,666,608	5,666,608
Goodwill	432,127	406,950
Right of use - assets	4,979	4,979
Due from related party	71,171	73,368
Other assets	<u>\$ 25,330,628</u>	<u>\$ 23,925,679</u>
Total assets	<u></u>	<u></u>

LIABILITIES, MEZZANINE EQUITY AND DEFICIENCY IN STOCKHOLDERS' EQUITY

Current liabilities	\$ 1,605,431	\$ 1,379,760
Accounts payable and accrued expense	4,608,980	4,553,057
Accrued expenses - related parties	530,973	429,200
Accrued interest	278,025	223,330
Right of use - liability	315,857	312,180
Notes - current portion	10,210,485	8,645,991
Line of credit	105,000	105,000
Convertible notes payable, net of debt discounts of \$0 and \$24,821, respectively	238,285	238,285
Net liabilities of discontinued operations	<u>17,893,036</u>	<u>15,886,803</u>
Total current liabilities		
Other liabilities	176,177	251,725
Notes payable	161,303	185,877
Operating lease liability - long term	<u>18,230,516</u>	<u>16,324,405</u>
Total liabilities		

Mezzanine equity

Redeemable Series N Senior Convertible Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 948,907 and 921,636 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	3,448,398	3,339,317
Redeemable Series X Senior Convertible Preferred Stock - 5,000,000 shares authorized, \$0.001 par value, stated value of \$4.00 par value; 407,184 and 397,464 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	1,615,667	1,576,788
	<u>5,064,065</u>	<u>4,916,105</u>
Total Mezzanine Equity		
Stockholders' equity		
Series B Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value of \$4.00, 1,267,467 and 1,279,867 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	5,069,868	5,119,468
Series C Preferred Stock - 500 shares authorized, \$0.001 par value, stated value of \$4.00, 74 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	296	296
Series E Preferred Stock - 1,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 175,375 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	701,500	701,500
Series F-1 Preferred Stock - 50,000 shares authorized, \$0.001 par value, stated value \$4.00, 3,875 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	15,500	15,500
Series I Preferred Stock - 15,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 10,466,592 and 10,469,092 issued and outstanding at March 31, 2025 and December 31, 2024, respectively	41,866,368	41,876,368
Series L Preferred Stock - 400,000 shares authorized, \$0.001 par value, stated value \$4.00, 319,493 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	1,277,972	1,277,972
Series Y Senior Convertible Preferred Stock - 1,250,000 shares authorized, \$0.001 par value, stated value of \$4.00, 990,900 and 979,125 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	3,963,600	3,916,500
Common Stock; 300,000,000 shares authorized, \$0.001 par value; 15,330,275 and 15,300,475 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	15,330	15,300
	22,770,920	22,711,350
Additional paid-in capital	(73,645,307)	(72,949,085)
Accumulated deficit	<u>2,036,047</u>	<u>2,685,169</u>
Total stockholders' equity	<u>\$ 25,330,628</u>	<u>\$ 23,925,679</u>
Total liabilities, mezzanine equity and stockholders' equity	<u></u>	<u></u>

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2024 AND 2023 (Unaudited)

The following table reconciles Net (loss) income before discontinued operations (a GAAP measure) to EBITDA (a non-GAAP measure)

For the Three Months Ended

March 31,

2025	2024 (Restated)
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EBITDA (1)

\$ (450,777)	\$ (171,792)
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Net loss before discontinued operations

Add:

993,114	376,269
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Interest

0	0
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Taxes

3,365	3,365
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Depreciation

0	13,515
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Amortization

\$ 545,702	\$ 221,357
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EBITDA (1)

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Adjusted EBITDA (2)

\$ 545,702	\$ 221,357
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EBITDA

Add:

0	300,225
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Stock compensation expense for shares issued

\$ 545,702	\$ 521,582
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Adjusted EBITDA (2)

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(1) EBITDA is a non-GAAP financial measure defined as Earnings Before Interest, Income Tax, Depreciation and Amortization.

(2) Adjusted EBITDA is a non-GAAP financial measure that is the sum of EBITDA plus non-recurring and non-cash charges.

Adjusted EBITDA excluding other non-recurring costs (3)

\$ 545,702	\$ 521,582
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Adjusted EBITDA

Add:

0	87,360
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Scaling and restructuring costs for business growth

56,635	0
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Acquisition related costs

\$ 602,336	\$ 608,942
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Adjusted EBITDA excluding other non-recurring costs (3)

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CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF REVENUE FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2024
(Unaudited)

	For the Three Months Ended	For the Three Months Ended
	March 31, 2025	March 31, 2024
	<hr/>	<hr/>
	\$ 2,915,567	\$ 2,322,132
GAAP Revenue		
	-	339,834
Adjustments to Claim Settlement Realization Rate	<hr/>	<hr/>
	2,915,567	2,661,966
Non-GAAP Adjusted Revenue	<hr/> <hr/>	<hr/> <hr/>

SOURCE: Cardiff Lexington Corporation

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