

Cardiff Lexington Announces Fourth Quarter and Full Year 2023 Financial Results

3/28/2024

- Full Year 2023 Highlighted by Strong Revenue Growth and Profitability -

FT. LAUDERDALE, FL / ACCESSWIRE / March 28, 2024 / Cardiff Lexington Corporation (OTC PINK:CDIX) announced today financial results for its fourth quarter and year ended December 31, 2023.

Fourth Quarter 2023 Financial Highlights

- 4Q23 revenue of \$2.4 million was consistent with revenue of \$2.5 million in 4Q22
- 59% gross profit margin in 4Q23 increased from 58% in 4Q22
- Operating income was \$415,000, or 17% of sales, which compares to \$677,000, or 27% of sales in 4Q22
- Net income increased 107% to \$0.2 million from a loss of \$3.5 million in 4Q22

Full Year 2023 Financial Highlights

- 11% growth in revenue to \$11.9 million compared to \$10.7 million in FY22
- 70% gross profit margin in FY23 increased from 62% in FY22
- Operating income increased 33% to \$5.2 million, or 44% of sales, which compares to \$3.9 million, or 37% of sales in FY22
- Net income increased 156% to \$3.0 million from a loss of \$5.4 million in FY22
- 53% increase in FY23 EBITDA to \$5.2 million compared to FY22

Balance Sheet Highlights at December 31, 2023

- 55% increase in total assets to \$20.7 million compared to \$13.3 million at December 31, 2022
- 142% increase in shareholders' equity to \$0.7 million compared to a negative shareholders' equity of \$1.7 million at December 31, 2022

Positive working capital compared to a negative working capital at December 31, 2022

Alex Cunningham, Chief Executive Officer of Cardiff Lexington, commented, "2023 was a very strong year for our business highlighted by strong revenue growth of 11% and significantly improved profitability with 26% net income. Operating income increased 33% to \$5.2 million in 2023. At the center of this growth is Nova Ortho and Spine, our healthcare subsidiary that provides orthopedic healthcare services to the uninsured patient population. With a unique, asset-light business model we drove significant economic returns and a collection rate of 99.8% - far outpacing the industry average. Nova Ortho and Spine is ideally positioned to benefit from unprecedented demand growth in this market fueled by an aging patient population and rising number of personal injury accidents.

Mr. Cunningham continued, "To capitalize on this opportunity, we're intently focused on building a strong management team and strategically expanding our footprint of Nova Ortho and Spine locations with a near term goal of targeting key population centers throughout Florida and the broader southeast United States. To that end, we've enhanced our executive team with the hiring of a new Chief Financial Officer and Chief Accounting Officer whose backgrounds and skills are closely aligned with our business goals. We've also appointed a new Managing Director of Nova Ortho and Spine with an extensive medical and business background to help facilitate our growth. To date, we've opened a total of eleven Nova Ortho and Spine locations, including our tenth location in Florida in Port St. Lucie, and our first location outside of Florida in Valdosta, Georgia. The opening of the Valdosta location marks a key inflection point in our growth strategy, and we're energized by the demand and opportunity that we're seeing in the market for our services as we expand into the broader southeast United States, with the long-term goal of eventually expanding nationwide.

"Subsequent to the close of the quarter, we implemented a reverse stock split as part of our strategy to meet listing requirements and qualify for an uplisting to a major U.S. exchange during the second quarter of 2024. Uplisting to a major U.S. exchange would allow us to increase access to dedicated funding and reduce the cost of capital to support our growth strategy. To that end, preferred shareholders are currently converting their preferred shares to common stock to increase the number of total outstanding shares and the market value of the public float.

"In 2023, we demonstrated our ability to provide best-in-class care for an underserved population of the orthopedic market and create attractive economic returns for shareholders. We look forward to efficiently expanding our operations and bringing our services and solutions to more patients as we continue to execute on our growth strategy and drive increased value in 2024 and beyond."

About Cardiff Lexington Corporation:

Cardiff Lexington Corporation is a holding company focused on locating, acquiring, and building middle market, niche companies, primarily in the healthcare industry. 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, PLLC, which operates a group of regional primary specialty and ancillary care facilities throughout Florida 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.

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CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

	For the Three Months Ended		For the Years Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Total revenue	<u>\$ 2,376,502</u>	<u>\$ 2,538,262</u>	<u>\$ 11,853,266</u>	<u>\$ 10,693,196</u>
Total cost of sales	<u>971,217</u>	<u>1,077,616</u>	<u>3,560,624</u>	<u>4,060,034</u>
Gross profit	1,405,285	1,460,646	8,292,642	6,633,162
Operating expenses				
Depreciation expense	9,412	5,783	20,777	23,132
Selling, general and administrative	<u>981,209</u>	<u>777,757</u>	<u>3,076,820</u>	<u>2,703,141</u>
Total operating expenses	<u>990,621</u>	<u>783,540</u>	<u>3,097,597</u>	<u>2,726,273</u>
Income from continuing operations	414,664	677,106	5,195,045	3,906,889
Other income (expense)				
Other income (expense)	(50,000)	150,250	(49,795)	150,250
Gain on debt refinance and forgiveness	115,058	-	115,448	1,397,271
Penalties and fees	(5,000)	(2,063,916)	(53,000)	(2,063,916)
Interest expense	(192,567)	296,885	(1,956,266)	(6,387,309)
Amortization of debt discounts	<u>(41,854)</u>	<u>(4,703)</u>	<u>(136,518)</u>	<u>(253,823)</u>
Total other income expense	<u>(174,363)</u>	<u>(1,621,484)</u>	<u>(2,080,131)</u>	<u>(7,157,527)</u>
Net income (loss) before discontinued operations	240,301	(944,378)	3,114,914	(3,250,638)
Loss from discontinued operations	-	(2,267,736)	-	(2,178,883)
Income (Loss) from disposal of discontinued operations	<u>6,485</u>	<u>(328,353)</u>	<u>(86,520)</u>	<u>-</u>
Net income (loss)	<u>\$ 246,786</u>	<u>\$ (3,540,467)</u>	<u>\$ 3,028,394</u>	<u>\$ (5,429,521)</u>

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND DECEMBER 31, 2022
(UNAUDITED)

	December 31,	
	2023	2022
ASSETS		<u>(Restated)</u>
Current assets		
Cash	\$ 866,943	\$ 219,085
Accounts receivable-net	13,305,254	6,603,920
Prepaid and other current assets	<u>5,000</u>	<u>5,000</u>

Total current assets	<u>14,177,197</u>	<u>6,828,005</u>
Property and equipment, net	34,661	55,439
Land	540,000	540,000
Goodwill	5,666,608	5,666,608
Right of use - assets	289,062	218,926
Due from related party	4,979	4,979
Other assets	<u>33,304</u>	<u>30,823</u>
Total assets	<u>\$ 20,745,811</u>	<u>\$ 13,344,780</u>

LIABILITIES, MEZZANINE EQUITY AND DEFICIENCY IN STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable and accrued expense	\$ 2,047,131	\$ 1,915,920
Accrued expenses - related parties	4,733,057	3,750,557
Accrued interest	620,963	350,267
Right of use - liability	157,669	142,307
Due to director and officer	120,997	123,192
Notes payable	2,136,077	15,809
Convertible notes payable, net of debt discounts of \$24,820 and \$46,797, respectively	3,807,030	3,515,752
Net liabilities of discontinued operations	<u>237,643</u>	<u>151,123</u>
Total current liabilities	<u>13,860,567</u>	<u>9,964,927</u>

Other liabilities

Notes payable	144,666	139,789
Operating lease liability - long term	<u>119,056</u>	<u>84,871</u>
Total liabilities	<u>14,124,289</u>	<u>10,189,587</u>

Mezzanine equity

Redeemable Series N Senior Convertible Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 868,056 shares issued and outstanding at December 31, 2023 and 2022	3,891,439	3,125,002
Redeemable Series R Senior Convertible Preferred Stock - 5,000 shares authorized, \$0.001 par value, stated value of \$1,200, 165 shares issued and outstanding at December 31, 2023 and 2022	307,980	274,982
Redeemable Series X Senior Convertible Preferred Stock - 5,000,000 shares authorized, \$0.001 par value, stated value of \$4.00 par value; 375,000 shares issued and outstanding at December 31, 2023 and 2022	<u>1,690,685</u>	<u>1,500,000</u>
Total Mezzanine Equity	<u>5,890,104</u>	<u>4,899,984</u>

Stockholders' equity (deficit)

Series B Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value of \$4.00, 2,139,478 and 2,131,328 shares issued and outstanding at December 31, 2023 and 2022, respectively	8,537,912	8,525,312
Series C Preferred Stock - 500 shares authorized, \$0.001 par value, stated value of \$4.00, 123 shares issued and outstanding at December 31, 2023 and 2022	488	488
Series E Preferred Stock - 1,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 155,750 and 150,750 shares issued and outstanding at December 31, 2023 and 2022,	600,000	600,000

respectively	623,000	603,000
Series F-1 Preferred Stock - 50,000 shares authorized, \$0.001 par value, stated value \$4.00, 35,752 shares issued and outstanding at December 31, 2023 and 2022	143,008	143,008
Series I Preferred Stock - 15,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 14,885,000 issued and outstanding at December 31, 2023 and 2022	59,540,000	59,540,000
Series J Preferred Stock - 2,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 1,713,584 shares issued and outstanding at December 31, 2023 and 2022	6,854,336	6,854,336
Series L Preferred Stock - 400,000 shares authorized, \$0.001 par value, stated value \$4.00, 319,493 shares issued and outstanding at December 31, 2023 and 2022, respectively	1,277,972	1,277,972
Common Stock; 7,500,000,000 shares authorized, \$0.001 par value; 24,065 and 10,997 shares issued and outstanding at December 31, 2023 and 2022, respectively	1,804,799	824,793
Additional paid-in capital	(9,365,982)	(8,581,265)
Accumulated deficit	<u>(68,684,115)</u>	<u>(70,932,435)</u>
Total stockholders' equity	<u>731,418</u>	<u>(1,744,791)</u>
Total liabilities, mezzanine equity and stockholders' equity	<u>\$ 20,745,811</u>	<u>\$ 13,344,780</u>

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022 (UNAUDITED)

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

	For the Three Months Ended		For the Years Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
<u>EBITDA</u> (1)				
Net income (loss) before discontinued operations	\$ 240,301	\$ (944,378)	\$ 3,114,914	\$ (3,250,638)
Add:				
Interest	192,567	(296,885)	1,956,266	6,387,309
Taxes	0	0	0	0
Depreciation	9,412	5,783	20,777	23,132
Amortization	<u>41,854</u>	<u>4,703</u>	<u>136,518</u>	<u>253,823</u>
EBITDA (1)	<u>\$ 484,134</u>	<u>\$ (1,230,777)</u>	<u>\$ 5,228,475</u>	<u>\$ 3,413,626</u>

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

SOURCE: Cardiff Lexington Corporation

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