

NEWS RELEASE

Cardiff Lexington Announces Second Quarter 2024 Financial Results

8/20/2024

Significantly enhanced balance sheet positions company for long-term growth

LEXINGTON, KY. / ACCESSWIRE / August 20, 2024 / Cardiff Lexington Corporation (OTC PINK:CDIX) announced today financial results for its second quarter and six months ended June 30, 2024.

Alex Cunningham, Chief Executive Officer of Cardiff Lexington, commented, "Our second quarter results were highlighted by a significantly improved balance sheet with shareholders' equity increasing to \$5.8 million, 698% as compared to year end, as we strengthen our capital structure and position Cardiff Lexington for future growth.

"Among the many important initiatives underway, a major focus for our business is to continue expanding our network of healthcare locations throughout Florida and the broader southeast United States. To that end, we opened our 12th Nova Ortho and Spine location in Orlando, Florida subsequent to the close of the quarter. This location is performing well, and further enhances our visibility and patient access while providing us with a key presence in a larger metropolitan market.

"While our second quarter revenue was impacted by the timing of certain larger surgeries, we are on track to drive strengthened revenue and earnings performance in the back half of the year and into 2025 driven by an expanded network of healthcare locations and a strong reputation as a provider of high-quality medical care in a high-volume market."

Second Quarter 2024 Financial Highlights

- Revenue of \$2,330,964.
- Gross profit margin of 66%.
- Loss from continuing operations was \$202,345. Included in SG&A expenses in 2Q 2024 were higher expenses associated with the anticipated growth of the business as well as charges for increased bad debt expense of \$902,183 as a result of accepting lower patient claims settlement amounts due to efforts to accelerate cash collection.
- Adjusted EBITDA was a loss of \$118,428.

Six Months 2024 Financial Highlights

- Revenue of \$4,992,930.
- Gross profit margin of 65%.
- Income from continuing operations was \$16,647. Included in operating expenses for the six months ended June 30, 2024 were increased expenses associated with the anticipated growth of the business, and increased bad debt expense of \$1,242,017 as referenced above.
- Adjusted EBITDA was \$403,154.

Balance Sheet Highlights (June 30, 2024 compared to December 31, 2023)

- 269% increase in cash to \$3,196,795.
- 19% increase in total assets to \$24,659,020.
- 698% increase in shareholders' equity to \$5,837,412.

Mr. Cunningham concluded, "As one of the fastest growing sectors in U.S. healthcare, it's becoming increasingly clear that orthopedic healthcare is a very attractive long-term growth market for us. Compared to other clinical specialties, orthopedics remains highly fragmented, and over the next decade, we believe that healthcare providers will continue to experience increasing demand primarily driven by an aging patient population and a rising number of car accidents nationwide. The trajectory of this market is encouraging, and we're optimistic about our growth prospects - both organic and through acquisition - that we believe will help us to drive enhanced value for shareholders."

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, LLC, 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.

Cardiff Lexington Investor Relations
investorsrelations@cardifflexington.com
(800) 628-2100 ext. 705

or

IMS Investor Relations
cardifflexington@imsinvestorrelations.com
(203) 972-9200

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 and 2023
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (Restated)	2024	2023 (Restated)
REVENUE	\$ 2,330,964	\$ 3,364,506	\$ 4,992,930	\$ 6,070,905
	793,010	1,081,689	1,741,164	2,037,984
COST OF SALES	1,537,954	2,282,817	3,251,766	4,032,921
GROSS PROFIT				
OPERATING EXPENSES	3,366	3,365	6,731	8,000
Depreciation expense	-	-	300,225	-
Share based compensation	1,736,933	530,013	2,928,163	1,517,933
Selling, general and administrative	1,740,299	533,378	3,235,119	1,525,933
Total operating expenses				
	(202,345)	1,749,439	16,647	2,506,988
(LOSS) INCOME FROM CONTINUING OPERATIONS				
OTHER INCOME (EXPENSE)	2,047	-	2,047	204
Other income	78,834	-	78,834	390
Gain on debt refinance and forgiveness	(330)	(15,000)	(1,330)	(32,000)
Penalties and fees	(41,347)	(843,918)	(417,616)	(1,537,579)
Interest expense	(11,306)	(30,633)	(24,821)	(48,616)
Amortization of debt discounts	27,898	(889,551)	(362,886)	(1,617,601)
Total other income (expense)				
	(174,447)	859,888	(346,239)	889,387
NET (LOSS) INCOME BEFORE DISCONTINUED OPERATIONS	-	(43,810)	(111,312)	(89,300)
LOSS FROM DISCONTINUED OPERATIONS	\$ (174,447)	\$ 816,078	\$ (457,551)	\$ 800,087
NET (LOSS) INCOME FOR THE PERIOD				
	(326,174)	\$ (125,744)	\$ (477,808)	(454,419)
PREFERRED STOCK DIVIDENDS	\$ (500,621)	\$ 690,334	\$ (935,359)	\$ 345,668
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS				

BASIC (LOSS) INCOME PER SHARE	\$	(0.04)	\$	55.66	\$	(0.11)	\$	28.75
CONTINUING OPERATIONS								
	\$	0.00	\$	(3.53)	\$	(0.01)	\$	(7.43)
DISCONTINUED OPERATIONS								
DILUTED (LOSS) INCOME PER SHARE	\$	(0.04)	\$	3.59	\$	(0.11)	\$	1.45
CONTINUING OPERATIONS								
	\$	0.00	\$	(3.53)	\$	(0.01)	\$	(7.43)
DISCONTINUED OPERATIONS								
		12,792,767		12,403		8,305,493		12,024
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC								
		12,792,767		192,477		8,305,493		237,814
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED								

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2024 AND DECEMBER 31, 2023
(UNAUDITED)

		June 30, 2024	December 31, 2023 (Restated)
ASSETS			
Current assets			
	\$	3,196,795	\$ 866,943
Cash		14,818,277	13,305,254
Accounts receivable-net		5,000	5,000
Prepaid and other current assets		18,020,072	14,177,197
Total current assets			
		27,929	34,661
Property and equipment, net		540,000	540,000
Land		5,666,608	5,666,608

Goodwill	348,702	289,062
Right of use - assets	4,979	4,979
Due from related party	50,730	33,304
Other assets	<u>\$ 24,659,020</u>	<u>\$ 20,745,811</u>
Total assets	<u><u> </u></u>	<u><u> </u></u>
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 1,679,731	\$ 2,047,131
Accounts payable and accrued expense	4,353,056	4,733,057
Accrued expenses - related parties	103,345	620,963
Accrued interest	173,985	157,669
Right of use - liabilities	-	120,997
Due to director and officer	550,900	15,977
Notes payable - current portion	6,675,746	2,120,100
Line of credit	110,000	3,807,030
Convertible notes payable, net of debt discounts of \$0 and \$24,820, respectively	237,643	237,643
Net liabilities of discontinued operations	<u>13,884,406</u>	<u>13,860,567</u>
Total current liabilities	<u> </u>	<u> </u>
	142,391	144,666
Notes payable	169,811	119,056
Operating lease liability - long term	<u>14,196,608</u>	<u>14,124,289</u>
Total liabilities	<u> </u>	<u> </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 June 30, 2024 and December 31, 2023	3,125,000	3,891,439
Redeemable Series R Senior Convertible Preferred Stock - 5,000 shares authorized, \$0.001 par value, stated value of \$1,200, 0 and 165, shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	-	307,980
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 June 30, 2024 and December 31, 2023	1,500,000	1,690,685
	<u>4,625,000</u>	<u>5,890,104</u>
Total Mezzanine Equity	<u> </u>	<u> </u>

Stockholders' equity	3,920,716	8,557,912
Series B Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value of \$4.00, 980,179 and 2,139,478 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	240	492
Series C Preferred Stock - 500 shares authorized, \$0.001 par value, stated value of \$4.00, 60 and 123 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	301,500	623,000
Series E Preferred Stock - 1,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 75,375 and 155,750 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	103,000	143,008
Series F-1 Preferred Stock - 50,000 shares authorized, \$0.001 par value, stated value \$4.00, 25,750 and 35,752 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	46,562,000	59,540,000
Series I Preferred Stock - 15,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 11,640,500 and 14,885,000 issued and outstanding at June 30, 2024 and December 31, 2023, respectively	-	6,854,336
Series J Preferred Stock - 2,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 0 and 1,713,584 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	1,277,972	1,277,972
Series L Preferred Stock - 400,000 shares authorized, \$0.001 par value, stated value \$4.00, 319,493 shares issued and outstanding at June 30, 2024 and December 31, 2023	3,755,632	-
Series Y Senior Convertible Preferred Stock - 1,000,000 shares authorized, \$0.001 par value, stated value of \$4.00, 938,908 and 0 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	13,626	25
Common Stock; 300,000,000 shares authorized, \$0.001 par value; 13,626,376 and 25,121 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	19,522,200	(7,581,212)
Additional paid-in capital	(69,619,474)	(68,684,115)
Accumulated deficit	5,837,412	731,418
Total stockholders' equity	\$ 24,659,020	\$ 20,745,811
Total liabilities, mezzanine equity and stockholders' equity		

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (UNAUDITED)

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

	Unaudited		Unaudited
	For the Three Months Ended	For the Six Months Ended	
	June 30,	June 30,	
	2024	2023 (Restated)	2024 2023 (Restated)

EBITDA (1)	\$	(174,447)	\$	859,888	\$	(346,239)	\$	889,387
Net income (loss) before discontinued operations								
Add:		41,347		843,918		417,616		1,537,579
Interest		0		0		0		0
Taxes		3,366		3,365		6,731		8,000
Depreciation		11,306		30,633		24,821		48,616
Amortization								
	\$	(118,428)	\$	1,737,804	\$	102,929	\$	2,483,582
EBITDA (1)								
Adjusted EBITDA (2)	\$	(118,428)	\$	1,737,804	\$	102,929	\$	2,483,582
EBITDA								
Add:		0		0		300,225		0
Stock compensation expense for shares issued								
	\$	(118,428)	\$	1,737,804	\$	403,154	\$	2,483,582
Adjusted EBITDA (2)								

Contact Information

Walter Frank

Investor Relations

cardifflexington@imsinvestorrelations.com

2039729200

SOURCE: Cardiff Lexington Corporation

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