

# Cardiff Lexington Announces 3rd Quarter 2023 Financial Results

11/15/2023

- Revenue Growth and Significant Margin Improvement Drives Increase in Quarterly Net Income to \$1.98 Million -

FT. LAUDERDALE, FL / ACCESSWIRE / November 15, 2023 / Cardiff Lexington Corporation (OTC PINK:CDIX) announced today financial results for its third quarter ended September 30, 2023.

## Third Quarter Financial Highlights

- 9.8% growth in the Company's healthcare division drove 3.5% consolidated revenue growth to \$3.4 million
- 83% gross profit margin in the Company's healthcare division up from 64.7% last year drove consolidated gross profit margin to 79.6% for the quarter
- Operating income increased 52% to \$2.3 million, or 67% of sales from \$1.5 million, or 45% of sales in Q3 last year due to a deliberate focus on higher margin business and disciplined cost containment
- Net income increased 415% to \$1.98 million from a loss of \$628,000 in Q3 last year

## Nine Month Financial Highlights

- 16.2% growth in the Company's healthcare division drove 5.1% consolidated revenue growth to \$9.8 million
- 72.7% gross profit margin in the Company's healthcare division up from 63.4% last year drove consolidated gross profit margin to 73% for the nine-month period
- Operating income increased 41% to \$4.7 million, or 47.9% of sales from \$3.3 million, or 35.7% of sales in the nine-month period last year due to a deliberate focus on higher margin business and disciplined cost containment

- Net income increased 247% to \$2.8 million from a loss of \$1.9 million in the comparable nine-month period last year

#### Balance Sheet Highlights at September 30, 2023

- 39% increase in total assets to \$18.5 million compared to December 31, 2022
- 250% increase in stockholders' equity to \$975,351 from a negative shareholders' equity of \$1.47 million at December 31, 2022
- Slightly positive working capital compared to a negative working capital at December 31, 2022

Alex Cunningham, Cardiff Lexington CEO, stated, "Results from our most recent third quarter reflect the culmination of efforts over the past several years to successfully position the Company within a growing healthcare sector, implement efficiencies, and streamline operations. We have taken the actions necessary to achieve and report sustainable, profitable results over consecutive quarters. Net income has reached \$2.8 million thus far in 2023 which represents significant, quantifiable advancement for the Company. We expect this number to continue to grow moving forward as we begin to see the impact of the additional working capital being deployed from our new revolving financing.

Mr. Cunningham continued, "In conjunction with our significantly improving results from operations, we continue to prepare for a targeted early 2024 uplisting to a major exchange. To that end have filed with FINRA for the required share consolidation and also anticipate updating and amending our S1 registration filing to include 2023 Q3 results. In conjunction with this uplisting, it is also our intention to simplify our capital structure to best support our long term growth for shareholders."

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#### 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, or Nova, which the Company acquired in May of 2021 and 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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(UNAUDITED)

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	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2023	2022 (Restated)	2023	2022 (Restated)
REVENUE				
Financial Services	\$ 32,264	\$ 219,872	\$ 304,967	\$ 1,156,729
Healthcare	3,405,860	3,103,409	9,476,764	8,154,934
Total revenue	3,438,124	3,323,281	9,781,731	9,311,663

COST OF SALES				
Financial Services	5,604	39,963	53,730	365,185
Healthcare	551,424	1,094,794	2,589,407	2,982,418
Total cost of sales	557,028	1,134,757	2,643,137	3,347,603
GROSS PROFIT	2,881,096	2,188,524	7,138,594	5,964,060
OPERATING EXPENSES				
Depreciation expense	3,365	5,783	11,365	17,349
Selling, general and administrative	607,745	685,026	2,437,511	2,625,503
Total operating expenses	611,110	690,809	2,448,876	2,642,852
INCOME FROM OPERATIONS	2,269,986	1,497,715	4,689,718	3,321,208
OTHER INCOME (EXPENSE)				
Other income	-	(2 )	205	6
Gain on forgiveness of debt	-	1,397,271	390	1,397,271
Interest expense and finance charge	(226,418 )	(3,430,785 )	(1,766,041 )	(6,686,772 )
Conversion cost	(1,000 )	-	(3,000 )	-
Penalties and fees	(15,000 )	-	(45,000 )	-
Amortization of debt discounts	(46,048 )	(92,868 )	(94,664 )	(249,120 )
Total other expenses, net	(288,466 )	(2,126,384 )	(1,908,110 )	(5,538,615 )
NET INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	1,981,520	(628,669 )	2,781,608	(2,217,407 )
GAIN FROM DISCONTINUED OPERATIONS	-	363,895	-	328,353

NET INCOME (LOSS) FOR THE PERIOD	\$ 1,981,520	\$(264,774	) \$2,781,608	\$ (1,889,054	)
DEEMED DIVIDENDS ON PREFERRED STOCK	(142,829	) -	(605,384	) -	
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 1,838,691	\$(264,774	) \$2,176,224	\$ (1,889,054	)

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022  
(UNAUDITED)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$181,343	\$226,802
Accounts receivable-net	11,844,738	6,604,780
Prepaid and other current assets	5,000	5,000
Total current assets	12,031,081	6,836,582
Property and equipment, net		
Land	540,000	540,000
Goodwill	5,666,608	5,666,608
Right of use - assets	201,163	218,926
Due from related party	4,979	4,979
Other assets	30,823	30,823
Total assets	\$18,518,727	\$13,353,357

LIABILITIES, MEZZANINE EQUITY AND DEFICIENCY IN STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued expense	\$2,515,682	\$2,038,595
Accrued expenses - related parties	4,264,557	3,750,557
Accrued interest	717,827	350,267
Right of use - liability	135,776	142,307
Due to director & officer	123,442	123,192
Notes payable	24,600	15,809
Notes payable - related party	159,662	37,024
Convertible notes payable, net of debt discounts of \$66,674 and \$46,798, respectively	3,952,581	3,515,752
Total current liabilities	11,894,127	9,973,503
Other liabilities		
Notes payable	144,668	139,789
Operating lease liability - long term	64,147	84,871
Total liabilities	12,102,942	10,198,163
Mezzanine equity		
Redeemable Series N Senior Convertible Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 868,058 shares issued and outstanding at September 30, 2023 and December 31, 2022	3,787,559	3,125,002
Redeemable Series X Senior Convertible Preferred Stock - 5,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 375,000 shares issued and outstanding at September 30, 2023 and December 31, 2022	1,652,875	1,500,000
Total Mezzanine Equity	5,440,434	4,625,002
Stockholders' equity (deficit)		
Series B Preferred Stock - 3,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 2,134,478 and 2,131,328 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	8,537,912	8,525,313
Series C Preferred Stock - 500 shares authorized, \$0.001 par value, stated value \$4.00, 123 shares issued and outstanding at September 30, 2023 and December 31, 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022	143,008	143,008
Series I Preferred Stock - 15,000,000 shares authorized, \$0.001 par value, 14,885,000 shares issued and outstanding at September 30, 2023 and December 31, 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 September 30, 2023 and December 31, 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 September 30, 2023 and December 31, 2022	1,277,972	1,277,972
Series R Preferred Stock - 5,000 shares authorized, \$0.001 par value, stated value of \$1,200, 165 shares issued and outstanding at September 30, 2023 and December 31, 2022	198,000	198,000
Common Stock - 7,500,000,000 shares authorized, \$0.001 par value; 1,099,475,613 and 824,793,235 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	1,099,475	824,793
Additional paid-in capital	(8,619,611 )	(8,581,265 )
Accumulated deficit	(68,679,229)	(70,855,453)
Total stockholders' equity (deficit)	975,351	(1,469,808 )
Total liabilities, mezzanine equity and stockholders' equity	\$18,518,727	\$13,353,357

SOURCE: Cardiff Lexington Corporation

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