

Cardiff Lexington Announces Third Quarter 2024 Financial Results

2024-11-21

LEXINGTON, KY / ACCESSWIRE / November 21, 2024 / Cardiff Lexington Corporation (OTC PINK:CDIX) announced today financial results for its third quarter and nine months ended September 30, 2024.

Alex Cunningham, Chief Executive Officer of Cardiff Lexington, commented, "Operationally, our business performed well during the quarter. We opened our 12th Nova Ortho and Spine location in Orlando, Florida, establishing Nova Ortho and Spine in a major metropolitan area with greater population density and higher traffic, and saw an increase in booked procedures which generally bodes well for future revenues. That said, the severe weather across Florida during the quarter has delayed many procedures. Also, our GAAP revenue was negatively impacted in the quarter due to a change in estimate related to our claim settlement realization rate that better aligns third quarter revenue with 2024 annualized rates. Adjusted revenue for the quarter, excluding this one-time change in estimate, was \$3.0 million. It is our expectation that revenue will return to more historical levels going forward and grow as we strengthen our working capital to support the long-term growth of our business."

"Demand is strong, and we continue to identify strategic locations to establish new Nova Ortho and Spine offices and expand our network of healthcare services. Our shareholders' equity has grown 410% since the beginning of the year, and with our visibility today, we believe that we are on track to deliver enhanced long-term performance supported by a robust network of locations and a strong reputation as a high-quality medical care provider," Mr. Cunningham concluded.

Third Quarter 2024 Financial Results

- Total revenue was \$1,355,641. Revenue in the third quarter included a one-time non-cash adjustment of

\$1,650,474 to better align third quarter revenue with 2024 annualized claim settlement realization rates. Non-GAAP adjusted revenue, excluding the one-time non-cash adjustment, was \$3,006,115

- Cost of sales in the quarter increased to \$1,000,601 primarily related to laboratory fees
- Selling, general, and administrative expenses of \$936,835 primarily related to increased salaries and wages as the Company continues to invest in its growth
- Loss from continuing operations was \$585,160
- Non-GAAP adjusted EBITDA was \$1,061,912

Nine Months 2024 Financial Results

- Total revenue was \$5,149,416. Revenue for the nine months ended September 30, 2024, included a one-time non-cash adjustment of \$1,650,474 to better align third quarter 2024 revenue with 2024 annualized claim settlement realization rates. Non-GAAP adjusted revenue, excluding this one-time non-cash adjustment, was \$6,799,890
- Cost of sales for the nine-month period was \$2,741,765
- Selling, general, and administrative expenses of \$2,622,981 primarily related to increased salaries and wages as the Company continues to invest in its growth
- Loss from continuing operations was \$525,651. Included in operating expenses for the nine months ended September 30, 2024 were Non-GAAP increased expenses associated with the anticipated growth of the business of \$596,225
- Non-GAAP Adjusted EBITDA was \$1,507,928

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

- 125% increase in cash to \$1,949,600
- 13% increase in total assets to \$23,514,762
- 410% increase in shareholders' equity to \$3,729,120

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 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 NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(UNAUDITED)

	Unaudited		Unaudited	
	For the Three Months Ended		For the Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023 (Restated)	2024	2023 (Restated)
Total revenue	\$ 1,355,641	\$ 3,405,859	\$ 5,149,416	\$ 9,476,764
Total cost of sales	1,000,601	551,423	2,741,765	2,589,407
Gross profit	355,040	2,854,436	2,407,651	6,887,357
Operating expenses	3,365	3,365	10,096	11,365
Depreciation expense	936,835	577,677	2,622,981	2,095,611
Selling, general and administrative	0	0	300,225	0
Stock compensation expense	940,200	581,042	2,933,302	2,106,976
Total operating expenses	(585,160)	2,273,394	(525,651)	4,780,381
(Loss) income from continuing operations				
Other income (expense):	(6,767)	(1)	(4,720)	204
Other (expense) income	0	0	78,834	390
Gain on debt refinance, forgiveness and settlement	0	(16,000)	(1,330)	(48,000)
Penalties and fees	(1,386,041)	(226,119)	(1,803,657)	(1,763,698)
Interest expense	0	(46,048)	(24,821)	(94,664)
Amortization of debt discounts				

	(1,392,808)	(288,168)	(1,755,694)	(1,905,768)
Total other (expense) income	<u>(1,977,968)</u>	<u>1,985,226</u>	<u>(2,281,345)</u>	<u>2,874,613</u>
Net (loss) income before discontinued operations	0	(3,705)	(111,312)	(93,005)
Loss from discontinued operations				
	<u>\$ (1,977,968)</u>	<u>\$ 1,981,521</u>	<u>\$ (2,392,657)</u>	<u>\$ 2,781,608</u>
Net (loss) income				

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

	September 30, 2024	December 31, 2023 (Restated)
	<u> </u>	<u> </u>
ASSETS		
Current assets		
Cash	\$ 1,949,600	\$ 866,943
Accounts receivable-net	14,798,220	13,305,254
Prepaid and other current assets	5,000	5,000
Total current assets	<u>16,752,820</u>	<u>14,177,197</u>
Property and equipment, net	24,563	34,661
Land	540,000	540,000
Goodwill	5,666,608	5,666,608
Right of use - assets, net	465,389	289,062
Due from related party	4,979	4,979
Other assets	60,403	33,304
Total assets	<u>\$ 23,514,762</u>	<u>\$ 20,745,811</u>

Series F-1 Preferred Stock - 50,000 shares authorized, \$0.001 par value, stated value \$4.00, 9,500 and 35,752 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	38,000	143,008
Series I Preferred Stock - 15,000,000 shares authorized, \$0.001 par value, stated value \$4.00, 11,540,500 and 14,885,000 issued and outstanding at September 30, 2024 and December 31, 2023, respectively	46,162,200	59,540,000
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 September 30, 2024 and December 31, 2023, respectively	-	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, 2024 and December 31, 2023	1,277,972	1,277,972
Series Y Senior Preferred Stock - 1,000,000 shares authorized, \$0.001 par value, stated value of \$4.00, 955,114 and 0 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	3,820,456	-
Common Stock - 300,000,000 shares authorized, \$0.001 par value; 14,555,601 and 25,121 shares issued and outstanding at September 30, 2024 and December 31, 2023	14,556	25
Additional paid-in capital	20,891,337	(7,581,212)
Accumulated deficit	(71,792,589)	(68,684,115)
Total stockholders' equity	<u>3,729,120</u>	<u>731,418</u>
Total liabilities, mezzanine equity and stockholders' equity	<u>\$ 23,514,762</u>	<u>\$ 20,745,811</u>

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES

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

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

	Unaudited		Unaudited	
	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2024	2023 (Restated)	2024	2023 (Restated)
<u>EBITDA (1)</u>	\$ (1,977,968)	\$ 1,985,226	\$ (2,281,345)	\$ 2,874,613
Net (loss) income before discontinued operations				
Add:	1,386,041	226,119	1,803,657	1,763,698

Interest	0	0	0	0
Taxes	3,365	3,365	10,096	11,365
Depreciation	0	46,048	24,821	94,664
Amortization				
	<u>\$ (588,562)</u>	<u>\$ 2,260,758</u>	<u>\$ (442,771)</u>	<u>\$ 4,744,340</u>
EBITDA (1)				
<u>Adjusted EBITDA (2)</u>	<u>\$ (588,562)</u>	<u>\$ 2,260,758</u>	<u>\$ (442,771)</u>	<u>\$ 4,744,340</u>
EBITDA				
Add:				
Change in estimate for settlement realization rate	1,650,474	0	1,650,474	0
Stock compensation expense for shares issued	0	0	300,225	0
	<u>\$ 1,061,912</u>	<u>\$ 2,260,758</u>	<u>\$ 1,507,928</u>	<u>\$ 4,744,340</u>
Adjusted EBITDA (2)				

(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.

CARDIFF LEXINGTON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF REVENUE FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024
(UNAUDITED)

	Unaudited	Unaudited
	For the Three Months Ended	For the Nine Months Ended
	September 30, 2024	September 30, 2024
	<u> </u>	<u> </u>
GAAP Revenue	\$ 1,355,641	\$ 5,149,416
Adjustment to Claim Settlement Realization Rate	1,650,474	1,650,474

3,006,115

6,799,890

Non-GAAP Adjusted Revenue

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SOURCE: Cardiff Lexington Corporation

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