CARDIFF LEXINGTON
CORPORATION
A PUBLIC HOLDING COMPANY

OTC: CDIX



INVESTOR PRESENTATION

May 2024

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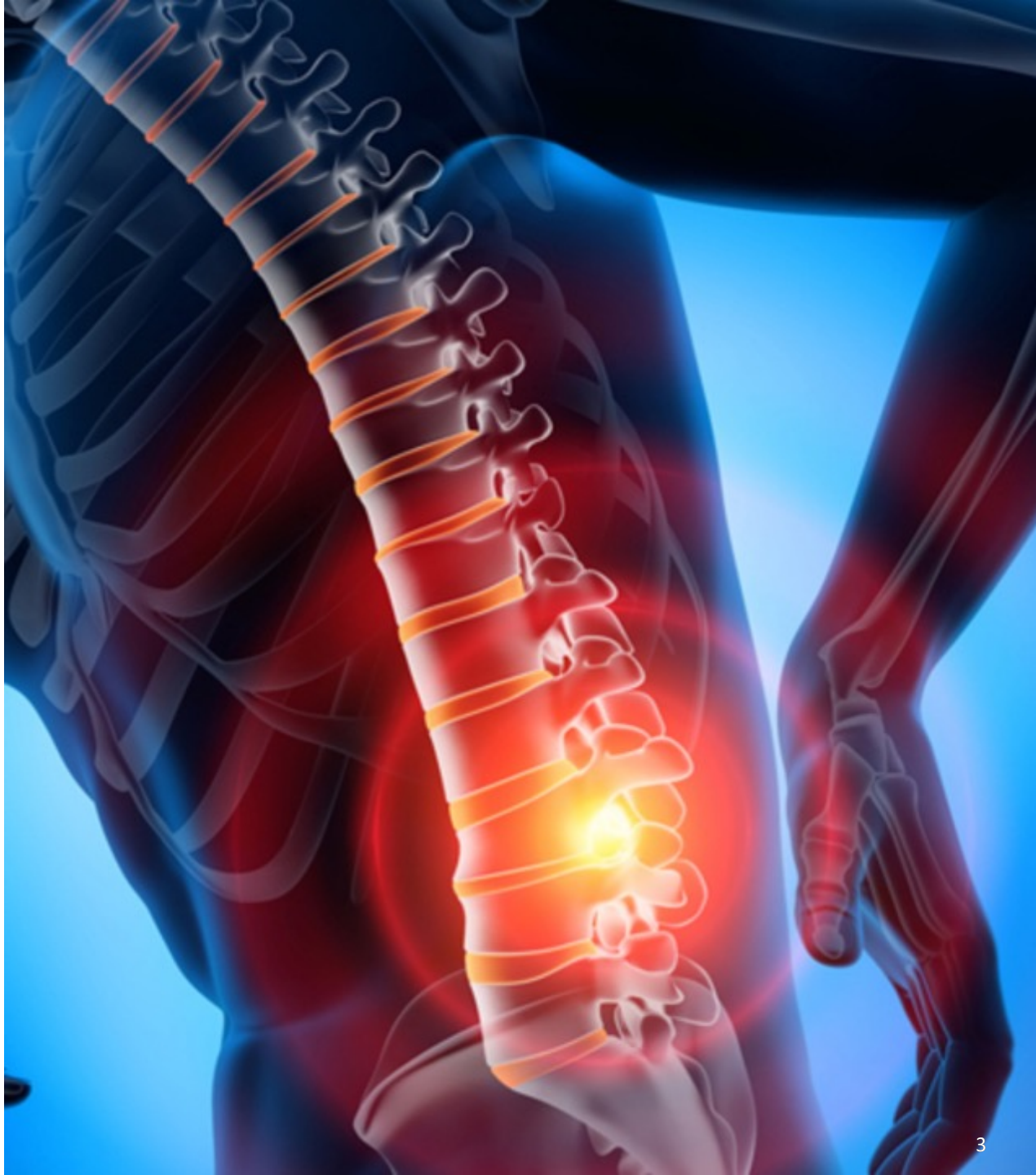
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CARDIFF LEXINGTON

A Leader in the Lien-Based Medical Market

With the acquisition of Nova Ortho and Spine In 2021, Cardiff Lexington established a **strategic foothold in the healthcare space.**

We are **profitably** pioneering an innovative approach to healthcare management that offers **elevated patient care to an underserved patient population.**



INVESTMENT HIGHLIGHTS

- **Attractive demographics** – Aging patient population and rising number of personal and work-related injuries
- **Recession resistant** – Healthcare sector historically has performed in both good and bad economies
- **Innovative payor model** – Elevates standard of care for personal injury patients while offering attractive economic returns for shareholders
- **Strong growth and profitability** – Healthcare business has realized organic CAGR of ~ 88% from 2019 to 2022 with strong margins and profitability
- **Strong operating performance positions company for potential uplisting** – Planned uplisting to national exchange with commensurate simplification of capital structure in early 2024

NOVA
ORTHO AND SPINE, PLLC

In 2021, Cardiff Lexington acquired Nova Ortho and Spine as a wholly-owned subsidiary.

Nova Ortho and Spine's early success and asset-light business structure made it the ideal partner to launch Cardiff Lexington's Healthcare Division.

Given its success to date, the Company has largely divested its other businesses to focus on Nova Ortho and Spine and healthcare sector acquisition opportunities.



WHY ORTHOPEDICS?

- One of the **fastest-growing categories** in US Healthcare
- Compared to other clinical subspecialties, **orthopedics remains highly fragmented across the nation**
- Over the next decade, providers will continue to face **unprecedented demand growth** primarily fueled by an aging patient population susceptible to slip and fall accidents and a rising number of car accidents[1]:
  - More than half of all adults suffer from a musculoskeletal disease, including **arthritis, back pain and trauma**
  - An estimated 5.5 million car accidents occur in the U.S. annually, resulting in roughly **3 million injuries**

$39.5B[1]

Market Size in 2021

3.3%[1]

Estimated CAGR from 2022-2028

$49.5B[1]

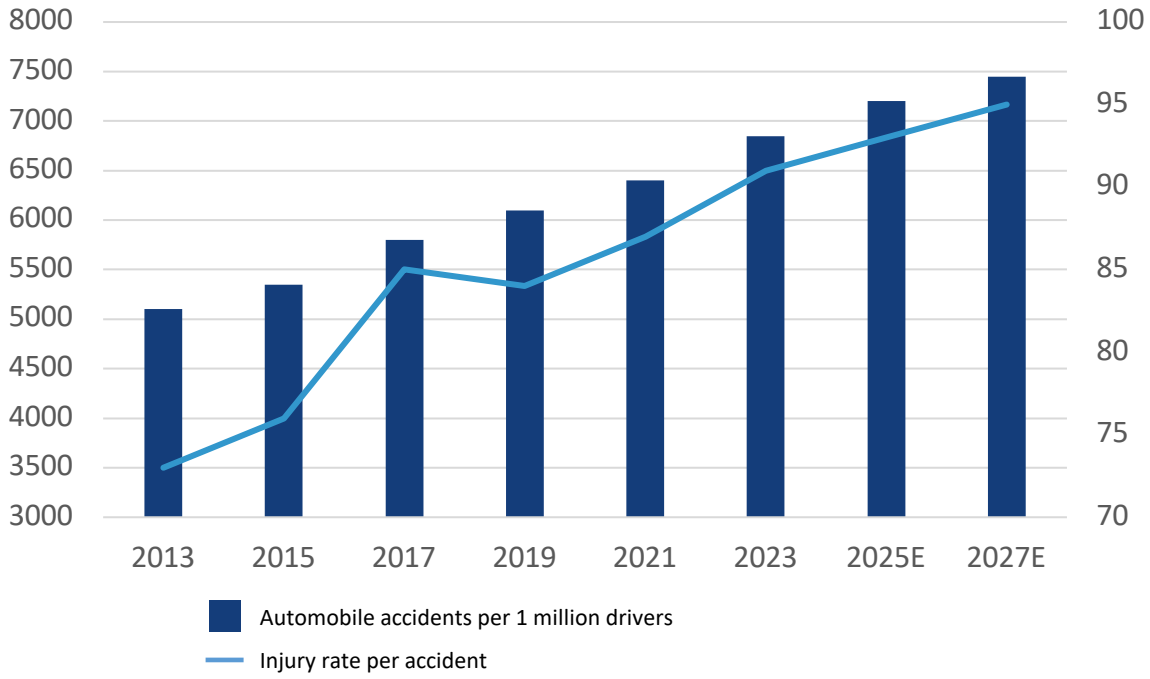
Estimated Market Size in 2028

[1] Stratview Research

FAVORABLE EXTERNAL GROWTH DRIVERS

Increasing healthcare costs, broader care modalities, and increasing claim frequency are driving strong and sustainable growth for specialized personal injury providers

12.5% increase in automobile accidents expected through 2028



- Increasing interest by institutional capital is driving innovation and consolidation for the industry
- Regulatory landscape in many states
- Specialized and sophisticated providers are better suited to capture referral sources

Sources: Statista; *Number of accidents and traffic-related injury rate in the U.S. per 1M people forecasted through 2028;* Cascade Partners

NOVA ORTHO AND SPINE AT A GLANCE

FULFILLING THE NEEDS OF AN UNDERSERVED MARKET

- **No dependence on CMS** (Medicare/Medicaid) **or health insurance companies** (HMOs or Blue Cross) for reimbursement
- **Payor mix** is almost exclusively comprised of automotive insurance companies, general liability carriers, and private pay

ATTRACTIVE ECONOMIC MODEL

- Longer A/R gestation period (typically 18-24 months) is accounted for in pricing of patient care
- **99.8% collection rate** over past three years

HIGH DEMAND

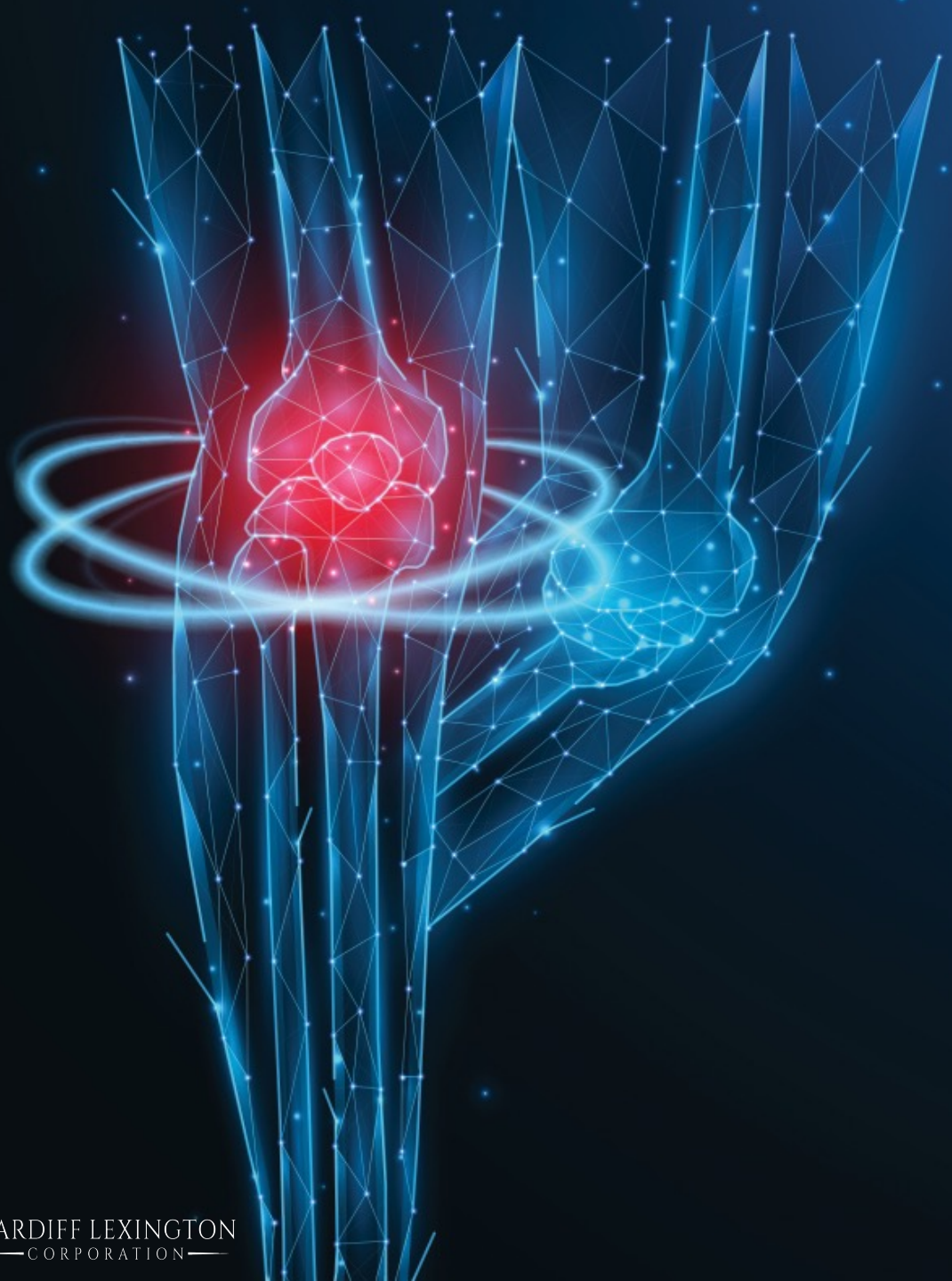
- Nova Ortho and Spine currently sees approximately **180 patients per month across 10 locations**
- **Robust referral network**

CAPACITY FOR SUBSTANTIAL ORGANIC GROWTH

- All locations **collectively operating at only 35% capacity**

PROVEN EXPERTISE

- **Management team with 25+ years' experience** operating primary, specialty and ancillary care facilities



Nova Ortho and Spine's team of orthopedic surgeons and specialists deliver innovative and cutting-edge treatment options for orthopedic spine and pain conditions


Thoracic Spine


Headache


Hip


Lumbar


Knee


Neck


Hand & Wrist


Elbow


Shoulder


Feet & Ankles

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NOVA ORTHO AND SPINE AT A GLANCE, CONT.

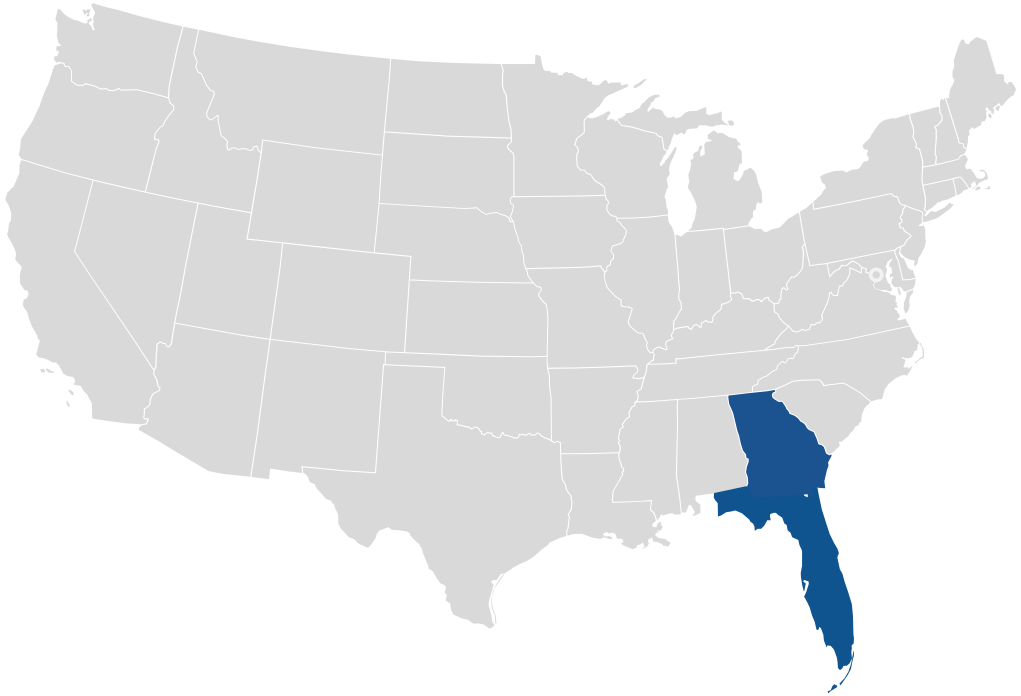
11 locations strategically positioned in population centers throughout Florida and Georgia

Florida:

- Okeechobee
- Ft. Pierce
- Vero Beach
- Palm Bay
- Tallahassee
- Chipley
- Madison
- Sebastian
- Rockledge
- Port St. Lucie

Georgia:

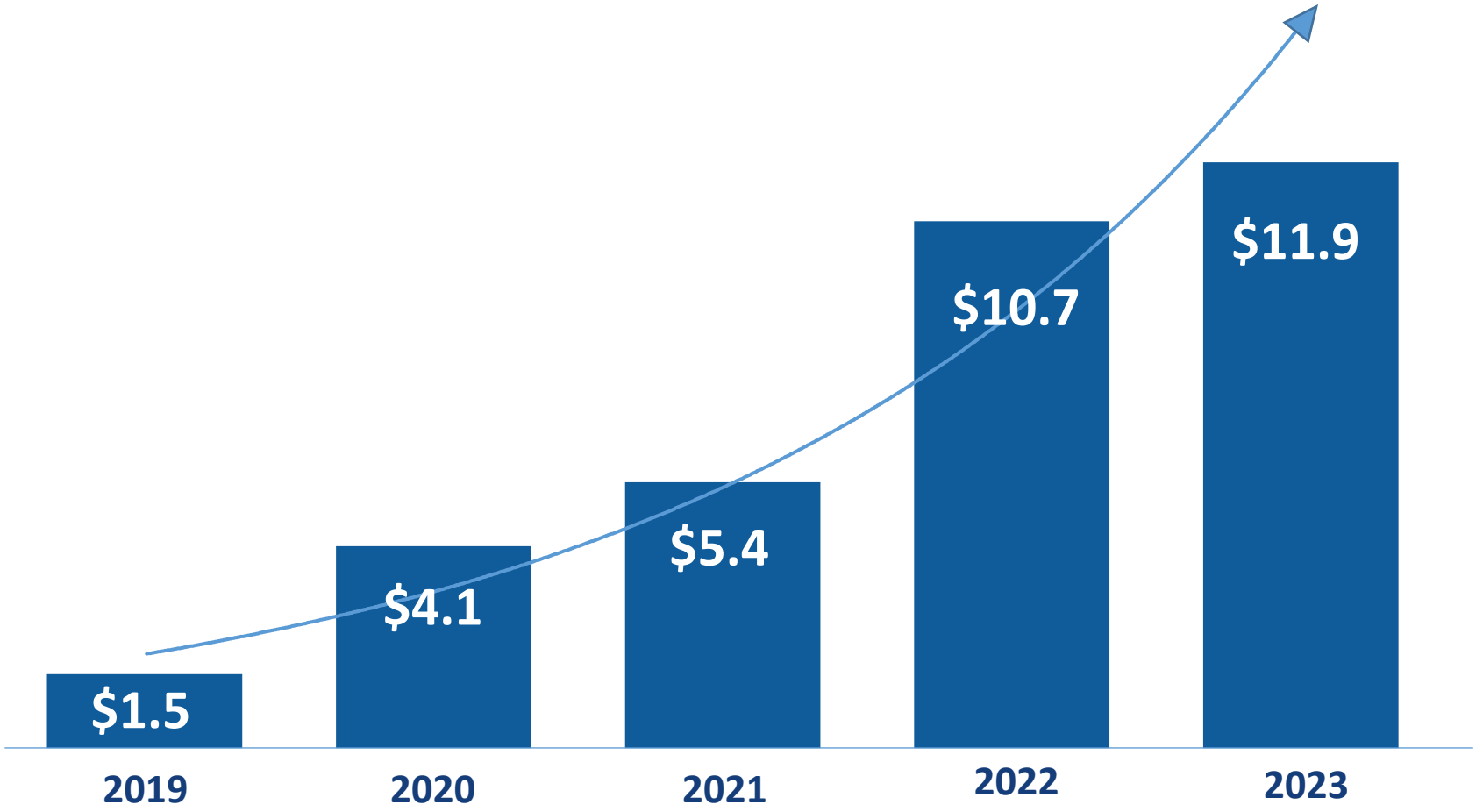
- Valdosta



Florida has the most personal injury claims per capita; Georgia location represents first step of expansion into broader southeast U.S.

NOVA ORTHO AND SPINE HAS SEEN CONSISTENT REVENUE GROWTH OVER THE YEARS

(In Millions)



NOVA ORTHO AND SPINE MILESTONES AND ACCOMPLISHMENTS

Proven track record of profitability and growth

2019

- Formation of Nova Ortho and Spine
- 3 locations by year end
- **$1.5M initial year revenue**

2020

- Locations grow to 5
- **160% increase in YoY revenues to $4.1M**

2021

- Cardiff Lexington completes acquisition of Nova Ortho and Spine
- 7 locations
- 10-year Management Agreement to align strategic growth priorities
- **Revenues grow to $5.4M, up 31% YoY**

2022

- **Revenues nearly double to $10.7M, a 98% increase YoY**
- Locations expand to 9
- Growing and engaged network of referral partners

2023

- **Revenues exceed FY 2022 in first nine months with $12.4M at 9.30.23**
- Demand exceeding capability due to capital constraints
- 10 locations to date

2024

- **With adequate capital, targeting double digit growth**
- Multiple acquisitions targeted for potential geographic expansion

A SUPERIOR SERVICE MODEL

Enabling critical access to high-quality care for traumatic injury patients

Patient-Centric Pathway

TRUSTED REFERRAL NETWORK

Patients are primarily referred through a growing network of trusted **physicians, physical therapists and chiropractors**

A TRUE PARTNER THROUGH THE LIFECYCLE OF A CLAIM

As emergency medical condition providers, Nova Ortho and Spine has **superior access to patient information** to determine the validity of each case and manage cases appropriately

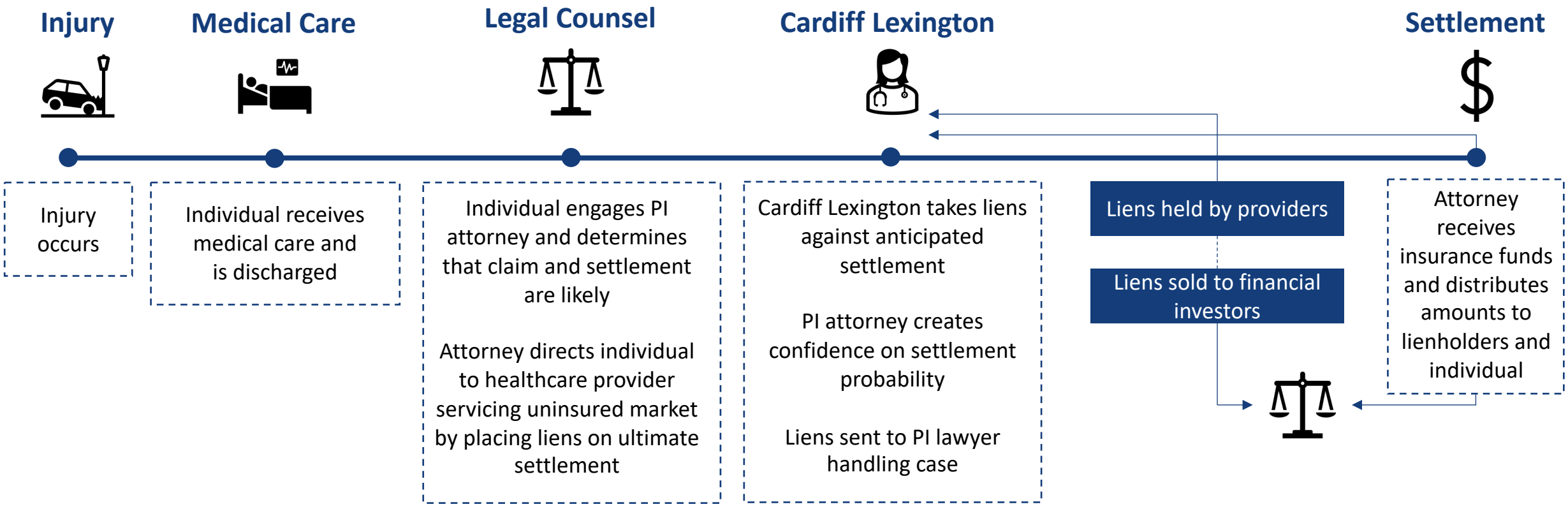
LEADER IN SURGICAL TECHNIQUES & TECHNOLOGY

Nova Ortho and Spine's team of surgeons and specialists deliver **cutting-edge treatment options at state-of-the-art facilities**

QUALITY CARE AT ZERO COST TO THE PATIENT

Revenue is primarily provided by bodily injury policies, general liability policies, and personal injury protection policies, which **protects patients from high upfront costs**

THE UNINSURED PERSONAL INJURY LANDSCAPE



Accident rates forecasted to increase 12.5% through 2028; proportion of healthcare costs covered by settlement proceeds increased to ~65.5% in 2023 with consistent upward trend forecasted.[1]

[1]Statista, Martindale-nolo, American Bar Association

A UNIQUE AND POWERFUL ECONOMIC MODEL

Leverages Extended A/R Timeline To Drive Significant Economic Returns

- **Insulated by a Letter of Protection** to ensure payment in full from insurance settlement
- Ability to factor significantly extended A/R into care pricing

Receive a maximum of $25,000 from patient's Personal Injury Protection (PIP)

Typical A/R gestation period is 18-24 months

By waiting for insurance settlement, insulated from having to rely on declining reimbursement programs from CMS and health insurance companies





Beating industry average of ~ 75-85%

FINANCIAL STRENGTH

FINANCIAL HIGHLIGHTS

- 1Q24 **Total revenue of $2.7 million** consistent with 1Q23; **12% sequential increase** over 4Q23
- 1Q24 **Gross margin of 64%** consistent with 1Q23; Sequential **increase of 530 basis points** over 4Q23
- 1Q24 operating income of $219,000
  - **Excluding non-cash scaling expenses** in 1Q24, **operating income would have been $615,000**, a 48% increase over 4Q23 operating income
- FY23 **EBITDA of $5.2 million** represents **53% increase** over FY22

Delivering consistently improving results while successfully scaling the business in line with growth strategy



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

IMPROVED BALANCE SHEET

(In Millions)



3.31.24 vs 12.31.23:

- **9% increase in total assets** to $22.6M
- **65% increase in shareholders' equity** to $1.2M
- **Improved net working capital** of $915,000 compared to $317,000 at 12.31.23

MULTIPLE LEVERS TO SIMPLIFY AND ENHANCE CAPITAL STRUCTURE

- Targeting **uplisting to NYSE Amex or Nasdaq in 2024**
- **Majority of preferred holders have committed to converting to common shares** prior to targeted uplisting
- **New equity capital could drive significant economic returns** by providing working capital to support revenue growth **while also reducing high-cost interest expense**

MULTIPLE LEVERS FOR GROWTH

Organic growth in existing Florida market

- Currently at 35% capacity and turning away business
- Increase in working capital expected to significantly expand utilization

Expand geographically

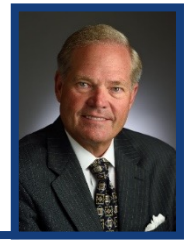
- Targeting expansion into broader Southeast region through organic growth and strategic acquisitions

Expand into contiguous businesses via acquisition

- Multiple complementary verticals identified including MRI clinics, Medevac providers, etc.

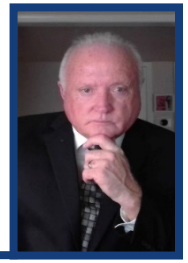
LEADERSHIP

ALEX CUNNINGHAM
CEO, President & Director



- Founder of Francnsult, Inc., providing coaching, due diligence, and management franchising and business mergers and acquisitions
- Previously owned & and served as managing partner of consulting firm AH Cunningham & Associates, LLC
- Founded Profit Management Consulting, Inc.; managed projects for over 2000 private or closely held middle-market clients throughout 24 U.S. states
- Member of Board of Governors for Transform Africa; Chairman of Square 1 Distribution International, LLC; Board of Directors for American Senior Living

DANIEL R. THOMPSON
Chairman of the Board



- Former television and entertainment industry professional with 30-year career in network and cable advertising sales, programming production and product placement
- Founded Creative Entertainment Services and successfully sold in 2001
- Founded Cable Rep USA, a media sales firm specializing in local market cable advertising, which he sold to Cox Cable in 1981

MATTHEW SHAFER
Chief Financial Officer



- 25 years of experience as a finance professional at both privately owned and publicly traded companies on major U.S. stock exchanges
- Former Vice President of Finance at Aspire Technology Partners
- CFO, SVP, and Treasurer of Ocean Power Technologies
- Strategic Executive Engagement Consultant in CFO and CAO capacities at Proterra and Tatum, a division of Randstad USA

ZIA CHOE
Chief Accounting Officer



- Finance professional with 17 years of accounting and operational experience
- Previously a partner at STK Financial
- Formerly an audit and assurance manager at JNK Accountancy Group

INDEPENDENT DIRECTORS



Cathy Pennington

- 30 years of experience in human resources, sales and executive management, mergers and acquisitions, and team leadership for both national and international based public companies
- Currently HR Leader at Hyster-Yale Group; previous positions include Senior Director at Galls, LLC, VP of HR at Verst Group Logistics, and HR Manager for Valvoline Corporate and Valvoline Instant Oil Change for Ashland, Inc.



L. Jack Staley

- 35 years of experience in the investment banking and financial services industries working on a global scale with banking regulators for international companies
- Currently serves as Chairman of the Board and Capital Acquisition Advisor at AlgiSys, LLC, independent consultant to the CEOs of ClearIt, an early-stage medical devices company, and Tolomeo Bank, as well as a board member at Tuft's Medical Center, and several additional public companies and charities



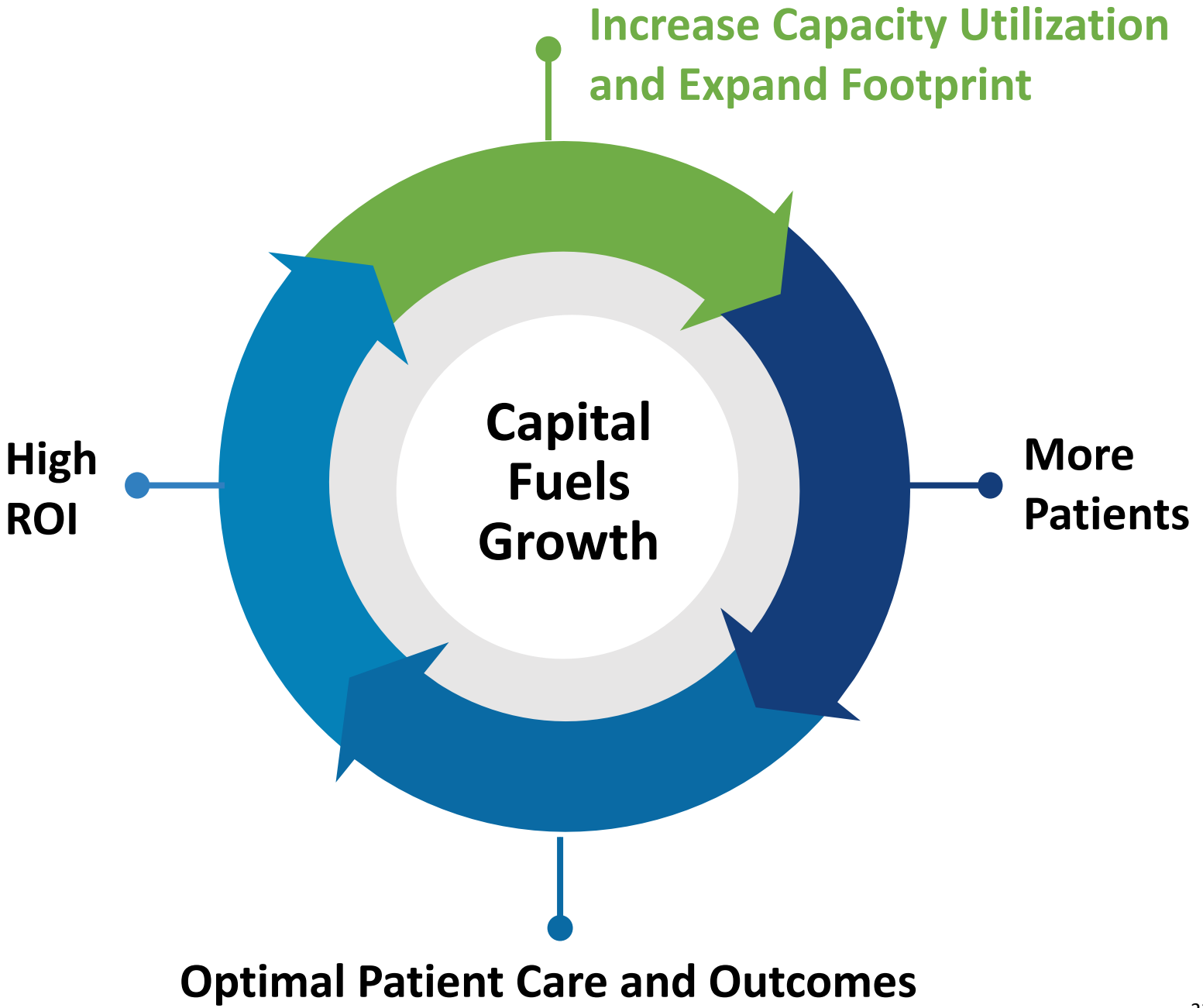
Gilliard B. Johnson III

- 47 years of experience as a lawyer advising on public financing, M&A transactions, tax-free reorganizations, and commercial and corporate litigation
- Currently serves as Managing Member and Owner of GBJ & Associate PLLC, advising Kentucky counties, cities, and not-for-profit organizations on public and private financing of public and economic development projects, and has previously worked for several firms in high-ranking roles such as managing member

SUMMARY

Cardiff Lexington's Flywheel Effect

Building an innovative economic model that profitably bridges the gap between underserved patients and healthcare providers



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Thank You

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Appendix

RECONCILIATION OF NON-GAAP MEASURES

	Year Ended	
Non-GAAP Adjusted EBITDA	**12/31/23**	**12/31/22**
Net income/(loss) before discontinued operations	$3,114,914	$(3,250,638)
Add:		
Interest	1,956,266	6,387,309
Taxes	-	-
Depreciation	20,777	23,132
Amortization	136,518	253,823
EBITDA[1]	5,228,475	3,413,626

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