CARDIFF LEXINGTON
CORPORATION
A PUBLIC HOLDING COMPANY

OTC: CDIX



INVESTOR PRESENTATION

June 2024

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DISCLAIMER (continued)

Free Writing Prospectus

We have filed a registration statement on Form S-1 (File No. 333-273324) (including a prospectus) with the SEC for the offering to which this communication relates. The registration statement has not become effective yet. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling at 1–(844)-628-2100.

Summary Risk Factors

- The report of our independent registered public accounting firm included a “going concern” explanatory paragraph.
- Our acquisition strategy exposes us to substantial risk.
- We may experience difficulty as we evaluate, acquire and integrate businesses that we may acquire, which could result in drains on our resources, including the attention of our management, and disruptions of our on-going business.
- We may not be able to effectively integrate the businesses that we acquire.
- Failure to manage our growing and changing business could have a material adverse effect on our business, prospects, financial condition, and results of operations.
- We face competition for businesses that fit our acquisition strategy and, therefore, we may have to acquire targets at sub-optimal prices or, alternatively, forego certain acquisition opportunities.
- We may not be able to successfully fund acquisitions due to the unavailability of equity or debt financing on acceptable terms, which could impede the implementation of our acquisition strategy.
- We may change our management and acquisition strategies without the consent of our stockholders, which may result in a determination by us to pursue riskier business activities.
- We are a holding company and rely on distributions and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.
- In the future, we may seek to enter into credit facilities to help fund our acquisition capital and working capital needs. These credit facilities may expose us to additional risks associated with leverage and may inhibit our operating flexibility.
- The loss of the services of the current officers and directors could severely impact our business operations and future development, which could result in a loss of revenues and one’s ability to ever sell any shares.
- Our future success is dependent on the management teams of our businesses, the loss of any of whom could materially adversely affect our financial condition, business and results of operations.
- We may engage in a business transaction with one or more target businesses that have relationships with our executive officers, our directors, or any of their respective affiliates, which may create or present conflicts of interest.
- The operational objectives and business plans of our businesses may conflict with our operational and business objectives or with the plans and objective of another business we own and operate.
- If, in the future, we cease to control and operate our businesses or other businesses that we acquire in the future or engage in certain other activities, we may be deemed to be an investment company under the Investment Company Act.
- We have identified material weaknesses in our internal control over financial reporting. If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results and prevent fraud. As a result, current and potential stockholders could lose confidence in our financial statements, which would harm the trading price of our common stock.
- Our ability to grow our business through organic expansion either by developing new facilities or by modifying existing facilities is dependent upon many factors.
- Changes to payment rates or methods of third-party payors, including government healthcare programs, changes to the laws and regulations that regulate payments for medical services, the failure of payment rates to increase as our costs increase, or changes to our payor mix, could adversely affect our operating margins and revenues.
- An increase in uninsured or underinsured patients or the deterioration in the collectability of the accounts of such patients could harm our results of operations.
- Failure to timely or accurately bill for services could have a negative impact on our net revenue, bad debt expense and cash flow.
- Our facilities face competition for patients from other healthcare providers.
- Our performance depends on our ability to recruit and retain quality physicians.
- Our performance depends on our ability to attract and retain qualified nurses and medical support staff and we face competition for staffing that may increase our labor costs and harm our results of operations.
- If we do not continually enhance our facilities with the most recent technological advances in diagnostic and surgical equipment, our ability to maintain and expand our markets will be adversely affected.
- If we fail to comply with extensive laws and government regulations, we could suffer civil or criminal penalties or be required to make significant changes to our operations that could reduce our revenue and profitability.
- We are subject to occupational health, safety and other similar regulations and failure to comply with such regulations could harm our business and results of operations.

Summary Risk Factors (continued)

- We may be required to spend substantial amounts to comply with statutes and regulations relating to privacy and security of protected health information.
- State efforts to regulate the construction or expansion of health care facilities could impair our ability to expand.
- A cyber security incident could cause a violation of HIPAA, breach of member privacy, or other negative impacts.
- We may fail to deal with clinical waste in accordance with applicable regulations or otherwise be in breach of relevant medical, health and safety or environmental laws and regulations.
- If any of our existing healthcare facilities lose their accreditation or any of our new facilities fail to receive accreditation, such facilities could become ineligible to receive reimbursement under Medicare or Medicaid.
- We could be subject to lawsuits which could harm the value of our business, including litigation for which we are not fully reserved.
- We are subject to demand fluctuations in the real estate industry. Any reduction in demand could adversely affect our business, results of operations, and financial condition.
- Adverse weather conditions, natural disasters, and other unforeseen and/or unplanned conditions could disrupt our real estate developments.
- If the market value of our real estate investments decreases, our results of operations will also likely decrease.
- Changes in tax laws, taxes or fees may increase the cost of development, and such changes could adversely impact our finances and operational results.
- The real estate industry is highly competitive and if other property developers are more successful or offer better value to customers, our business could suffer.
- We may incur environmental liabilities with respect to our real estate assets.
- Our co-venture partners or other partners in co-ownership arrangements could take actions that decrease the value of our real estate assets.
- Uninsured losses relating to real property or excessively expensive premiums for insurance coverage may adversely affect the value of your stock.
- We may not be able to satisfy Nasdaq's listing requirements or maintain a listing of our common stock on Nasdaq.
- The market price of our common stock may be highly volatile, and you could lose all or part of your investment.
- An active, liquid trading market for our common stock may not be sustained, which may cause our common stock to trade at a discount from the public offering price and make it difficult for you to sell the shares you purchase.
- Our officers and directors own a significant percentage of our outstanding voting securities which could reduce the ability of minority stockholders to effect certain corporate actions.
- We could become a "controlled company" under the rules of Nasdaq and as a result, we may choose to exempt our company from certain corporate governance requirements that could have an adverse effect on our public stockholders.
- Our management has broad discretion as to the use of the net proceeds from this offering.
- We have no current plans to pay cash dividends on our common stock for the foreseeable future, and you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.
- You will experience immediate and substantial dilution as a result of this offering.
- Rule 144 sales in the future may have a depressive effect on our share price.
- Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which could rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock.
- If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.
- If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.
- We are subject to ongoing public reporting requirements that are less rigorous than for larger, more established companies, which could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.
- Anti-takeover provisions in our charter documents and under Nevada law could make an acquisition of our company more difficult, and limit attempts by our stockholders to replace or remove our current management.

Offering Summary

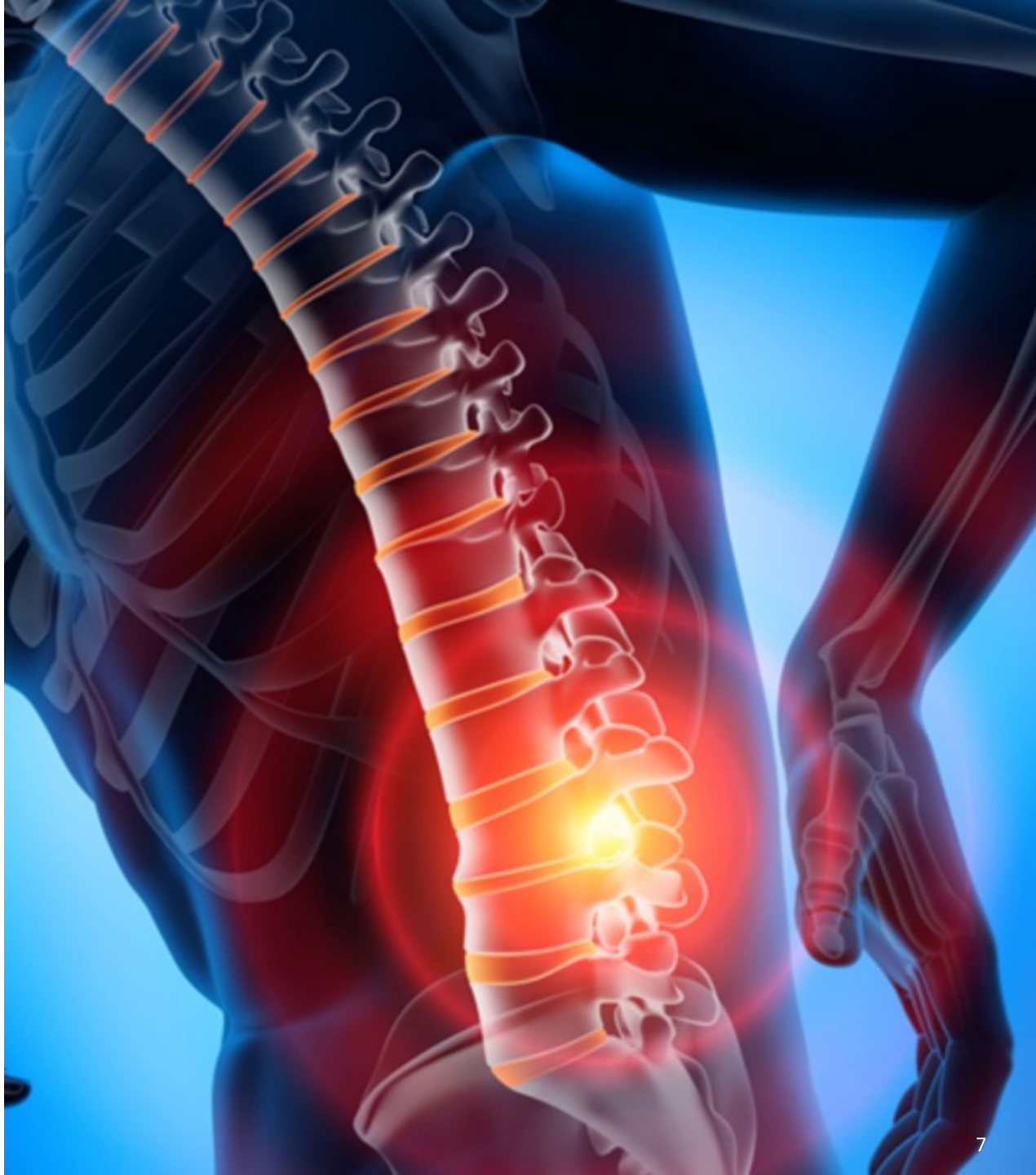
Issuer	Cardiff Lexington Corporation
Securities Offered	Common Stock
Proposed Offering Amount	$8,000,000 (excluding over-allotment option)
Price Range	$4.00 - $6.00
Proposed Exchange/Ticker	Nasdaq Capital Market: CDIX
Pre-Offering Common Stock Outstanding	39,484,061 (including approximately 26,092,594 shares to be issued upon the automatic conversion of preferred stock upon listing)
Use of Proceeds	Working capital and general corporate purposes
Lead Underwriters	Craft Capital Management LLC and R.F. Lafferty & Co., Inc.
Issuer's U.S. Legal Counsel	Bevilacqua PLLC
Underwriter's U.S. Legal Counsel	Brunson Chandler & Jones, PLLC
Auditor	Grassi & Co., CPAs, P.C.

CARDIFF LEXINGTON

A Fore-Runner in the Lien-Based Medical Industry

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.**



Ortho and Spine, LLC

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[2]:
  - 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**

$59B

Market Size in 2023[1]

3.3%

Estimated CAGR from 2022-2028[2]

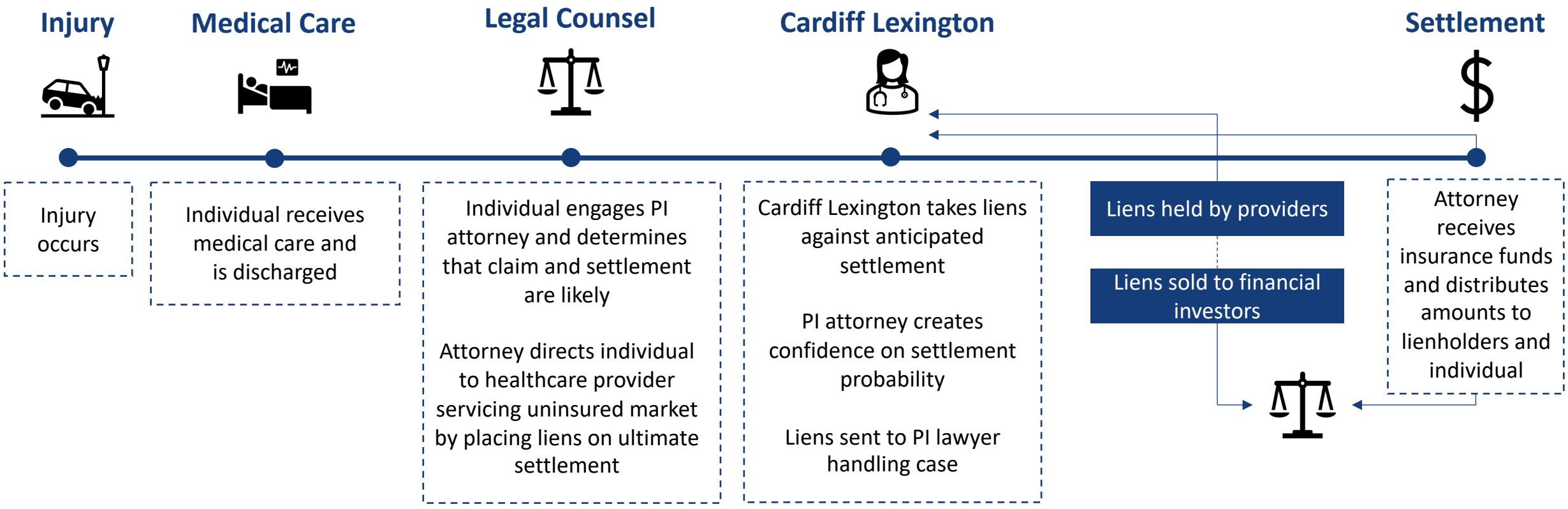
$49.5B

Estimated Market Size in 2028[2]

[1]OrthoWorld; *Orthopedic Market Size and Share*

[2]Stratview Research; *Orthopedic Market Size, Share, Trend, Forecast, Competitive Analysis, and Growth Opportunity; 2022-2028*

THE UNINSURED PERSONAL INJURY LANDSCAPE



Accident rates forecasted to increase 12.5% through 2028[1]; proportion of healthcare costs covered by settlement proceeds increased to ~65.5% in 2023[2]

[1]Statista; *Number of accidents and traffic-related injury rate in the U.S. per 1M people forecasted through 2028*
[2]Statista, Martindale-nolo, American Bar Association

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 **165-185 patients per month across 11 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

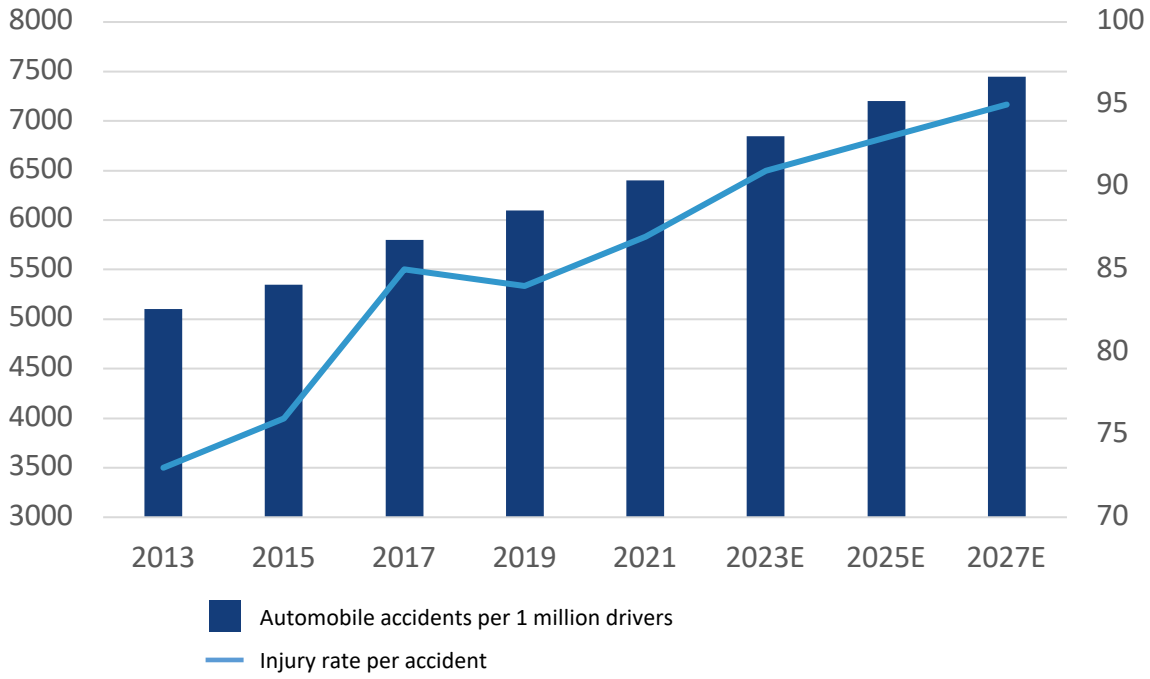
INVESTMENT HIGHLIGHTS

- **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

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[1]

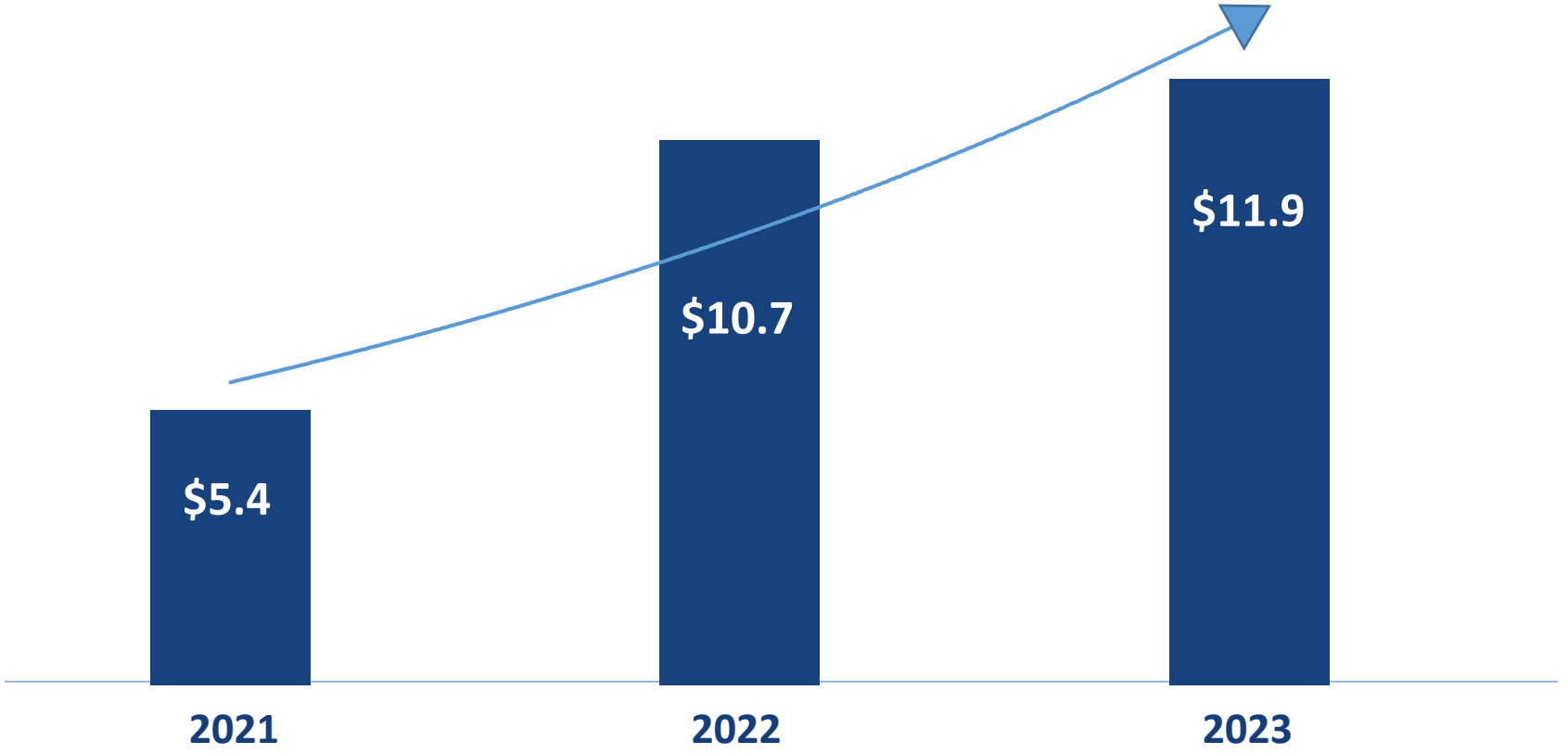


- Increasing interest by institutional capital is driving innovation and consolidation for the industry
- Regulatory landscape in many states
- Specialized and sophisticated providers are better suited to capture referral sources

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

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

(In Millions)



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%[1]

[1]Company data

NOVA ORTHO AND SPINE MILESTONES AND ACCOMPLISHMENTS

Proven track record of profitability and growth

2019

- Formation of Nova Ortho and Spine
- 3 Nova Ortho and Spine locations open at year end

2020

- Nova Ortho and Spine locations increase to 5 as Company expands into population centers throughout Florida

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 (unaudited)**

2022

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

2023

- **Revenues increase to $11.9M, a 11% increase YoY**
- Demand exceeding capability due to capital constraints
- 10 locations

2024

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

NOVA ORTHO AND SPINE AT A GLANCE, CONT.

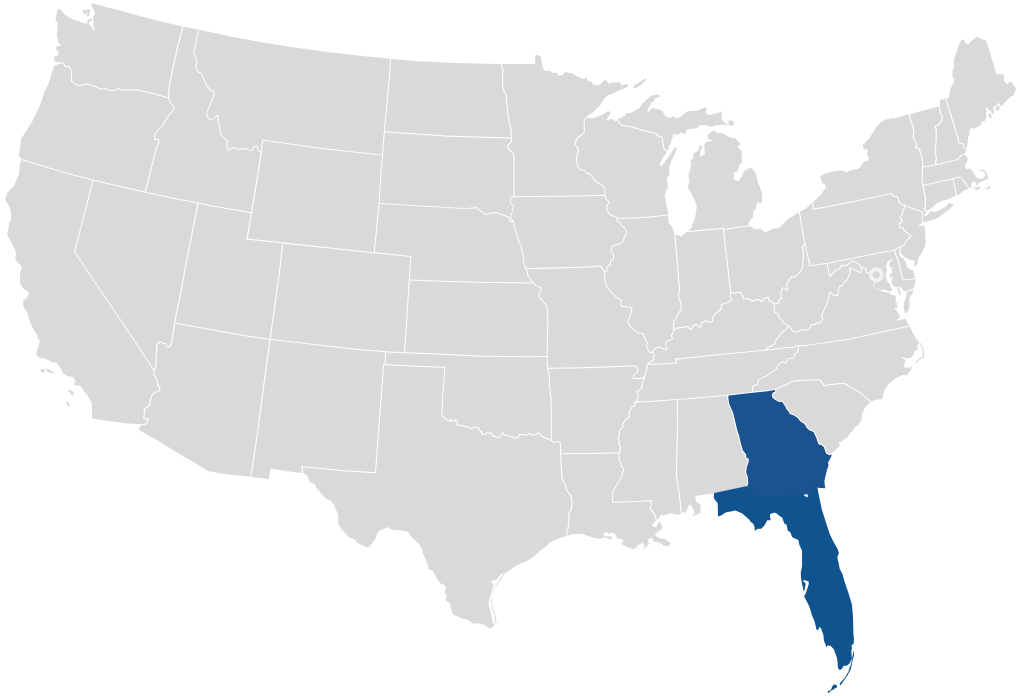
11 locations strategically positioned in population centers throughout Florida and Georgia

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[1]; Georgia location represents first step of expansion into broader southeast U.S.

[1]Law.com; *New Study Finds Florida Has the Most Personal Injury Cases Per Capita. Is New Bad Faith Law to Blame?*

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**

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 approximately $219,000
  - **Excluding non-cash scaling expenses** in 1Q24, **operating income would have been $615,000**, a 48% increase over 4Q23 operating income[1]
- FY23 **EBITDA of $5.2 million** represents **53% increase** over FY22[2]

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



CARDIFF LEXINGTON CORPORATION

[1]Non-cash scaling expenses are reconciled in the appendix of this presentation
[2]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 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

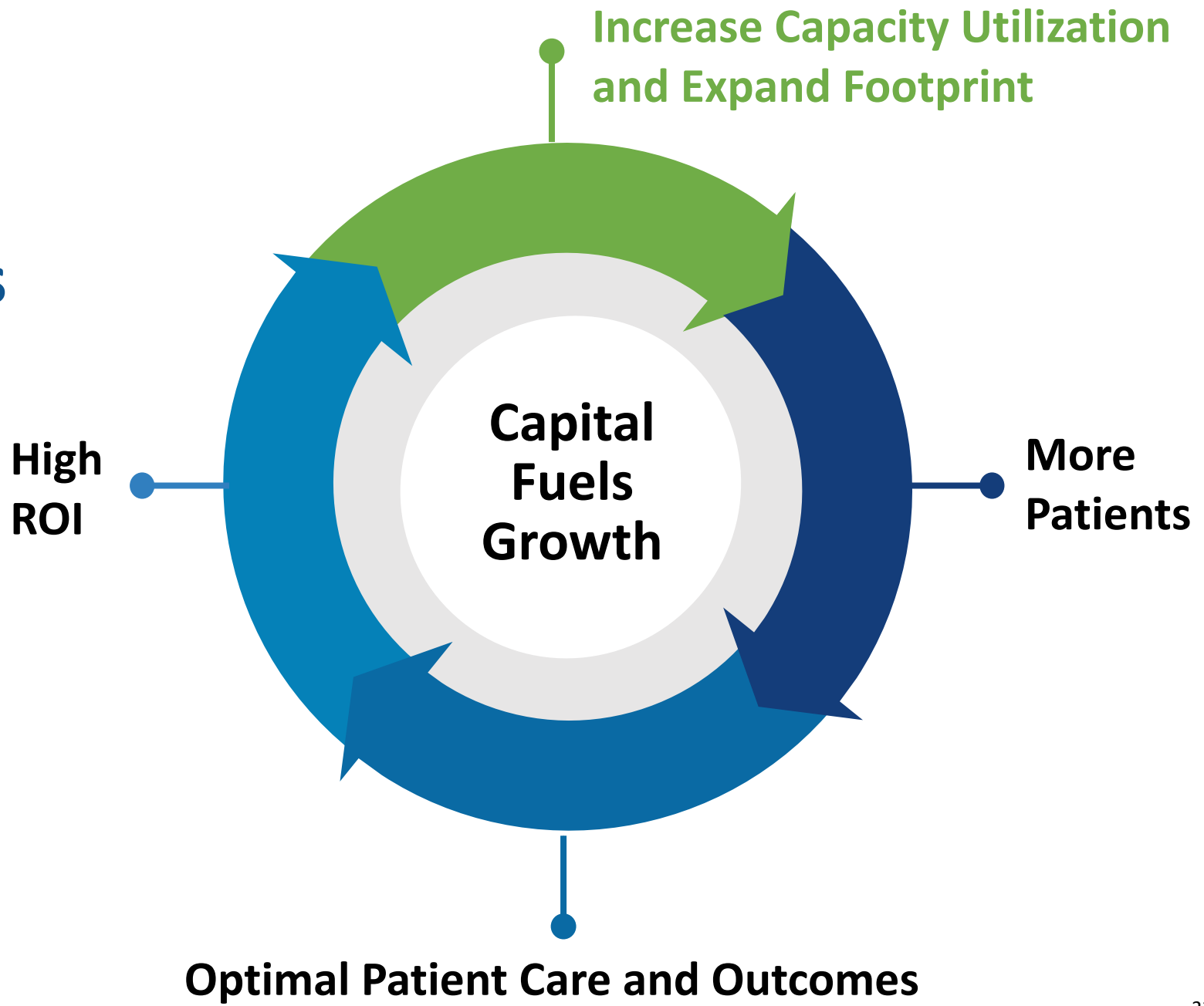
Expand into contiguous businesses via acquisition

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

SUMMARY

Cardiff Lexington's Flywheel Effect

Building an innovative economic high growth 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-CASH SCALING EXPENSES

	Quarter Ended
	3/31/24
Operating income	$219,000
Add:	
Board of directors' stock compensation	195,000
Board of directors’ meeting compensation	7,500
Management incentive stock compensation	93,600
Services firm stock expense	11,600
Legal expense	53,000
Auditor consent expense	35,000
	395,000
Operating expenses excluding non-cash scaling costs	$614,700

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.