

November 15, 2016



First Choice Healthcare Solutions Announces Third Quarter 2016 Results

MELBOURNE, FL -- (Marketwired) -- 11/15/16 -- [*First Choice Healthcare Solutions, Inc.*](#) (OTCQB: FCHS) ("FCHS," "First Choice" or the "Company"), one of the nation's only non-physician-owned, publicly traded healthcare services companies focused on the delivery of total musculoskeletal solutions with an emphasis on Orthopaedic and Spine care, today reported its financial results for the three and nine months ended September 30, 2016.

Financial Highlights for the Comparable Nine Month Reporting Periods in 2016 and 2015, respectively:

- Total revenues up 72% to \$22.56 million from \$13.12 million
- Non-GAAP adjusted EBITDA* increased to \$3.51 million from \$2.62 million
- Notwithstanding the one-time \$9.21 million gain from the sale of Marina Towers and other property and improvements, net income attributable to First Choice totaled \$1.05 million, or \$0.04 earnings per diluted share, compared to approximately \$165,200, or \$0.01 earnings per diluted share

Financial Highlights for the Comparable Three Month Reporting Periods in 2016 and 2015, respectively:

- Total revenues increased 22% to \$7.70 million, up from \$6.29 million
- Non-GAAP adjusted EBITDA* totaled \$1.45 million, compared to \$1.85 million
- Net income attributable to First Choice totaled approximately \$545,000, or \$0.02 earnings per diluted share, compared to approximately \$631,281, or \$0.03 earnings per diluted share

As of September 30, 2016, cash totaled \$6.59 million, accounts receivable were \$9.48 million and total stockholders' equity attributable to First Choice was \$13.41 million. This compared to cash of \$1.60 million, restricted cash of \$360,000, accounts receivable of \$6.62 million and total stockholders' equity attributable to First Choice of \$2.12 million as of the end of December 2015.

Chris Romandetti, President and Chief Executive Officer of First Choice, stated, "While we are very pleased with our success in perpetuating revenue growth year-over-year, we are particularly gratified that our strategies to strengthen operating margins on total revenues has also continued to be positively impactful. Moreover, recruitment of new best-in-class physicians to our Space Coast, Florida care delivery platform continues to advance very well. Expansion initiatives being implemented in our ancillary services channels are also moving forward, while our Medical Centers of Excellence continue to sustain and further strengthen our overall profitability. And, given First Choice's strong working capital position, we are well positioned to assess and pursue a broad range of non-dilutive options for capital

to finance even more dynamic growth in the future."

"All things considered, we are very pleased with our year-to-date progress. Looking ahead, we intend to persist in executing smart, purpose-driven business-building strategies that will allow us to achieve even more pronounced revenue and earnings growth in the coming year while notably enhancing sustainable long term value for our fellow shareholders," concluded Romandetti.

Public Conference Call & Webcast

First Choice's executive management team will host a conference this morning, beginning at 11:00 AM. Participants can register and access the conference call by dialing toll-free 866-682-6100. The conference call will also be webcasted, which can be accessed through First Choice's investor relations website by navigating to <http://ir.myfchs.com/> and clicking on "Third Quarter 2016 Conference Call and Webcast." Participants will be required to register to access the call. For those who cannot listen to the live broadcast, a replay will be available shortly after the call on the investor relations page of First Choice's website, found at <http://ir.myfchs.com/>.

***About Non-GAAP Financial Measures**

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use non-GAAP EBITDA, which is factored by adding back any non-cash or non-recurring gain or expense to the Net Income Attributable to First Choice. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use this non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that this non-GAAP financial measure provides meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of our recurring core business operating results. We believe that both management and investors benefit from referring to this non-GAAP financial measure in assessing our performance and when planning, forecasting, and analyzing future periods. This non-GAAP financial measure also facilitates management's internal comparisons to our historical performance and liquidity. We believe this non-GAAP financial measure is useful to investors both because they allow for greater transparency with respect to a key metric used by management in its financial and operational decision-making. For more information on this non-GAAP financial measure, please see the table captioned "Reconciliation of Non-GAAP Adjusted EBITDA Performance."

For additional details relating to First Choice's third quarter 2016 results, please refer to the Interim Report on Form 10-Q filed with the U.S. Securities and Exchange Commission and found at www.sec.gov.

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

September 30, 2016	December 31, 2015
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(unaudited)	

ASSETS

Current assets

Cash (amounts related to VIE of \$1,445,090 and \$1,556,303)	\$ 6,591,035	\$ 1,594,998
Cash-restricted	-	359,414
Accounts receivable, net (amounts related to VIE of \$5,558,273 and \$4,544,308)	9,477,069	6,623,894
Employee loans (amounts related to VIE of \$509,350 and \$636,293)	783,009	672,293
Prepaid and other current assets (amounts related to VIE of \$269,352 and \$183,465)	446,721	316,773
Capitalized financing costs, current portion (amounts related to VIE of \$-0- and \$1,317)	-	39,533
Total current assets	17,297,834	9,606,905

Property, plant and equipment, net of accumulated depreciation of \$1,065,517 and \$3,075,648 (amounts related to VIE of \$717,557 and \$773,808)	2,629,309	8,613,502
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Other assets

Goodwill (amount relating to VIE of \$899,465)	899,465	899,465
Deferred costs, net of amortization of \$457,079 and \$215,096	2,769,348	3,011,331
Patient list, net of accumulated amortization of \$90,000 and \$75,000	210,000	225,000
Patents, net of accumulated amortization of \$52,525 and \$38,200	233,975	248,300
Investments (amounts related to VIE of \$22,005 and \$16,914)	22,005	16,914
Deferred tax asset	181,029	-
Deposits	2,571	2,571
Total other assets	4,318,393	4,403,581

Total assets	\$ 24,245,536	\$ 22,623,988
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LIABILITIES AND EQUITY

Current liabilities

Accounts payable and accrued expenses (amounts related to VIE of \$1,751,197 and \$2,319,056)	\$ 2,827,742	\$ 3,937,244
Accounts payable, related party (amount related to VIE of \$251,588)	251,588	251,588
Stock-based payable	253,991	1,198,900
Advances	-	43,082
AMT tax payable	181,029	-
Settlement payable	-	600,000

Line of credit, short term (amount related to VIE of \$439,524 and \$416,888)	2,939,524	2,566,888
Note payable, related party, current portion (amount related to VIE of \$-0- and \$428,645)	-	428,645
Notes payable, current portion (amount related to VIE of \$1,021 and \$10,341)	517,666	7,652,941
Unearned revenue	43,650	42,704
Deferred rent, short term portion (amount related to VIE of \$237,620 and \$118,810)	237,620	118,810
Total current liabilities	<u>7,252,810</u>	<u>16,840,802</u>
Long term debt:		
Deposits held	41,930	67,432
Notes payable, long term portion	143,856	535,822
Deferred rent, long term portion (amount related to VIE of \$2,200,603 and \$2,141,199)	2,253,060	2,141,199
Total long term debt	<u>2,438,846</u>	<u>2,744,453</u>
Total liabilities	<u>9,691,656</u>	<u>19,585,255</u>
Equity		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized, Nil issued and outstanding	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized, 24,238,613 and 22,867,626 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	24,239	22,868
Common stock subscription	-	175,000
Additional paid-in capital	22,393,921	21,196,792
Accumulated deficit	(9,009,899)	(19,274,917)
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	13,408,261	2,119,743
Non-controlling interest (note 14)	1,145,619	918,990
Total equity	<u>14,553,880</u>	<u>3,038,733</u>
Total liabilities and equity	<u>\$ 24,245,536</u>	<u>\$ 22,623,988</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues:				
Patient Service Revenue	\$ 7,403,084	\$ 5,775,986	\$ 21,571,205	\$ 11,871,574

Provision for bad debts	<u>(319,319)</u>	<u>-</u>	<u>(849,037)</u>	<u>(51,485)</u>
Net patient service revenue less provision for bad debts	7,083,765	5,775,986	20,722,168	11,820,089
Rental Revenue	<u>585,978</u>	<u>516,136</u>	<u>1,842,428</u>	<u>1,301,515</u>
Total Revenue	<u>7,669,743</u>	<u>6,292,122</u>	<u>22,564,596</u>	<u>13,121,604</u>
Operating expenses:				
Salaries and benefits	3,158,172	2,240,109	9,077,783	5,311,710
Other operating expenses	1,405,489	670,923	4,166,139	1,685,830
General and administrative	2,404,996	2,234,647	7,346,614	4,437,801
Depreciation and amortization	<u>195,821</u>	<u>273,263</u>	<u>631,571</u>	<u>558,189</u>
Total operating expenses	<u>7,164,478</u>	<u>5,418,942</u>	<u>21,222,107</u>	<u>11,993,530</u>
Net income from operations	505,265	873,180	1,342,489	1,128,074
Other income (expense):				
Gain on sale of property and improvements	-	-	9,212,346	-
Miscellaneous income (expense)	135,544	(18,400)	241,213	22,719
Amortization financing costs	-	(20,592)	(15,654)	(60,507)
Interest expense, net	<u>(56,560)</u>	<u>(202,907)</u>	<u>(288,748)</u>	<u>(925,045)</u>
Total other expense	<u>78,984</u>	<u>(241,899)</u>	<u>9,149,157</u>	<u>(962,833)</u>
Net income before provision for income taxes	584,249	631,281	10,491,646	165,241
Income taxes (benefit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	584,249	631,281	10,491,646	165,241
Non-controlling interest	<u>(39,309)</u>	<u>-</u>	<u>(226,628)</u>	<u>-</u>
NET INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ 544,940</u>	<u>\$ 631,281</u>	<u>\$ 10,265,018</u>	<u>\$ 165,241</u>
Net income per common share, basic	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.44</u>	<u>\$ 0.01</u>

Net income per common share, diluted	\$ <u>0.02</u>	\$ <u>0.03</u>	\$ <u>0.39</u>	\$ <u>0.01</u>
Weighted average number of common shares outstanding, basic	<u>24,238,613</u>	<u>20,958,877</u>	<u>23,664,723</u>	<u>19,249,783</u>
Weighted average number of common shares outstanding, diluted	<u>27,751,946</u>	<u>22,992,211</u>	<u>26,998,057</u>	<u>21,583,117</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 10,491,646	\$ 165,241
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation and amortization	631,571	558,189
Amortization of financing costs	15,654	60,507
Bad debt expense	849,037	51,485
Gain on sale of property	(9,212,346)	-
Common stock issued in connection with loan extension	-	227,000
Note payable issued in settlement of litigation	-	50,749
Stock-based compensation	668,591	859,991
Changes in operating assets and liabilities:		
Accounts receivable	(3,702,212)	(1,678,545)
Prepaid expenses and other	(129,948)	203,699
Restricted funds	359,414	(77,378)
Employee loans	(110,716)	(19,728)
Accounts payable and accrued expenses	(1,718,516)	140,254
Settlement payable	(600,000)	-
Deposits	(25,502)	(5,469)
Deferred rent	230,671	39,603
Unearned income	946	3,941
Net cash (used in) provided by operating activities	<u>(2,251,710)</u>	<u>579,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		

Cash from variable interest entity	-	679,673
Proceeds from sale of property	15,113,497	-
Payment of acquisition deposit	-	(141,352)
Purchase of equipment	(239,418)	(92,609)
Net cash provided by investing activities	14,874,079	445,712
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) proceeds from advances	(43,082)	431,406
Payments on lines of credit	372,636	(331,162)
Net payments on notes payable	(7,955,886)	(653,023)
Net cash used in financing activities	(7,626,332)	(552,779)
Net increase in cash and cash equivalents	4,996,037	472,472
Cash and cash equivalents, beginning of period	1,594,998	279,087
Cash and cash equivalents, end of period	<u>\$ 6,591,035</u>	<u>\$ 751,559</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 288,748</u>	<u>\$ 925,045</u>
Cash paid during the period for taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental Disclosure on non-cash investing and financing activities:		
Common stock issued in settlement of accrued expenses	<u>\$ 481,900</u>	<u>\$ 15,000</u>
Common stock issued for future services	<u>\$ -</u>	<u>\$ 1,153,777</u>
Common stock issued in settlement of related party advances	<u>\$ -</u>	<u>\$ 655,407</u>
Common stock issued in settlement of convertible note and interest	<u>\$ -</u>	<u>\$ 2,236,907</u>
Fair value of options issued to acquire management control of variable interest entity	<u>\$ -</u>	<u>\$ 3,226,427</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net Income Attributable to FCHS	\$ 544,940	\$ 631,281	\$ 10,265,018	\$ 165,241
Gain on sale of property and improvements	-	-	(9,212,346)	-

Depreciation and amortization	195,822	273,263	631,571	558,189
Amortization of financing costs	-	20,592	15,654	60,507
Bad debt expense	319,319	-	849,037	51,485
Stock-based compensation	322,158	720,241	720,174	859,991
Interest expense, net	56,560	202,907	288,748	925,045
Adjusted EBITDA	\$ 1,438,799	\$ 1,848,284	\$ 3,557,856	\$ 2,620,458

About First Choice Healthcare Solutions, Inc.

Headquartered in Melbourne, Florida, First Choice Healthcare Solutions (FCHS) is implementing a defined growth strategy aimed at expanding its network of non-physician-owned medical centers of excellence, which concentrate on treating patients in the following specialties: Orthopaedics, Spine Surgery, Neurology, Interventional Pain Management and related diagnostic and ancillary services in key expansion markets throughout the Southeastern U.S. Serving Florida's Space Coast, the Company's flagship integrated platform currently administers over 100,000 patient visits each year and is comprised of First Choice Medical Group, The B.A.C.K. Center and Crane Creek Surgery Center. For more information, please visit www.myfchs.com, www.myfcmg.com, www.thebackcenter.net and www.cranecreeksurgerycenter.com.

Safe Harbor Statement

Certain information set forth in this news announcement may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of First Choice Healthcare Solutions, Inc. Such forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management beliefs and certain assumptions made by its management. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Information concerning factors that could cause the Company's actual results to differ materially from those contained in these forward-looking statements can be found in the Company's periodic reports on Form 10-K and Form 10-Q, and in its Current Reports on Form 8-K, filed with the Securities and Exchange Commission. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise to reflect future events or circumstances or reflect the occurrence of unanticipated events.

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