

April 3, 2017



First Choice Healthcare Solutions Reports 2016 Year-End Results

Management to Host Conference Call and Webcast Today at 1:30 PM ET to Discuss Results

MELBOURNE, FL -- (Marketwired) -- 04/03/17 -- [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 Orthopaedics and Spine care, today announced its 2016 financial results for the 12 months ended December 31, 2016.

Key 2016 Financial Highlights Compared to 2015

- Total revenues increased 51% to \$29,464,082 from \$19,517,664.
- Net patient service revenue rose 52% to \$27,053,190 from \$17,770,697.
- Non-GAAP adjusted EBITDA*, after deducting non-cash and one-time cash gains and expenses, increased 90% to \$3,348,658 from \$1,727,693.
- Non-GAAP adjusted EBITDA* as a percentage of net patient service revenues improved to 14% from 10% after deducting non-controlling revenues contributed by Crane Creek Surgery Center of \$3,046,034 in 2016 and \$674,878 in 2015.
- Net income attributable to First Choice totaled \$9,174,383, or \$0.38 earnings per share, compared to a net loss of \$3,421,841, or \$0.17 loss per share.
- As of December 31, 2016, cash on the balance sheet totaled \$4,593,638 and accounts receivable totaled \$9,536,830. This compared to cash of \$1,594,998, restricted cash of \$359,414 and accounts receivable of \$6,623,894 as of the end of 2015.

Chris Romandetti, President and CEO of First Choice, stated, "We are pleased with our Company's strong year-over-year results and take pride in the fact that our business model continues to prove that our approach to managing the business of healthcare is delivering results. We were particularly pleased with the improvement in our non-GAAP adjusted EBITDA results, which nearly doubled. When evaluating our overall performance, it is important to note that our net patient service revenues were impacted by the recently announced temporary loss of Dr. Richard Harrison, one of First Choice Medical Group's Board Certified Orthopaedic surgeons and a decorated colonel in the United States Army Reserves Medical Corps, who was deployed this past October through the end of January in Iraq as a key trauma surgeon for a joint U.S. Military and Coalition Task Force fighting the war on terror. Nonetheless, 2016 was a year in which all of our providers distinguished themselves as world class physicians and medical specialists, helping to establish First Choice through our Medical Centers of Excellence in Melbourne, Florida as the largest provider of Orthopaedic and Spine care and treatment on Florida's high growth Space Coast."

Continuing, Romandetti said, "Looking ahead, we are reiterating our 2017 guidance of \$40-\$45 million in revenues and adjusted EBITDA of 15%-20% of revenues. We have been experiencing continued growth in our ancillary service areas, particularly in our Physical and Occupational Therapy unit, which is on pace to open four new centers serving Brevard and surrounding counties in Florida this year. Moreover, earlier this year, we were delighted to welcome another top-rated Spine surgeon to The B.A.C.K. Center, Dr. James Billys. With additional providers expected to be joining the First Choice family in the coming months and given several other expansion initiatives being actively pursued, the future has never looked brighter for our Company."

Details for Conference Call and Webcast

First Choice's management team will host a conference call and webcast for the investment community later today beginning at 1:30 PM Eastern Time to discuss the results and recent corporate developments. Participants can register and access the conference call by dialing toll-free 866-682-6100 (for U.S. and Canada dial-in) or 862-255-5401 (for international dial-in). The conference call will also be webcasted, which will be accessible through First Choice's investor relations website on Monday morning by navigating to <http://ir.myfchs.com> and clicking on "**2016 Year-End 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>.

**** Non-GAAP Financial Measures***

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use non-GAAP EBITDA. 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 2016 year-end results, please refer to the Annual Report on the amended Form 10-K filed earlier today with the U.S. Securities and Exchange Commission and found at www.sec.gov.

FINANCIAL CHARTS TO FOLLOW

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash (amounts related to VIE of \$708,858 and \$1,556,303)	\$ 4,593,638	\$ 1,594,998
Cash-restricted	-	359,414
Accounts receivable, net (amounts related to VIE of \$6,010,961 and \$4,544,308)	9,536,830	6,623,894
Employee loans (amounts related to VIE of \$491,850 and \$636,293)	820,341	672,293
Prepaid and other current assets (amounts related to VIE of \$329,427 and \$183,465)	422,512	316,773
Capitalized financing costs, current portion (amounts related to VIE of \$-0- and \$1,317)	-	39,533
Total current assets	<u>15,373,321</u>	<u>9,606,905</u>
Property, plant and equipment, net of accumulated depreciation of \$1,165,219 and \$3,075,648 (amounts related to VIE of \$693,629 and \$773,808)	<u>2,544,816</u>	<u>8,613,502</u>
Other assets (amounts related to VIE of \$921,470 and \$916,379)	<u>4,227,957</u>	<u>4,403,581</u>
Total assets	<u>\$ 22,146,094</u>	<u>\$ 22,623,988</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses (amounts related to VIE of \$1,366,143 and \$2,319,056)	\$ 2,083,231	\$ 3,937,244
Accounts payable, related party (amount related to VIE of \$251,588)	251,588	251,588
Stock-based payable	-	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)	1,539,524	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 \$-0- and \$10,341)	519,452	7,652,941
Unearned revenue	26,936	42,704

Deferred rent, short term portion (amount related to VIE of \$237,923)	237,923	118,810
Total current liabilities	<u>4,839,683</u>	<u>16,840,802</u>
Commitments and contingencies	-	-
Long term debt:		
Deposits held	41,930	67,432
Notes payable, long term portion	14,531	535,822
Deferred rent, long term portion (amount related to VIE of \$2,214,909 and \$2,141,199)	2,293,594	2,141,199
Total long term debt	<u>2,350,055</u>	<u>2,744,453</u>
Total liabilities	<u>7,189,738</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, 24,631,327 and 22,867,626 shares issued and outstanding as of December 31, 2016 and 2015, respectively	24,631	22,868
Common stock subscription	-	175,000
Additional paid in capital	24,020,610	21,196,792
Accumulated deficit	<u>(10,100,534)</u>	<u>(19,274,917)</u>
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	13,944,707	2,119,743
Non-controlling interest	<u>1,011,649</u>	<u>918,990</u>
Total equity	<u>14,956,356</u>	<u>3,038,733</u>
Total liabilities and equity	<u>\$ 22,146,094</u>	<u>\$ 22,623,988</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2016	2015
Revenues:		
Patient Service Revenue	\$ 27,978,106	\$ 18,425,506
Provision for bad debts	<u>(924,916)</u>	<u>(654,809)</u>
Net patient service revenue less provision for bad debts	27,053,190	17,770,697
Rental Revenue	<u>2,410,892</u>	<u>1,746,967</u>
Total Revenue	29,464,082	19,517,664
Operating expenses:		
Salaries and benefits	12,570,398	9,337,740
Other operating expenses	5,912,655	2,099,568

General and administrative	10,019,667	7,144,538
Litigation settlement	-	2,017,208
Depreciation and amortization	821,709	852,985
Total operating expenses	<u>29,324,429</u>	<u>21,452,039</u>
Net income (loss) from operations	139,653	(1,934,375)
Other income (expense):		
Gain on sale of property and improvements	9,207,846	-
Miscellaneous income (expense)	278,358	27,023
Amortization financing costs	(15,654)	(75,833)
Interest expense, net	(343,161)	(1,220,980)
Total other income (expense)	<u>9,127,389</u>	<u>(1,269,790)</u>
Net income (loss) before provision for income taxes	9,267,042	(3,204,165)
Income taxes (benefit)	-	-
Net income (loss)	9,267,042	(3,204,165)
Non-controlling interest (note 15)	(92,659)	(217,676)
NET INCOME (LOSS) ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ 9,174,383</u>	<u>\$ (3,421,841)</u>
Net income (loss) per common share, basic	<u>\$ 0.38</u>	<u>\$ (0.17)</u>
Net income (loss) per common share, diluted	<u>\$ 0.36</u>	<u>\$ (0.17)</u>
Weighted average number of common shares outstanding, basic	<u>23,843,239</u>	<u>20,117,582</u>
Weighted average number of common shares outstanding, diluted	<u>25,309,905</u>	<u>20,117,582</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	\$ 9,267,042	\$ 3,204,165)
Adjustments to reconcile net income (loss) to cash (used in) provided by operating activities:		
Depreciation and amortization	821,709	852,985
Amortization of financing costs	15,654	75,833
Bad debt expense	924,916	654,809
Gain (loss) on sale of property	(9,212,346)	1,908
Common stock issued in connection with loan extension	-	227,000
Common stock issued in settlement of litigation	-	500,250
Note payable issued in settlement of litigation	-	50,749

Stock-based compensation	1,276,681	2,344,927
Changes in operating assets and liabilities:		
Accounts receivable	(3,837,852)	(2,587,420)
Prepaid expenses and other	(105,739)	149,101
Restricted funds	359,414	(41,155)
Employee loans	(148,048)	(198,661)
Accounts payable and accrued expenses	(2,498,028)	922,295
Settlement payable	(600,000)	600,000
Deposits	(25,502)	(5,469)
Deferred rent	271,508	137,002
Unearned income	(15,768)	3,941
Net cash (used in) provided by operating activities	(3,506,359)	483,930
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash from variable interest entity	-	843,996
Proceeds from sale of property	15,113,497	11,241
Payment of acquisition deposit	-	(560,000)
Purchase of equipment	(254,627)	(206,325)
Net cash provided by investing activities	14,858,870	88,912
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) proceeds from advances	(43,082)	474,488
Proceeds from notes payable, related party	-	420,000
Proceeds from common stock subscription	-	175,000
Payments on lines of credit	372,636	447,562
Payment to acquire previously issued warrants	(600,000)	-
Net payments on notes payable	(8,083,425)	(773,981)
Net cash (used in) provided by financing activities	(8,353,871)	743,069
Net increase in cash and cash equivalents	2,998,640	1,315,911
Cash and cash equivalents, beginning of period	1,594,998	279,087
Cash and cash equivalents, end of period	<u>\$ 4,593,638</u>	<u>\$ 1,594,998</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 339,722</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>\$ 1,290,900</u>	<u>\$ 15,000</u>
Common stock issuable in settlement of convertible line of credit	<u>\$ 1,400,000</u>	<u>\$ -</u>

Common stock issued to acquire previously issued warrant	\$ 80,400	\$ -
Common stock issued for future services	\$ -	\$ 1,153,777
Common stock issued in settlement of related party advances	\$ -	\$ 655,407
Common stock issued in settlement of convertible note and interest	\$ -	\$ 2,236,907
Fair value of options issued to acquire management control of variable interest entity	\$ -	\$ 3,226,427
Assets acquired from consolidation of variable interest entities	\$ -	\$ 5,294,412
Liability incurred from consolidation of variable interest entities	\$ -	\$ 5,294,680

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

	<i>For the 12 Months Ended December 31,</i>	
	<u>2016</u>	<u>2015</u>
Net income (loss) attributable to First Choice Healthcare Solutions	\$ 9,174,383	\$ (3,421,841)
Amortization	15,654	75,833
Bad Debt	924,916	654,809
Depreciation	821,709	852,985
Interest	343,161	1,220,980
Taxes	-	-
Stock-based compensation	1,276,681	2,344,927
Gain on sale of property and equipment	(9,207,846)	-
Adjusted EBITDA	\$ 3,348,658	\$ 1,727,693
Net Patient Service Revenue Less 60% non-controlling revenue (\$3,046,034 and \$674,878, respectively)	\$ 24,007,156	\$ 17,095,819
Adjusted EBITDA as a % of Net Patient Service Revenue Less 60% non-controlling revenue)	14 %	10 %

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.

INVESTOR CONTACT:

First Choice Healthcare Solutions, Inc.

Phone: 321-802-5830

Email: IR@myfchs.com

Source: First Choice Healthcare Solutions, Inc.