

May 16, 2017



# First Choice Healthcare Solutions Reports First Quarter 2017 Results

## Management to Host Conference Call and Webcast Today at 11 AM EST to Discuss Results

MELBOURNE, FL -- (Marketwired) -- 05/16/17 -- [First Choice Healthcare Solutions, Inc.](http://www.firstchoicemedical.com) (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 financial results for the three months ended March 31, 2017.

### **Financial and operational highlights for the comparable three months ended March 31, 2017 and 2016, respectively:**

- Total revenues increased 7% to a record \$7,720,353 from \$7,241,753
- Record net patient service revenue rose 8% to \$7,141,990 from \$6,615,141
- Non-GAAP adjusted EBITDA\*, totaled \$752,401 compared to \$963,359 for the same period in 2016 after deducting certain non-cash and one-time cash gains and expenses and net of the impact from sale of Marina Towers property
- Workforce increased from 116 to 166 year-over-year as we expanded our operational footprint
- Net income attributable to First Choice totaled \$202,519, or \$0.01 per share, compared to \$9,566,941, or \$0.42 per share (2016 reflects a gain on the sale of Marina Towers property of \$9,188,968)
- As of March 31, 2017, cash and cash equivalents totaled \$3,901,489 compared to \$4,593,638 at December 31, 2016

"We were very pleased with our operational execution during the quarter as we continue laying the foundation that will drive shareholder value creation going forward. While our financial results during the quarter were impacted on a comparative basis by the sale of property and start-up related expenses, key metrics central to our success, such as Average Patient Value (APV), continue to trend higher," stated Chris Romandetti, President and CEO of First Choice. "We continue to build out our service platform aggressively, opening two new physical therapy locations this month with two additional sites coming online later this year. Our recently opened locations are now maturing their patient schedules and quickly

booking out, validating the strong customer demand we had anticipated and highlighting the potential of this business model."

**Details for Conference Call and Webcast**

First Choice's management team will host a conference call and webcast for the investment community beginning at 11:00 AM Eastern Time on Tuesday, May 16th 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 can be accessed through First Choice's investor relations website by navigating to <http://ir.myfchs.com/> and clicking on "**First Quarter 2017 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 condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use non-GAAP Adjusted EBITDA. In this press release, we provide Adjusted EBITDA, a non-GAAP financial measure that represents our net income (loss) adjusted to exclude: interest, net; provision (benefit) for income taxes; depreciation and amortization; stock-based compensation expense; and gain on sale of a property and improvements. 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 1<sup>st</sup> quarter results, please refer to the Quarterly Report Form 10-Q filed yesterday with the U.S. Securities and Exchange Commission and found at [www.sec.gov](http://www.sec.gov).

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

|        | March 31,<br>2017 | December 31,<br>2016 |
|--------|-------------------|----------------------|
|        | <hr/>             | <hr/>                |
|        | (unaudited)       |                      |
| ASSETS |                   |                      |

Current assets:

|   |               |               |
|---|---------------|---------------|
| Cash and cash equivalents (amounts related to VIE of \$908,141 and \$708,858)   | \$ 3,901,489  | \$ 4,593,638  |
| Accounts receivable, net (amounts related to VIE of \$6,112,966 and \$6,010,961)  | 10,390,140    | 9,536,830     |
| Employee loans (amounts related to VIE of \$491,550 and \$491,850)  | 953,132       | 820,341       |
| Prepaid and other current assets (amounts related to VIE of \$392,961 and \$329,427)  | 651,770       | 422,512       |
| Total current assets  | 15,896,531    | 15,373,321    |
| Property, plant and equipment, net of accumulated depreciation of \$1,264,271 and \$1,165,219 (amounts related to VIE of \$678,018 and \$693,629) | 2,619,493     | 2,544,816     |
| Other assets (amounts related to VIE of \$921,470)  | 4,137,521     | 4,227,957     |
| Total assets  | \$ 22,653,545 | \$ 22,146,094 |

LIABILITIES AND EQUITY

Current liabilities:

|   |              |              |
|---|--------------|--------------|
| Accounts payable and accrued expenses (amounts related to VIE of \$1,638,148 and \$1,366,143) | \$ 2,437,080 | \$ 2,083,231 |
| Accounts payable, related party (amount related to VIE of \$251,588)                          | 251,588      | 251,588      |
| AMT tax payable   | 181,029      | 181,029      |
| Line of credit, short term (amount related to VIE of \$439,524)                               | 1,539,524    | 1,539,524    |
| Notes payable, current portion  | 402,372      | 519,452      |
| Unearned revenue  | 43,854       | 26,936       |
| Deferred rent, short term portion (amount related to VIE of \$237,923)                        | 237,923      | 237,923      |
| Total current liabilities   | 5,093,370    | 4,839,683    |

Long term debt:

|   |           |           |
|---|-----------|-----------|
| Deposits held   | 41,930    | 41,930    |
| Notes payable, long term portion  | 23,599    | 14,531    |
| Deferred rent, long term portion (amount related to VIE of \$2,240,552 and \$2,214,909) | 2,345,465 | 2,293,594 |
| Total long term debt  | 2,410,994 | 2,350,055 |
| Total liabilities   | 7,504,364 | 7,189,738 |

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, 26,803,994 and 24,631,327 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively | 26,804               | 24,631               |
| Additional paid in capital   | 24,081,761           | 24,020,610           |
| Accumulated deficit  | <u>(9,898,015)</u>   | <u>(10,100,534)</u>  |
| Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.   | 14,210,550           | 13,944,707           |
| Non-controlling interest (note 10)   | <u>938,631</u>       | <u>1,011,649</u>     |
| Total equity   | <u>15,149,181</u>    | <u>14,956,356</u>    |
| Total liabilities and equity   | <u>\$ 22,653,545</u> | <u>\$ 22,146,094</u> |

***FIRST CHOICE HEALTHCARE SOLUTIONS, INC.***  
***CONDENSED CONSOLIDATED STATEMENTS OF INCOME***  
***(unaudited)***

|  | For the Three months ended March 31, |                  |
|--|--------------------------------------|------------------|
|  | 2017                                 | 2016             |
| Revenues:  |                                      |                  |
| Patient service revenue                                  | \$ 7,406,986                         | \$ 6,877,665     |
| Allowance for bad debts                                  | <u>(264,996)</u>                     | <u>(262,524)</u> |
| Net patient service revenue less allowance for bad debts | 7,141,990                            | 6,615,141        |
| Rental revenue   | <u>578,363</u>                       | <u>626,612</u>   |
| Total revenue  | <u>7,720,353</u>                     | <u>7,241,753</u> |
| Operating expenses:                                      |                                      |                  |
| Salaries and benefits                                    | 3,354,376                            | 2,780,569        |
| Other operating expenses                                 | 2,529,183                            | 2,045,575        |
| General and administrative                               | 1,535,833                            | 1,547,576        |
| Depreciation and amortization                            | <u>189,488</u>                       | <u>298,950</u>   |
| Total operating expenses                                 | <u>7,608,880</u>                     | <u>6,672,670</u> |
| Net income from operations                               | <u>111,473</u>                       | <u>569,083</u>   |
| Other income (expense):                                  |                                      |                  |
| Gain on sale of property and improvements                | -                                    | 9,188,968        |
| Miscellaneous income (expense)                           | 50,102                               | 58,857           |

|   |                   |                     |
|---|-------------------|---------------------|
| Amortization financing costs  | -                 | (15,325 )           |
| Interest expense  | <u>(32,074 )</u>  | <u>(181,135 )</u>   |
| Total other income  | <u>18,028</u>     | <u>9,051,365</u>    |
| Net income before provision for income taxes                          | 129,501           | 9,620,448           |
| Income taxes (benefit)  | <u>-</u>          | <u>-</u>            |
| Net income  | 129,501           | 9,620,448           |
| Non-controlling interest  | <u>73,018</u>     | <u>(53,507 )</u>    |
| NET INCOME ATTRIBUTABLE TO FIRST CHOICE<br>HEALTHCARE SOLUTIONS, INC. | <u>\$ 202,519</u> | <u>\$ 9,566,941</u> |
| Net income per common share, basic                                    | <u>\$ 0.01</u>    | <u>\$ 0.42</u>      |
| Net income per common share, diluted                                  | <u>\$ 0.01</u>    | <u>\$ 0.37</u>      |
| Weighted average number of common shares<br>outstanding, basic        | <u>26,252,505</u> | <u>22,886,307</u>   |
| Weighted average number of common shares<br>outstanding, diluted      | <u>27,052,505</u> | <u>25,552,974</u>   |

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

|  | For the Three months ended March<br>31, |              |
|--|---|--------------|
|  | <u>2017</u>                             | <u>2016</u>  |
| CASH FLOWS FROM OPERATING ACTIVITIES:  |   |              |
| Net Income   | \$ 129,501                              | \$ 9,620,448 |
| Adjustments to reconcile net income to cash (used<br>in) provided by operating activities: |   |              |
| Depreciation and amortization  | 189,488                                 | 298,950      |
| Amortization of financing costs  | -                                       | 15,325       |
| Bad debt expense   | 264,996                                 | 262,524      |
| Gain on sale of property   | -                                       | (9,188,968 ) |
| Common stock issued in connection with loan<br>extension                                   | -                                       | 92,000       |
| Stock based compensation   | 63,324                                  | 81,300       |
| Changes in operating assets and liabilities:   |   |              |
| Accounts receivable  | (1,118,306 )                            | (1,087,059 ) |
| Prepaid expenses and other current assets  | (229,258 )                              | 91,623       |
| Restricted funds   | -                                       | 359,414      |

|   |                     |                      |
|---|---------------------|----------------------|
| Employee loans  | (132,791 )          | (245,933 )           |
| Accounts payable and accrued expenses                     | 353,849             | 122,628              |
| Settlement payable  | -                   | (150,000 )           |
| Deposits  | -                   | (14,432 )            |
| Deferred rent   | 51,871              | 59,404               |
| Unearned income   | <u>16,918</u>       | <u>-</u>             |
| Net cash (used in) provided by operating activities       | (410,408 )          | 317,224              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |                     |                      |
| Proceeds from sale of property                            | -                   | 15,068,497           |
| Purchase of equipment                                     | <u>(173,729 )</u>   | <u>(126,073 )</u>    |
| Net cash (used in) provided by investing activities       | (173,729 )          | 14,942,424           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |                     |                      |
| Proceeds from advances                                    | -                   | 90,714               |
| Proceeds from notes payable                               | 22,113              | -                    |
| Proceeds from line of credit                              | -                   | 372,636              |
| Payments on notes payable                                 | <u>(130,125 )</u>   | <u>(7,265,997 )</u>  |
| Net cash used in financing activities                     | (108,012 )          | (6,802,647 )         |
| Net (decrease) increase in cash and cash equivalents      | (692,149 )          | 8,457,001            |
| Cash and cash equivalents, beginning of period            | <u>4,593,638</u>    | <u>1,594,998</u>     |
| Cash and cash equivalents, end of period                  | <u>\$ 3,901,489</u> | <u>\$ 10,051,999</u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b> |                     |                      |
| Cash paid during the period for interest                  | <u>\$ 32,328</u>    | <u>\$ 181,135</u>    |
| Cash paid during the period for taxes                     | <u>\$ -</u>         | <u>\$ -</u>          |

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

***For the Three Months Ended March 31,***

| <u>2017</u> | <u>2016</u> | Difference               |
|-------------|-------------|--------------------------|
|             |             | Marina<br>Towers<br>Sale |
|             |             | Subtract                 |

**Net income attributable to  
First Choice Healthcare  
Solutions**

|   |                   |                     |                              |
|---|-------------------|---------------------|------------------------------|
|   | <b>\$ 202,519</b> | <b>\$ 9,566,941</b> |                              |
| Amortization                              | .                 | 15,325              | (15,325 )                    |
| Bad Debt                                  | 264,996           | 262,524             |                              |
| Depreciation                              | 189,488           | 298,950             | (109,462 )                   |
| Interest                                  | 32,074            | 181,135             | (129,061 )                   |
| Taxes                                     | -                 | -                   |                              |
| Stock-based compensation                  | 63,324            | 81,300              |                              |
| Gain on sale of property and<br>equipment |                   | (9,188,968 )        |                              |
| <b>Adjusted EBITDA</b>                    | <b>\$ 752,401</b> | <b>\$ 1,217,207</b> | <b>(253,848 ) \$ 963,359</b> |

|  |                     |                     |
|--|---------------------|---------------------|
| Net Patient Service<br>Revenue Less 60% non-<br>controlling revenue<br>(\$714,255 and 762,785<br>respectively) | <u>\$ 6,427,735</u> | <u>\$ 5,852,356</u> |
|--|---------------------|---------------------|

**Adjusted EBITDA as a %  
of Net Patient Service  
Revenue Less 60% non-  
controlling revenue)**

**12 %**

**16 %**

**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](http://www.myfchs.com), [www.myfcmg.com](http://www.myfcmg.com), [www.thebackcenter.net](http://www.thebackcenter.net) and [www.cranecreeksurgerycenter.com](http://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 Relations**

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Source: First Choice Healthcare Solutions