

August 15, 2017



First Choice Healthcare Solutions Reports Second Quarter 2017 Results

Strategic Partnerships Under Evaluation as Company Expands Operational Presence

MELBOURNE, Fla., Aug. 15, 2017 (GLOBE NEWSWIRE) -- [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 financial results for the three months ended June 30, 2017.

Second Quarter Highlights:

- Total revenues increased 7.3% in the second quarter of 2017 to \$8,214,691 from \$7,653,100 in the same period of 2016
- 2017 second quarter net patient service revenue rose 8.7% to a record \$7,630,917 from \$7,023,262 in the same period of 2016
- Net loss attributable to First Choice for the second quarter totaled \$131,575 or \$0.00 loss per share, compared to a net income of \$153,137, or \$0.01 earnings per share for the second quarter of 2016
- Non-GAAP adjusted EBITDA*, after deducting certain non-cash and one-time cash gains and expenses, totaled \$593,008 in the second quarter of 2017, compared to \$861,646 for the same period in 2016
- As of June 30, 2017, cash on the balance sheet totaled \$3,242,006
- During the second quarter of 2017 the Company repurchased 32,388 shares of common stock under the share buyback program and has continued purchasing shares. The total shares purchased through August 11, 2017 is 98,426 shares. In addition to the repurchased shares, an unearned service agreement returned an additional 142,500 shares to treasury. The total shares returned to treasury is 240,926, representing approximately 1% of the outstanding shares at December 31, 2016.
- In the first half of 2017, First Choice has successfully completed opening three of its five planned physical therapy facilities. The Company is on track to open the two additional facilities before year end.

"We made great progress during the second quarter as we position the Company to benefit from a 16% increase over the number of completed surgeries in the first quarter. We continue to position the company to capitalize on market trends by moving high cost surgeries into our outpatient surgery center. Further, we are exploring strategic relationships which would enhance our ability to expand our operations and drive shareholder value creation," stated Chris Romandetti, President and CEO of First Choice.

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 11:30 AM Eastern Time to discuss the results and recent corporate developments. Participants can register and access the conference call by dialing toll-free 1-866-682-6100 (for U.S. and Canada dial-in) or 1-862-255-5401 (for international dial-in). The conference call will also be webcasted, which will be accessible through First Choice's investor relations website by navigating to <http://ir.myfchs.com/> and clicking on "Second 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 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 Second Quarter 2017 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.

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.

FIRST CHOICE HEALTHCARE SOLUTIONS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
	<i>(unaudited)</i>	
ASSETS		
Current assets		
Cash (amounts related to VIE of \$921,972 and \$708,858)	\$ 3,242,006	\$ 4,593,638
Accounts receivable, net (amounts related to VIE of \$6,082,888 and \$6,010,961)	10,855,735	9,536,830
Employee loans (amounts related to VIE of \$491,550 and \$491,850)	1,031,044	820,341
Prepaid and other current assets (amounts related to VIE of \$453,420 and \$329,427)	655,687	422,512
Total current assets	<u>15,784,472</u>	<u>15,373,321</u>
Property, plant and equipment, net of accumulated depreciation of \$1,367,489 and \$1,165,219 (amounts related to VIE of \$653,892 and \$693,629)	<u>2,540,364</u>	<u>2,544,816</u>
Other assets (amounts related to VIE of \$921,470)	<u>4,047,085</u>	<u>4,227,957</u>
Total assets	<u>\$ 22,371,921</u>	<u>\$ 22,146,094</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses (amounts related to VIE of \$1,622,119 and \$1,366,143)	\$ 2,221,316	\$ 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	277,855	519,452
Unearned revenue	44,037	26,936
Deferred rent, short term portion (amount related to VIE of \$237,923)	237,923	237,923
Total current liabilities	<u>4,753,272</u>	<u>4,839,683</u>
Long term liabilities		
Deposits held	41,930	41,930

Notes payable, long term portion	15,695	14,531
Deferred rent, long term portion (amount related to VIE of \$2,266,195 and \$2,214,909)	2,397,337	2,293,594
Total long term liabilities	<u>2,454,962</u>	<u>2,350,055</u>
Total liabilities	<u>7,208,234</u>	<u>7,189,738</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, 26,971,038 and 24,631,327 shares issued; 26,938,650 and 24,631,327 shares outstanding as of June 30, 2017 and December 31, 2016, respectively	26,971	24,631
Additional paid in capital	24,343,291	24,020,610
Treasury stock, 32,388 and 0 common shares, at cost, respectively	(49,954)	—
Accumulated deficit	(10,029,590)	(10,100,534)
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	<u>14,290,718</u>	<u>13,944,707</u>
Non-controlling interest (note 10)	872,969	1,011,649
Total equity	<u>15,163,687</u>	<u>14,956,356</u>
Total liabilities and equity	<u>\$ 22,371,921</u>	<u>\$ 22,146,094</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Revenues:				
Patient Service Revenue	\$ 7,870,271	\$ 7,290,456	\$ 15,277,257	\$ 14,168,121
Allowance for bad debts	(239,354)	(267,194)	(504,350)	(529,718)
Net patient service revenue less provision for bad debts	7,630,917	7,023,262	14,772,907	13,638,403
Rental Revenue	583,774	629,838	1,162,137	1,256,450
Total Revenue	<u>8,214,691</u>	<u>7,653,100</u>	<u>15,935,044</u>	<u>14,894,853</u>
Operating expenses:				
Salaries and benefits	3,591,451	3,139,042	6,945,827	5,919,611
Other operating expenses	2,631,823	2,428,310	5,161,006	4,473,885
General and administrative	2,018,819	1,680,807	3,554,652	3,228,383
Depreciation and amortization	193,424	136,800	382,912	435,750
Total operating expenses	<u>8,435,517</u>	<u>7,384,959</u>	<u>16,044,397</u>	<u>14,057,629</u>
Net (loss) income from operations	(220,826)	268,141	(109,353)	837,224
Other income (expense):				
Gain on sale of property and improvements	—	23,378	—	9,212,346
Miscellaneous income (expense)	53,696	46,812	103,798	105,669
Amortization of financing costs	—	(329)	—	(15,654)
Interest expense, net	(30,107)	(51,053)	(62,181)	(232,188)
Total other income	<u>23,589</u>	<u>18,808</u>	<u>41,617</u>	<u>9,070,173</u>
Net (loss) income before provision for income taxes	(197,237)	286,949	(67,736)	9,907,397

Income taxes (benefit)	—	—	—	—
Net (loss) income	(197,237)	286,949	(67,736)	9,907,397
Non-controlling interest (note 10)	65,662	(133,812)	138,680	(187,319)
NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ (131,575)</u>	<u>\$ 153,137</u>	<u>\$ 70,944</u>	<u>\$ 9,720,078</u>
Net (loss) income per common share, basic	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.42</u>
Net (loss) income per common share, diluted	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.36</u>
Weighted average number of common shares outstanding, basic	<u>26,843,848</u>	<u>23,862,943</u>	<u>26,549,810</u>	<u>23,374,625</u>
Weighted average number of common shares outstanding, diluted	<u>26,843,848</u>	<u>27,196,277</u>	<u>27,349,810</u>	<u>26,707,959</u>

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

	For the six months ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (67,736)	\$ 9,907,397
Adjustments to reconcile net(loss) income to cash used in operating activities:		
Depreciation and amortization	382,912	435,750
Amortization of financing costs	—	15,654
Bad debt expense	504,350	529,718
Gain on sale of property	—	(9,212,346)
Common stock issued in connection with loan extension	—	92,000
Stock based compensation	325,021	334,433
Changes in operating assets and liabilities:		
Accounts receivable	(1,823,255)	(2,275,252)
Prepaid expenses and other current assets	(233,175)	95,617
Restricted funds	—	359,414
Employee loans	(210,703)	(412,113)
Accounts payable and accrued expenses	138,085	(650,425)
Settlement payable	—	(600,000)
Deposits	—	(22,698)
Deferred rent	103,743	145,038
Unearned income	17,101	(16,350)
Net cash used in operating activities	<u>(863,657)</u>	<u>(1,274,163)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property	—	15,113,497
Purchase of equipment	(197,588)	(149,507)
Net cash (used in) provided by investing activities	<u>(197,588)</u>	<u>14,963,990</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

(Repayments) of advances	—	(43,082)
Proceeds from notes payable	22,113	—
Proceeds from line of credit	—	372,636
Purchase of treasury stock	(49,954)	—
Payments on notes payable	(262,546)	(7,828,777)
Net cash used in financing activities	<u>(290,387)</u>	<u>(7,499,223)</u>

Net (decrease) increase in cash and cash equivalents	(1,351,632)	6,190,604
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>\$ 3,242,006</u>	<u>\$ 7,785,602</u>
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for interest	<u>\$ 62,181</u>	<u>\$ 237,943</u>
Cash paid during the period for taxes	<u>\$ —</u>	<u>\$ —</u>

Supplemental disclosure of non-cash investing and financing activities:

Common stock issued in settlement of accrued expenses	<u>\$ —</u>	<u>\$ 597,067</u>
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**FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE**

	<i>For the three months ended June 30,</i>		<i>For the six months ended June 30,</i>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income (loss)	\$ (131,575)	\$ 153,137	\$ 70,944	\$ 9,720,078
Interest	29,878	51,053	61,952	232,188
Taxes	—	—	—	—
Depreciation and Amortization	193,654	137,129	383,142	451,404
Bad Debt	239,354	267,194	504,350	529,718
Stock Issuance- non cash transactions	261,697	253,133	325,021	334,433
Building	—	—	—	(9,188,968)
Adjusted EBITDA	<u>\$ 593,008</u>	<u>\$ 861,646</u>	<u>\$ 1,345,409</u>	<u>\$ 2,078,853</u>

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Source: First Choice Healthcare Solutions