

November 9, 2017



First Choice Healthcare Solutions Announces Execution of Letter of Intent for Acquisition of Ancillary Services Business and Release of Third Quarter 2017 Results

MELBOURNE, FL -- (Marketwired) -- 11/09/17 -- 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, announced it has signed a non-binding letter of intent for the acquisition of a multi-site ancillary services business to expand its market presence and also has released its financial results for the three months and nine months ended September 30, 2017.

Chris Romandetti, President and CEO of First Choice, stated, "We are pleased to have signed our letter of intent to acquire a complementary business, which if completed, will expand our footprint within our industry, and will also generate incremental revenue and offer additional revenue streams. We anticipate closing the transaction during the first quarter of 2018."

Letter of Intent for Ancillary Services Business

- Offers an expanded market presence through multiple locations
- Additional revenue streams from ancillary modalities not currently offered by FCHS
- Ability to manage broader base of patient pre-and post-operative ancillary services
- Anticipated incremental revenue of \$7 to \$9 million
- Transaction is subject to due diligence and negotiation of definitive agreements (no assurance can be given that FCHS will consummate the transaction)

Third Quarter Highlights:

- The Company's results of operations were negatively impacted by Hurricane Irma. Most of the Company's revenues are generated from elective procedures. Therefore, anticipation of the hurricane and its subsequent impact, the Company experienced a significant number of postponed or canceled surgeries. The Company estimates results were negatively impacted by up to \$1.2 million.
- Total revenues increased 0.2% in the third quarter of 2017 to \$7,688,493 from \$7,669,743 in the same period of 2016.
- 2017 third quarter net patient service revenue rose 0.6% to \$7,127,045 from

\$7,083,765 in the same period of 2016.

- Net loss attributable to First Choice for the third quarter totaled \$440,398 or \$0.02 loss per share, compared to a net income of \$544,940, or \$0.02 earnings per share for the third quarter of 2016.
- Non-GAAP adjusted EBITDA*, after deducting certain non-cash and one-time cash gains and expenses, totaled \$417,106 in the third quarter of 2017, compared to \$1,438,798 for the same period in 2016.
- During the third quarter of 2017 the Company repurchased 96,303 shares of common stock under the share buyback program and has continued purchasing shares. The total shares purchased through November 6, 2017 is 155,089 shares.

Mr. Romandetti concluded, "While the impact of Irma on our operations was greater than we initially forecast, our disaster preparedness plan has already allowed us to return to normal operations." Mr. Romandetti further stated, "We continue to remain excited about our future growth in our core business and the expected growth stemming from our strategic acquisition pipeline."

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 10 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 1-404-267-0373 (for international dial-in). The conference call will also be webcasted and available for replay at <https://www.webcaster4.com/Webcast/Page/1527/23447> and via the investor relations section of the Company's website at <http://ir.myfchs.com/>. 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 Third 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**

	September 30, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current assets		
Cash (amounts related to VIE of \$1,118,749 and \$708,858)	\$ 2,695,482	\$ 4,593,638
Cash -restricted (amounts related to VIE of		

\$6,522,191)	6,522,191	-
Accounts receivable, net (amounts related to VIE of \$6,131,720 and \$6,010,961)	11,119,757	9,536,830
Employee loans (amounts related to VIE of \$490,900 and \$491,850)	1,129,131	820,341
Prepaid and other current assets (amounts related to VIE of \$418,435 and \$329,427)	646,184	422,512
Total current assets	<u>22,112,745</u>	<u>15,373,321</u>
Property, plant and equipment, net of accumulated depreciation of \$1,640,400 and \$1,165,219 (amounts related to VIE of \$506,621 and \$693,629)	<u>2,353,150</u>	<u>2,544,816</u>
Other assets	<u>3,956,649</u>	<u>4,227,957</u>
Total assets	<u>\$ 28,422,544</u>	<u>\$ 22,146,094</u>

LIABILITIES AND EQUITY

Current liabilities

Accounts payable and accrued expenses (amounts related to VIE of \$1,867,340 and \$1,366,143)	\$ 2,499,396	\$ 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
Settlement payable, due to non controlling interest (amount related to VIE of \$6,521,655)	6,521,655	-
Line of credit, short term (amount related to VIE of \$440,024)	1,540,024	1,539,524
Notes payable, current portion	-	519,452
Unearned revenue	44,638	26,936
Deferred rent, short term portion (amount related to VIE of \$45,203 and \$237,923)	105,171	237,923
Total current liabilities	<u>11,143,501</u>	<u>4,839,683</u>

Long term debt:

Deposits held	41,930	41,930
Notes payable, long term portion	223,101	14,531
Deferred rent, long term portion (amount related to VIE of \$2,484,558 and \$2,214,909)	<u>2,556,515</u>	<u>2,293,594</u>
Total long term debt	<u>2,821,546</u>	<u>2,350,055</u>
Total liabilities	<u>13,965,047</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, 26,828,538 and 24,631,327 shares issued; 26,699,847 and 24,631,327 shares outstanding as of September 30, 2017 and December 31, 2016, respectively	26,829	24,631
Additional paid in capital	24,492,194	24,020,610
Treasury stock, 128,691 and 0 common shares, at cost, respectively	(187,121)	-
Accumulated deficit	<u>(10,469,988)</u>	<u>(10,100,534)</u>
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	13,861,914	13,944,707
Non-controlling interest (note 10)	<u>595,583</u>	<u>1,011,649</u>
Total equity	<u>14,457,497</u>	<u>14,956,356</u>
Total liabilities and equity	<u>\$ 28,422,544</u>	<u>\$ 22,146,094</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Revenues:				
Patient Service Revenue	\$ 7,333,547	\$ 7,403,084	\$ 22,610,804	\$ 21,571,205
Allowance for bad debts	<u>(206,502)</u>	<u>(319,319)</u>	<u>(710,852)</u>	<u>(849,037)</u>
Net patient service revenue less provision for bad debts	7,127,045	7,083,765	21,899,952	20,722,168
Rental Revenue	<u>561,448</u>	<u>585,978</u>	<u>1,723,585</u>	<u>1,842,428</u>
Total Revenue	7,688,493	7,669,743	23,623,537	22,564,596
Operating expenses:				
Salaries and benefits	3,609,494	3,158,172	10,555,321	9,077,783
Other operating expenses	1,855,642	2,255,334	7,016,648	6,729,219
General and administrative	2,592,989	1,555,151	6,147,641	4,783,534
Depreciation and amortization	<u>361,680</u>	<u>195,821</u>	<u>744,592</u>	<u>631,571</u>
Total operating expenses	8,419,805	7,164,478	24,464,202	21,222,107

Net (loss) income from operations	(731,312)	505,265	(840,665)	1,342,489
Other income (expense):				
Gain on sale of property and improvements	-	-	-	9,212,346
Miscellaneous income (expense)	41,153	135,544	144,951	241,213
Amortization financing costs	-	-	-	(15,654)
Interest expense, net	(27,625)	(56,560)	(89,806)	(288,748)
Total other income	13,528	78,984	55,145	9,149,157
Net (loss) income before provision for income taxes	(717,784)	584,249	(785,520)	10,491,646
Income taxes (benefit)	-	-	-	-
Net (loss) income	(717,784)	584,249	(785,520)	10,491,646
Non-controlling interest (note 10)	277,386	(39,309)	416,066	(226,628)
NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u><u>\$ (440,398)</u></u>	<u><u>\$ 544,940</u></u>	<u><u>\$ (369,454)</u></u>	<u><u>\$ 10,265,018</u></u>
Net (loss) income per common share, basic	<u><u>\$ (0.02)</u></u>	<u><u>\$ 0.02</u></u>	<u><u>\$ (0.01)</u></u>	<u><u>\$ 0.43</u></u>
Net (loss) income per common share, diluted	<u><u>\$ (0.02)</u></u>	<u><u>\$ 0.02</u></u>	<u><u>\$ (0.01)</u></u>	<u><u>\$ 0.38</u></u>
Weighted average number of common shares outstanding, basic	26,765,021	24,238,613	26,622,335	23,664,723
Weighted average number of common shares outstanding, diluted	26,765,021	27,751,946	26,622,335	26,998,057

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

For the nine months ended
September 30,

2017

2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Net (loss) Income	\$ (785,520)	\$ 10,491,646
Adjustments to reconcile net (loss) income to cash used in operating activities:		
Depreciation and amortization	744,592	631,571
Amortization of financing costs	-	15,654
Bad debt expense	710,852	849,037
Gain on sale of property	-	(9,212,346)
Stock based compensation	473,782	668,591
Changes in operating assets and liabilities:		
Accounts receivable	(2,293,779)	(3,702,212)
Prepaid expenses and other current assets	(223,672)	(129,948)
Restricted funds	-	359,414
Employee loans	(308,790)	(110,716)
Accounts payable and accrued expenses	416,165	(1,718,516)
Settlement payable	-	(600,000)
Deposits	-	(25,502)
Deferred rent	130,169	230,671
Unearned income	17,702	946
Net cash used in operating activities	(1,118,499)	(2,251,710)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of property	-	15,113,497
Purchase of equipment	(281,618)	(239,418)
Net cash (used in) provided by investing activities	(281,618)	14,874,079

CASH FLOWS FROM FINANCING ACTIVITIES:

(Repayments) of advances	-	(43,082)
Proceeds from settlement, due to non controlling interest	6,521,655	-
Proceeds from notes payable	86,713	-
Proceeds from line of credit	500	372,636
Purchase of treasury stock	(187,121)	-
Net payments on notes payable	(397,595)	(7,955,886)
Net cash provided by (used in) financing activities	6,024,152	(7,626,332)
Net increase in cash, cash equivalents and restricted cash	4,624,035	4,996,037
Cash and cash equivalents, beginning of period	4,593,638	1,594,998
Cash, cash equivalents and restricted cash, end of period	\$ 9,217,673	\$ 6,591,035

SUPPLEMENTAL DISCLOSURES OF CASH FLOW

INFORMATION:

Cash paid during the period for interest	\$ 90,386	\$ 288,748
Cash paid during the period for taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued in settlement of accrued expenses	\$ -	\$ 481,900

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.

RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE

	<i>For the three months ended September 30,</i>	
	<u>2017</u>	<u>2016</u>
Net income (loss)	\$ (440,398)	\$ 544,940
Interest	27,625	56,560
Taxes	-	-
Depreciation and Amortization	361,680	195,821
Bad Debt	206,502	319,319
Stock Issuance- non cash transactions	261,697	322,158
Building	-	-
Adjusted EBITDA	\$ 417,106	\$ 1,438,798

	<i>For the nine months ended September 30,</i>	
	<u>2017</u>	<u>2016</u>
Net income (loss)	\$ (369,454)	\$ 10,265,018
Building	-	(9,212,346)
Interest	89,806	288,748
Taxes	-	-
Depreciation and Amortization	383,142	647,225
Bad Debt	710,852	849,037
Stock Issuance- non cash transactions	325,021	720,174
Adjusted EBITDA	\$ 1,139,368	\$ 3,557,856

CONTACT INFORMATION

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Source: First Choice Healthcare Solutions, Inc.

