

April 3, 2018



First Choice Healthcare Solutions Reports 2017 Results and Update on Strategic Partnership with Steward Health Care

MELBOURNE, Fla., April 03, 2018 (GLOBE NEWSWIRE) -- **First Choice Healthcare Solutions, Inc.** (OTCQB:FCHS) ("**First Choice**" or the "**Company**"), a fully integrated, non-physician-owned, publicly traded healthcare delivery platform providing a full life cycle of orthopedic and spine care for patients through diagnosis, treatment and recovery, today reported its financial results for the year ended December 31, 2017.

Chris Romandetti, President and CEO of First Choice, stated, "2017 was a transformative year for First Choice, having achieved several significant milestones in our business that have successfully laid the foundation for future growth. Most notable is our strategic partnership with Steward Health Care ("Steward") which provides us with a large geographic opportunity to rollout our unique delivery platform to Steward's nationwide hospital network. Additionally, Steward's \$7.5 million investment in First Choice as part of this relationship demonstrates their confidence in our business model and commitment to our partnership going forward. Since the closing, we have been working closely on the integration of the FCHS platform into Steward's network."

Recent Operational Highlights

- Closed strategic partnership with Steward, the largest private hospital operator in the United States, to expand the FCHS business model into Steward's national footprint.
- Received investment of \$7.5 million from Steward in exchange for 5 million shares of FCHS stock.
- Acquired an additional 25% ownership interest in Crane Creek Surgery Center ("Crane Creek") bringing its total ownership interest to 65%.
- Assumed management responsibility of Crane Creek and appointed an experienced senior healthcare executive and administrator, Luis Allende-Ruiz, to lead operations.
- Strengthened management team with the hiring of Steve Ryland, Director of Physical/Occupational Therapy and Michael Lamb, Director of Ancillary Services.
- Appointed Sheila Schweitzer to the Board of Directors.

Financial Results for Full Year 2017

Total revenue was \$28.7 million for the full year 2017, a decrease of approximately 2.0% from \$29.5 million the prior year. Net patient service revenue was \$26.5 million of total revenue in 2017, and rental revenue was \$2.3 million. This is compared to net patient service revenue of \$27.0 million and rental revenue of \$2.4 million for the full year 2016.

Net loss from operations was \$4.4 million for the full year 2017, compared to net income from operations of \$0.1 million for the prior year.

Non-GAAP adjusted EBITDA was \$2.5 million for the full year 2017, compared to \$3.3 million for the prior year. *

In the year ended 2017, the Company changed its estimates of the allowance for doubtful accounts related to its customers, primarily based on historical experience of write-offs of outstanding accounts receivable. This change resulted in an increase compared to the year ended December 31, 2016 to the allowance for doubtful accounts by approximately \$3.2 million in the year ended 2017.

Conference Call and Webcast Information

The Company will host a conference call with the investment community on Tuesday, April 3rd at 11:00 a.m. Eastern Time featuring remarks by Chris Romandetti, President and CEO of First Choice, and Phillip Keller, CFO of First Choice.

To access the call, please use the following information:

Date:

Tuesday, April 3, 2018

Time:

11:00 a.m. EDT, 8:00 a.m. PDT

Toll-free dial-in number:
International dial-in number:

(866) 682-6100
(404) 267-0373

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Julie Hardesty at 321-725-0090 extension 288.

The conference call will be broadcast live and available for replay at <https://www.webcaster4.com/Webcast/Page/1527/25257> and via the investor relations section of the Company's website at <http://ir.myfchs.com/>.

(* Use of Non-GAAP Financial Information

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 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".

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.

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, Interventional Pain Management, Physical Therapy and other ancillary and diagnostic services in key expansion markets throughout the 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.

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CONSOLIDATED BALANCE SHEETS
 DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
Current assets		
Cash	\$ 2,015,534	\$ 4,593,638
Accounts receivable, net	8,699,714	9,536,830
Employee loans	1,155,109	820,341
Prepaid and other current assets	676,931	422,512
Total current assets	<u>12,547,288</u>	<u>15,373,321</u>
Property, plant and equipment, net	<u>2,295,162</u>	<u>2,544,816</u>
Other assets		
Total other assets	<u>3,908,781</u>	<u>4,227,957</u>
Total assets	<u>\$ 18,751,232</u>	<u>\$ 22,146,094</u>

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable and accrued expenses	\$ 2,379,404	\$ 2,083,231
Accounts payable, related party	251,588	251,588
AMT tax payable	223,899	181,029
Line of credit, short term	1,540,024	1,539,524
Notes payable, current portion	29,552	519,452
Unearned revenue	44,607	26,936
Deferred rent, short term portion	105,171	237,923
Total current liabilities	<u>4,574,245</u>	<u>4,839,683</u>
Long term liabilities:		
Deposits held	41,930	41,930
Notes payable, long term portion	60,146	14,531
Deferred rent, long term portion	2,589,568	2,293,594
Total long term liabilities	<u>2,691,644</u>	<u>2,350,055</u>
Total liabilities	<u>7,265,889</u>	<u>7,189,738</u>
Equity		
Preferred stock	-	-
Common stock	27,357	24,631
Additional paid in capital	25,185,487	24,020,610
Treasury stock	(249,265)	-
Accumulated deficit	(13,989,018)	(10,100,534)
Total stockholders' equity attributable to FCHS	<u>10,974,561</u>	<u>13,944,707</u>
Non-controlling interest (note 12)	510,782	1,011,649
Total equity	<u>11,485,343</u>	<u>14,956,356</u>
Total liabilities and equity	<u>\$ 18,751,232</u>	<u>\$ 22,146,094</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
 CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,	
	2017	2016
Revenues:		
Patient Service Revenue	\$ 30,678,449	\$ 27,978,106
Allowance for bad debts	(4,209,820)	(924,916)
Net patient service revenue less provision for bad debts	<u>26,468,629</u>	<u>27,053,190</u>
Rental Revenue	2,275,418	2,410,892
Total Revenue	<u>28,744,047</u>	<u>29,464,082</u>
Operating expenses:		
Salaries and benefits	16,291,238	13,696,590
Other operating expenses	10,327,434	9,271,684

General and administrative	5,593,705	5,534,446
Depreciation and amortization	941,836	821,709
Total operating expenses	<u>33,154,213</u>	<u>29,324,429</u>
Net (loss) income from operations	(4,410,166)	139,653
Other income (expense):		
Gain on sale of property and improvements	-	9,207,846
Miscellaneous income (expense)	120,799	278,358
Amortization financing costs	-	(15,654)
Interest expense, net	(99,984)	(343,161)
Total other income	<u>20,815</u>	<u>9,127,389</u>
Net (loss) income before provision for income taxes	(4,389,351)	9,267,042
Income taxes (benefit)	-	-
Net (loss) income	(4,389,351)	9,267,042
Non-controlling interest (note 10)	500,867	(92,659)
NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ (3,888,484)</u>	<u>\$ 9,174,383</u>
Net (loss) income per common share, basic	<u>\$ (0.15)</u>	<u>\$ 0.38</u>
Net (loss) income per common share, diluted	<u>\$ (0.15)</u>	<u>\$ 0.37</u>
Weighted average number of common shares outstanding, basic	<u>26,658,926</u>	<u>23,843,239</u>
Weighted average number of common shares outstanding, diluted	<u>26,658,926</u>	<u>24,643,239</u>

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the year ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) Income	\$ (4,389,351)	\$ 9,267,042
Adjustments to reconcile net (loss) income to cash used in operating activities:		
Depreciation and amortization	941,836	821,709
Amortization of financing costs	-	15,654
Bad debt expense	4,209,820	924,916
Gain on sale of property	-	(9,207,846)
Stock based compensation	1,167,603	1,276,681
Changes in operating assets and liabilities:		
Accounts receivable	(3,372,704)	(3,837,852)
Prepaid expenses and other current assets	(266,819)	(105,739)
Restricted funds	-	359,414
Employee loans	(334,768)	(148,048)
Accounts payable and accrued expenses	296,173	(2,502,528)
Income taxes payable	42,870	-
Settlement payable	-	(600,000)
Deposits	302	(25,502)
Deferred rent	132,752	271,508
Unearned income	17,671	(15,768)
Net cash used in operating activities	<u>(1,554,615)</u>	<u>(3,506,359)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property	-	15,113,497
Purchase of equipment	(330,439)	(254,627)
Net cash (used in) provided by investing activities	<u>(330,439)</u>	<u>14,858,870</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) of advances	-	(43,082)
Proceeds from notes payable	86,713	-
Proceeds from line of credit	500	372,636
Payment to acquire previously issued warrants	-	(600,000)
Purchase of treasury stock	(249,265)	-
Net payments on notes payable	<u>(530,998)</u>	<u>(8,083,425)</u>

Net cash provided by (used in) financing activities	(693,050)	(8,353,871)
Net increase in cash, cash equivalents and restricted cash	(2,578,104)	2,998,640
Cash and cash equivalents, beginning of period	<u>4,593,638</u>	<u>1,594,998</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 2,015,534</u>	<u>\$ 4,593,638</u>

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

	For the year ended December 31,	
	2017	2016
NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS	\$ (3,888,484)	\$ 9,174,383
Interest	99,984	343,161
Taxes	-	-
Depreciation and Amortization	941,836	837,363
Bad Debt	4,209,820	924,916
Stock Based Compensation	1,144,147	1,276,681
Gain on Sale of Building	-	(9,207,846)
Adjusted EBITDA	<u>\$ 2,507,303</u>	<u>\$ 3,348,658</u>



Source: First Choice Healthcare Solutions, Inc.