

August 15, 2018



## First Choice Healthcare Solutions Reports Second Quarter 2018 Results

MELBOURNE, Fla., Aug. 15, 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 Orthopaedic and spine care for patients through diagnosis, treatment and recovery, today reported its financial results for the three and six month periods ended June 30, 2018.

### Second Quarter 2018 Highlights

- Total revenue was \$9.4 million, representing a 14.7% increase over prior year and 7.2% sequential increase over the prior quarter.
- Income from operations was approximately \$460,000 compared to a loss of approximately \$221,000 for the comparable prior year period. Sequentially, income from operations increased 71.5%.
- Adjusted EBITDA increased over 131% to approximately \$820,000 and Adjusted EBITDA margin improved by 440 basis points to 8.7% from the comparable prior year period. Sequentially, Adjusted EBITDA grew 11.3%
- Days Sales Outstanding decreased 19 days over same period prior year and decreased by one day sequentially.
- Cash balance of \$8.4 million or \$0.26 per share
- Surgeries increased to 954, a 11.2% growth over the prior year and 3.6% sequential growth.

Chris Romandetti, President and CEO of First Choice, stated, "For the second quarter we are pleased to report net patient service revenue of approximately \$8.8 million, a 15.7% increase over the prior year and 7.6% increase sequentially, representing over 131% Adjusted EBITDA growth over the prior year. I am proud to say we have also achieved positive net income attributable to FCHS shareholders of approximately \$432,000 compared to a loss of \$132,000 when compared to same period last year, totaling a positive change of \$564,000."

Romandetti added "During the second quarter we successfully renegotiated our reimbursement rates with multiple payors granting increases of between 5 and 18 percent with additional escalators in future years. Our surgeries performed continue to grow, and our average patient value is trending upward. These positive developments allowed us to experience stronger Adjusted EBITDA and net income margins which we expect to continue to trend in a positive direction."

### Financial Results for Second Quarter of 2018 and First Half of 2018

Total revenue was \$9.4 million for the second quarter of 2018, an increase of 14.7% compared to \$8.2 million for the same period in 2017. For the six months ended June 30, 2018 total revenue was \$18.2 million an increase of 14.3% compared to \$15.9 million for the comparable period last year.

Net income attributable to First Choice was \$431,549 for the second quarter of 2018, compared to net loss of \$131,575 for the same period in 2017. For the six months ended June 30, 2018, net income attributable to First Choice was \$710,887 compared to net income of \$70,944 for the comparable period last year.

Non-GAAP adjusted EBITDA increased by 131% to \$819,605 for the second quarter of 2018 compared to \$353,653 for the same period in 2017. For the six months ended June 30, 2018 Non-GAAP adjusted EBITDA was \$1,555,682, an increase of 85% compared to \$841,058 for the comparable period last year.

### Conference Call and Webcast Information

The Company will host a conference call with the investment community on Wednesday, August 15<sup>th</sup> 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:

Wednesday, August 15, 2018

Time: 11:00 a.m. ET, 8:00 a.m. PT  
Toll-free dial-in number: (866) 682-6100  
International dial-in number: (862) 298-0702

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 Gillian Lee at 321-725-0090 extension 160.

The conference call will be broadcast live and available for replay at <https://www.webcaster4.com/Webcast/Page/1527/26710> 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 because 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](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).

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

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets		
Cash	\$ 8,411,528	\$ 2,015,534
Accounts receivable, net	10,451,686	8,699,714
Employee loans	1,640,827	1,316,684
Prepaid and other current assets	670,263	515,356
Total current assets	21,174,304	12,547,288
Property, plant and equipment, net	2,457,021	2,295,163
Other assets	3,789,672	3,908,781
Total assets	\$ 27,420,997	\$ 18,751,232
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,759,754	\$ 2,379,404
Accounts payable, related party	251,588	251,588
AMT tax payable	254,791	223,899
Line of credit, short term	440,024	440,024
Notes payable, current portion	42,670	29,552
Unearned revenue	27,612	44,607
Deferred rent, short term portion	40,857	105,171
Total current liabilities	3,817,296	3,474,245
Long term liabilities:		
Deposits held	41,930	41,930
Line of Credit	1,100,000	1,100,000
Notes payable, long term portion	140,615	60,146
Deferred rent, long term portion	2,696,302	2,589,568
Total long term	3,978,847	3,791,644
Total liabilities	7,796,143	7,265,889
Redeemable common stock	7,500,000	-
Equity		
Preferred stock	-	-
Common stock	32,481	27,357
Additional paid in capital	25,074,577	25,185,487
Treasury stock	-	(249,265 )
Accumulated deficit	(13,278,131 )	(13,989,018 )
Total stockholders' equity attributable to FCHS	11,828,927	10,974,561
Non-controlling interest (note 12)	295,927	510,782
Total equity	12,124,854	11,485,343
Total liabilities and equity	\$ 27,420,997	\$ 18,751,232

## CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Revenues:				
Patient Service Revenue	\$ 9,108,898	\$ 7,870,271	\$ 17,590,570	\$ 15,277,257
Allowance for bad debts	(283,443 )	(239,354 )	(562,005 )	(504,350 )
Net patient service revenue less provision for bad debts	8,825,455	7,630,917	17,028,565	14,772,907
Rental Revenue	596,897	583,774	1,179,684	1,162,137
	<u>9,422,352</u>	<u>8,214,691</u>	<u>18,208,249</u>	<u>15,935,044</u>
Total Revenue				
Operating expenses:				
Salaries and benefits	4,735,940	4,004,159	9,065,225	7,720,534
Other operating expenses	2,702,864	2,631,823	5,335,650	5,161,006
General and administrative	1,324,950	1,606,111	2,678,786	2,779,945
Depreciation and amortization	198,908	193,424	400,820	382,912
	<u>8,962,662</u>	<u>8,435,517</u>	<u>17,480,481</u>	<u>16,044,397</u>
Total operating expenses				
Net (loss) income from operations	459,690	(220,826 )	727,768	(109,353 )
Other income (expense):				
Gain on sale of equipment	17,400	-	17,400	
Miscellaneous income (expense)	41,884	53,696	82,206	103,798
Interest expense, net	(37,219 )	(30,107 )	(60,731 )	(62,181 )
Total other income	<u>22,065</u>	<u>23,589</u>	<u>38,875</u>	<u>41,617</u>
Net (loss) income before provision for income taxes	481,755	(197,237 )	766,643	(67,736 )
Income taxes (benefit)	-	-	-	-
Net (loss) income	481,755	(197,237 )	766,643	(67,736 )
Non-controlling interest (note 10)	<u>(50,206 )</u>	<u>65,662</u>	<u>(55,756 )</u>	<u>138,680</u>
NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ 431,549</u>	<u>\$ (131,575 )</u>	<u>\$ 710,887</u>	<u>\$ 70,944</u>
Net (loss) income per common share, basic	<u>\$ 0.01</u>	<u>\$ (0.00 )</u>	<u>\$ 0.02</u>	<u>\$ 0.00</u>
Net (loss) income per common share, diluted	\$ 0.01	\$ (0.00 )	\$ 0.02	\$ 0.00
Weighted average number of common shares outstanding, basic	<u>32,378,940</u>	<u>26,843,848</u>	<u>30,505,275</u>	<u>26,549,810</u>
Weighted average number of common shares outstanding, diluted	<u>33,178,940</u>	<u>26,843,848</u>	<u>31,305,275</u>	<u>27,349,810</u>

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

	For the six months ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 766,643	\$ (67,736 )
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization	400,820	382,912
Bad debt expense	562,005	504,350
Stock based compensation	272,868	325,021
Gain on sale of equipment	(17,400 )	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,313,977 )	(1,823,255 )
Prepaid expenses and other current assets	(154,907 )	(98,287 )
Employee loans	(324,143 )	(345,591 )
Other assets	(55,625 )	-
Accounts payable and accrued expenses	380,350	138,085
Income taxes	24,754	-
Deferred rent	42,420	103,743
Unearned income	(16,995 )	17,101
Net cash used in operating activities	<u>(433,187 )</u>	<u>(863,657 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of equipment	17,400	-
Purchase of 25% interest in Crane Creek	(400,000 )	-
Purchase of equipment	(381,806 )	(197,588 )
Net cash (used in) provided by investing activities	<u>(764,406 )</u>	<u>(197,588 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from sale of common stock	7,500,000	-
Proceeds from notes payable	120,754	22,113
Purchase of treasury stock	-	(49,954 )
Payments on notes payable	(27,167 )	(262,546 )
Net cash provided by (used in) financing activities	<u>7,593,587</u>	<u>(290,387 )</u>
Net increase in cash, cash equivalents and restricted cash	6,395,994	(1,351,632 )
Cash and cash equivalents, beginning of period	2,015,534	4,593,638
Cash, cash equivalents and restricted cash, end of period	<u>\$ 8,411,528</u>	<u>\$ 3,242,006</u>

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC**  
**NON GAAP EBITDA**

	For the three months ended June		For the six months ended June	
	30,	30,	30,	30,
	2018	2017	2018	2017
<b>NET (LOSS) INCOME ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS</b>	<b>\$ 431,549</b>	<b>\$ (131,575 )</b>	<b>\$ 710,887</b>	<b>\$ 70,944</b>
Interest	37,219	30,107	60,731	62,181
Taxes	-	-	-	-
Depreciation and Amortization	198,908	193,424	400,820	382,912
Stock Based Compensation	151,929	261,697	383,244	325,021

Adjusted EBITDA	<u>819,605</u>	<u>353,653</u>	<u>1,555,682</u>	<u>841,058</u>
	8.7 %	4.3 %	8.5 %	5.3 %



Source: First Choice Healthcare Solutions, Inc.