

# Milestone Scientific Reports 17% Increase in Sales for the Third Quarter of 2019

## *Reports progress on commercial rollout of CompuFlo Epidural System*

**LIVINGSTON, NJ / ACCESSWIRE / November 14, 2019 / Milestone Scientific Inc. (NYSE American:MLSS)** a leading developer of computerized drug delivery instruments that provide painless and precise injections, today provided a business update and announced financial results for the third quarter and nine months ending September 30, 2019.

Leonard Osser, Interim Chief Executive Officer of Milestone Scientific, commented, "We achieved revenue growth of 17% for the third quarter ended September 30, 2019, due to increased sales of both the dental instruments and handpieces. Importantly, our Wand Dental subsidiary remains cash flow positive on a standalone basis with continued growth opportunities."

"At the same time, we are advancing the global commercial rollout of the CompuFlo® Epidural system. Last month, we reported the results of an international multicenter study that compared the accidental dural puncture rate and its complications using the CompuFlo® Epidural System versus the traditional loss of resistance (LOR) technique in labor epidural analgesia. The study, presented at the ANESTHESIOLOGY® 2019 Annual Meeting, concluded that none of the 812 patients who received epidural analgesia with CompuFlo® had an accidental dural puncture. This compares to 5% of patients that experienced accidental dural puncture using the LOR technique, in the earlier non-inferiority trial. Given this validation, we are gaining traction with key opinion leaders and anesthesiologists at leading hospitals."

"In order to accelerate our efforts, we recently hired medical device veteran Brent W. Johnston as President. He brings extensive experience in the sector, including an impressive track record launching new commercial products. In the short time since joining us, Brent has proven to be an important addition to the team. We look forward to providing further updates on our commercial roll-out strategy in the weeks and months ahead."

For the three months ended September 30, 2019 and 2018, revenues were approximately \$1.9 million and \$1.6 million, respectively. Gross profit for the third quarter ended September 30, 2019 was approximately \$1.4 million, or 72% of revenue, versus a loss of approximately \$120,000 for the third quarter ended September 30, 2018. Gross profit for the three months ended September 30, 2018 included an allowance for handpieces and devices sold to Milestone China of approximately \$790,000 and an inventory reserve expense of \$273,000 for certain dental handpieces. The Company recorded a credit to cost of product sold of \$150,000 in the third quarter of 2019. Operating loss for the three months ended September 30, 2019 was approximately (\$1.0) million versus approximately (\$4.5) million for the quarter ended September 30, 2018. The third quarter of 2018 includes a \$1.5 million impairment of long-lived assets related to non-core patents. Net loss for the three months ended September 30, 2019 was approximately \$(2.8) million, or \$(0.06) per share, versus a net loss of \$(4.4) million, or \$(0.12) per share, in the prior period. Included in the third quarter net loss of \$2.8 million is an accounting charge for a change in a derivative liability of approximately \$1.9 million. This charge is expected to be reversed in the fourth quarter, upon expected approval of the shareholders to increase the authorized shares of the Company from 50 million to 75 million shares.

For the nine months ended September 30, 2019 and 2018, revenues were approximately \$6.1 million and \$5.9 million, respectively. Gross profit for the first nine months of 2019 was \$4.2 million or 69% of revenue versus \$2.5 million or 43% of revenue for the first nine months of 2018. Gross profit for the nine months ended September 30, 2018 included an allowance for handpieces and devices sold to Milestone China of approximately \$790,000 and an inventory reserve expense of \$273,000 for certain dental handpieces. The Company recorded credit to cost of product sold of \$150,000 in the third quarter of 2019. Operating loss for the first nine months of 2019 was approximately \$(2.9) million versus approximately \$(8.0) million for the first nine months of 2018. The first nine months of 2018 includes a \$1.5 million impairment of long-lived assets related to non-core patents. Net loss for the first nine months of 2019 was \$(4.7) million, or \$(0.11) per share, versus net loss of \$(7.6) million, or \$(0.22) per share, for the comparable period in 2018. Included in the nine month net loss of \$4.7 million is an accounting charge for a change in a derivative liability of approximately \$1.9 million. This charge is expected to be reversed in the fourth quarter, upon expected approval of the Shareholders to increase the authorized shares of the Company from 50 million to 75 million shares.

## Conference Call

Milestone Scientific's executive management team will host a conference call at 8:30 AM Eastern Time on Friday, November 15, 2019 to discuss the Company's financial results for the third quarter ended September 30, 2019, as well as the Company's corporate progress and other developments.

The conference call will be available on the Company's website at [www.milestonescientific.com](http://www.milestonescientific.com), or via telephone by dialing toll free 888-394-8218 and entering the pass code: 1823891. For those unable to participate at that time, a replay of the call will be archived on the company's website or can be accessed by dialing 888-203-1112 and entering the pass code 1823891. The replay will be available for 90 days.

## About Milestone Scientific Inc.

Milestone Scientific Inc. (MLSS) is a biomedical technology research and development company that patents, designs and develops innovative diagnostic and therapeutic injection technologies and instruments for medical, dental, cosmetic and veterinary applications. Milestone's computer-controlled systems are designed to make injections precise, efficient, and virtually painless. Milestone's proprietary DPS Dynamic Pressure Sensing technology® is our technology platform that advances the development of next-generation devices, regulating flow rate and monitoring pressure from the tip of the needle, through platform extensions for local anesthesia for subcutaneous drug delivery, with specific applications for cosmetic botulinum toxin injections, epidural space identification in regional anesthesia procedures and intra-articular joint injections. For more information please visit our website: [www.milestonescientific.com](http://www.milestonescientific.com).

## Safe Harbor Statement

*This press release contains forward-looking statements regarding the timing and financial impact of Milestone's ability to implement its business plan, expected revenues, timing of regulatory approvals and future success. These statements involve a number of risks and uncertainties and are based on assumptions involving judgments with respect to future economic, competitive and market conditions, future business decisions and regulatory developments, all of which are difficult or impossible to predict accurately and many of which are beyond Milestone's control. Some of the important factors that could cause actual results to differ materially from those indicated by the forward-looking statements are general economic conditions, failure to achieve expected revenue growth, changes in our operating expenses, adverse patent rulings, FDA or legal developments, competitive pressures, changes in customer and market requirements and standards, and the risk factors detailed from time to time in Milestone's periodic filings with the Securities and Exchange Commission, including without limitation, Milestone's Annual Report for the year ended December 31, 2018. The forward-looking statements in this press release are based upon management's reasonable belief as of the date hereof. Milestone undertakes no obligation to revise or update publicly any forward-looking statements for any reason.*

(tables follow)

## CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,711,249	\$ 743,429
Accounts receivable, net	1,239,261	1,978,456
Accounts receivable, related party, net	-	100,000
	504,903	414,541
Prepaid expenses and other current assets		
Deferred cost, related party	-	50,000
Inventories, net	1,617,062	1,921,051
Advances on contracts	628,494	648,783
Operating lease-right of use assets	54,818	-
Total current assets	5,755,787	5,856,260
Furniture, fixtures and equipment, net	55,314	82,557
Patents, net	395,514	435,273

Other assets	35,905	26,878
Total assets	<u>\$ 6,242,520</u>	<u>\$ 6,400,968</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 739,726	\$ 1,059,186
Accounts payable, related party	1,553,860	1,810,058
Accrued expenses and other payables	698,790	794,918
Accrued expenses, related party	1,011,244	686,798
Operating lease liabilities	54,817	-
Deferred profit, related party	372,700	421,800
Deferred revenue, related party	-	100,000
Derivative liability	3,216,127	-
Total current liabilities	<u>7,647,264</u>	<u>4,872,760</u>
Total liabilities	<u>\$ 7,647,264</u>	<u>\$ 4,872,760</u>
Commitments and contingencies		
Stockholders' equity (deficit)		
Series A convertible preferred stock, par value \$.001, authorized 5,000,000 shares, 0 and 7,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018.	\$ -	\$ 7
Common stock, par value \$.001; authorized 50,000,000 shares; 48,199,073 shares issued, 0 shares to be issued and 48,165,740 shares outstanding as of September 30, 2019 ; 33,859,034 shares issued, 2,470,565 shares to be issued and 33,825,701 shares outstanding as of December 31, 2018;	48,199	36,330
Additional paid in capital	90,166,259	88,414,718
Accumulated deficit	(90,660,941)	(85,999,929)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)
Total Milestone Scientific Inc. stockholders' equity	<u>(1,357,999)</u>	<u>1,539,610</u>
Noncontrolling interest	(46,745)	(11,402)
Total stockholders' equity (deficit)	<u>\$ (1,404,744)</u>	<u>\$ 1,528,208</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 6,242,520</u>	<u>\$ 6,400,968</u>

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Product sales, net	\$ 1,899,821	\$ 1,622,246	\$ 6,073,580	\$ 5,856,351
Cost of products sold	523,672	1,742,451	1,894,550	3,326,341
Gross profit	<u>1,376,149</u>	<u>(120,205)</u>	<u>4,179,030</u>	<u>2,530,010</u>
Selling, general and administrative expenses	2,314,943	2,886,082	6,941,964	8,748,485
Research and development expenses	7,940	1,500	109,815	215,655
Impairment of long-lived assets	-	1,539,794	-	1,539,794
Total operating expenses	<u>2,322,883</u>	<u>4,427,376</u>	<u>7,051,779</u>	<u>10,503,934</u>
Loss from operations	<u>(946,734)</u>	<u>(4,547,581)</u>	<u>(2,872,749)</u>	<u>(7,973,924)</u>
Other expenses	(2,633)	(1,784)	(7,458)	(5,239)
Interest income	184	1,544	1,391	6,135
Change in fair value of derivative liability	<u>(1,899,484)</u>	<u>-</u>	<u>(1,846,761)</u>	<u>-</u>

Loss before provision for income taxes and net of equity investments	(2,848,667)	(4,547,821)	(4,725,577)	(7,973,028)
Provision for income taxes	(1,250)	(1,622)	(19,877)	(17,160)
Loss before equity in net earnings (losses) of equity investments	(2,849,917)	(4,549,443)	(4,745,454)	(7,990,188)
Earnings from Milestone Education	-	1,635	-	1,635
Earnings from China Joint Venture	-	143,242	49,099	258,616
Net loss	(2,849,917)	(4,404,566)	(4,696,355)	(7,729,937)
Net loss attributable to noncontrolling interests	12,941	11,742	35,343	118,424
Net loss attributable to Milestone Scientific Inc.	(2,836,976)	(4,392,824)	(4,661,012)	(7,611,513)
Net loss per share applicable to common stockholders-				
Basic	\$ (0.06)	\$ (0.12)	\$ (0.11)	\$ (0.22)
Diluted	\$ (0.06)	\$ (0.12)	\$ (0.11)	\$ (0.22)
Weighted average shares outstanding and to be issued-				
Basic	47,721,732	35,586,995	43,311,984	35,086,822
Diluted	47,721,732	35,586,995	43,311,984	35,086,822

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