

November 15, 2017



# RMS Medical Products Posts Strong Results for Three and Seven Months Ending September 30, 2017

***RMS Medical Products Reports Double-digit Percentage Growth in Net Sales for Three and Seven Months Ending September 30, 2017***

**CHESTER, NY / ACCESSWIRE / November 15, 2017** /Repro Med Systems, Inc., dba RMS Medical Products (OTCQX: REPR), today announced the latest financial results for the three and seven months ending September 30, 2017.

The Company changed its fiscal year ending February 28 to a calendar fiscal year ending December 31. This report encompasses the seven month period since the Company's fiscal year ending on February 28, 2017.

## **Highlights Three Months Ending September 30, 2017**

### **19.5% Increase in Net Sales**

- \$3,849,338 compared with \$3,221,502 for the same period last year.
- The increase was driven principally by domestic volume growth with increases in all major product categories.

### **17.0% Increase in Gross Profit**

- \$2,378,730 compared with \$2,032,944 for the same period last year.
- The increase in the quarter was mostly driven by increased net sales, partially offset by higher production costs related to increased scrap during quality inspections as we continue to work to implement a nondestructive testing protocol. Additionally, we incurred slightly higher payroll costs as we built up inventory.

### **12.1% Decrease in Operating Expenses**

- \$1,986,280 as compared with \$2,260,540 for the same period last year.
- Decreases in selling, general and administrative expenses were the result of a significant reduction in legal fees related to our litigation and FDA regulatory efforts compared with last year. We also had reductions in sales and marketing, driven by lower salary and related costs due to attrition in Europe and lower overall marketing spend due to timing. Offsetting these savings were increased costs in our regulatory department due to headcount to support our regulatory compliance requirements, the addition of our Chief Operating Officer, recruiting fees in Europe and an increase in bad debt expense related to an international customer.

## **Increase in Net Income**

- \$265,826 net income compared to a net loss of \$153,213 for the same period last year

## **Highlights Seven Months Ending September 30, 2017**

### **26.0% Increase in Net Sales**

- \$9,188,414 compared with \$7,293,695 for the same period last year.
- The increase is driven principally by organic growth with our existing customers both domestically and internationally. Part of the increase was the result of the backorders of \$0.4 million from the period ended February 28, 2017, which were filled during the four months ended June 30, 2017. Excluding these backorders, the net sales increase was 18.0% for the seven month period ending September 30, 2017. The launch of a new drug generated increased needle sales as customers built inventory, two large pump orders were accelerated forward into this period and last year included a large return of product related to the market withdrawal.

### **21.5% Increase in Gross Profit**

- \$5,648,752 compared with \$4,649,770 for the same period last year.
- This increase for the seven months was mostly driven by the increase in net sales, partially offset by higher production costs related to increased scrap during quality inspections as we work to implement a nondestructive testing protocol. Additionally, we had higher sterilization costs due to more frequent cycles required to meet demand and backlog and increased shipping costs due to the backlog. We also had higher salary and related benefits costs from overtime and the addition of a second shift to meet increased demand.

### **8.4% Decrease in Operating Expenses**

- \$4,764,392 as compared with \$5,202,257 for the same period last year.
- Decreases in selling, general and administrative expenses were the result of a significant reduction in legal fees related to our litigation and regulatory efforts. We also had reductions in sales and marketing, driven by lower consulting fees related to website redesign last year, timing of spending this year on marketing initiatives, and lower salary and related costs due to attrition in Europe. Offsetting these savings were increased costs in our regulatory department due to headcount to support our regulatory compliance requirements, the addition of our Chief Operating Officer, and a payment dispute with an international customer.

## **Increase in Net Income**

- \$626,587 net income compared to a net loss of \$359,095 for the same period last year.

Andrew Sealfon, RMS Chief Executive Officer, commented, "Sales growth continued for the current quarter and while expanding internationally, we generated our first sales in Asia and Africa." Sealfon continued, "The FDA issued a new 510(k) clearance for our Integrated Catch-Up Freedom Syringe Driver System, the first ever fully integrated 510(k) cleared system by the FDA, confirming the science behind the performance of using the dedicated

RMS system. It is also the only mechanical infusion system cleared for both subcutaneous drugs (SCIG) and intravenous (antibiotics), clearing the path for customers to invest in one system to meet all their needs."

The Company manufactures medical products used for intravenous or subcutaneous infusions and suctioning. The Infusion product portfolio currently includes the FREEDOM60® and our latest FreedomEdge® Syringe Infusion Pumps, RMS Precision Flow Rate Tubing™ and RMS HlgH-Flo Subcutaneous Safety Needle Sets™. These devices are used for infusions administered in hospital, home, or ambulatory settings. The Company's RES-Q-VAC® line of medical suctioning products is used by emergency medical service providers in addition to a variety of other healthcare providers.

The Company's website may be visited at [www.rmsmedicalproducts.com](http://www.rmsmedicalproducts.com).

The results of operations for the three and seven months ended September 30, 2017 are not necessarily indicative of the results to be expected for the full year.

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**SELECTED FINANCIAL RESULTS**

	For the Three Months Ended September 30		For the Seven Months Ended September 30	
	2017	2016	2017	2016
NET SALES	\$ 3,849,338	\$ 3,221,502	\$ 9,188,414	\$ 7,293,695
Cost of goods sold	1,470,680	1,188,558	3,539,662	2,643,925
Gross Profit	2,378,658	2,032,944	5,648,752	4,649,770
OPERATING EXPENSES				
Selling, general and administrative	1,893,911	2,114,407	4,536,954	4,887,608
Research and development	14,852	75,198	47,564	147,136
Depreciation and amortization	77,517	70,935	179,874	167,513
Total Operating Expenses	1,986,280	2,260,540	4,764,392	5,202,257
Net Operating Profit/(Loss)	392,378	(227,596)	884,360	(552,487)
Non-Operating Income/(Expense)				
Gain/(Loss) on currency exchange	10,419	(4,096)	65,079	8,237
Interest and other income	361	262	1,104	
TOTAL OTHER INCOME/(EXPENSE)	10,780	(3,834)	66,183	9,573
PROFIT/(LOSS) BEFORE TAXES	403,158	(231,430)	950,543	(542,914)
Income Tax (Expense)Benefit	(137,404)	78,217	(323,956)	183,819
NET INCOME/(LOSS)	\$ 265,754	\$ (153,213)	\$ 626,587	\$ (359,095)
NET INCOME/(LOSS) PER SHARE				
Basic	\$ 0.01	\$ -	\$ 0.02	\$ (0.01)
Diluted	\$ 0.01	\$ -	\$ 0.02	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic	37,898,357	37,779,427	37,856,074	37,885,432
Diluted	38,056,604	37,779,427	38,014,321	37,885,432

**SOURCE:** Repro Med Systems, Inc.