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Milestone Scientific Provides Business Update and Reports Financial Results for the Second Quarter of 2020

ROSELAND, NJ / ACCESSWIRE / August 17, 2020 / Milestone Scientific Inc.

(NYSE: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 second quarter and six months ending June 30, 2020.

Leonard Osser, Interim Chief Executive Officer of Milestone Scientific, commented, "As anticipated, the global pandemic had a negative impact on revenue for the second quarter due to reduced hours and closings of dental offices throughout the country and the rest of the world. Nevertheless, we are encouraged by the steady reopening of dental practices in the U.S. and Europe. In the meantime, we have utilized this period to significantly enhance our marketing activities, to better educate dentists on how The Wand® can help dentists rebuild their practice by providing a safer and more pleasant environment for patients and staff. With the recent appointment of Arjan Haverhals as Chief Executive Officer of Wand Dental, Inc., we have enhanced the sales and marketing activities around our dental instrument and are exploring new collaboration and distribution opportunities."

"Our primary focus remains commercialization of the CompuFlo® Epidural System, and we are moving ahead aggressively towards this goal. Although we experienced temporary setbacks due to COVID-19 with hospitals on complete lockdown, I am pleased to report our sales and business development pipeline is expanding. We are in late-stage discussions with a number of premier hospitals in the U.S. Moreover, the CathCheck™ technology has resonated well, given its ability to minimize contact between the patient and provider, which is especially important during the COVID-19 pandemic. Importantly, the CompuFlo® Epidural System is fully validated in terms of safety, efficacy and economics. For these reasons, we are as confident as ever that our technology will become the new standard of care."

"We ended the quarter with over \$16.6 million of cash and cash equivalents as of June 30, 2020. As a result, we believe the strength of our balance sheet provides us with a substantial runway to help mitigate the risks related to COVID-19, as well as additional resources to accelerate sales and marketing activities around the CompuFlo Epidural System," concluded Mr. Osser.

For the three months ended June 30, 2020 and 2019, revenues were approximately \$167,000 and \$2.2 million, respectively. Dental revenues decreased by approximately \$2.1 million, due to the impact of the COVID-19 pandemic on the Company's customers, suppliers, vendors, and other business partners. Gross profit for the second quarter ended June 30, 2020 was approximately \$112,000, or 67% of revenue, versus approximately \$1.5 million, or 68% of revenue for the second quarter ended June 30, 2019. Operating loss for

the three months ended June 30, 2020 was approximately \$(3.1) million versus \$(1.1) million for the three months ending June 30, 2019. The increase in operating loss is due to decreased dental revenue. Net loss for the three months ended June 30, 2020 was approximately \$(3.1) million, or \$(0.06) per share, versus a net loss \$(1.0) million, or \$(0.02) per share, in the prior period.

For the six months ended June 30, 2020 and 2019, revenues were approximately \$1.9 million and \$4.1 million, respectively. Dental revenues decreased by approximately \$2.1 million, which is related to decrease in sales of handpieces and devices throughout the country and internationally due to the COVID-19 pandemic. Gross profit for the first six months of 2020 was \$1.3 million or 71% of revenue versus \$2.8 million or 68% of revenue for the first six months of 2019. Operating loss for the first six months of 2020 was approximately \$(4.7) million versus approximately \$(1.9) million for the first six months of 2019. Net loss for the first six months of 2020 was \$(4.7) million, or \$(0.09) per share, versus net loss of \$(1.8) million, or \$(0.04) per share, for the comparable period in 2019.

Conference Call

Milestone Scientific's executive management team will host a conference call at 8:30 AM Eastern Time on Monday, August 17, 2020 to discuss the Company's financial results for the second quarter ended June 30, 2020, 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, or via telephone by dialing toll free 877-407-0778 for U.S. callers, or +1 201-689-8565 for international callers. 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 877-481-4010 for U.S. callers, or +1 919-882-2331 for international callers and entering the pass code 36611. 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.

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.

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**MILESTONE SCIENTIFIC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,610,217	\$ 1,516,272
Accounts receivable, net	107,286	1,710,665
Prepaid expenses and other current assets	468,919	519,063
Inventories, net	1,852,453	1,620,509
Advances on contracts	842,180	710,662
Total current assets	<u>19,881,055</u>	<u>6,077,171</u>
Furniture, fixtures and equipment, net	30,925	44,976
Patents, net	355,755	382,260
Right of use assets	671,803	15,977
Other assets	24,150	35,905
Total assets	<u>\$ 20,963,688</u>	<u>\$ 6,556,289</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 461,527	\$ 1,379,425
Accounts payable, related party	519,393	1,358,752
Accrued expenses and other payables	1,048,006	775,055
Accrued expenses, related party	653,796	1,057,957
Current portion of finance leases	6,108	3,904
Current operating lease right-of-use liabilities	66,682	12,072
Note payable	272,099	-
Deferred profit, related party	340,476	340,476
Total current liabilities	<u>3,368,087</u>	<u>4,927,642</u>

Finance lease liabilities, non-current	32,596	-
Operating lease right-of-use liabilities	594,416	-
Total liabilities	<u>\$ 3,995,099</u>	<u>\$ 4,927,642</u>

Commitments and contingencies

Stockholders' equity

Common stock, par value \$.001; authorized 75,000,000 shares; 63,236,164 shares issued and 63,202,831 shares outstanding as of June 30, 2020; 49,410,176 shares issued and 49,376,843 shares outstanding as of December 31, 2019;	\$ 63,236	\$ 49,410
Additional paid in capital	116,199,595	96,082,324
Accumulated deficit	(98,315,363)	(93,524,297)
Treasury stock, at cost, 33,333 shares	<u>(911,516)</u>	<u>(911,516)</u>
Total Milestone Scientific Inc. stockholders' equity	17,035,952	1,695,921
Noncontrolling interest	<u>(67,363)</u>	<u>(67,274)</u>
Total stockholders' equity	<u>\$ 16,968,589</u>	<u>\$ 1,628,647</u>
Total liabilities and stockholders' equity	<u>\$ 20,963,688</u>	<u>\$ 6,556,289</u>

MILESTONE SCIENTIFIC AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended June		Six months ended June 30,	
	2020	2019	2020	2019
Product sales, net	\$ 167,674	\$ 2,257,851	\$ 1,979,060	\$ 4,173,759
Cost of products sold	<u>55,626</u>	<u>752,183</u>	<u>615,326</u>	<u>1,370,876</u>
Gross profit	112,048	1,505,668	1,363,734	2,802,883
Selling, general and administrative expenses	3,176,768	2,517,970	5,929,580	4,627,023
Research and development expenses	<u>108,170</u>	<u>95,529</u>	<u>215,650</u>	<u>101,875</u>
Total operating expenses	<u>3,284,938</u>	<u>2,613,499</u>	<u>6,145,230</u>	<u>4,728,898</u>
Loss from operations	(3,172,890)	(1,107,831)	(4,781,496)	(1,926,015)
Interest income fees	(4,062)	(2,375)	(8,159)	(3,618)
Change in fair value of derivative liability	<u>-</u>	<u>12,462</u>	<u>-</u>	<u>52,722</u>
Loss before provision for income taxes and net of equity investments	(3,176,952)	(1,097,744)	(4,789,655)	(1,876,911)
Provision for income taxes	<u>(1,250)</u>	<u>(14,163)</u>	<u>(1,500)</u>	<u>(18,627)</u>

Loss before equity in net earnings (losses) of equity investments	(3,178,202)	(1,111,907)	(4,791,155)	(1,895,538)
Earnings from China Joint Venture	-	(58,664)	-	(49,100)
Net loss	(3,178,202)	(1,053,243)	(4,791,155)	(1,846,438)
Net loss attributable to noncontrolling interests	11,738	11,959	24,476	22,402
Net loss attributable to Milestone Scientific Inc.	<u>\$ (3,166,464)</u>	<u>\$ (1,041,284)</u>	<u>\$ (4,766,679)</u>	<u>\$ (1,824,036)</u>
Net loss per share applicable to common stockholders-				
Basic	\$ (0.06)	\$ (0.02)	\$ (0.09)	\$ (0.04)
Diluted	\$ (0.06)	\$ (0.02)	\$ (0.09)	\$ (0.04)
Weighted average shares outstanding and to be issued-				
Basic	56,694,793	45,366,237	51,728,806	41,904,581
Diluted	56,694,793	45,366,237	51,728,806	41,904,581

SOURCE: Milestone Scientific, Inc.

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