

August 14, 2018



Milestone Scientific Provides Business Update for the Second Quarter of 2018

LIVINGSTON, N.J., Aug. 14, 2018 (GLOBE NEWSWIRE) -- **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, 2018.

Leonard Osser, Interim Chief Executive Officer of Milestone Scientific, commented, “We continue to focus on commercial efforts around the CompuFlo® Epidural system. During the second quarter we expanded our network to eight independent distributors covering key markets across the U.S., including the Pacific Northwest, Southeast, Southwest, Midwest, Northwest and Mid-Atlantic regions. We believe our rapid progress is due to our new decentralized sales strategy, whereby we are targeting independent distributors with existing physician and hospital relationships within their respective territories and clinical specialties.”

“Last month, we announced that the CompuFlo® Epidural System was featured in a prominent peer-reviewed scientific journal. The CompuFlo® Epidural System was selected to objectively measure and evaluate the integrity of a third-party epidural simulator. We believe this further illustrates that CompuFlo® is becoming accepted as best-in-class for its ability to measure tissue density and accurately identify the tip of the needle in real time.”

“We experienced some weakness within our dental division in the second quarter of 2018 due to advance purchases in both China and the U.S. late last year, as well as a manufacturing delay, which has since been resolved. Nevertheless, we did see an increase of approximately 66% in international dental revenue, excluding China, for the second quarter of 2018 versus the same period last year. We anticipate some continued lumpiness in the dental business quarter-to-quarter, due to the timing of orders, but overall, we anticipate our dental division will continue to generate steady growth and maintain solid margins.”

Revenue for the three months ended June 30, 2018 was \$2.4 million versus \$2.5 million for the second quarter of 2017. Domestic sales decreased by approximately \$231,000 in 2018. The decrease in revenue was due in part to advanced purchases from Henry Schein in the fourth quarter of 2017, in anticipation of a planned price increase in 2018.

Additionally, total revenues during the three months ended June 30, 2018 did not include sales to Milestone China, compared to approximately \$356,000 in sales to Milestone China for the three months ended June 30, 2017. International dental revenue excluding China increased approximately \$492,000 for the three months ended June 30, 2018 compared to the same period in 2017. Gross profit for the second quarter of 2018 was \$1.4 million or 58% of revenue versus \$1.7 million or 65% of revenue in the second

quarter of 2017. Net loss applicable to common stockholders for the second quarter of 2018 was \$(1.3) million, or \$(0.04) per share, versus net loss applicable to common stockholders of \$(1.5) million, or \$(0.05) per share, for the comparable period in 2017.

Revenue for the six months ended June 30, 2018 was \$4.2 million versus \$6.2 million for the second quarter of 2017. Domestic dental revenue decreased approximately \$1.0 million during the six months ended June 30, 2018 as compared to the same period in 2017, of which, approximately \$1 million was related to the advanced purchases from Henry Schein in the fourth quarter of 2017. Additionally, total revenues during the six months ended June 30, 2018 did not include sales to Milestone China, compared to approximately \$1.4 million in sales to Milestone China for the six months ended June 30, 2017. International dental revenue excluding China increased approximately \$407,000 for the six months ended June 30, 2018, compared to the same period in 2017. Gross profit for the first six months of 2018 was \$2.6 million or 63% of revenue versus \$3.9 million or 63% of revenue in the first six months of 2017. Net loss applicable to common stockholders for the first six months of 2018 was \$(3.2) million, or \$(0.09) per share, versus net loss applicable to common stockholders of \$(2.0) million, or \$(0.06) per share, for the comparable period in 2017.

Conference Call

Milestone Scientific's executive management team will host a conference call at 8:30 AM Eastern Time on Wednesday, August 15, 2018 to discuss the Company's financial results for the second quarter ended June 30, 2018, 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 800-263-0877 and entering the pass code: 9671500. 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 9671500. 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, develops and commercializes 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, 2017. 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.

MILESTONE SCIENTIFIC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current Assets:		
Cash and cash equivalents	\$ 865,654	\$ 2,636,956
Accounts receivable, net	1,840,145	1,535,513
Accounts receivable, from related party	2,817,990	1,725,450
Note receivable from financing transaction, current	-	500,000
Prepaid expenses and other current assets	484,753	436,410
Deferred cost, related party	1,796,036	1,109,671
Inventories, net	2,310,330	3,379,209
Advances on contracts	861,782	697,192
Total current assets	<u>10,976,690</u>	<u>12,020,401</u>
Furniture, fixtures & equipment, net	105,529	141,760
Patents, net	2,320,392	2,789,748
Note receivable from financing transaction, noncurrent	-	650,000
Other assets	26,878	26,878
Total assets	<u><u>13,429,489</u></u>	<u><u>15,628,787</u></u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,365,491	\$ 853,859
Accounts payable, related party	1,352,802	1,109,442
Accrued expenses and other payables	1,937,571	2,287,908
Deferred profit, related party	636,126	751,500
Deferred revenue, related party	<u>2,817,990</u>	<u>1,725,450</u>

Total current liabilities	8,109,980	6,728,159
Deferred gain from financing transaction	-	1,400,000
Total liabilities	<u>\$ 8,109,980</u>	<u>\$ 8,128,159</u>

Commitments and Contingencies

Stockholders' Equity

Series A convertible preferred stock, par value \$.001, authorized 5,000,000 shares, and 7,000 shares issued and outstanding as of June 30, 2018 and December 31, 2017	\$ 7	\$ 7
Common stock, par value \$.001; authorized 50,000,000 shares; 33,660,970 shares issued, 1,912,503 shares to be issued and 33,627,637 shares outstanding as of June 30, 2018; 33,191,571 shares issued, 1,401,247 shares to be issued and 33,158,238 shares outstanding as of December 31, 2017;	35,571	34,593
Additional Paid in Capital	87,832,358	86,689,084
Accumulated deficit	(81,784,998)	(78,568,284)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)
Total Milestone Scientific Inc. stockholders' equity	<u>5,171,422</u>	<u>7,243,884</u>
Noncontrolling interest	<u>148,087</u>	<u>256,744</u>
Total stockholders' equity	<u>5,319,509</u>	<u>7,500,628</u>
Total liabilities and stockholders' equity	<u>\$ 13,429,489</u>	<u>\$ 15,628,787</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Product sales, net	\$ 2,428,498	\$ 2,523,750	\$ 4,234,103	\$ 6,212,738
Cost of products sold	<u>1,021,573</u>	<u>873,586</u>	<u>1,584,250</u>	<u>2,275,871</u>
Gross profit	1,406,925	1,650,164	2,649,853	3,936,867
Selling, general and administrative expenses	2,821,837	3,082,534	5,840,601	5,790,161
Research and development expenses	<u>9,775</u>	<u>120,065</u>	<u>235,592</u>	<u>225,080</u>
Total operating expenses	2,831,612	3,202,599	6,076,193	6,015,241
Loss from operations	(1,424,687)	(1,552,435)	(3,426,340)	(2,078,374)

Other expenses	(1,756)	(1,024)	(3,457)	(1,763)
Interest income	<u>1,926</u>	<u>2,154</u>	<u>4,590</u>	<u>2,442</u>
Loss before provision for income taxes and equity in net losses of equity investments	(1,424,517)	(1,551,305)	(3,425,207)	(2,077,695)
Provision for income taxes	<u>(4,075)</u>	<u>(4,664)</u>	<u>(15,538)</u>	<u>(11,865)</u>
Loss before equity in net losses of equity investments	(1,428,592)	(1,555,969)	(3,440,745)	(2,089,560)
Earnings (Loss) on earnings from China Joint Venture	<u>78,591</u>	<u>15,460</u>	<u>115,374</u>	<u>(28,941)</u>
Net loss	(1,350,001)	(1,540,509)	(3,325,371)	(2,118,501)
Net loss attributable to noncontrolling interests	<u>6,994</u>	<u>61,684</u>	<u>108,657</u>	<u>134,808</u>
Net loss attributable to Milestone Scientific Inc.	<u>\$ (1,343,007)</u>	<u>\$ (1,478,825)</u>	<u>\$ (3,216,714)</u>	<u>\$ (1,983,693)</u>
Net loss per share applicable to common stockholders—				
Basic	(0.04)	(0.05)	(0.09)	(0.06)
Diluted	(0.04)	(0.05)	(0.09)	(0.06)
Weighted average shares outstanding and to be issued—				
Basic	<u>35,297,906</u>	<u>32,399,997</u>	<u>34,939,306</u>	<u>32,122,482</u>
Diluted	<u>35,297,906</u>	<u>32,399,997</u>	<u>34,939,306</u>	<u>32,122,482</u>

MILESTONE SCIENTIFIC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (3,325,371)	\$ (2,118,501)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	40,762	31,023
Amortization of patents	469,356	35,364
Stock compensation	170,901	237,858
Equity (income) loss on China joint venture	(115,374)	28,941
Inventory reserve	290,349	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(304,632)	(617,347)

Increase (decrease) in accounts receivable, related party	(1,092,540)	2,358,200
Decrease in other receivables	-	10,000
Decrease in inventories	778,530	104,348
Increase to in advances on contracts	(164,590)	(150,604)
Decrease (increase) in prepaid expenses and other current assets	(48,343)	(454,562)
Increase in other assets	-	(9,523)
Increase (decrease) in accounts payable	511,632	(355,471)
Increase (decrease) in accounts payable, related party	243,360	(853,620)
(Decrease) in deferred cost, related party	(686,365)	438,925
(Decrease) increase in accrued expenses and other payables	623,014	1,007,983
Increase (decrease) in deferred revenue, related party	1,092,540	(645,400)
Net cash used in operating activities	(1,516,771)	(952,386)
Cash flows from investing activities:		
Purchase of intangible assets	(4,531)	(39,199)
Purchase of property and equipment	-	(3,349)
Net cash used in investing activities	(4,531)	(42,548)
Cash flows from financing activities:		
Net proceeds on Private Placement Offering	-	150,836
Proceeds from exercise of stock options	-	62,500
Proceeds (payments) financing transaction	(250,000)	125,000
Net cash provided by financing activities	(250,000)	338,336
Net decrease in cash and cash equivalents	(1,771,302)	(656,598)
Cash and cash equivalents at beginning of period	2,636,956	3,602,229
Cash and cash equivalents at end of period	\$ 865,654	\$ 2,945,631

Supplemental disclosure of cash flow information:

Shares issued to employees for bonuses	\$ 399,500	\$ 194,885
Shares issued to consultants in lieu of cash payments	\$ 249,749	\$ 422,249
Common stock issued for asset acquisition	\$ 286,602	\$ -
Sale of Milestone China share, financing transaction	\$ (1,400,000)	\$ 1,400,000

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Source: Milestone Scientific, Inc.