

November 15, 2018



Milestone Scientific Provides Business Update for the Third Quarter of 2018

LIVINGSTON, N.J., Nov. 15, 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 third quarter and nine months ending September 30, 2018. The Company also plans to host a third quarter conference call; however, the time and date have not been finalized and will be announced separately.

Leonard Osser, Interim Chief Executive Officer of Milestone Scientific, commented, “Our main focus continues to be on the commercialization of our *CompuFlo*® Epidural System. We continue to sign independent distributors that cover key markets in the U.S. Most recently, we signed a distribution agreement with Clinical Technology, Inc. (CTI), a leading specialty distributor of medical products in the mid-western region of the United States. CTI was impressed with the positive feedback they received from top anesthesiologist regarding the *CompuFlo* Epidural System. We believe CTI will be a valuable asset to Milestone as we educate medical professionals on the benefits of objective, quantifiable and real-time confirmation of accessing the epidural space and strive to build a new standard of care with the *CompuFlo* Epidural System.”

“Earlier this week, we announced that a new clinical study was published in the International Journal of Obstetric Anesthesia that found the *CompuFlo*® Epidural System to be successful in objectively identifying the epidural space—even in difficult patients. The preliminary findings suggest that *CompuFlo* Epidural System could assist the physician in training when performing epidural insertion, which we believe further validates that the instrument is able to safely and effectively identify the epidural space, giving providers a proven alternative to the loss-of-resistance syringe.”

“In the beginning of November, we announced that we received a Notice of Allowance for a key patent from the U.S. Patent and Trademark Office. The patent covers the method and apparatus for performing a peripheral nerve block (PNB). This patent will further expand our intellectual property portfolio into PNB procedures. We believe we can leverage this patent to develop an instrument that is optimized specifically for PNB in the future that will allow medical professionals to precisely control the numerous critical parameters of performing a PNB procedure.”

“We experienced weakness within our dental division in the third quarter of 2018, due in part to a restocking order from Henry Schein Inc., our exclusive distributor, in the U.S. that was delayed to the fourth quarter. We anticipate some continued softness in the dental business quarter-to-quarter, due to the timing of orders, but overall, we anticipate our dental division will resume steady growth in 2019.”

Revenue for the three months ended September 30, 2018 was \$1.6 million versus \$2.8 million for the third quarter of 2017. Dental sales decreased approximately \$1.2 million during the three months ended September 2018 compared to 2017. The decrease in revenue was primarily due to a decrease of approximately \$848,000 related to a delay in the quarterly re-stocking order for handpieces and devices from Henry Schein. The third quarter re-stocking order was received and shipped in October 2018 in the amount of \$773,000. International dental revenue, excluding China, decreased approximately \$326,000 for the three months ended September 30, 2018 compared to the same period in 2017. Gross profit for the third quarter of 2018 was a loss \$(120,205) versus gross profit of \$1.8 million or 63% of revenue in the third quarter of 2017. Gross profit for the three months ended September 30, 2018 included a reserve of approximately \$273,000 for certain dental handpieces and a charge of \$790,000 for the deferred cost of for handpieces and devices sold to Milestone China Ltd.. Operating loss for the three months ended September 30, 2018 and 2017 was approximately \$(4.5) million versus \$(1.4) million for the third quarter of 2017. Operating loss for the third quarter of 2018 included a \$1.5 million write-down of long-lived assets (i.e., certain patents). Net loss for the third quarter of 2018 was \$(4.4) million, or \$(0.12) per share, versus net loss of \$(1.4) million, or \$(0.04) per share, for the comparable period in 2017.

Revenue for the nine months ended September 30, 2018 was \$5.8 million versus \$9.1 million for the third quarter of 2017. Domestic dental revenue decreased approximately \$1.5 million during the nine months ended September 30, 2018 as compared to the same period in 2017, due in part to a delay in the quarterly re-stocking order for handpieces and devices from Henry Schein and their focus on working through the inventory purchased in the fourth quarter of 2017. International dental revenue, excluding China, decreased approximately \$350,000 for the nine months ended September 30, 2018, compared to the same period in 2017. Gross profit for the first nine months of 2018 was \$2.5 million or 43% of revenue versus \$5.7 million or 63% of revenue in the first nine months of 2017. Net loss for the first nine months of 2018 was \$(7.6) million, or \$(0.22) per share, versus net loss of \$(3.4) million, or \$(0.10) per share, for the comparable period in 2017.

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	September 30, 2018 <u>(Unaudited)</u>	December 31, 2017 <u>(Audited)</u>
Current Assets:		
Cash and cash equivalents	\$ 414,829	\$ 2,636,956
Accounts receivable, net	1,014,166	1,535,513
Accounts receivable, net from related party	1,258,995	1,725,450
Note receivable from financing transaction, current	-	500,000
Prepaid expenses and other current assets	446,264	436,410
Deferred cost, related party	790,190	1,109,671
Inventories, net	2,245,958	3,379,209
Advances on contracts	884,823	697,192
Total current assets	<u>7,055,225</u>	<u>12,020,401</u>
Furniture, fixtures & equipment, net	94,590	141,760
Patents, net	448,528	2,789,748
Note receivable from financing transaction, noncurrent	-	650,000
Other assets	26,878	26,878
Total assets	<u>\$ 7,625,221</u>	<u>\$ 15,628,787</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,474,005	\$ 853,859
Accounts payable, related party	1,285,548	1,109,442
Accrued expenses and other payables	2,067,842	2,287,908
Deferred profit, related party	492,884	751,500
Deferred revenue, related party	<u>1,258,995</u>	<u>1,725,450</u>

Total current liabilities	6,579,274	6,728,159
Deferred gain from financing transaction	-	1,400,000
Total liabilities	<u>\$ 6,579,274</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	\$ 7	\$ 7
Common stock, par value \$.001; authorized 50,000,000 shares; 33,714,893 shares issued, 1,909,175 shares to be issued and 33,627,637 shares outstanding as of September 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;	35,655	34,593
Additional Paid in Capital	87,971,298	86,689,084
Accumulated deficit	(86,179,797)	(78,568,284)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)
Total Milestone Scientific Inc. stockholders' equity	<u>915,647</u>	<u>7,243,884</u>
Noncontrolling interest	<u>130,300</u>	<u>256,744</u>
Total stockholders' equity	<u>\$ 1,045,947</u>	<u>\$ 7,500,628</u>
Total liabilities and stockholders' equity	<u>\$ 7,625,221</u>	<u>\$ 15,628,787</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Product sales, net	\$ 1,622,246	\$ 2,853,813	\$ 5,856,351	\$ 9,066,550
Cost of products sold	1,742,451	1,044,540	3,326,341	3,320,411
Gross profit (loss)	<u>(120,205)</u>	<u>1,809,273</u>	<u>2,530,010</u>	<u>5,746,139</u>
Selling, general and administrative expenses	2,886,081	3,205,996	8,748,485	8,996,092
Research and development expenses	1,500	16,884	215,655	241,964
Impairment of long lived assets	1,539,794	-	1,539,794	-
Total operating expenses	<u>4,427,375</u>	<u>3,222,880</u>	<u>10,503,934</u>	<u>9,238,056</u>

Loss from operations	(4,547,580)	(1,413,607)	(7,973,924)	(3,491,917)
Other expenses	(1,784)	(1,046)	(5,239)	(3,278)
Interest income	1,544	3,582	6,135	6,495
Loss before provision for income taxes and equity in net losses of equity investments	(4,547,820)	(1,411,071)	(7,973,028)	(3,488,700)
Provision for income taxes	(1,622)	(6,475)	(17,160)	(18,339)
Loss before equity in net losses of equity investments	(4,549,442)	(1,417,546)	(7,990,188)	(3,507,039)
(Loss) Earnings on earnings from Milestone Education	1,635	-	1,635	-
Earnings (Loss) from China Joint Venture	143,242	-	258,616	(28,941)
Net loss	(4,404,565)	(1,417,546)	(7,729,937)	(3,535,980)
Net loss attributable to noncontrolling interests	11,742	6,605	118,424	138,915
Net loss attributable to Milestone Scientific Inc.	<u>\$ (4,392,823)</u>	<u>\$ (1,410,941)</u>	<u>\$ (7,611,513)</u>	<u>\$ (3,397,065)</u>

Net loss per share applicable to common stockholders—

Basic	\$ (0.12)	\$ (0.04)	\$ (0.22)	\$ (0.10)
Diluted	\$ (0.12)	\$ (0.04)	\$ (0.22)	\$ (0.10)

Weighted average shares outstanding and to be issued—

Basic	35,586,995	33,573,676	35,086,822	32,501,221
Diluted	35,586,995	33,573,676	35,086,822	32,501,221

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

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (7,729,937)	\$ (3,535,980)

Adjustments to reconcile net loss to net cash used in operating activities:

Depreciation expense	53,675	44,046
Amortization of patents	801,426	187,209
Impairment to long lived assets	1,539,794	-
Stock compensation	247,425	530,966
Equity (income) loss on China joint venture	(258,616)	28,941
Inventory reserve	728,017	
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	521,347	(1,197,252)
Decrease in accounts receivable, related party	466,455	2,001,800
Decrease in other receivables	-	10,000
Decrease in inventories	405,234	436,998
Increase in advances on contracts	(187,631)	(291,342)
Increase in prepaid expenses and other current assets	(9,854)	(260,081)
Increase in other assets	-	(9,523)
Increase (decrease) in accounts payable	496,382	(725,170)
Increase (decrease) in accounts payable, related party	299,870	(332,711)
Increase in deferred cost, related party	319,481	257,323
Decrease (increase) in accrued expenses	815,785	1,583,624
Decrease in deferred revenue, related party	(466,455)	(289,000)
Net cash used in operating activities	(1,957,602)	(1,560,152)
Cash flows from investing activities:		
Purchase of intangible assets	-	(39,520)
Purchase of property and equipment	(6,505)	(4,749)
Cash acquired from variable interest entity	(8,020)	-
Purchase of intangibles assets-Apad	-	(153,647)
Net cash used in investing activities	(14,525)	(197,916)
Cash flows from financing activities:		
Proceeds (payments) financing transaction	(250,000)	250,000
Proceeds from exercise of stock options	-	62,500
Net proceeds on Private Placement Offering	-	150,836
Net cash provided by financing activities	(250,000)	463,336
Net decrease in cash and cash equivalents	(2,222,127)	(1,294,732)
Cash and cash equivalents at beginning of period	2,636,956	3,602,229
Cash and cash equivalents at end of period	<u>\$ 414,829</u>	<u>\$ 2,307,497</u>

Supplemental disclosure of cash flow information:

Shares issued to employees for bonuses	\$ 47,401	\$ 259,841
Shares issued to consultants in lieu of cash payments	\$ 350,103	\$ 422,249
Shares issued for assets acquired	\$ -	\$ 2,484,354
Sale of Milestone China share, financing transaction	\$ (1,400,000)	\$ 1,400,000

See notes to Condensed Consolidated Financial Statements

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Source: Milestone Scientific, Inc.