

April 2, 2019



# Milestone Scientific Reports 70% Year-Over-Year Revenue Growth and Positive Net Income for the Fourth Quarter of 2018

LIVINGSTON, NJ / ACCESSWIRE / April 2, 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 three months and year ended December 31, 2018.

Leonard Osser, Interim Chief Executive Officer of Milestone Scientific, commented, "I am pleased to report we achieved 70% year-over-year growth in revenue and positive net income for the fourth quarter of 2018. We continue to see positive momentum in the commercialization of the CompuFlo<sup>®</sup> Epidural System. An Italian hospital has adopted CompuFlo for all its labor and delivery epidurals, after selecting the instrument for its real-time, objective intelligence that can help reduce failure rates. More than 1,500 epidural procedures have been performed by key opinion leaders across the globe and over the course of eight months, three major anesthesia journals published positive results of four CompuFlo clinical studies. These peer-reviewed studies offer independent evidence to providers that CompuFlo is a proven, safe alternative to the current standard of care. Positive trial feedback from anesthesiologists has found that the patented Dynamic Pressure Sensing technology<sup>®</sup> in CompuFlo offers quantifiable data that builds physician and resident confidence. This can improve the efficacy of anesthesia while reducing complications and cost."

"In February, we completed a \$2.0 million public offering, plus a \$250,000 private placement by an entity affiliated with Gian Domenico Trombetta, a Director of Milestone Scientific and Chief Executive Officer and Director of Wand Dental Inc., a wholly-owned subsidiary of Milestone Scientific. His investment, coupled with my own participation in the public offering, further illustrate both the board and management's confidence in outlook for the business."

For the three months ended December 31, 2018 and 2017, revenues were approximately \$3.8 million and \$2.2 million, respectively. Total revenue increased by approximately \$1.6 million, or 70%, which was due in part to a re-stocking order from Henry Schein, which was received and shipped in fourth quarter 2018 and the realization of deferred revenues associated with sales to Milestone China and its agents.

The gross profit for the fourth quarter ended December 31, 2018 was \$1.9 million, or 50% of revenue, versus \$1.2 million, or 55% of revenue for the year ended December 31, 2017. The decline in gross margin was related to inventory reserves and an allowance for sales related to Milestone China.

Operating loss for the three months ended December 31, 2018 was approximately \$(211,000) versus \$(1.7) million for the quarter ended December 31, 2017. Net profit for the

three months ended December 31, 2018 was approximately \$550,000, or \$0.14 per share, versus a net loss of \$(1.8) million, or \$(0.06) per share, in the prior year.

For the years ended December 31, 2018 and 2017, revenues were approximately \$9.6 million and \$11.3 million, respectively. Dental revenues decreased by approximately \$1.8 million, which was principally related to decreased devices and handpiece sales in the United States and Canada by approximately \$541,000 in 2018 and a decrease in international sales in 2018 by approximately \$1.2 million due to a reduction in shipments to Milestone China. The reduction in shipments to Milestone China is due to Milestone China working through inventory purchases from 2017 and the modification to their business strategy to better serve the China dental market. Domestic inventory purchases by Henry Schein have been reduced due to a lower target inventory model within Henry Schein. Medical revenue for the twelve months ended December 31, 2018 was approximately \$120,000 versus \$2,000 for the year ended December 31, 2017.

Gross profit for the year ended December 31, 2018 was \$4.4 million, or 46% of revenue, versus \$6.9 million, or 62% of revenue for the year ended December 31, 2017. Gross profit for the year ended December 31, 2018 included a reserve of approximately \$309,000 for hand pieces and reserve of \$1.2 million for the deferred cost of handpieces and devices sold to Milestone China Ltd.

Operating loss for the year ended December 31, 2018 was approximately \$(8.0) million versus \$(5.2) million for the year ended December 31, 2017. Operating loss for 2018 included a \$1.5 million write-down of long-lived assets (i.e., certain patents). Net loss for the year ended December 31, 2018 was \$(7.1) million, or \$(0.20) per share, versus a net loss of \$(5.1) million, or \$(0.16) per share, in the prior year.

## **Conference Call**

Milestone Scientific's executive management team will host a conference call at 8:30 AM Eastern Time on Wednesday, April 3, 2018 to discuss the Company's financial results for the full year ending December 31, 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](http://www.milestonescientific.com), or via telephone by dialing toll free 888-394-8218 and entering the pass code 3612710. 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 3612710. 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<sup>®</sup> 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.*

## **CONSOLIDATED BALANCE SHEETS**

|  | <b>December<br/>31,<br/>2018</b> | <b>December<br/>31, 2017</b> |
|--|----------------------------------|------------------------------|
| <b>ASSETS</b>  |                                  |                              |
| Current assets:  |                                  |                              |
| Cash and cash equivalents                              | \$ 743,429                       | \$ 2,636,956                 |
| Accounts receivable, net                               | 1,978,456                        | 1,535,513                    |
| Accounts receivable, related party, net                | 100,000                          | 1,725,450                    |
| Note receivable from financing transaction, current    | -                                | 500,000                      |
| Prepaid expenses and other current assets              | 414,541                          | 436,410                      |
|  | 50,000                           | 1,109,671                    |
| Deferred cost, related party                           |                                  |                              |
| Inventories, net                                       | 1,921,051                        | 3,379,209                    |
| Advances on contracts                                  | 648,783                          | 697,192                      |
| Total current assets                                   | 5,856,260                        | 12,020,401                   |
| Furniture, fixtures and equipment, net                 | 82,557                           | 141,760                      |
| Patents, net   | 435,273                          | 2,789,748                    |
| Note receivable from financing transaction, noncurrent | -                                | 650,000                      |
| Other assets   | 26,878                           | 26,878                       |
| Total assets   | <u>\$ 6,400,968</u>              | <u>\$ 15,628,787</u>         |

## LIABILITIES AND STOCKHOLDERS' EQUITY

### Current liabilities:

|  |                     |                     |
|--|---------------------|---------------------|
| Accounts payable                         | \$ 1,205,396        | \$ 977,623          |
| Accounts payable, related party          | 1,663,849           | 985,678             |
| Accrued expenses and other payables      | 1,481,715           | 2,179,268           |
| Accrued expenses, related party          | -                   | 108,640             |
| Deferred profit, related party           | 421,800             | 751,500             |
| Deferred revenue, related party          | 100,000             | 1,725,450           |
| Total current liabilities                | <u>4,872,760</u>    | <u>6,728,159</u>    |
| Deferred gain from financing transaction | -                   | 1,400,000           |
| Total liabilities                        | <u>\$ 4,872,760</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 (liquidation preference of \$7,000,000 as of December 31, 2018 and 2017)   | 7                   | 7                    |
| Common stock, par value \$.001; authorized 50,000,000 shares; 33,859,034 shares issued, 2,470,565 shares to be issued and 33,825,701 shares outstanding as of December 31, 2018; 33,191,571 shares issued, 1,401,247 shares to be issued and 33,158,238 shares outstanding as of December 31, 2017; | 36,330              | 34,593               |
| Additional Paid in Capital  | 88,414,718          | 86,689,084           |
| Accumulated deficit   | (85,999,929)        | (78,568,284)         |
| Treasury stock, at cost, 33,333 shares  | <u>(911,516)</u>    | <u>(911,516)</u>     |
| Total Milestone Scientific Inc. stockholders' equity  | 1,539,610           | 7,243,884            |
| Noncontrolling interest   | <u>(11,402)</u>     | <u>256,744</u>       |
| Total stockholders' equity  | <u>1,528,208</u>    | <u>7,500,628</u>     |
| Total liabilities and stockholders' equity  | <u>\$ 6,400,968</u> | <u>\$ 15,628,787</u> |

## CONSOLIDATED STATEMENTS OF OPERATIONS

|  | <u>2018</u>      | <u>2017</u>      |
|--|------------------|------------------|
| Product sales, net                           | \$ 9,622,076     | \$ 11,281,886    |
| Cost of products sold                        | <u>5,190,775</u> | <u>4,312,507</u> |
| Gross profit                                 | 4,431,301        | 6,969,379        |
| Selling, general and administrative expenses | 10,645,206       | 11,930,951       |
| Research and development expenses            | 245,636          | 272,746          |
| Impairment of long lived assets              | <u>1,539,794</u> | <u>-</u>         |

|   |                      |                      |
|---|----------------------|----------------------|
| Total operating expenses  | 12,430,636           | 12,203,697           |
| Loss from operations  | (7,999,335)          | (5,234,318)          |
| Other expenses  | (7,232)              | (4,930)              |
| Interest income   | 7,447                | 9,298                |
| Loss before provision for income taxes and equity in net losses of equity investments | (7,999,120)          | (5,229,950)          |
| Provision for income taxes  | (23,986)             | (19,093)             |
| Loss before equity in net earnings (losses) of equity investments                     | (8,023,106)          | (5,249,043)          |
| Earnings from Milestone Education   | 1,635                | -                    |
| Earnings (loss) from China Joint Venture  | 329,700              | (120,510)            |
| Net loss  | (7,691,771)          | (5,369,553)          |
| Net loss attributable to noncontrolling interests                                     | (260,126)            | (182,760)            |
| Net loss attributable to Milestone Scientific Inc.                                    | <u>\$(7,431,645)</u> | <u>\$(5,186,793)</u> |
|   |                      |                      |
| Net loss per share applicable to common stockholders-                                 |                      |                      |
| Basic   | \$ (0.21)            | \$ (0.16)            |
| Diluted   | \$ (0.21)            | \$ (0.16)            |
|   |                      |                      |
| Weighted average shares outstanding and to be issued-                                 |                      |                      |
| Basic   | 35,299,034           | 32,703,897           |
| Diluted   | 35,299,034           | 32,703,897           |

See notes to Consolidated Financial Statements

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**SOURCE:** Milestone Scientific, Inc.