

REFINITIV

# DELTA REPORT

## 10-Q

MLSS - MILESTONE SCIENTIFIC INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	785
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CHANGES	165
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DELETIONS	335
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ADDITIONS	285
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended **June 30, 2023** **September 30, 2023**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-14053

Milestone Scientific Inc.

**(Exact name of registrant as specified in its charter)**

Delaware

13-3545623

State or other jurisdiction of Incorporation or organization

(I.R.S. Employer Identification No.)

425 Eagle Rock Avenue Suite 403, Roseland, NJ 07068

(Address of principal executive offices)

**Registrant's telephone number, including area code: 973-535-2717**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class

Name of each exchange on which registered

Common Stock, par value \$.001 per share

NYSE American

**Securities registered pursuant to section 12(g) of the Act: NONE.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☐ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☐ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. ☐

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large, accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large, accelerated filer

☐ Accelerated filer

☐

Non-accelerated filer

☒

Smaller reporting company

☐

Emerging Growth Company

☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☐

As of **August 14, 2023** **November 14, 2023**, the registrant has a total of **71,365,659** **71,048,241** shares of Common Stock, \$0.001 par value outstanding.  
true

DOCUMENTS INCORPORATED BY REFERENCE

None

## MILESTONE SCIENTIFIC INC.

## Form 10-Q

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## FORWARD-LOOKING STATEMENTS

When used in this Quarterly Report on Form 10-Q, the words “may”, “will”, “should”, “expect”, “believe”, “anticipate”, “continue”, “estimate”, “project”, “intend” and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) regarding events, conditions and financial trends that may affect Milestone Scientific’s future plans of operations, business strategy, results of operations and financial condition. Milestone Scientific wishes to ensure that such statements are accompanied by meaningful cautionary statements pursuant to the safe harbor established in the Private Securities Litigation Reform Act of 1995. The forward-looking statements included herein are based on current

expectations that involve numerous risks and uncertainties. Milestone Scientific's plans and objectives are based, in part, on assumptions involving the continued expansion of its business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of Milestone Scientific. Although Milestone Scientific believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. Considering the significant uncertainties inherent in the forward-looking statements included herein, our history of operating losses that are expected to continue, requiring additional funding which we may be unable to raise capital when needed (which may force us to delay, curtail or eliminate commercialization efforts of our CompuFlo Epidural Computer Controlled Anesthesia System), the early stage operations of and relatively relative lack of acceptance of our medical products, relying exclusively on two third parties to manufacture our products, changes to our distribution arrangements exposes us to risks of interruption of marketing efforts and building new marketing channels, changes in our informal manufacturing arrangements made by the manufacturer of our products and disruptions at the manufacturing facility of our manufacturers, including shortages of or delays in obtaining chips and other components, exposes us to risks that may harm our business, raising additional funds by issuing securities or through licensing or lending arrangements may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights, if physicians do not accept nor use our CompuFlo Epidural Computer Controlled Anesthesia System, our ability to generate revenue from sales will be materially impaired, exposure to the risks inherent in international sales and operations, including China, and developments by competitors may render our products or technologies obsolete or non-competitive, the inclusion of such information should not be regarded as a representation by Milestone Scientific or any other person that the objectives and plans of Milestone Scientific will be achieved. Prospective investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and the actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such forward-looking statements should, therefore, be considered in light of various important factors, including those set forth herein and others set forth from time to time in Milestone Scientific's reports, including without limitation, Milestone Scientific's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC"). Milestone Scientific disclaims any intent or obligation to update such forward-looking statements.

Milestone Scientific is the owner of the following registered U.S. trademarks: CompuDent®; CompuMed®; CompuFlo®; DPS Dynamic Pressure Sensing technology®; Milestone Scientific ®; CathCheck®; the Milestone logo ®; SafetyWand®; STA Single Tooth Anesthesia Device®; and The Wand ®.3®.

## Part I- Financial Information

### Item 1. Financial Statements

#### MILESTONE SCIENTIFIC AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	(Unaudited)		(Unaudited)	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,701,453	\$ 8,715,279	\$ 2,170,593	\$ 8,715,279
Marketable securities	1,981,180	-	2,450,470	-
Accounts receivable, net	789,584	693,717	591,012	693,717
Prepaid expenses and other current assets	551,990	443,872	578,753	443,872
Inventories	2,193,063	1,792,335	2,482,630	1,792,335
Advances on contracts	1,282,806	1,325,301	1,699,153	1,325,301
Total current assets	10,500,076	12,970,504	9,972,611	12,970,504
Furniture, fixtures and equipment, net	11,867	18,146	9,182	18,146
Intangibles, net	201,529	227,956	188,314	227,956
Right of use assets finance lease	13,319	17,645	11,159	17,645
Right of use assets operating lease	400,511	443,685	378,142	443,685
Other assets	24,150	24,150	24,150	24,150
Total assets	\$ 11,151,452	\$ 13,702,086	\$ 10,583,558	\$ 13,702,086
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 674,587	\$ 1,102,729	\$ 1,149,267	\$ 1,102,729
Accounts payable, related party	626,690	803,492	636,637	803,492
Accrued expenses and other payables	1,422,506	1,124,839	1,111,742	1,124,839

Accrued expenses, related party	278,339	167,549	270,836	167,549
Current portion of finance lease liabilities	9,805	9,365	10,031	9,365
Current portion of operating lease liabilities	97,429	91,701	100,327	91,701
Total current liabilities	3,109,356	3,299,675	3,278,840	3,299,675
Non-current portion of finance lease liabilities	5,683	10,698	3,088	10,698
Non-current portion of operating lease liabilities	334,750	385,279	308,605	385,279
Total liabilities	\$ 3,449,789	\$ 3,695,652	\$ 3,590,533	\$ 3,695,652
Commitments				
Stockholders' equity				
Common stock, par value \$.001; authorized 100,000,000 shares; 70,107,739 shares issued and 70,074,406 shares outstanding as of June 30, 2023; 69,306,497 shares issued and 69,273,164 shares outstanding as of December 31, 2022;	70,108	69,306		
Common stock, par value \$.001; authorized 100,000,000 shares; 70,893,748 shares issued and 70,860,415 shares outstanding as of September 30, 2023; shares; 69,306,497 shares issued and 69,273,164 shares outstanding as of December 31, 2022			70,894	69,306
Additional paid in capital	128,720,911	127,478,325	129,487,592	127,478,325
Accumulated deficit	(119,934,388)	(116,410,405)	(121,400,682)	(116,410,405)
Treasury stock, at cost, 33,333 shares	(911,516)	(911,516)	(911,516)	(911,516)
Total Milestone Scientific, Inc. stockholders' equity	7,945,115	10,225,710	7,246,288	10,225,710
Noncontrolling interest	(243,452)	(219,276)	(253,263)	(219,276)
Total stockholders' equity	7,701,663	10,006,434	6,993,025	10,006,434
Total liabilities and stockholders' equity	\$ 11,151,452	\$ 13,702,086	\$ 10,583,558	\$ 13,702,086
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.				

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

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Product sales, net	\$ 2,909,966	\$ 1,648,368	\$ 5,507,564	\$ 4,341,111
Cost of products sold	1,019,907	967,720	1,728,882	1,980,882
Gross profit	1,890,059	680,648	3,778,682	2,360,229
Selling, general and administrative expenses	3,937,281	3,282,322	7,011,012	6,390,111
Research and development expenses	213,647	266,560	353,994	73,411
Depreciation and amortization expense	16,681	16,645	33,902	33,902
Total operating expenses	4,167,609	3,565,527	7,398,908	7,197,524
Loss from operations	(2,277,550)	(2,884,879)	(3,620,226)	(4,793,885)
Interest income (expense)	48,722	3,550	72,067	(1,111)
Loss before provision for income taxes	(2,228,828)	(2,881,329)	(3,548,159)	(4,800,007)
Net loss	(2,228,828)	(2,881,329)	(3,548,159)	(4,800,007)
Net loss attributable to noncontrolling interests	(12,511)	(22,848)	(24,176)	(41,111)

Net loss attributable to Milestone Scientific Inc.	\$ (2,216,317 )	\$ (2,858,481 )	\$ (3,523,983 )	\$ (4,761,317 )
Net loss per share applicable to common stockholders—				
Basic and Diluted	(0.03)	(0.04)	(0.05)	
Weighted average shares outstanding and to be issued—				
Basic and Diluted	72,333,656	70,356,796	72,048,223	70,581,317

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MILESTONE SCIENTIFIC AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THREE AND SIX MONTHS ENDED JUNE 30, 2023  
(UNAUDITED)

	Common Stock	Common Stock Amount	Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Treasury Stock	Total Stockholders' Equity
Balance January 1, 2023	69,306,497	\$ 69,306	\$ 127,478,325	\$ (116,410,405 )	\$ (219,276 )	\$ (911,516 )	\$ 10,000
Stock based compensation	-	-	388,772	-	-	-	388,772
Common stock issued to board of directors for services	256,868	258	(258 )	-	-	-	258
Common stock to be issued to employees for bonuses	-	-	50,000	-	-	-	50,000
Common Stock issued to Consultants	242,335	242	125,758	-	-	-	125,758
Net loss	-	-	-	(1,307,666 )	(11,665 )	-	(1,319,331 )
Balance at March 31, 2023	69,805,700	\$ 69,806	\$ 128,042,597	\$ (117,718,071 )	\$ (230,941 )	\$ (911,516 )	\$ 9,255
Stock based compensation	-	-	404,330	-	-	-	404,330
Common stock to be issued for payment of consulting services	109,204	109	56,677	-	-	-	109,204
Common stock issued to board of directors for services	192,835	193	(193)	-	-	-	193
Common stock to be issued to employees for bonuses	-	-	217,500	-	-	-	217,500
Net loss	-	-	-	(2,216,317 )	(12,511 )	-	(2,228,828 )
Balance at June 30, 2023	70,107,739	\$ 70,108	\$ 128,720,911	\$ (119,934,388 )	\$ (243,452 )	\$ (911,516 )	\$ 7,700

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MILESTONE SCIENTIFIC AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THREE AND SIX MONTHS ENDED JUNE 30, 2022  
(UNAUDITED)

	Common Stock	Common Stock Amount	Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Treasury Stock	Total Stockholders' Equity
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Balance January 1, 2022	68,153,336	\$ 68,153	\$ 124,915,560	\$ (107,704,274 )	\$ (152,541 )	\$ (911,516 )	\$ 16,21
Stock based compensation	-	-	305,370	-	-	-	30
Common stock to be issued to employees for bonuses	-	-	164,385	-	-	-	16
Net loss	-	-	-	(1,901,723 )	(17,502 )	-	(1,91
Balance at March 31, 2022	68,153,336	\$ 68,153	\$ 125,385,315	\$ (109,605,997 )	\$ (170,043 )	\$ (911,516 )	\$ 14,76
Stock based compensation	-	-	392,266	-	-	-	39
Common stock issued to employee for compensation	27,051	27	39,973	-	-	-	4
Common stock to be issued for payment of consulting services	246,028	246	345,689	-	-	-	34
Common stock issued to board of directors for services	12,879	13	12,864	-	-	-	1
Common stock to be issued to employees for bonuses	224,850	225	(225 )	-	-	-	
Common stock to be issued to employees for bonuses	147,338	147	(147 )	-	-	-	
Net loss	-	-	-	(2,858,481 )	(22,848 )	-	(2,88
Balance at June 30, 2022	68,811,482	\$ 68,811	\$ 126,175,735	\$ (112,464,478 )	\$ (192,891 )	\$ (911,516 )	\$ 12,67

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Product sales, net	\$ 2,059,284	\$ 2,215,699	\$ 7,566,848	\$ 6,564,969
Cost of products sold	555,850	762,964	2,284,730	2,749,160
Gross profit	1,503,434	1,452,735	5,282,118	3,815,809
Selling, general and administrative expenses	2,823,765	3,283,378	9,834,781	9,681,326
Research and development expenses	170,478	166,191	524,472	897,218
Depreciation and amortization expense	15,896	16,661	49,798	50,121
Total operating expenses	3,010,139	3,466,230	10,409,051	10,628,665
Loss from operations	(1,506,705 )	(2,013,495 )	(5,126,933 )	(6,812,856 )
Interest income	30,600	28,012	102,669	26,819
Loss before provision for income taxes	(1,476,105 )	(1,985,483 )	(5,024,264 )	(6,786,037 )
Provision for income taxes	-	-	-	-
Net loss	(1,476,105 )	(1,985,483 )	(5,024,264 )	(6,786,037 )
Net loss attributable to noncontrolling interests	(9,811 )	(13,680 )	(33,987 )	(54,030 )
Net loss attributable to Milestone Scientific Inc.	\$ (1,466,294 )	\$ (1,971,803 )	\$ (4,990,277 )	\$ (6,732,007 )
Net loss per share applicable to common stockholders—				

Basic and Diluted	(0.02 )	(0.03 )	(0.07 )	(0.10 )
Weighted average shares outstanding and to be issued—				
Basic and Diluted	73,730,921	70,975,420	72,374,693	70,480,706

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MILESTONE SCIENTIFIC AND SUBSIDIARIES  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023**  
**(UNAUDITED)**

	Common Stock	Common Stock Amount	Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Treasury Stock	Total Stockholder Equity
Balance January 1, 2023	<u>69,306,497</u>	<u>\$ 69,306</u>	<u>\$ 127,478,325</u>	<u>\$ (116,410,405 )</u>	<u>\$ (219,276 )</u>	<u>\$ (911,516 )</u>	<u>\$ 10,006,432</u>
Stock based compensation	-	-	388,772	-	-	-	388,772
Common stock issued to board of directors for services	256,868	258	(258 )	-	-	-	-
Common stock to be issued to employees for bonuses	-	-	50,000	-	-	-	50,000
Common Stock issued to Consultants	242,335	242	125,758	-	-	-	126,000
Net loss	-	-	-	(1,307,666 )	(11,665 )	-	(1,319,331 )
Balance at March 31, 2023	<u>69,805,700</u>	<u>\$ 69,806</u>	<u>\$ 128,042,597</u>	<u>\$ (117,718,071 )</u>	<u>\$ (230,941 )</u>	<u>\$ (911,516 )</u>	<u>\$ 9,251,871</u>
Stock based compensation	-	-	404,330	-	-	-	404,330
Common stock issued to be employee for bonus	-	-	217,500	-	-	-	217,500
Common stock to be issued for payment of consulting services	109,204	109	56,677	-	-	-	56,780
Common stock issued to board of directors for services	192,835	193	(193 )	-	-	-	-
Net loss	-	-	-	(2,216,317 )	(12,511 )	-	(2,228,828 )
Balance at June 30, 2023	<u>70,107,739</u>	<u>\$ 70,108</u>	<u>\$ 128,720,911</u>	<u>\$ (119,934,388 )</u>	<u>\$ (243,452 )</u>	<u>\$ (911,516 )</u>	<u>\$ 7,701,662</u>
Stock based compensation	-	-	320,325	-	-	-	320,325
Common stock issued to be employee for compensation	-	-	50,000	-	-	-	50,000
Common stock to be issued for payment of consulting services	631,523	632	396,510	-	-	-	397,145
Common stock issued to board of directors for services	154,486	154	(154 )	-	-	-	-
Net loss	-	-	-	(1,466,294 )	(9,811 )	-	(1,476,105 )
Balance at September 30, 2023	<u>70,893,748</u>	<u>\$ 70,894</u>	<u>\$ 129,487,592</u>	<u>\$ (121,400,682 )</u>	<u>\$ (253,263 )</u>	<u>\$ (911,516 )</u>	<u>\$ 6,993,027</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MILESTONE SCIENTIFIC AND SUBSIDIARIES  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
**(UNAUDITED)**



	Common Stock	Common Stock Amount	Additional Paid in Capital	Accumulated Deficit	Noncontrolling Interest	Treasury Stock	Total Stockholder Equity
Balance January 1, 2022	<u>68,153,336</u>	<u>\$ 68,153</u>	<u>\$ 124,915,560</u>	<u>\$ (107,704,274 )</u>	<u>\$ (152,541 )</u>	<u>\$ (911,516 )</u>	<u>\$ 16,215,387</u>
Stock based compensation	-	-	305,370	-	-	-	305,370
Common stock to be issued to employees for bonuses	-	-	164,385	-	-	-	164,385
Net loss	-	-	-	(1,901,723 )	(17,502 )	-	(1,919,225 )
Balance at March 31, 2022	<u>68,153,336</u>	<u>\$ 68,153</u>	<u>\$ 125,385,315</u>	<u>\$ (109,605,997 )</u>	<u>\$ (170,043 )</u>	<u>\$ (911,516 )</u>	<u>\$ 14,765,917</u>
Stock based compensation	-	-	392,266	-	-	-	392,266
Common stock issued to employee for compensation	27,051	27	39,973	-	-	-	40,000
Common stock to be issued for payment of consulting services	246,028	246	345,689	-	-	-	345,935
Common stock issued to board of directors for services	12,879	13	12,864	-	-	-	12,877
Common stock issued to board of directors for vested awards	224,850	225	(225 )	-	-	-	-
Common stock to be issued to employees for bonuses	147,338	147	(147 )	-	-	-	-
Net loss	-	-	-	(2,858,481 )	(22,848 )	-	(2,881,329 )
Balance June 30, 2022	<u>68,811,482</u>	<u>\$ 68,811</u>	<u>\$ 126,175,735</u>	<u>\$ (112,464,478 )</u>	<u>\$ (192,891 )</u>	<u>\$ (911,516 )</u>	<u>\$ 12,675,667</u>
Stock based compensation	-	-	400,202	-	-	-	400,202
Common stock to be issued for payment of consulting services	95,912	96	90,403	-	-	-	90,499
Net loss	-	-	-	(1,971,803 )	(13,680 )	-	(1,985,483 )
Balance September 30, 2022	<u>68,907,394</u>	<u>\$ 68,907</u>	<u>\$ 126,666,340</u>	<u>\$ (114,436,281 )</u>	<u>\$ (206,571 )</u>	<u>\$ (911,516 )</u>	<u>\$ 11,180,877</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**MILESTONE SCIENTIFIC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX NINE MONTHS ENDED**  
**(UNAUDITED)**

	June 30, 2023	June 30, 2022	September 30, 2023	September 30, 2022
Cash flows from operating activities:				
Net loss	\$ (3,548,159 )	\$ (4,800,554 )	\$ (5,024,264 )	\$ (6,786,037 )
Adjustments to reconcile net loss to net cash used in operating activities:			Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation expense	7,473	6,692	10,155	10,139
Amortization of intangibles	26,429	26,768	39,643	39,982
Stock based compensation	793,101	697,635	1,113,427	1,097,838
Inventory Reserve	-	430,245	109,159	430,245
Employees paid in stock	267,500	217,262	317,500	217,262
Expense paid in stock	182,786	345,935	579,928	436,434

Unrealized gain on marketable securities			6,208	-
Bad debt expense			16,076	100,000
Amortization of right-of-use asset	45,624	43,491	69,067	59,698
Changes in operating assets and liabilities:				
Increase in accounts receivable	(95,867)	117,926		
Increase in accounts receivable, related party	-	(269,973)		
(Decrease) in inventories	(400,728)	(394,167)		
(Decrease) increase in advances on contracts	42,495	(321,597)		
Decrease (increase) in accounts receivable			86,629	(248,457)
Increase in inventories			(799,454)	(440,574)
Increase in advances on contracts			(373,852)	(272,223)
Increase in prepaid expenses and other current assets	(108,118)	(147,578)	(134,881)	(102,858)
(Decrease) increase in accounts payable	(428,141)	604,976		
Increase in accounts payable			46,538	502,292
(Decrease) increase in accounts payable, related party	(176,803)	337,801	(166,855)	515,142
Increase (decrease) in accrued expenses	297,666	(464,800)		
Decrease in accrued expenses			(13,098)	(367,074)
Increase (decrease) in accrued expenses, related party	110,790	(191,789)	103,287	(80,758)
Decrease operating right of use lease asset	(43,174)	(39,338)	(65,543)	(53,411)
Net cash used in operating activities	\$ (3,027,126)	\$ (3,801,065)	\$ (4,080,330)	\$ (4,942,360)
Cash flows from investing activities:				
Purchase of furniture, fixtures, and equipment	(1,196)	85	(1,192)	(3,827)
Sale of Marketable securities			4,472,540	-
Purchase of Marketable securities	(1,981,180)	-	(6,929,218)	-
Net cash (used in) provided by investing activities	\$ (1,982,376)	\$ 85		
Net cash used in investing activities			\$ (2,457,870)	\$ (3,827)
Cash flows from financing activities:				
Payments finance lease obligations	(4,324)	(4,234)	(6,486)	(6,486)
Net cash used in financing activities	\$ (4,324)	\$ (4,234)	\$ (6,486)	\$ (6,486)
Net decrease in cash and cash equivalents	(5,013,826)	(3,805,214)	(6,544,686)	(4,952,673)
Cash and cash equivalents at beginning of period	8,715,279	14,764,346	8,715,279	14,764,346
Cash and cash equivalents at end of period	\$ 3,701,453	\$ 10,959,132	\$ 2,170,593	\$ 9,811,673

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

MILESTONE SCIENTIFIC, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

**NOTE 1 — ORGANIZATION AND BUSINESS**

All references in this report to “Milestone Scientific,” “us,” “our,” “we,” the “Company” or “Milestone” refer to Milestone Scientific Inc., and its consolidated subsidiaries, Wand Dental, Inc., and Milestone Medical, Inc. (all described below), unless the context otherwise indicates. Milestone Scientific is the owner of the following registered U.S. trademarks: *CompuDent®*; *CompuFlo®*; *DPS Dynamic Pressure Sensing technology®*; *Milestone Scientific ®*; *CathCheck®*; *the Milestone logo ®*; *SafetyWand®*; *STA Single Tooth Anesthesia System®*; and *The Wand ®*.

Milestone Scientific was incorporated in the State of Delaware in August 1989. Milestone Scientific has developed a proprietary, revolutionary, computer-controlled anesthetic delivery device, its DPS Dynamic Pressure Sensing Technology® System, to meet the needs of various subcutaneous drug delivery injections and fluid aspiration – enabling healthcare practitioners to achieve multiple unique benefits that cannot currently be accomplished with the 160-year-old manual syringe. **The Our proprietary DPS Dynamic**

Pressure Sensing technology is our technology platform that advances the development of next-generation devices. It regulates flow rate and monitoring pressure from the tip of the needle, through platform extensions for local anesthesia for subcutaneous drug delivery, used in various dental and medical injections. It has specific medical applications for epidural space identification in regional anesthesia procedures and intra-articular joint injections.

Our device, using The Wand®, a single use disposable handpiece, is marketed in dentistry under the trademarks *CompuDent®* and *STA Single Tooth Anesthesia System®*, and is suitable for all dental procedures that require local anesthetic. The dental devices are currently sold in the United States, Canada and in over 38 41 other countries. Milestone Scientific also has 510(k) marketing clearance from the U.S. Food and Drug Administration (FDA) on the *CompuFlo®* Epidural Computer Controlled Anesthesia System in the lumbar thoracic and cervical thoracic junction of the spinal region. In addition, certain medical devices we have obtained CE mark approval and for certain medical devices, which can be marketed and sold in most European countries.

Milestone Scientific is a biomedical technology company that patents, designs, develops and commercializes innovative diagnostic and therapeutic injection technologies and devices for medical and dental use. Since our inception, we have engaged in pioneering proprietary, innovative, computer-controlled injection technologies, and solutions for the medical and dental markets. Our common stock was initially listed on the NYSE American on June 1, 2015 and trades under the symbol "MLSS". The Company is focused on building its intellectual property portfolio across numerous indications.

## NOTE 2- LIQUIDITY AND UNCERTAINTIES

The Company has evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the unaudited condensed consolidated financial statements are issued. Total losses since inception have been \$120 million, \$121 million. The operating losses were \$2.3 million \$1.5 million and \$3.6 million \$5.1 million for three and six nine months ended June September 30, 2023, respectively. Management has prepared cash flow forecasts covering a period of 12 months from the date of issuance of these financial statements. As a result of the forecast, management believes that the Company has sufficient cash, along with as a result of slowing down production on new technology, research, and development, terminating certain consulting agreements, and managing inventory purchases from our manufacturers. Additionally, the current Company was approved on September 12, 2023 to sell Net Operating Losses through the New Jersey Technology Business Tax Certificate Transfer Program ("NJ NOL Program"), a program established by NJ Law and administered by the New Jersey Economic Development Authority ("NJEDA"). Management believes this will generate positive cash flow and support from in the dental business to mitigate the expected selling expenditures for commercialization of the Epidural medical device, as well as other operating expenditures and planned new product development programs, over the next twelve months from the filing date of this report, and thus near future. Management has concluded that there is no substantial doubt about the Company's ability to continue as a going concern. concern for the period of one year from the issuance of these financial statements.

These forecasts include several revenue and operating expense assumptions which indicate that the Company's current cash and liquidity is sufficient to finance the operating requirements for at least the next twelve months. Management believes that the Company will have sufficient cash reserves to meet its anticipated obligations for at least the next twelve months from the filing date of this report. Milestone Scientific is actively pursuing the generation of positive cash flows from operating activities through an increase in revenue from its dental business worldwide, the generation of revenue from its medical devices and disposables business in the United States and worldwide, and a reduction in operating expenses. However, the Company's continued operations will depend on its ability to raise additional capital through various potential sources until it achieves profitability, if ever.

In addition to its employees, the Company relies on (i) distributors, agents, and third-party logistics providers in connection with product sales and distribution, and (ii) raw material and component suppliers in the U.S., Europe, and China. If the Company, or any of these entities, encounter any disruptions to its or their respective operations or facilities, or if the Company or any of these third-party partners were to shut down for any reason, including by fire, natural disaster, such as a hurricane, tornado or severe storm, power outage, systems failure, labor dispute, pandemic or other public health crises, or other unforeseen disruption, then the Company or they may be prevented or delayed from effectively operating its or their business, respectively.

Sanctions imposed by the United States and other western democracies, against Russia because of the Ukraine conflict, and any expansion of the conflict, have had and are likely to continue to have unpredictable and wide-ranging effects on the domestic and global economy and financial markets, which could have an adverse effect on our business and results of operations. The conflict has caused market volatility, a sharp increase in certain commodity prices, and an increasing number and frequency of cybersecurity threats. As direct impact from the conflict, we have experienced a decrease in international sales to Ukraine and halted all sales to Russia. We will continue to monitor the situation carefully and, if necessary, take action to protect our business, operations, and financial condition.

## NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission (SEC), and include the accounts of Milestone Scientific and its wholly owned and majority owned subsidiaries, including, Wand Dental (wholly owned), and Milestone Medical (majority owned). All significant, intra-entity transactions and balances have been eliminated in the consolidation.

## 2. Basis of Presentation

The unaudited condensed consolidated financial statements of Milestone Scientific have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information with the instructions for Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring entries) necessary to fairly present such interim results. Interim results are not necessarily indicative of the results of operations which may be expected for a full year or any subsequent period. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2022, included in Milestone Scientific's Annual Report on Form 10-K.

## 3. Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to the allowance for doubtful accounts, inventory valuation, and cash flow assumptions regarding evaluations of going concern considerations, stock compensation expense, and valuation allowances on deferred tax assets. Actual results could differ from those estimates.

## 4. Revenue Recognition

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To perform revenue recognition, the Company performs the following five steps:

- i. identification of the promised goods or services in the contract;
- ii. determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract;
- iii. measurement of the transaction price, including the constraint on variable consideration;
- iv. allocation of the transaction price to the performance obligations based on estimated selling prices; and
- v. recognition of revenue when (or as) the Company satisfies each performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606.

The Company derives its revenues from the sale of its products, primarily dental instruments, handpieces, and other related products. The Company sells its products directly to consumers in the United States and through a global distribution network that includes both exclusive and non-exclusive distribution agreements with related and third parties.

Revenue from product sales is recognized upon transfer of control of a product to a customer, generally upon date of shipment. The Company has no obligation on product sales for any installation, set-up, or maintenance, these being the responsibility of the buyer. Milestone Scientific's only obligation after sale is the normal commercial warranty against manufacturing defects if the alleged defective unit is returned within the warranty period.

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## E-Commerce

As of January 3, 2023, the Company launched an E-Commerce platform, selling and shipping STA Single Tooth Anesthesia Systems® (STA) and handpieces directly to dental offices and dental groups within the United States. Our E-commerce portal accepts online payments via credit and debit cards. The cost of delivery is charged to customer along with appropriate sales tax. The Company recognizes revenue from product sales at the time the product ships to a customer via a third party.

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## Sales Returns

The Company records allowances for product returns as a reduction of revenue at the time product sales are recorded. Several factors are considered in determining whether an allowance for product returns is required, including the customers' return rights and the Company's historical experience with returns and the amount of product in the distribution channel not consumed by end users and subject to return. The Company relies on historical return rates to estimate returns.

The Company terminated its major U.S. distributor contract as of December 31, 2022. That distributor had return rights in connection with this contract termination that extended through March 31, 2023. The Company recorded allowance of approximately \$179,000 for those returns within its December 31, 2022 financial statements. No As of September 30, 2023 no returns have been presented, and the Company reversed the allowance for sales returns.

### Financing and Payment

The Company's payment terms differ by geography and customer, but payments from distributors are required within 90 days or less from the date of shipment. The E-commerce portal sells directly to end users and accepts online payments via credit and debit cards via a third-party. These payments from the third-party are settled within two business days.

### Disaggregation of Revenue

The Company operates in two operating segments: dental and medical. Therefore, results of the Company's operations are reported on a consolidated basis for purposes of segment reporting, consistent with internal management reporting. See Note 8 for revenues by geographical market, based on the customer's location, and product category for the three and six nine months ended June September 30, 2023 and 2022.

### 5. Cash and Cash Equivalents

Milestone Scientific considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of June September 30, 2023 and December 31, 2022, Milestone Scientific has approximately \$3.7 million \$2.2 million and \$8.7 million, respectively of cash and cash equivalents. As of June September 30, 2023, and December 31, 2022, Milestone Scientific had approximately \$3.4 \$1.7 million and \$8.3 million, respectively, in cash, cash equivalents, and marketable securities in accounts that exceeded the Federal Deposit Insurance Corporation insurance limit of \$250,000.

### 6. Marketable Securities

The Company's marketable securities are comprised of treasury bills with original maturity greater than three months from date of purchase. The Company's marketable securities are measured at fair value and are accounted for in accordance with ASU 2016-01. Unrealized holding gains and losses on treasury bills are recorded in net realized and unrealized gain (loss) from investments interest income on the unaudited condensed consolidated statements of operations. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of the marketable securities.

The appropriate classification of marketable securities is determined at the time of purchase and evaluated as of each reporting balance sheet date. Investments in marketable debt and equity securities classified as available-for-sale are reported at fair value. Fair value is determined using quoted market prices in active markets for identical assets or liabilities or quoted prices for similar assets or liabilities or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Declines in the fair values of equity securities that are considered other-than-temporary, are charged to other income (expense), net. The Company considers available evidence in evaluating potential impairments of its investments, including the duration and extent to which fair value is less than cost. As of June September 30, 2023, the Company held approximately \$2.0 million \$2.4 million in U.S. treasury securities, with maturity dates within 3 and 6 months of the balance sheet date.

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### 7. Accounts Receivable

The e-commerce E-commerce portal sells directly to end users and accepts online payments via credit and debit cards via a third-party credit card processor. These payments are settled within 2 business days of the transactions. Sales to distributors are on credit terms. The Company estimates losses from the ability or inability of its distributor to make payments on amounts billed.

Distributors credit sales are due in 90 days or less from the date of invoicing. As of June September 30, 2023 and December 31, 2022, accounts receivable was recorded, net of allowance for doubtful accounts account of \$27,000 \$26,000 and \$10,000, respectively.

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### 8. Inventories

Inventories principally consist of finished goods and component parts stated at the lower of cost (first-in, first-out method) or net realizable value. Inventory quantities on hand are reviewed on a quarterly basis and a provision for excess, slow moving, defective, and obsolete inventory is recorded if required based on past and expected future sales, potential technological obsolescence, and product expiration requirements.

The valuation allowance creates a new cost basis for the inventory, and it is not subsequently marked up through a reduction in the valuation allowance based on any changes in the underlying facts and circumstances. When the valuation allowance is initially recorded, the increase to the allowance is recognized as an increase in cost of sales. The valuation allowance is only reduced if or when the underlying inventory is sold or destroyed, at which time cost of sales recognized would include the previous adjusted cost basis.

## 9. Basic and Diluted Net Loss Per Common Share

Milestone Scientific presents "basic" earnings (loss) per common share applicable to common stockholders and, if applicable, "diluted" earnings (loss) per common share applicable to common stockholders pursuant to the provisions of ASC 260, "Earnings per Share". Basic earnings (loss) per common share is calculated by dividing net income or loss applicable to common stockholders by the weighted average number of common shares outstanding and to be issued common shares as follows: 72,333,656 73,730,921 and 70,356,796 70,975,420 for the three months ended June September 30, 2023 and 2022, respectively; and 72,048,223 72,374,693 and 70,585,590 70,480,706 for the six nine months ended June September 30, 2023 and 2022, respectively. The calculation of diluted earnings per common share is like that of basic earnings per common share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, such as those issuable upon the exercise of stock options and warrants, were issued during the period.

Since Milestone Scientific had net losses in the six nine months ended June September 30, 2023 and 2022, the assumed effects of the exercise of potentially dilutive outstanding stock options, unissued restricted stock awards ("RSA") and warrants, were not included in the calculation as their effect would have been anti-dilutive. Such outstanding options, RSA's and warrants totaled 4,142,155 3,930,654 and 8,166,380 8,135,704 for the six nine months ended on June September 30, 2023 and 2022, respectively.

## 10. Stock-Based Compensation

Milestone Scientific accounts for stock-based compensation under ASC Topic 718, Share-Based Payment. ASC Topic 718 requires all share-based payments to employees, non-employees, directors, and officers, including grants of employee stock options, to be recognized in the unaudited condensed consolidated statements of operations over the service period, as an operating expense, based on the grant-date fair values.

## 11. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which amends the guidance on measuring credit losses for certain financial assets measured at amortized cost, including trade receivables. The FASB has subsequently issued several updates to the standard, providing additional guidance on certain topics covered by the standard. This update requires entities to recognize an allowance for credit losses using a forward-looking expected loss impairment model, taking into consideration historical experience, current conditions, and supportable forecasts that impact collectability. As January 1, 2023, the Company adopted ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") the adoption of this ASU does not have a material impact on our financial statements.

In November 2019, the FASB issued ASU 2019-10, *Financial Instruments - Credit Losses (Topic, 326), Derivatives and hedging (Topic 815), and Leases (Topic 842): Effective dates*, which deferred the effective date of ASU 2016-13 for the Company. As a result of ASU 2019-10, ASU 2016-13 is effective for all entities with fiscal years beginning after December 15, 2022, including interim periods. As January 1, 2023, the Company adopted ASU 2019-10, *Financial Instruments - Credit Losses (Topic, 326), Derivatives and hedging (Topic 815), and Leases (Topic 842)* the adoption of this ASU does not have a material impact on our financial statements.

## NOTE 4 — INVENTORIES

Inventories consist of the following:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Dental finished goods	\$ 1,833,864	\$ 1,315,263	\$ 2,090,638	\$ 1,315,263
Medical finished goods	208,081	334,124		
Medical finished goods, net			225,642	334,124
Component parts and other materials	151,118	142,948	166,350	142,948
Total inventories	\$ 2,193,063	\$ 1,792,335	\$ 2,482,630	\$ 1,792,335

The Company has recorded an allowance on slow moving Medical finished goods due to the slow adoption of the epidural instruments and handpieces for approximately \$1.1 million and \$1.0 million as of June September 30, 2023 and December 31, 2022, 2022, respectively. The Company recorded approximately \$90,000 for obsolete parts and material related to the epidural instrument.

## NOTE 5 — ADVANCES ON CONTRACTS

The advances on contracts represent funding of future STA devices, epidural instruments, and epidural replacements parts. The balance of the advances as of June September 30, 2023 and December 31, 2022 is approximately \$1.7 million and \$1.3 million, respectively. The advance is classified as current based on the estimated annual usage of the

underlying inventory.

## NOTE 6— STOCKHOLDERS' EQUITY

### Warrants

The following table summarizes information about shares issuable under warrants outstanding as of June September 30, 2023:

	Warrant shares outstanding	Weighted Average exercise price	Weighted Average remaining life	Intrinsic
Outstanding at January 1, 2023	4,268,221	2.18	0.50	
Issued	-	-	-	
Exercised	-	-	-	
Expired or cancelled	(3,953,649 )	-	-	
Outstanding and exercisable at June 30, 2023	314,572	0.50	0.60	

  

	Warrant shares outstanding	Weighted Average exercise price	Weighted Average remaining life	Intrinsic value
Outstanding at January 1, 2023	4,268,221	2.18	0.50	
Issued	-	-	-	
Exercised	-	-	-	
Expired or cancelled	(3,953,649 )	-	-	
Outstanding and exercisable at September 30, 2023	314,572	0.50	0.35	132,120

### Shares to Be Issued

As of June September 30, 2023 and 2022, there were 2,380,068 2,426,364 and 1,852,789, respectively, shares issuable, the issuance of shares to be issued whose issuance which has been deferred under the terms of employment agreements with the Chief Executive Officer and other employees of Milestone Scientific. Such shares will be issued are issuable to each party upon termination of their respective employment.

As of June September 30, 2023 2023 and 2022, there were 382,697 382,696 and 174,364, respectively, of shares to be issued issuable to non-employees, for services rendered. The number of shares was fixed at the date of grant and were fully vested upon grant date.

The following table summarizes information about shares to be issued on June September 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
Shares-to-be-issued, outstanding January 1, 2023 and 2022, respectively	2,440,673	2,066,343
Granted in current period	322,092	108,148
Issued in current period	-	(147,338 )
Shares-to be issued outstanding June 30, 2023 and 2022, respectively	2,762,765	2,027,153

  

	September 30, 2023	September 30, 2022
Shares-to-be-issued, outstanding January 1, 2023 and 2022, respectively	2,440,673	2,066,343
Granted in current period	368,387	108,148
Issued in current period	-	(147,338 )
Shares-to be issued outstanding September 30, 2023 and 2022, respectively	2,809,060	2,027,153

### Stock Options Plans

The Milestone Scientific Inc. 2020 Equity Compensation Plan, as amended and restated (the "2020 Plan"), provides for awards of restricted common stock, restricted stock units, options to purchase common stock and other awards, up to a maximum 11,500,000 shares of common stock and expires in June 2031. Options may be granted to employees, directors, and consultants of Milestone Scientific for the purchase of shares of common stock at a price not less than the fair market value of common stock on the date of grant. In general, options become exercisable over a three-year period from the grant date and expire five years after the date of grant.

Milestone Scientific recognizes compensation expense over the requisite service period. For three and six nine months ended June September 30, 2023, Milestone Scientific recognized approximately \$229,000 \$321,000 and \$457,000 \$1.1 million, respectively, of total employee compensation cost, respectively, recorded in general and administrative expenses on the statement of operations. For three and six nine months ended June September 30, 2022, Milestone Scientific recognized \$223,000 approximately \$233,000 and \$501,000 \$1.1 million, respectively, of total employee compensation cost, respectively, recorded in general and administrative expenses on the statement of operations.

A summary of option activity for employees under the plans and changes during the six nine months ended June September 30, 2023 is presented below:

	Number of Options	Weighted Averaged Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Options Value \$	Number of Options	Weighted Averaged Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Options Value \$
Options outstanding January 1, 2023	3,059,989	2.36	6.38	-	3,059,989	2.36	6.38	-
Granted during 2023	-	-	-	-	-	-	-	-
Exercised during 2023	-	-	-	-	-	-	-	-
Forfeited or expired during 2023	-	-	-	-	(18,000)	-	-	-
Options outstanding June 30, 2023	3,059,989	2.36	5.88	-				
Exercisable, June 30, 2023	1,481,651	2.29	5.25	-				
Options outstanding September 30, 2023					3,041,989	2.29	5.66	-
Exercisable, September 30, 2023					1,469,651	2.37	4.97	-

A summary of option activity for non-employees under the plans and changes during the six nine months ended June September 30, 2023 presented below:

	Number of Options	Weighted Averaged Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Aggregate I Options V
Options outstanding January 1, 2023	91,663	1.75	2.55	
Granted during 2023	8,333	0.89	4.99	
Exercised during 2023	-	-	-	
Options outstanding June 30, 2023	99,996	1.68	2.29	
Exercisable, June 30, 2023	86,109	1.78	1.96	

	Number of Options	Weighted Averaged Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Opti Value \$
Options outstanding January 1, 2023	91,663	1.75	2.55	
Granted during 2023	8,333	0.89	4.46	
Expired during 2023	(8,333 )	0.75	-	
Options outstanding September 30, 2023	91,663	1.76	2.25	
Exercisable, September 30, 2023	77,776	1.89	1.93	

For the three and six nine months ended June September 30, 2023, Milestone Scientific recognized approximately \$4,900 \$3,800 and \$12,700 \$17,000, respectively of expense related to non-employee options, respectively. options. For the three and six nine months ended June September 30, 2022, Milestone Scientific recognized approximately \$5,000 and \$10,000 \$15,000, respectively of expense related to non-employee options, respectively. options.



The information below summarizes the restricted stock award activity for the **six nine** months ended **June September** 30, 2023.

	Number of Shares	Weighted Average Grant-Date Fair Value per Award	Number of Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested as January 1, 2023	435,293	1.18	435,293	1.18
Granted	617,978	0.89	617,978	0.89
Vested	(540,164)	-	(540,164)	-
Cancelled	-	-	(30,676)	-
Non-vested as June 30, 2023	513,107	0.96		
Non-vested as September 30, 2023			482,431	0.91

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As of **June September** 30, 2023, there are **49,615** **were 18,947** restricted shares granted and deferred under the terms of employment agreements with each Territory Manager of Milestone Scientific. Such shares **will be expected to** be issued to each party upon completion of **two** years of employment. For the three and **six nine** months ended **June September** 30, 2023, the Company recognized stock compensation expense of approximately **\$9,400** **negative \$36,500** and **\$19,000** **\$17,700** respectively. For the three and **six nine** months ended **June September** 30, 2022, the Company recognized negative stock compensation expense of approximately **\$54,000** **\$10,400** and **\$27,000** **\$37,500**, respectively, due to termination of certain employees who had not vested in their grant in the current period. For the **six nine** months ended **June September** 30, 2023, the total unrecognized compensation expense was approximately **\$19,000** **\$5,200**, related to unvested restricted stock awards, which the Company expects to recognize over an estimated weighted-average period of **.53.46** years.

As of June 28, 2023, the Company entered into restricted stock agreements with members of the Board of Directors of the Company. The Company granted 617,978 restricted stock awards with a fair market value of \$0.89 per share. Such restricted stock vests as follows: 25% on the grant date in June 2023, and 25% quarterly, on the first day of the following months: October 2023, January **2023** **2024**, and April 2024. These awards vest immediately upon a change of control as defined in the agreements. For the three and **six nine** months of ended **June September** 30, 2023, the Company recognized approximately **\$162,000** **\$137,500** and **\$307,000** **\$445,000**, respectively, for restricted stock expenses recorded in general and administrative expenses on the statement of operations. For the **six nine** months of end **June September** 30, 2023, the total unrecognized stock compensation expense was approximately **\$407,000** **\$269,000** related to non-vested restricted stock awards with the members of the Board of Directors, which the Company expects to recognize over an estimated weighted average period of **.750.50** years.

#### NOTE 7 — INCOME TAXES

The utilization of Milestone Scientific's net operating losses may be subject to a substantial limitation due to the "change of ownership provisions" under Section 382 of the Internal Revenue Code and similar state provisions. Such limitation may result in the expiration of the net operating loss carry forwards before their utilization. Milestone Scientific has established a 100% valuation allowance for all its deferred tax assets due to uncertainty as to their future realization.

#### NOTE 8 — SEGMENT AND GEOGRAPHIC DATA

We conduct our business through two reportable segments: Dental and Medical. These segments offer different products and services to different customer bases. The Company provides general corporate services to its segments; however, these services are not considered when making operating decisions and assessing segment performance. These services are reported under "Corporate Services" below and these include costs associated with executive management, investor relations, patents, trademarks, licensing agreements, new **instruments** **instrument** developments, financing activities and public company compliance.

The following tables present information about our reportable and operating segments:

	For the Three Months ended June 30,		For the Six Months ended June	
	2023	2022	2023	2022
Sales				
Net Sales:				
Dental	\$ 2,912,166	\$ 1,609,768	\$ 5,503,564	\$
Medical	(2,200 )	38,600	4,000	
Total net sales	\$ 2,909,966	\$ 1,648,368	\$ 5,507,564	\$

Operating Income (Loss):	2023	2022	2023	2022
Dental	\$ 598,944	\$ 163,022	\$ 1,240,884	\$
Medical	(863,899 )	(1,615,283 )	(1,685,832 )	(
Corporate	(2,012,595 )	(1,432,618 )	(3,175,278 )	(
Total operating loss	<u>\$ (2,277,550 )</u>	<u>\$ (2,884,879 )</u>	<u>\$ (3,620,226 )</u>	<u>\$ (</u>
Depreciation and Amortization:	2023	2022	2023	2022
Dental	\$ 1,219	\$ 893	\$ 2,388	\$
Medical	694	1,019	1,662	
Corporate	14,768	14,733	29,852	
Total depreciation and amortization	<u>\$ 16,681</u>	<u>\$ 16,645</u>	<u>\$ 33,902</u>	<u>\$</u>

	For the Three Months ended September 30,		For the Nine Months ended September 30,	
Sales				
Net Sales:	2023	2022	2023	2022
Dental	\$ 2,053,284	\$ 2,206,499	\$ 7,556,848	\$ 6,509,619
Medical	6,000	9,200	10,000	55,350
Total net sales	<u>\$ 2,059,284</u>	<u>\$ 2,215,699</u>	<u>\$ 7,566,848</u>	<u>\$ 6,564,969</u>
Operating Income (Loss):	2023	2022	2023	2022
Dental	\$ 458,474	\$ 308,913	\$ 1,699,349	\$ 826,175
Medical	(740,087 )	(937,468 )	(2,425,913 )	(3,788,842 )
Corporate	(1,225,092 )	(1,384,940 )	(4,400,369 )	(3,850,185 )
Total operating loss	<u>\$ (1,506,705 )</u>	<u>\$ (2,013,495 )</u>	<u>\$ (5,126,933 )</u>	<u>\$ (6,812,856 )</u>
Depreciation and Amortization:	2023	2022	2023	2022
Dental	\$ 1,051	\$ 951	\$ 3,439	\$ 2,737
Medical	585	1,019	2,247	3,056
Corporate	14,260	14,691	44,112	44,328
Total depreciation and amortization	<u>\$ 15,896</u>	<u>\$ 16,661</u>	<u>\$ 49,798</u>	<u>\$ 50,121</u>

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<b>Income (loss) before taxes and equity in earnings of affiliates:</b>	2023	2022	2023	2022
Dental	\$ 599,126	\$ 161,774	\$ 1,240,295	\$
Medical	(865,735 )	(1,616,733 )	(1,689,503 )	(
Corporate	(1,962,219 )	(1,426,370 )	(3,098,951 )	(
Total loss before taxes and equity in earnings of affiliate	<u>\$ (2,228,828 )</u>	<u>\$ (2,881,329 )</u>	<u>\$ (3,548,159 )</u>	<u>\$ (</u>
Total Assets	June 30, 2023	December 31, 2022		
Dental	\$ 4,439,751	\$ 3,875,978		
Medical	452,974	620,373		
Corporate	6,258,727	9,205,735		
Total assets	<u>\$ 11,151,452</u>	<u>\$ 13,702,086</u>		

Income (loss) before taxes and equity in earnings of affiliates:	2023	2022	2023	2022
Dental	\$ 458,504	\$ 307,699	\$ 1,698,790	\$ 822,270
Medical	(742,004 )	(938,963 )	(2,431,502 )	(3,793,236 )
Corporate	(1,192,605 )	(1,354,219 )	(4,291,552 )	(3,815,071 )
Total loss before taxes and equity in earnings of affiliate	<u>\$ (1,476,105 )</u>	<u>\$ (1,985,483 )</u>	<u>\$ (5,024,264 )</u>	<u>\$ (6,786,037 )</u>
Total Assets	<b>September 30, 2023</b>	<b>December 31, 2022</b>		
Dental	\$ 5,338,522	\$ 3,875,978		
Medical	498,113	620,373		
Corporate	4,746,923	9,205,735		
Total assets	<u>\$ 10,583,558</u>	<u>\$ 13,702,086</u>		

The following table shows a breakdown of Milestone Scientific's product sales (net), domestically and internationally, by business segment product category:

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Dental	Medical	Grand Total	Dental	Medical	Grand Total
Domestic: US						
Instruments	\$ 230,615	\$ -	\$ 230,615	\$ 164,341	\$ 7,500	\$ 171,841
Handpieces	1,007,930	-	1,007,930	678,473	1,700	680,173
Accessories	14,822	-	14,822	24,304	-	24,304
Grand Total	<u>\$ 1,253,367</u>	<u>\$ -</u>	<u>\$ 1,253,367</u>	<u>\$ 867,118</u>	<u>\$ 9,200</u>	<u>\$ 876,318</u>
International: Rest of World						
Instruments	\$ 88,019	\$ -	\$ 88,019	\$ 436,069	\$ -	\$ 436,069
Handpieces	700,697	6,000	706,697	881,616	-	881,616
Accessories	11,201	-	11,201	21,696	-	21,696
Grand Total	<u>\$ 799,917</u>	<u>\$ 6,000</u>	<u>\$ 805,917</u>	<u>\$ 1,339,381</u>	<u>\$ -</u>	<u>\$ 1,339,381</u>
Total Product Sales	<u>\$ 2,053,284</u>	<u>\$ 6,000</u>	<u>\$ 2,059,284</u>	<u>\$ 2,206,499</u>	<u>\$ 9,200</u>	<u>\$ 2,215,699</u>

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022			Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Dental	Medical	Grand Total	Dental	Medical	Grand Total	Dental	Medical	Grand Total	Dental	Medical	Grand Total
Domestic: US												
Instruments	\$ 271,215	\$ -	\$ 271,215	\$ 155,028	\$ -	\$ 155,028	\$ 726,104	\$ -	\$ 726,104	\$ 442,336	\$ 7,500	\$ 449,836
Handpieces	1,130,122	(2,200)	1,127,922	801,533	18,600	820,133	3,277,830	-	3,277,830	2,275,865	25,750	2,301,615
Accessories	21,443	-	21,443	22,621	-	22,621	59,336	-	59,336	73,210	2,100	75,310
Grand Total	<u>\$ 1,422,780</u>	<u>\$ (2,200)</u>	<u>\$ 1,420,580</u>	<u>\$ 979,182</u>	<u>\$ 18,600</u>	<u>\$ 997,782</u>	<u>\$ 4,063,270</u>	<u>\$ -</u>	<u>\$ 4,063,270</u>	<u>\$ 2,791,411</u>	<u>\$ 35,350</u>	<u>\$ 2,826,761</u>
International: Rest of World												
Instruments	\$ 474,250	\$ -	\$ 474,250	\$ 160,814	\$ -	\$ 160,814	\$ 961,224	\$ -	\$ 961,224	\$ 1,050,443	\$ -	\$ 1,050,443
Handpieces	732,894	-	732,894	459,799	20,000	479,799	2,222,707	10,000	2,232,707	2,265,367	20,000	2,285,367
Accessories	12,242	-	12,242	9,973	-	9,973	39,647	-	39,647	42,434	-	42,434
Grand Total	<u>\$ 1,219,386</u>	<u>\$ -</u>	<u>\$ 1,219,386</u>	<u>\$ 630,586</u>	<u>\$ 20,000</u>	<u>\$ 650,586</u>	<u>\$ 3,223,578</u>	<u>\$ 10,000</u>	<u>\$ 3,233,578</u>	<u>\$ 3,358,244</u>	<u>\$ 20,000</u>	<u>\$ 3,378,244</u>
International: China												
Instruments	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -	\$ -	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -	\$ -
Handpieces	-	-	-	-	-	-	-	-	-	359,964	-	359,964
Accessories	-	-	-	-	-	-	-	-	-	-	-	-

Grand Total	\$	270,000	\$	-	\$	270,000	\$	-	\$	-	\$	-	\$	270,000	\$	-	\$	270,000	\$	359,964	\$	-	\$	359,964
Total Product Sales	\$	2,912,166	\$	(2,200)	\$	2,909,966	\$	1,609,768	\$	38,600	\$	1,648,368	\$	7,556,848	\$	10,000	\$	7,566,848	\$	6,509,619	\$	55,350	\$	6,564,969

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Six Months Ended June 30, 2023						Six Months Ended June 30, 2022					
Domestic: US	Dental	Medical	Grand Total	Dental	Medical	Grand					
Instruments	\$ 495,683	\$ -	\$ 495,683	\$ 277,996	\$ -	\$					
Handpieces	2,269,900	-	2,269,900	1,597,392	26,150						
Accessories	44,320	-	44,320	47,481	-						
Grand Total	\$ 2,809,903	\$ -	\$ 2,809,903	\$ 1,922,869	\$ 26,150	\$					
International: Rest of World											
Instruments	\$ 873,205	\$ -	\$ 873,205	\$ 614,374	\$ -	\$					
Handpieces	1,522,010	4,000	1,526,010	1,383,751	20,000						
Accessories	28,446	-	28,446	22,162	-						
Grand Total	\$ 2,423,661	\$ 4,000	\$ 2,427,661	\$ 2,020,287	\$ 20,000	\$					
International: China											
Instruments	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -	\$					
Handpieces	-	-	-	359,964	-						
Accessories	-	-	-	-	-						
Grand Total	\$ 270,000	\$ -	\$ 270,000	\$ 359,964	\$ -	\$					
Total Product Sales	\$ 5,503,564	\$ 4,000	\$ 5,507,564	\$ 4,303,120	\$ 46,150	\$					

## NOTE 9 – CONCENTRATIONS

Milestone Scientific has informal arrangements with third-party U.S. manufacturers of the STA devices, and epidural instruments pursuant to which they manufacture these products under specific purchase orders which contain advance requirements but without any long-term contract or minimum purchase commitment. Advances on contracts have been classified as current at **June** **September 30, 2023** and **December 31, 2022**. The termination of the manufacturing relationship with any of these manufacturers could have a material adverse effect on Milestone Scientific's ability to produce and sell its products. Although alternate sources of supply exist, and new manufacturing relationships could be established, Milestone Scientific would need to recover its existing tools or have new tools produced. Establishment of new manufacturing relationships could involve significant expense and delay. Any curtailment or interruption of the supply, because of termination of such a relationship, would have a material adverse effect on Milestone Scientific's financial condition, business and results of operations.

On January 3, 2023, the Company launched an E-Commerce platform selling and shipping STA Single Tooth Anesthesia System® (STA) and handpieces directly to dental offices and dental groups within the U.S. For the three months ended **June** **September 30, 2023**, E-Commerce accounted for **43%** **60%** of net product sales and one distributor accounted for **11%** **13%** of net product sales. For the **six nine** months ended **June** **September 30, 2023**, E-Commerce accounted for **42%** **46%** of net product sales. For the three months ended **June 30, 2022**, an aggregate of approximately 49% of the Company's net sales were from one distributor. For the six months ended **June** **September 30, 2022**, an aggregate of approximately 11% and **38%** **32%** of the Company's net sales were from two distributors. For the nine months ended **September 30, 2022**, an aggregate of approximately 36% of the Company's net product sales were from **two one** distributors. distributor.

We had **three four** distributors that accounted for **40%** **41%**, **16%** **24%**, **13%** and **11%** **10%** of accounts receivable, respectively, for the **six nine** months ended **June** **September 30, 2023**. We had two customers that accounted for 33%, and 20% amount of accounts receivable, respectively as of December 31, 2022.

As of June September 30, 2023 we had one vendor two vendors that accounted for 45% 35% and 19%, respectively, of accounts payable and accounts payable related party. We had one vendor that accounted for 42% of accounts payable and accounts payable related party as of December 31, 2022.

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## NOTE 10 -- RELATED PARTY TRANSACTIONS

### United Systems

Milestone Scientific has a supply agreement with United Systems (whose controlling shareholder, Tom Cheng, is a significant stockholder of Milestone Scientific), the principal manufacturers manufacturer of its our handpieces, pursuant to which it manufactures products manufacture is under specific purchase orders, but without minimum purchase commitments. Purchases from this manufacturer were approximately \$592,000 \$636,000 and \$1.3 \$1.9 million, respectively for the three and six nine months ended June September 30, 2023. Purchases from this manufacturer were approximately \$436,000 \$658,000 and \$1.7 million \$2.3 million, respectively, for the three and six nine months ended June September 30, 2022.

As of June September 30, 2023 and December 31, 2022, Milestone Scientific owed this manufacturer approximately \$592,000, \$630,000, and \$819,000, respectively, which is included in accounts payable, related party and accrued expense, related party on the unaudited condensed consolidated balance sheets.

### Other

During 2022, K. Tucker Andersen, an a significant stockholder of Milestone Scientific, entered into an agreement with Milestone Scientific to provide financial and business strategic services. Expenses recognized on this agreement were \$25,000 and \$50,000 \$75,000 for three and six nine months ended June September 30, 2022, 2022, respectively. The agreement was not renewed in for 2023.

The Royalties payable to our Director of Clinical Affairs' royalty fee Affairs was approximately \$144,000 \$104,000 and \$267,000 \$370,000 for the three and six nine months ended June September 30, 2023, respectively. The Royalties payable to our Director of Clinical Affairs' royalty fee Affairs was approximately \$81,000 \$108,000 and \$213,000 \$322,000 for the three and six nine months ended June September 30, 2022, respectively. Additionally, Milestone Scientific expensed consulting fees to the Director of Clinical Affairs of \$39,000 and \$78,000 \$117,000 for the three and six nine months ended June September 30, 2023 and 2022, respectively.

As of June September 30, 2023 and December 31, 2022, Milestone Scientific owed the Director Clinical Affairs for royalties of approximately \$145,000 \$104,000 and \$120,000, respectively, which is included in accounts payable, related party and accrued expense, related party, in the condensed consolidated balance sheet.

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Pursuant to a Succession Agreement dated April 6, 2021 between Mr. Leonard Osser and the Company: (i) the Employment Agreement dated as of July 10, 2017 between Mr. Leonard Osser and the Company, pursuant to which upon Mr. Osser stepping down as Interim Chief Executive Officer of the Company, the Company agreed to employ him as Managing Director, China Operations of the Company (the "China Operations Agreement"), and (ii) the Consulting Agreement dated as of July 10, 2017 (the "Consulting Agreement") between the Company and U.S. Asian Consulting Group, LLC, a company of which Mr. Osser is a principal, the compensation under the China Operations Agreement was modified to reduce the overall compensation by \$100,000 to \$200,000, split equally between a cash amount and an amount in shares, and the compensation under the Consulting Agreement was increased by \$100,000 to \$200,000, equally split between a cash amount and an amount in shares, which shares were formerly payable under the China Operations Agreement. Compensation under the China Operations Agreement and the Consulting Agreement are payable for 9.5 years from May 19, 2021. The Company recorded expense of \$50,000 and \$100,000 \$150,000 related to the Managing Director, China Operations for the three and six nine months ended June September 30, 2023 and 2022, respectively. The Company recorded expense of \$50,000 and \$100,000 \$150,000 related to the US Asian Consulting Group, LLC for the three and six nine months ended June September 30, 2023 and 2022, respectively.

## NOTE 11 — COMMITMENTS

### (1) Contract Manufacturing Agreement

Milestone Scientific has informal arrangements with third-party manufacturers of the STA devices, and epidural instruments pursuant to which they manufacture these products under specific purchase orders but without any long-term contract or minimum purchase commitment. The Company has a purchase commitment for the delivery of 3,000 2,800 STA instruments as of June September 30, 2023. As of June September 30, 2023, the purchase order commitment was approximately \$2.9 million, \$2.7 million, and approximately \$1.2 \$1.7 million was paid and reported in advances on contracts in the condensed consolidated balance sheet. As of December 31, 2022, the purchase order commitment was approximately \$1.7 million, and approximately \$1.2 million was paid and reported in advances on contracts in the condensed consolidated balance sheet. The

advances on contracts represent funding of future epidural instruments, and epidural replacements parts. The balance of the advances as of **June** **September** 30, 2023 and December 31, 2022 is approximately **\$75,000, respectively, \$41,000**. The advance is classified as current based on the estimated annual usage of the underlying inventory.

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## (2) Leases

### Operating Leases

The Company identified and assessed the following significant assumptions in recognizing its right-of-use assets and corresponding lease liabilities:

- As the Company's leases do not provide an implicit rate, the Company estimated the incremental borrowing rate in calculating the present value of the lease payments. The Company has utilized its incremental borrowing rate based on the long-term borrowing costs of comparable companies in the Medical Device industry.
- Since the Company elected to account for each lease component and its associated non-lease components as a single combined lease component, all contract consideration was allocated to the combined lease component.
- The expected lease terms include non-cancellable lease periods. Renewal option periods are not included in the determination of the lease terms as they were not reasonably certain to be exercised.

The components of lease expense were as follows:

					%			
	Three months ended June 30,		Six months ended June 30,		Three months ended		Nine months ended	
	2023	2022	2023	2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash paid for operating lease liabilities	\$ 31,882	\$ 31,999	\$ 63,763	\$ 63,881	\$ 34,320	\$ 31,999	\$ 98,083	\$ 95,996
Cash paid for finance lease liabilities	2,685	2,685	5,370	5,370	2,685	2,685	8,055	8,055
Right-of-use assets obtained in exchange for new operating lease liabilities (1)		663,009		663,009				663,009
Property and equipment obtained in exchange for new finance lease liabilities		43,242		43,242				43,242
Weighted Average Remaining Lease Term								
Finance leases (years)				1.5 years				1.3
Operating leases (years)				3.75 years				3.5
Weighted-average discount rate – operating leases				9.20%				9.20%
Weighted-average discount rate – finance leases				9.20%				9.20%

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## ITEM 7.2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussions of the financial condition and results of operations should be read in conjunction with the financial statements and the notes to those statements contained in this report and in connection with management's discussion and analysis and the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission, or SEC on March 30, 2023. Certain statements in this discussion and elsewhere in this report constitute forward-looking statements, within the meaning of section 21E of the Exchange Act, that involve risks and uncertainties. The actual results may differ materially from those anticipated in these forward-looking statements.

### OVERVIEW

Milestone Scientific is a biomedical technology company that patents, designs, develops and commercializes innovative diagnostic and therapeutic injection technologies and devices for medical **dental** and **cosmetic dental** use. Since our inception, we have engaged in pioneering proprietary, innovative, computer-controlled injection technologies, and solutions for the medical and dental markets. We believe our technologies are proven and well established. Our common stock was initially listed on the NYSE American on June 1, 2015, and trades under the symbol "MLSS".

We have focused our resources on redefining the worldwide standard of care for injection techniques by making the experience more comfortable for the patient by reducing the anxiety and stress of receiving injections from the healthcare provider. Our computer-controlled injection devices make injections precise, efficient, and virtually painless.

Milestone Scientific has **We have** developed a proprietary, **revolutionary**, computer-controlled anesthetic delivery device, **using The Wand®**, a single use disposable handpiece. The device is marketed in dentistry under the trademark **CompuDent®**, and **STA Single Tooth Anesthesia System®** and is suitable for all dental procedures that require local anesthetic. Our proprietary **our DPS Dynamic Pressure Sensing technology® Technology® System**, to meet the needs of various subcutaneous drug delivery injections and fluid aspiration – enabling healthcare practitioners to achieve multiple unique benefits that cannot currently be accomplished with the 160-year-old manual syringe. Our proprietary **DPS Dynamic Pressure Sensing technology** is our technology platform that advances the development of next-generation devices. It regulates flow rate and monitoring pressure from the tip of the needle, through platform extensions for local anesthesia for subcutaneous drug delivery, used in various dental and medical injections. It has specific medical applications for epidural space identification in regional anesthesia **procedures**.

Our device, **using The Wand®,** a single use disposable handpiece, is marketed in dentistry under the trademark **CompuDent®,** and **STA Single Tooth Anesthesia System®** and is suitable for all dental procedures that require local anesthetic. The dental devices currently are sold in the United States, Canada and **intra-articular joint injections**, in over 41 other countries. Milestone Scientific also has 510(k) marketing clearance from the U.S. Food and Drug Administration (FDA) on the **CompuFlo® Epidural Computer Controlled Anesthesia System** in the lumbar, thoracic and cervical thoracic junction of the spine region. In addition, Milestone Scientific has obtained CE mark approval and can be marketed and sold in most European countries.

Our recent receipt of chronology-Specific CPT Code for the Company's technology by the American Medical Association marks an important milestone, that could increase the potential number of anesthesia pain management clinics adopting the **CompuFlo** instrument. A CPT code expands the potential for reimbursement of epidural procedures in pain management utilizing the **CompuFlo Epidural System**, which should help accelerate the commercial roll-out of **CompuFlo** in the U.S.

Milestone Scientific and its subsidiaries currently hold over 245 U.S. and foreign patents, and many patents pending and patent applications. The Company's patents and patent applications relate to drug delivery methodologies, Peripheral Nerve Block, drug flow rate measurement, pressure/force computer-controlled drug delivery with exit pressure, dynamic pressure sensing, automated rate control, automated charging, drug profiles, audible and visual pressure/force feedback, tissue identification, identification of a target region drug delivery injection unit, drug drive unit for anesthetic, handpiece, and injection device.

Milestone Scientific remains focused on advancing efforts to achieve the following three primary objectives:

- Establishing Milestone's **DPS Dynamic Pressure Sensing technology** platform as the standard-of-care in painless and precise drug delivery, providing for the first time, objective visual and audible in-tissue pressure feedback, and continuing to expand platform applications;
- Following obtaining successful FDA clearance of our first medical device, Milestone Scientific is transitioning from a research and development organization to a commercially focused medical device company; and
- Expanding our global footprint of our **CompuFlo** Epidural and **CathCheck System** by utilizing a targeted field sales force and partnering with distribution companies worldwide.

Because of combining the ability to regulate the flow rate and monitor pressure at the tip of the needle, Milestone Scientific developed the industry's first solution for painlessly administering an intra-ligamentary injection, i.e., "**single-tooth anesthesia**" which could be used as the only injection necessary for achieving dental anesthesia, foregoing the need to administer traditional injections such as a nerve branch block. In addition to **single-tooth anesthesia**, the **STA System** can effectively perform all the traditional injections that dentists routinely give but can provide them virtually pain free and with numerous clinical advantages. This device, which also utilizes a disposable handpiece, is currently marketed by Milestone Scientific as the **STA Single Tooth Anesthesia System**.

Our dental devices have been used to administer tens of millions of injections worldwide. Each of our devices has a related single use disposable handpiece, leading to a continuing revenue stream following sale of the device. At present, we sell disposable handpieces unique to our legacy product (the **Wand** and **CompuDent** **CompuDent**) to users who have not upgraded to our current dental product, the **STA Single Tooth Anesthesia System**. Because of combining the ability to regulate the flow rate and monitor pressure at the tip of the needle, Milestone Scientific developed the industry's first solution for painlessly administering an intra-ligamentary injection, i.e., "**single-tooth anesthesia**" which could be used as the only injection necessary for achieving dental anesthesia, foregoing the need to administer traditional injections such as a nerve branch block. In addition to **single-tooth anesthesia**, the **STA System** can effectively perform all the traditional injections that dentists routinely give but can provide them virtually pain free and with numerous clinical advantages. This device, which also utilizes a disposable handpiece, is currently marketed by Milestone Scientific as the **STA Single Tooth Anesthesia System**.

Building on the success of our proprietary, core technology platform for dental injections, and desiring to pursue other growth opportunities, we have **recently** begun to expand the uses and applications of our proprietary, patented technologies to achieve greater operational efficiencies, enhanced patient safety and therapeutic adherence, patient satisfaction, and improved quality of care across a broad range of medical specialties. In June 2017, we received FDA regulatory clearance to sell the **CompuFlo Epidural Computer Controlled Anesthesia System** in the United States for certain medical applications.

We intend to continue to expand the uses and applications of our *DPS* Dynamic Pressure Sensing technology. We believe that we and our technology solutions are recognized by key opinion leaders (i.e., academics, anesthesiologists and practicing dentists whose opinions are widely respected), industry experts and medical and dental practitioners as a leader in the emerging, computer-controlled injection industry.

#### **The Single Tooth Anesthesia System (Dental)**

Since its market introduction in early 2007, the STA Single Tooth Anesthesia System and prior C-CLAD devices have been used to deliver over 90 million safe, effective, and comfortable injections. The instrument has also been favorably evaluated in numerous peer-reviewed, published clinical studies and associated articles. Moreover, there appears to be a growing consensus among users that the STA Instrument is proving to be a valuable and beneficial instrument that is positively impacting the practice of dentistry worldwide.

#### **Medical Market Product**

In June 2017, **the we received FDA approved regulatory clearance to sell the CompuFlo Epidural Computer Controlled Anesthesia System in the United States** for epidural injections.

In May, 2022, the Company received a chronology-specific CPT Code for the Company's technology by the American Medical Association, which marks an important milestone that could increase the potential number of anesthesia pain management clinics adopting the CompuFlo instrument. Effective January 1, 2023, this temporary tracking code allows clinicians to submit claims to healthcare insurance providers using the Company's technology for Epidural Sterile Injections in the lumbar, thoracic, cervical thoracic **junctions junction** of the spinal region for reimbursement. A CPT code expands the potential for reimbursement of epidural procedures in pain management utilizing the CompuFlo Epidural System, which should help accelerate the commercial roll-out of CompuFlo in the United States.

On February 27, 2023, the Company announced that its CompuFlo® Epidural System has received 510(k) FDA clearance for use in the thoracic region of the spine, including the cervical thoracic junction. This approval expands upon the Company's prior approval of CompuFlo for use within the lumbar region of the spine, where the focus has been **on epidural analgesia during labor and delivery, delivery procedures.**

Three Months Ended June 30, 2023				Three Months Ended June 30, 2022			
Domestic: US	Dental	Medical	Grand Total	Dental	Medical	Grand Total	
Instruments	\$ 271,215	\$ -	\$ 271,215	\$ 155,028	\$ -	\$	
Handpieces	1,130,122	(2,200 )	1,127,922	801,533	18,600		
Accessories	21,443	-	21,443	22,621	-		
Grand Total	<u>\$ 1,422,780</u>	<u>\$ (2,200 )</u>	<u>\$ 1,420,580</u>	<u>\$ 979,182</u>	<u>\$ 18,600</u>	<u>\$</u>	
International: Rest of World							
Instruments	\$ 474,250	\$ -	\$ 474,250	\$ 160,814	\$ -	\$	
Handpieces	732,894	-	732,894	459,799	20,000		
Accessories	12,242	-	12,242	9,973	-		
Grand Total	<u>\$ 1,219,386</u>	<u>\$ -</u>	<u>\$ 1,219,386</u>	<u>\$ 630,586</u>	<u>\$ 20,000</u>	<u>\$</u>	
International: China							
Instruments	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -	\$	
Handpieces	-	-	-	-	-		
Accessories	-	-	-	-	-		
Grand Total	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	
Total Product Sales	<u>\$ 2,912,166</u>	<u>\$ (2,200 )</u>	<u>\$ 2,909,966</u>	<u>\$ 1,609,768</u>	<u>\$ 38,600</u>	<u>\$</u>	

**Our recent receipt of chronology-specific CPT Code for the Company's technology by the American Medical Association marks an important milestone, that could increase the potential number of anesthesia pain management clinics adopting the CompuFlo instrument. A CPT code expands the potential for reimbursement of epidural procedures in pain management utilizing the CompuFlo Epidural System, which should help accelerate the commercial roll-out of CompuFlo in the U.S.**



The following table shows a breakdown of Milestone Scientific's product sales (net), domestically and internationally, by business segment product category:

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Dental	Medical	Grand Total	Dental	Medical	Grand Total
Domestic: US						
Instruments	\$ 230,615	\$ -	\$ 230,615	\$ 164,341	\$ 7,500	\$ 171,841
Handpieces	1,007,930	-	1,007,930	678,473	1,700	680,173
Accessories	14,822	-	14,822	24,304	-	24,304
Grand Total	<u>\$ 1,253,367</u>	<u>\$ -</u>	<u>\$ 1,253,367</u>	<u>\$ 867,118</u>	<u>\$ 9,200</u>	<u>\$ 876,318</u>
International: Rest of World						
Instruments	\$ 88,019	\$ -	\$ 88,019	\$ 436,069	\$ -	\$ 436,069
Handpieces	700,697	6,000	706,697	881,616	-	881,616
Accessories	11,201	-	11,201	21,696	-	21,696
Grand Total	<u>\$ 799,917</u>	<u>\$ 6,000</u>	<u>\$ 805,917</u>	<u>\$ 1,339,381</u>	<u>\$ -</u>	<u>\$ 1,339,381</u>
Total Product Sales	<u>\$ 2,053,284</u>	<u>\$ 6,000</u>	<u>\$ 2,059,284</u>	<u>\$ 2,206,499</u>	<u>\$ 9,200</u>	<u>\$ 2,215,699</u>

The following table shows a breakdown of Milestone Scientific's product sales (net), domestically and internationally, by business segment product category:

	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Dental	Medical	Grand Total	Dental	Medical	Grand Total
Domestic: US						
Instruments	\$ 495,683	\$ -	\$ 495,683	\$ 277,996	\$ -	\$ 277,996
Handpieces	2,269,900	-	2,269,900	1,597,392	26,150	1,623,542
Accessories	44,320	-	44,320	47,481	-	47,481
Grand Total	<u>\$ 2,809,903</u>	<u>\$ -</u>	<u>\$ 2,809,903</u>	<u>\$ 1,922,869</u>	<u>\$ 26,150</u>	<u>\$ 1,949,019</u>
International: Rest of World						
Instruments	\$ 873,205	\$ -	\$ 873,205	\$ 614,374	\$ -	\$ 614,374
Handpieces	1,522,010	4,000	1,526,010	1,383,751	20,000	1,403,751
Accessories	28,446	-	28,446	22,162	-	22,162
Grand Total	<u>\$ 2,423,661</u>	<u>\$ 4,000</u>	<u>\$ 2,427,661</u>	<u>\$ 2,020,287</u>	<u>\$ 20,000</u>	<u>\$ 2,040,287</u>
International: China						
Instruments	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -	\$ -
Handpieces	-	-	-	359,964	-	359,964
Accessories	-	-	-	-	-	-
Grand Total	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ 359,964</u>	<u>\$ -</u>	<u>\$ 359,964</u>
Total Product Sales	<u>\$ 5,503,564</u>	<u>\$ 4,000</u>	<u>\$ 5,507,564</u>	<u>\$ 4,303,120</u>	<u>\$ 46,150</u>	<u>\$ 4,349,270</u>

	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Dental	Medical	Grand Total	Dental	Medical	Grand Total
Domestic: US						
Instruments	\$ 726,104	\$ -	\$ 726,104	\$ 442,336	\$ 7,500	\$ 449,836
Handpieces	3,277,830	-	3,277,830	2,275,865	25,750	2,301,615
Accessories	59,336	-	59,336	73,210	2,100	75,310
Grand Total	<u>\$ 4,063,270</u>	<u>\$ -</u>	<u>\$ 4,063,270</u>	<u>\$ 2,791,411</u>	<u>\$ 35,350</u>	<u>\$ 2,826,761</u>
International: Rest of World						

Instruments	\$ 961,224	\$ -	\$ 961,224	\$ 1,050,443	\$ -	\$ 1,050,443
Handpieces	2,222,707	10,000	2,232,707	2,265,367	20,000	2,282,707
Accessories	39,647	-	39,647	42,434	-	42,434
Grand Total	<u>\$ 3,223,578</u>	<u>\$ 10,000</u>	<u>\$ 3,233,578</u>	<u>\$ 3,358,244</u>	<u>\$ 20,000</u>	<u>\$ 3,378,244</u>
International: China						
Instruments	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ -	\$ -
Handpieces	-	-	-	359,964	-	359,964
Accessories	-	-	-	-	-	-
Grand Total	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ 359,964</u>	<u>\$ -</u>	<u>\$ 359,964</u>
Total Product Sales	<u>\$ 7,556,848</u>	<u>\$ 10,000</u>	<u>\$ 7,566,848</u>	<u>\$ 6,509,619</u>	<u>\$ 55,350</u>	<u>\$ 6,564,969</u>

#### Current Product Platform

See Note 1, "Organization and Business".

#### Results of Operations

The following table sets forth the consolidated results of operations for the three and six months ended June 30, 2023, September 30, 2023 and 2022, respectively. The trends suggested by this table may not be indicative of future operating results:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operating results:				
Product sales, net	\$ 2,909,966	\$ 1,648,368	\$ 5,507,564	\$ 2,884,879
Cost of products sold	<u>1,019,907</u>	<u>967,720</u>	<u>1,728,882</u>	<u>1,728,882</u>
Gross profit	1,890,059	680,648	3,778,682	1,155,997
Operating expenses:				
Selling, general and administrative expenses	3,937,281	3,282,322	7,011,012	6,044,644
Research and development expenses	213,647	266,560	353,994	353,994
Depreciation and amortization expense	<u>16,681</u>	<u>16,645</u>	<u>33,902</u>	<u>33,902</u>
Total operating expenses	4,167,609	3,565,527	7,398,908	6,432,540
Loss from operations	(2,277,550 )	(2,884,879 )	(3,620,226 )	(5,276,543 )
Other income, and interest expense net	<u>48,722</u>	<u>3,550</u>	<u>72,067</u>	<u>72,067</u>
Net loss	(2,228,828 )	(2,881,329 )	(3,548,159 )	(5,204,476 )
Net loss attributable to noncontrolling interests	<u>(12,511 )</u>	<u>(22,848 )</u>	<u>(24,176 )</u>	<u>(24,176 )</u>
Net loss attributable to Milestone Scientific Inc.	<u>\$ (2,216,317 )</u>	<u>\$ (2,858,481 )</u>	<u>\$ (3,523,983 )</u>	<u>\$ (5,180,300 )</u>

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operating results:				
Product sales, net	\$ 2,059,284	\$ 2,215,699	\$ 7,566,848	\$ 6,564,969
Cost of products sold	<u>555,850</u>	<u>762,964</u>	<u>2,284,730</u>	<u>2,774,828</u>
Gross profit	1,503,434	1,452,735	5,282,118	3,790,141
Operating expenses:				

Selling, general and administrative expenses	2,823,765	3,283,378	9,834,781	9,68
Research and development expenses	170,478	166,191	524,472	89
Depreciation and amortization expense	15,896	16,661	49,798	5
Total operating expenses	3,010,139	3,466,230	10,409,051	10,62
Loss from operations	(1,506,705 )	(2,013,495 )	(5,126,933 )	(6,81
Other income, and interest net	30,600	28,012	102,669	2
Net loss	(1,476,105 )	(1,985,483 )	(5,024,264 )	(6,78
Net loss attributable to noncontrolling interests	(9,811 )	(13,680 )	(33,987 )	(5
Net loss attributable to Milestone Scientific Inc.	\$ (1,466,294 )	\$ (1,971,803 )	\$ (4,990,277 )	\$ (6,73

Three months ended **June 30, 2023** **September 30, 2023** compared three months ended **June** **September 30, 2022**

Net sales for 2023 and 2022 were as follows:

	2023	2022	Change	2023	2022	Change
Dental	\$ 2,912,166	\$ 1,609,768	\$ 1,302,398	\$ 2,053,284	\$ 2,206,499	\$ (153,215)
Medical	(2,200)	38,600	\$ (40,800)	6,000	9,200	\$ (3,200)
Total sales, net	\$ 2,909,966	\$ 1,648,368	\$ 1,261,598	\$ 2,059,284	\$ 2,215,699	\$ (156,415)

Consolidated revenue for the three months ended **June 30, 2023** **September 30, 2023** and 2022 was approximately **\$2.9** **\$2.1** million and **\$1.6** **\$2.2** million, respectively, an **increase** **a decrease** of approximately **\$1.3 million**, **\$156,000**. As of January 3, 2023, the Company launched an E-Commerce platform, to replace its previous U.S. distribution arrangement with Henry Schein **by** selling and shipping the STA Single Tooth Anesthesia System® (STA) and handpieces directly to end users, including dental offices and dental groups, within the U.S. E-commerce revenue for the three months ended **June 30, 2023** **September 30, 2023** was approximately **\$1.2 million**, **\$1.2 million**. The Company recorded no revenue from Henry Schein for the three months ended **June 30, 2023** **September 30, 2023** compared to approximately **\$811,000** **\$715,000** recorded for the three months ended **June 30, 2022** **September 30, 2022**. Revenue from other U.S. distributors was approximately **\$214,000** **\$48,000** for the three months ended **June 30, 2023** **September 30, 2023**, an **increase** **a decrease** of **\$47,000** **\$105,000** compared to **June 30, 2022** **September 30, 2022**. For the three months ended **June 30, 2023** **September 30, 2023**, international revenue was approximately **\$1.2 million**, an **increase** **\$800,000** **a decrease** of **\$588,000**, **\$538,000**, compared to **June 30, 2022** **September 30, 2022**. As of **June 30, 2023** the Company, reported approximately **\$270,000** revenue from China, as compared to no revenue. for the three months ended **June 30, 2022**.

Gross Profit for 2023 and 2022 were as follows:

	2023	2022	Change	2023	2022	Change
Dental	\$ 1,970,863	\$ 1,083,603	\$ 887,260	\$ 1,515,993	\$ 1,446,111	\$ 69,882
Medical	(80,804)	(402,955)	\$ 322,151	(12,559)	6,624	\$ (19,183)
Total gross profit	\$ 1,890,059	\$ 680,648	\$ 1,209,411	\$ 1,503,434	\$ 1,452,735	\$ 50,699

Consolidated gross profit for the three months ended **June 30, 2023** increased by **\$1.2 million** or **178%** **September 30, 2023** was approximately **\$1.5 million**, an **increase** of approximately **\$50,000**, compared to approximately **\$1.4 million** for the same period in 2022. The increase was due to higher **margins** **margin** sales associated with the launch of the E-Commerce platform. The Company recorded approximately **\$91,000** for inventory that was obsolete and or expired.

Selling, general and administrative expenses for 2023 and 2022 were as follows:

	2023	2022	Change	2023	2022	Change
Dental	\$ 1,166,645	\$ 683,428	\$ 483,217	\$ 934,477	\$ 979,911	\$ (45,432)
Medical	772,810	1,181,009	(408,199)	678,456	933,218	(254,762)
Corporate	1,997,826	1,417,885	579,941	1,210,832	1,370,249	(159,417)
Total selling, general and administrative expenses	\$ 3,937,281	\$ 3,282,322	\$ 654,959	\$ 2,823,765	\$ 3,283,378	\$ (459,611)

Consolidated selling, general and administrative expenses for the three months ended **June 30, 2023** **September 30, 2023**, and 2022 were approximately **\$3.9 million** **\$2.8 million** and **\$3.3 million**, respectively. The **increase** **decrease** of approximately **\$655,000** **\$460,000** is categorized due to factors in several areas. Employee salaries and benefits expenses **increased** **decreased** approximately **\$148,000** **\$169,000** for the three months ended **June 30, 2023** **September 30, 2023** compared to the same period in 2022. The Company **increased** **decreased** quality control, regulatory, professional fees, travel and other selling, general and administrative **royalties** expenses approximately **\$478,000**, by **\$389,000**. With the launch of the E-Commerce platform marketing and warehousing expense increased for the three months ended **June 30, 2023** **September 30, 2023**, by

approximately \$58,000 compared to the same period in 2022. Royalty expenses increased approximately \$63,000 for the three months ended June 30, 2023 \$73,000 compared to the same period in 2022. The Company decreased employee travel, by recorded an increase in other selling, general and administrative expenses of approximately \$92,000 \$25,000 for the three months ended June 30, 2023, September 30, 2023 compared to the same period in 2022.

**Research and Development for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Dental	\$ 204,057	\$ 236,260	\$ (32,203)	\$ 121,991	\$ 156,336	\$ (34,345)
Medical	9,590	30,300	(20,710)	48,487	9,855	38,632
Corporate	-	-	-	-	-	-
Total research and development	\$ 213,647	\$ 266,560	\$ (52,913)	\$ 170,478	\$ 166,191	\$ 4,287

Consolidated research and development expenses for the three months ended June 30, 2023 September 30, 2023 and 2022 were approximately \$214,000 \$170,000 and \$267,000, \$166,000, respectively. The decrease increase of approximately \$53,000 \$4,300 is related to the Company's progress in developing the next generation STA Single Tooth Anesthesia System. System, offset by an decrease in medical cost for the epidural consumables.

**Profit (Loss) from Operations for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Dental	\$ 598,944	\$ 163,022	\$ 435,922	\$ 458,474	\$ 308,913	\$ 149,561
Medical	(863,899)	(1,615,283)	751,384	(740,087)	(937,468)	197,381
Corporate	(2,012,595)	(1,432,618)	(579,977)	(1,225,092)	(1,384,940)	159,848
Total loss from operations	\$ (2,277,550)	\$ (2,884,879)	\$ 607,329	\$ (1,506,705)	\$ (2,013,495)	\$ 506,790

The loss from operations was approximately \$2.3 million \$1.5 million and \$2.9 \$2.0 million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, a decrease increase of approximately \$0.6 million. \$0.5 million. As stated above, the decrease increase in the loss from operations is driven, in part by higher dental sales, which offsets and the lowers the higher selling, general and administrative expenses during such period.

**Six Nine months ended June 30, 2023 September 30, 2023 compared six nine months ended June September 30, 2022**

**Net sales for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Dental	\$ 5,503,564	\$ 4,303,120	\$ 1,200,444	\$ 7,556,848	\$ 6,509,619	\$ 1,047,229
Medical	4,000	46,150	(42,150)	10,000	55,350	(45,350)
Total sales, net	\$ 5,507,564	\$ 4,349,270	\$ 1,158,294	\$ 7,566,848	\$ 6,564,969	\$ 1,001,879

Consolidated revenue for the six nine months ended June 30, 2023 September 30, 2023 and 2022 was approximately \$5.5 \$7.6 million and \$4.3 \$6.6 million, respectively, an increase of approximately \$1.2 \$1.0 million. As of January 3, 2023, the Company launched an E-Commerce platform, selling and shipping the STA Single Tooth Anesthesia System® (STA) and handpieces directly to end users, including dental offices and dental groups, within the U.S. E-commerce's E-commerce revenue for the six nine months ended June 30, 2023 September 30, 2023 was approximately \$2.2 million. \$3.5 million. The Company terminated its major United States distributor, Henry Schein, as of December 31, 2022. The distributor had return rights through March 31, 2023 under the distribution contract. The contract, for which the Company recorded at December 31, 2022 an allowance of approximately \$179,000 for those returns at December 31, 2022. The such returns. This allowance was reversed as of March 31, 2023.

The Company recorded no revenue from Henry Schein for the six nine months ended June 30, 2023 September 30, 2023, compared to approximately \$1.7 million \$2.4 million recorded for the six nine months ended June 30, 2022 September 30, 2022. Revenue from other U.S. distributors was approximately \$432,000 \$480,000 for the six nine months ended June 30, 2023 September 30, 2023, an increase of \$161,000 \$55,000 compared to June 30, 2022 September 30, 2022. For the six nine months ended June 30, 2023 September 30, 2023, international revenue was approximately \$2.4 million, an increase \$3.2 million, a decrease of \$403,000 \$135,000 compared to June 30, 2022 September 30, 2022. As of June 30, 2023, For the nine months ended September 30, 2023, the Company reported approximately \$270,000 revenue from China, a decrease of \$90,000 compared to June 30, 2022, approximately \$90,000.

**Gross Profit for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Dental	\$ 3,859,279	\$ 2,761,265	\$ 1,098,014	\$ 5,375,274	\$ 4,207,376	\$ 1,167,898
Medical	(80,597)	(398,191)	\$ 317,594	(93,156)	(391,567)	\$ 298,411
Total gross profit	\$ 3,778,682	\$ 2,363,074	\$ 1,415,608	\$ 5,282,118	\$ 3,815,809	\$ 1,466,309

Consolidated gross profit for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** increased by **\$1.4** **approximately \$1.5** million, or **60 %** **40%**, compared to the same period in 2022. The increase was due to higher margins sales associated with **our** the launch of E-Commerce platform. The Company recorded approximately \$91,000 for inventory that was obsolete and or expired.

**Selling, general and administrative expenses for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Dental	\$ 2,283,209	\$ 1,549,441	\$ 733,768	\$ 3,217,690	\$ 2,529,352	\$ 688,338
Medical	1,582,378	2,412,895	(830,517)	2,260,834	3,346,113	(1,085,279)
Corporate	3,145,425	2,435,612	709,813	4,356,257	3,805,861	550,396
Total selling, general and administrative expenses	\$ 7,011,012	\$ 6,397,948	\$ 613,064	\$ 9,834,781	\$ 9,681,326	\$ 153,455

Consolidated selling, general and administrative expenses for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, and 2022 were approximately **\$7.0 million** **\$9.8 million** and **\$6.4 million** **\$9.7 million**, respectively. The increase of approximately **\$613,000** **\$153,000** is **categorized in due to** several **areas**, **factors**. Employee salaries and benefits expenses decreased approximately **\$19,000** **\$190,000** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** compared to the same period in 2022. The Company **increased** **decreased** quality control, regulatory, and travel expenses approximately by \$290,000 compared to the same period in 2022. The Company **increase** professional fees, and **other selling, general and administrative** **royalties** expenses approximately **\$486,000**. **With** **by** **\$191,000** compared to the same period in 2022. **With** the launch of the E-Commerce platform marketing and warehousing expense increased for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, by approximately **\$213,000** **compared to the same period in 2022**. Royalty expenses increased approximately \$53,000 for the six months ended **June 30, 2023** **\$290,000** compared to the same period in 2022. The Company **decreased employee travel**, **by** **recorded an increase in other selling, general and administrative expenses of** approximately **\$120,000** **\$153,000** for the **six** **nine** months ended **June 30, 2023**, **September 30, 2023** compared to the same period in 2022.

**Research and Development for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Dental	\$ 332,800	\$ 692,776	\$ (359,976)	\$ 454,791	\$ 849,112	\$ (394,321)
Medical	21,194	38,251	(17,057)	69,681	48,106	21,575
Corporate	-	-	-	-	-	-
Total research and development	\$ 353,994	\$ 731,027	\$ (377,033)	\$ 524,472	\$ 897,218	\$ (372,746)

Consolidated research and development expenses for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 were approximately **\$354,000** **\$524,000** and **\$731,000**, **\$897,000**, respectively. The decrease of approximately **\$377,000** **\$373,000** is related to the Company's progress in developing the next generation STA Single Tooth Anesthesia **System**. **System**, offset by an increase in medical cost for the epidural consumables.

**Profit (Loss) from Operations for 2023 and 2022 were as follows:**

	2023	2022	Change	2023	2022	Change
Loss						
Dental	\$ 1,240,884	\$ 517,262	\$ 723,622	\$ 1,699,354	\$ 826,175	\$ 873,179
Medical	(1,685,832)	(2,851,374)	1,165,542	(2,425,918)	(3,788,842)	1,362,924
Corporate	(3,175,278)	(2,465,249)	(710,029)	(4,400,369)	(3,850,189)	(550,180)
Total loss from operations	\$ (3,620,226)	\$ (4,799,361)	\$ 1,179,135	\$ (5,126,933)	\$ (6,812,856)	\$ 1,685,923

The loss from operations was approximately **\$3.6 million** **\$5.1 million** and **\$4.8** **\$6.8** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively, a **decrease** **increase** of approximately **\$1.2** **\$1.7** million. As stated above, the **decrease** **increase** in the loss from operations is driven by higher dental sales, which offset the higher selling, general and administrative expenses during period.

**Liquidity and Capital Resources**

**Milestone Scientific** The Company has **incurred annual** **evaluated** whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the unaudited condensed consolidated financial statements are issued. Total losses since inception have been \$121 million. The operating losses were \$1.5 million and **negative** **\$5.1** million for three and nine months ended September 30, 2023, respectively. Management has prepared cash flows flow forecasts covering a period of 12 months from operating activities since its inception. Milestone Scientific is actively pursuing the **generation date** of positive cash flows from operating activities through an increase in revenue from its dental business and the medical business worldwide, and **issuance of these financial statements**. **As** a reduction in operating expenses. On June 30, 2023, Milestone Scientific had cash and cash equivalents of approximately \$3.7 million and working capital of approximately \$7.4 million. As of June 30, 2023, the Company held approximately \$2.0 million in U.S. treasury securities with maturities within 3 and 6 months **result of**

the balance sheet date. For the six months ended June 30, 2023 and June 30, 2022, we had cash flows used in operating activities of approximately \$3.0 million and \$3.8 million, respectively. Management forecast, management believes that the Company has sufficient cash, along with as a result of slowing down production on new technology, research, and development, terminating certain consulting agreements, and managing inventory purchases from our manufacturers. Additionally, the current Company was approved on September 12, 2023 to sell Net Operating Losses through the New Jersey Technology Business Tax Certificate Transfer Program ("NJ NOL Program"), a program established by NJ Law and administered by the New Jersey Economic Development Authority ("NJEDA"). Management believes this will generate positive cash flow and support in the near future. Management has concluded that there is no substantial doubt about the Company's ability to continue as a going concern for the period of one year from the dental business to mitigate the expected selling expenditures for commercialization issuance of the Epidural medical device, as well as other operating expenditures and planned new product development programs, over the next twelve months from the filing date of this report. these financial statements.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

Milestone Scientific is a "smaller reporting company" as defined by Regulation S-K and, as such, is not required to provide the information required by this item.

### Item 4. Controls and Procedures

#### *Evaluation of Disclosure Controls and Procedures*

Milestone Scientific's Our management, with the participation of our Chief Executive Officer and Chief Financial Principal Accounting Officer, have evaluated the effectiveness of the design and operation of Milestone Scientific's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based upon that evaluation, Milestone Scientific's Chief Executive Officer and Chief Financial Officer have concluded that the our disclosure controls and procedures as of June 30, 2023 September 30, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, means controls and other procedures of a company that are effective designed to ensure that information required to be disclosed by a company in the reports Milestone Scientific that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to Milestone Scientific's the company's management, including the Chief Executive Officer its principal executive and Chief Financial Officer, principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer, and Principal Accounting Officer, concluded that, as of September 30, 2023, our disclosure controls and procedures were effective at a reasonable assurance level.

#### *Changes in Internal Control over Financial Reporting*

There have been no changes in Milestone Scientific's We routinely review our internal control over financial reporting and from time to time make changes intended to enhance the effectiveness of our internal control over financial reporting. During the nine month ended September 30, 2023, we made no changes to our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the quarter ended June 30, 2023 that have we believe materially affected, or that are reasonably likely to materially affect, Milestone Scientific's our internal controls control over financial reporting.

### Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, of our 2022 Annual Report.

### Item 1B. Unresolved Staff Comments

None.

### Item 2. Unregistered Sales of Equity Securities and use of proceeds

Not applicable.

### Item 3. Default upon Senior Securities

Not applicable.

#### Item 4. Mine Safety Disclosure

Not applicable.

#### Item 5. Other Information

Not applicable.

#### Item 6. Exhibits and Financial Statement Schedules

Exhibit No	Description
31.1	<a href="#">Rule 13a-14(a) Certification-Chief Executive Officer*</a>
31.2	<a href="#">Rule 13a-14(a) Certification-Chief Financial Officer*</a>
32.1	<a href="#">Section 1350 Certifications-Chief Executive Officer**</a>
32.2	<a href="#">Section 1350 Certifications-Chief Financial Officer**</a>
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

\*\* Furnished herewith and not filed, in accordance with item 601(32) (ii) of Regulation S-K.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MILESTONE SCIENTIFIC INC.

/s/ Arjan Haverhals

Arjan Haverhals

Chief Executive Officer

(Principal Executive Accounting Officer)

/s/ Peter Milligan

Peter Milligan

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: August 14, 2023 November 14, 2023

## Rule 13a-14(a)/15d-14(a) Certification

I, Arjan Haverhals, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Milestone Scientific Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, considering the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under the supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on the most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023 November 14, 2023

/s/ Arjan Haverhals

Arjan Haverhals

Chief Executive Officer

Principal Executive Officer

Exhibit 31.2

## Rule 13a-14(a)/15d-14(a) Certification

I, Peter Milligan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Milestone Scientific Inc.



2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, considering the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under the supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on the most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

/s/ Peter Milligan

Peter Milligan

Chief Financial Officer

Principal Financial and Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Milestone Scientific Inc. ("Milestone") on Form 10-Q for the period ending **June 30, 2023** **September 30, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arjan Haverhals, Chief Executive Officer of Milestone, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Milestone.

Date August 14, 2023 Date: November 14, 2023

/s/ Arjan Haverhals

Arjan Haverhals

Chief Executive Officer

Principal Financial Officer

A signed original of this certification has been provided to Milestone and will be retained by Milestone and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Milestone Scientific Inc. ("Milestone") on Form 10-Q for the period ending June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter Milligan Chief Financial Officer of Milestone, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Milestone.

Date August 14, 2023

/s/ Peter Milligan

Peter Milligan

Chief Financial Officer

A signed original of this certification has been provided to Milestone and will be retained by Milestone and furnished to the Securities and Exchange Commission or its staff upon request.

#### DISCLAIMER

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