

## MAUNA KEA TECHNOLOGIES REPORTS FULL YEAR 2017 FINANCIAL RESULTS AND HIGHLIGHTS 2018 KEY PRIORITIES

***Stable operational loss of €9.7 million, despite sales decrease of 24%, due to efficient expense control***

***Fully-staffed and trained U.S. sales team heading into 2018***

***Solid cash position of €20.6m at end of January 2018***

**Paris, March 26, 2018** – **Mauna Kea Technologies** (Euronext: MKEA, OTCQX: MKEAY) inventor of Cellvizio®, the multidisciplinary confocal laser endomicroscopy platform, today announced its financial results for the full year ended December 31, 2017, as approved by the Board of Directors at its meeting on March 22, 2017. The Company will host a conference call today to discuss the full year 2017 results and provide an update on its business (conference call information below).

“2017 was a challenging year from a top-line perspective,” commented Sacha Loiseau, Ph.D., CEO and Founder of Mauna Kea Technologies. “However, we were able to mitigate part of its impact to the bottom-line with careful control of costs without significantly reducing R&D investment, which is key to the implementation of our product roadmap. Entering 2018, we now have an experienced U.S. commercial team in place around our pay-per-use business model so have the means to show meaningful market traction for our core GERD and Barrett’s esophagus applications in the U.S. With a stable financial position, we look forward to some important market development milestones.”

### **2017 and Recent Highlights**

- As previously reported, sales declined 24% reflecting the roll-out of the new pay-per-use business model and difficulties recruiting the sales force in the U.S. in 2017
- Gross margin was stable at 68% compared to 69% in 2016
- Operational loss was stable at €9.7 million (vs. €10.0 million in 2016)
- Net loss was €10.2 million vs. €9.7 million in 2016
- Cash and cash equivalents were €17.5 million as of December 31, 2017 and €20.6 million as of January 31, 2018
- U.S. FDA cleared Cellvizio for *in vivo*, real-time identification of cells and vessels and their organization or architecture in December 2017
- Cellvizio received a positive assessment from the Health Technology Assessment agency in Korea for its key applications in esophageal, gastric, and biliary diseases in March 2018

### **2018 Key Priorities**

- Increase pay-per-use procedural revenues in the U.S. by adding Cellvizio placements and supporting expanded clinical adoption
- Capitalize on our recent distribution agreement with Youhe Medical to better penetrate the Chinese market
- Employ the Company’s capital-efficient partnership model to evaluate new clinical indications such as interventional pulmonology and neurosurgery
- Increase reimbursement coverage in the U.S. and in other key countries
- Advance our Cook Medical partnership in urology

**Full Year 2017 Financial Results**

(in € thousands) – IFRS	2017 (December 31, 2017)	2016 (December 31, 2016)	Change %
<b>Operating Revenue</b>			
<i>Sales</i>	6,687	8,787	(24%)
<i>Other Income</i>	1,144	883	30%
<b>Total Revenue</b>	<b>7,831</b>	<b>9,670</b>	<b>(19%)</b>
<b>Operating Expenses</b>			
<i>Cost of Sales</i>	(2,129)	(2,720)	(22%)
<i>Gross Margin (%)</i>	68%	69%	
<i>Research &amp; Development</i>	(4,265)	(4,445)	(4%)
<i>Sales &amp; Marketing</i>	(7,586)	(8,366)	(9%)
<i>Administrative Expenses</i>	(3,350)	(3,843)	(13%)
<i>Share-Based Payments</i>	(210)	(285)	(26%)
<b>Total Operating Expenses</b>	<b>(17,541)</b>	<b>(19,660)</b>	<b>(11%)</b>
<b>Operating Profit (Loss)</b>	<b>(9,710)</b>	<b>(9,990)</b>	<b>(3%)</b>
<b>Net Profit (Loss)</b>	<b>(10,245)</b>	<b>(9,744)</b>	<b>5%</b>

**Full Year 2017 Revenue: 42 total systems shipped 13 systems placed under consignment**

As previously reported, the Company saw a 24% decline in sales in the full year 2017. The Company shipped 42 Cellvizio systems in 2017, including 13 systems placed under consignment, compared to 54 systems in 2016, of which 6 were under consignment. The Company shipped 33 clinical systems and 9 pre-clinical systems in the full year 2017, compared to 43 clinical systems and 11 pre-clinical systems in 2016. Consumable probe sales declined 15% to 606 in 2017 compared to 716 in 2016. The number of probe reorders (probes sold to existing customers) decreased 9% to 491 in 2017 from 541 in 2016. This included a 26% increase in reorder volumes in the U.S., which was offset by a 48% decrease in reorder volumes in other markets due to the Company's focus on transitioning to a pay-per-use model in the U.S.

As of December 31, 2017, the Company had a total installed base of 592 Cellvizio systems.

Services revenues declined to €1,188 thousand in 2017, a decrease of 27% from €1,629 thousand in the prior year. Other income increased to €1,144 thousand in 2017 compared to €883 thousand in the same period last year, primarily due to a higher R&D tax credit expected for 2017.

**Full Year 2017 Consolidated Results**

Gross margin in the full year 2017 was stable at 68% compared to gross margin of 69% in 2016.

In maintaining its operational loss compared to 2016, the company demonstrated its capacity to adapt its costs to a decrease in sales with minimal impact to its research and development investments which are key for the medium term development of the company.

- Research and development expenses in 2017 were €4,265 thousand, a decrease of 4% compared with €4,445 thousand in the prior year.
- Sales and marketing expenses in 2017, including spending on clinical affairs, regulatory and reimbursement, were €7,586 thousand, a decrease of 9% compared to €8,366 thousand in the prior year. This decrease reflects the Company's difficulties to recruit and retain its U.S. sales team in 2017. Sales and marketing expense is expected to increase significantly in 2018 following the restructuring of a new sales team with 12 area sales managers and 5 clinical account managers as of today (vs. an average of 3 and 4 in 2017, respectively).
- General and administrative expenses in the full year 2017 were €3,350 thousand, a 13% decrease compared with €3,843 thousand in the prior year.

Operating loss in the full year 2017 was €9,710 thousand compared to €9,990 thousand in the prior year. Net financial expense was €535 thousand in 2017 compared to a net financial revenue of €246 thousand in 2016. This is due to the issuance of a €4.0 million tranche debt financing in February 2017. Net loss in the full year 2017 was €10,245 thousand compared to €9,744 thousand in the prior year.

As of December 31, 2017, the Company had €17.5 million in available cash. Subsequent to the fiscal year end, the Company raised additional capital resulting in €20.6 million in available cash as of January 31, 2018.

Cash burn (total cash flows excluding cash flows from financing activities) increased in the full year 2017 by 26% to €10.6 million from €8.4 million in 2016. This increase is due to both the reversal of 2016 favorable working capital effects (-€1.1million in 2017 compared to €0.8 million in 2016) and to the implementation of the new pay-per-use business model in the U.S., which is more capital intensive than direct sales.

The consolidated accounts for fiscal year 2017 have been audited and legal audit reports are currently being issued.

#### Conference Call Details

**Mauna Kea Technologies will host a conference call today at 7:15 PM (CEDT / Paris time) / 1:15 PM (EDT / New York time) to discuss the Company's full year 2017 financial results and to provide a business update. The conference call will be hosted by Sacha Loiseau (CEO) and Olivier Regnard (CFO). To access the conference call, please use one of the following dial-in numbers at least 5 minutes prior to the scheduled start time and follow the instructions: USA: +1 844-286-0643 / UK: +44 (0) 20 7194 3759. The passcode for the call is 97383785#. Following the conclusion of the live call, a replay will be available for 90 days. To access the replay, please dial one of the following numbers: USA: +1 646-722-4969 / UK: +44 (0) 20 3364 5147. The passcode for the replay is: 418737874#.**

#### About Mauna Kea Technologies

Mauna Kea Technologies is a global medical device company focused on eliminating uncertainties related to the diagnosis and treatment of cancer and other diseases thanks to real time in vivo microscopic visualization. The Company's flagship product, Cellvizio, has received clearance to sell a wide range of applications in more than 40 countries, including the United States, Europe, Japan, China, Canada, Brazil and Mexico. For more information on Mauna Kea Technologies, visit [www.maunakeatech.com](http://www.maunakeatech.com)

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