

MAUNA KEA TECHNOLOGIES REPORTS 1H 2016 FINANCIAL RESULTS

1H net loss reduced by 34% compared to 1H 2015

As previously reported, 1H sales grew 11% on 32 systems sales and 60% reorder probe growth

Gross margin stable at 68%

Cash burn rate (excluding financing operations) down 45%

Pro-forma cash balance of €9.7 million, including €4.4 million gross of new equity capital

Paris, September 21, 2016 – **Mauna Kea Technologies** (Euronext: MKEA, OTCQX: MKEAY) inventor of Cellvizio®, the multidisciplinary confocal laser endomicroscopy platform, today announced its financial results for the first half of the current fiscal year, ended June 30, 2016, and provided an update on its business. The Company will host a conference call to discuss the first half 2016 financial results today (information below).

Sacha Loiseau, Ph.D., Founder and Chief Executive Officer of Mauna Kea Technologies declared, “We are pleased with our first-half financial performance and optimistic that Mauna Kea continues to benefit from our strategic partnerships and direct sales initiatives as well as the recent endorsement of Cellvizio by the American Society of General Surgery’s (ASGS) for patients suffering from GERD and Barrett’s Esophagus.”

First Half 2016 Financial Results

(in € thousands) – IFRS	1H 2016 (June 30, 2016)	1H 2015 (June 30, 2015)	Change %
Operating Revenue			
<i>Sales</i>	4,466	4,025	11%
<i>Other Income</i>	476	713	(33%)
Total Revenue	4,941	4,738	4%
Operating Expenses			
<i>Cost of Sales</i>	(1,437)	(1,272)	13%
<i>Gross Margin (%)</i>	68%	68%	
<i>Research & Development</i>	(2,189)	(2,505)	(13%)
<i>Sales & Marketing</i>	(4,386)	(6,494)	(32%)
<i>Administrative Expenses</i>	(2,035)	(1,766)	15%
<i>Share-Based Payments</i>	128	(303)	(142%)
Total Operating Expenses	(9,919)	(12,341)	(20%)
Operating Profit (Loss)	(4,977)	(7,603)	(35%)
Net Profit (Loss)	(4,919)	(7,493)	(34%)

Benoit Jacheet, Chief Financial Officer of Mauna Kea Technologies, stated, “We achieved important progress in the key areas of our first half 2016 financial results. Importantly, we produced our second consecutive quarter of revenue growth despite significant reductions in operating expenses and cash burn. In addition, we strengthened our cash position with an equity offering in July, giving Mauna Kea additional financial resources to capitalize on Cellvizio’s global potential.”



First Half 2016 Revenue: Confirmation of Revenue Momentum

As previously reported, the Company achieved 11% growth in sales in the first half of 2016, with growth accelerating from 5% in the first quarter to 16% in the second quarter. The Company shipped 32 Cellvizio systems in the first half of 2016, including 6 systems placed under consignment, compared to 27 systems in the first half of 2015. This included the shipment of 9 systems to the Company's strategic partners, compared to 0 in the same period last year, reflecting acceleration in the Company's strategic partnership model.

Clinical sales grew 22%, while pre-clinical sales declined (20%). On a geographic basis, the Company achieved strong growth in the Asia-Pacific region with sales up 134% compared to the first half of 2015, driven by sales momentum in China, reflecting an additional Chinese FDA clearance obtained in December 2015, as well as growth in Korea and Taiwan. EMEA region sales grew 19% and Americas region sales declined (26%), reflecting the Company's emphasis on growing its U.S. installed base among high volume users through its consignment model. In first half of 2016, revenue in the Americas represented 39% of total sales, compared with 33% and 27% for the APAC and EMEA regions, respectively.

At June 30, 2016, the Company had a total installed base of 527 Cellvizio systems, comprising 378 clinical systems and 149 pre-clinical systems, including 38 Cellvizio Dual Band systems.

The Company also achieved strong growth consumable probe sales, and particularly the reorder rate, reflecting increased utilization of the Cellvizio systems along with growth of the installed base. Consumable probes unit volume increased 35% to 414 units, compared to 307 probes in the first half of 2015. The number of probe reorders (probes sold to existing customers) increased from 191 in the first half of 2015 to 306 in the first half of 2016, representing 60% growth year-over-year.

Services revenues grew to €708 thousand in the first half of 2016, an increase of 103% from €348 thousand in the same period in the prior year.

Other income, which came to €476 thousand in the first half of 2016 (vs. €713 thousand in the same period last year), reflecting a decrease in research tax credit related income.

First Half 2016 Consolidated Results: Leveraging Planned Reductions in Operating Expenses

Gross margin in the first half of 2016 and 2015 was 68%, reflecting the increased mix of probes and services revenues (49% of total revenues in the first half of 2016, compared to 37% in the same period in the prior year), offset by a lower share of preclinical sales in 2016 (19%) than in 2015 (27%).

Sales and marketing expenses in the first half of 2016, including spending on clinical affairs, were €4,386 thousand, a decrease of (32%) compared to €6,494 thousand in the same period in the prior year. The decrease reflects the Company's partnership strategy as well as staffing adjustments that drove a targeted reduction in direct sales and marketing costs.

Research and development (R&D) expenses in the first half of 2016 were €2,189 thousand, a decrease of (13%) compared with €2,505 thousand in the same period in the prior year. Including the research tax credit, net R&D expenses decreased by (6%) in the first half of 2016.

General and administrative expenses in the first half of 2016 were €2,035 thousand, compared with €1,766 thousand in the same period in the prior year.

With a positive contribution of the "share-based payments" expenses, due to the reduction in the number of employees, total operating expenses in the first half of 2016 were €9,919 thousand, a decrease of (20%)



compared to €12,341 thousand in the same period in the prior year. Operating loss in the first half of 2016 was €4,977 thousand, a decrease of (35%) compared to €7,603 thousand in the same period in the prior year.

Net loss in the first half of 2016 was €4,919 thousand, a decrease of (34%) compared to €7,493 thousand in the same period in the prior year.

At June 30, 2016, the Company had €5.7 million in available cash. In July 2016, the Company completed a capital increase of approximately €4.4 million (gross amount).

The group reduced its cash burn in the first half of 2016 (total cash flows excluding cash flows from financing activities) by (45%) to €4.6 million, down from €8.4 million in the first half of 2015.

Mauna Kea Technologies had 83 employees at June 30, 2016, compared to 91 employees at December 31, 2015 and 109 employees at June 30, 2015. This decline reflects several measures implemented in support of the new partnership strategy including the shutdown of direct sales and marketing operations in Germany, a reduction in staff in corporate marketing/clinical affairs, and departures in U.S. sales and operations; positions that were not replaced.

Mauna Kea Technologies will host a conference call and webcast today at 7.15 PM (CET / Paris time) / 1:15 PM (ET / New York time) to discuss the Company's 1H 2016 financial results and to provide a business update. The conference call will be hosted by Sacha Loiseau (CEO) and Benoit Jacheet (CFO). To access the conference call, please use one of the following dial-in numbers at least 10 minutes prior to the scheduled start time and follow the instructions: USA: +1 855-402-7763 / UK: +44 – 2033679459 / FR: +33 (0) 1 70 77 09 42. 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: +1 877 64 230 18 / UK: +44(0) 2033679460 / FR: +33(0)1 72 00 15 00. The passcode for the replay is 303445#.

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 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

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