



MAUNA KEA TECHNOLOGIES REPORTS THIRD QUARTER AND FIRST NINE MONTHS OF 2019 SALES

First Nine Months of 2019 total sales up 24%

Sales to clinical customers up 52%, driven by 129% growth in consumables sales related to pay-per-use program

Third Quarter total sales down 7%

Third quarter sales to clinical customers up 22%, driven by 91% increase in consumables sales related to pay-per-use program

Paris and Boston, October 17, 2019 – 5.45 PM CEST – Mauna Kea Technologies (Euronext: MKEA) inventor of Cellvizio®, the multidisciplinary probe and needle-based confocal laser endomicroscopy (p/nCLE) platform, today announced its sales for the third quarter and first nine months of 2019 ended September 30, 2019.

Third Quarter 2019 Sales Summary

- Total sales for the third quarter of 2019 decreased €0.1 million, or 7% year-over-year, to €1.8 million
 - Sales to clinical customers for the third quarter increased €0.3 million, or 22% year-over-year, to €1.77 million, representing 99% of total sales, compared to 75% of total sales in the third quarter of 2018
- Consumables sales increased €0.2 million, or 26% year-over-year, to €1.0 million
 - Consumables sales related to the pay-per-use program increased 91% year-over-year
- Systems sales decreased €0.3 million, or 32% year-over-year, to €0.6 million
- Services sales decreased 27% year-over-year to €0.2 million

First Nine Months of 2019 Sales Summary

- Total sales for the first nine months of 2019 increased €1.1 million, or 24% year-over-year, to €5.74 million
 - Sales to clinical customers for the first nine months of 2019 increased €1.9 million, or 52% year-over-year, to €5.56 million, representing 97% of total sales, compared to 79% of total sales in the first nine months of 2018
- Consumables sales increased €1.1 million, or 54% year-over-year, to €3.1 million
 - Consumables sales related to the pay-per-use program increased 129% year-over-year
- Systems sales increased €0.1 million, or 6% year-over-year, to €1.9 million
- Services sales decreased €0.1 million, or 10% year-over-year, to €0.7 million

“Our third quarter and first nine months of 2019 revenue growth performance in our clinical business reflects solid execution against our strategic priorities for 2019,” stated **Robert L. Gershon, Chief Executive Officer of Mauna Kea Technologies**. “We reported 22% growth in sales to clinical customers in the third quarter which was offset by a 95% decrease in sales to pre-clinical customers compared to last year. As discussed throughout 2019, this is a direct result of our strategic focus to dedicate our commercial resources to the clinical market. Consumables sales were the largest contributor to our year-over-year growth again in the third quarter and sales of consumables increased 54% year-over-year during the first nine months of 2019, and represented more than 54% of total Company sales over that period. We are also very pleased with the growth performance in APAC where total sales have increased 57% year-over-year in the first nine months of 2019, driven by sales to clinical customers in the APAC which increased 82% year-over-year. We believe our growth performance in 2019 reflects strong execution as we focus on driving utilization of Cellvizio in the U.S. Gastrointestinal market (GI), and in targeted geographies outside the U.S..”

**Third Quarter and First Nine Months of 2019 Sales by Category**

(in € thousands) – IFRS	Q3 2019	Q3 2018	% Chg. Y/Y	9 Months 2019	9 Months 2018	% Chg. Y/Y
Systems	562	829	(32%)	1,911	1,809	6%
Consumables	1,034	820	26%	3,097	2,017	54%
<i>o/w pay-per-use program</i>	488	255	91%	1,209	563	129%
Services	207	284	(27%)	732	815	(10%)
Total Sales	1,803	1,933	(7%)	5,739	4,641	24%

Total sales for the third quarter of 2019 were €1.8 million, down 7% year-over-year. Third quarter sales growth was driven by a 32% decline in system sales and a 27% decline in services revenues, offset partially by a 26% increase in sales of consumables. The year-over-year increase in total consumables sales in the third quarter of 2019 was driven by sales to customers in the pay-per-use program, which increased 91% year-over-year and represented approximately 47% of total consumables sales in the third quarter of 2019, compared to 31% in the prior year period. The decline in total systems sales in the third quarter of 2019 was driven by the Company's focus on Clinical customers which resulted in a decline in systems sales to Pre-Clinical customers of €0.36 million, or 100% year-over-year. Total system sales to Clinical customers in the third quarter of 2019 increased 21% year-over-year to €0.6 million, driven by 73% growth in the EMEA and Rest of World regions and 13% growth in the APAC region.

Total sales for the first nine months of 2019 were €5.7 million, up 24% year-over-year. First nine months of 2019 sales growth was driven primarily by a 5% increase in consumables sales and a 6% increase in systems revenue, which offset a 10% decrease in services sales in the period. Total consumables sales were driven by a 129% increase in consumables sales related to the pay-per-use program fueled by utilization-related demand following the Company's success in driving new system placements in this program throughout 2018. Consumables sales to customers in the pay-per-use program represented 39% of total consumables sales in the first nine months of 2019, compared to 28% in the prior year period.

Third Quarter and First Nine Months of 2019 Sales by Geography with split by activity (Clinical / Pre-clinical)

(in € thousands) – IFRS	Q3 2019	Q3 2018	% Chg. Y/Y	9MO 2019	9MO 2018	% Chg. Y/Y
U.S. & Canada	920	939	(2%)	2,549	2,268	12%
Clinical	919	691	33%	2,531	1,986	28%
Pre-clinical	1	248	(100%)	18	282	(94%)
Asia-Pacific	561	582	(4%)	2,058	1,309	57%
Clinical	557	567	(2%)	2,048	1,128	82%
Pre-clinical	5	15	(100%)	10	181	(96%)
EMEA & ROW	322	412	(21%)	1,132	1,063	7%
Clinical	301	196	56%	976	549	78%
Pre-clinical	21	216	(90%)	156	514	(70%)
Total Clinical Sales	1,777	1,454	22%	5,555	3,663	52%
Total Pre-clinical Sales	26	479	(95%)	184	977	(82%)
Total Sales	1,803	1,933	(7%)	5,739	4,640	24%



Clinical Sales

Total clinical sales for the third quarter of 2019 were €1.8 million, up 22% year-over-year, driven by a 33% increase in sales in the U.S. and Canada regions and a 56% increase in sales in the EMEA and Rest of World regions, which was offset partially by a 2% decrease in the Asia-Pacific region. Sales growth trends in the U.S. were fueled by strong consumables sales which increased 49% year-over-year in the third quarter of 2019, driven by utilization-based demand from customers in the pay-per-use program. Sales growth trends in the EMEA and Rest of World regions were driven primarily by sales of consumables. Sales growth in the Asia-Pacific region in the third quarter of 2019 was impacted by the strong demand for systems and consumables from the Company’s distribution partner in China in the same period last year.

Total clinical sales for the first nine months of 2019 period were €5.6 million, up 52% year-over-year, driven by a 82% increase in sales in the Asia-Pacific region, a 28% increase in sales in the U.S. and Canada regions and a 78% increase in sales in the EMEA and Rest of World regions.

Pre-Clinical Sales

The decrease in pre-clinical sales of 95% year-over-year in the third quarter of 2019 was driven by the Company’s strategic focus on clinical sales opportunities and, as stated in prior quarters, these sales are less recurring than clinical sales which presents difficult comparisons from one period to another.

Total pre-clinical sales were €22 thousand and €180 thousand in both the third quarter and first nine months of 2019 periods, respectively, representing 1% of total sales and 3% of total sales, compared to 25% of total sales and 21% of total sales, respectively, in the prior periods.

Third Quarter and First Nine Months of 2019 Units Sales by Type

Units (#)	Q3 2019	Q3 2018	% Chg. Y/Y	9Mo 2019	9Mo 2018	% Chg. Y/Y
New Systems Sold	6	8	(25%)	21	17	24%
New System Placements	2	20	(90%)	12	36	(67%)
Consumable Probe Shipments	161	224	(28%)	622	493	26%

Total Cellvizio System shipments decreased 71% year-over-year to 8 in the third quarter of 2019, compared to 28 total shipments in the prior year period. New systems sold in the third quarter was driven by demand from the Asia-Pacific, EMEA and Rest of World regions, but total new systems sold decreased 25% year-over-year as a result of 2 systems sold to pre-clinical customers in the third quarter of 2018 that did not recur given the Company’s focus on the Clinical market this year. The decline in new systems sold in the third quarter of 2019 was driven by the Company’s focus on Clinical customers which resulted in a decline in systems sales to Pre-Clinical customers. New system placements under the Company’s pay-per-use program represented 25% of total shipments in the third quarter of 2019, compared to 71% in the prior year period. Third quarter of 2018 included 20 new system placements driven by the Company’s investments in expanding the sales team and enhanced focus on the pay-per-use program in the U.S. GI market last year. The Company has prioritized driving utilization in the U.S. GI market in 2019 which has resulted in a lower number of new system placements this year.

Total Cellvizio System shipments decreased 38% year-over-year to 33 units in the first nine months of 2019 period, compared to 53 units in the prior year period. New system placements under the Company’s pay-per-use program represented 36% of total shipments in the first nine months of 2019 period, compared to 68% in the prior year period.

Total consumable probe shipments decreased 28% year-over-year to 161 units in the third quarter of 2019, compared to 224 units in the prior year period. The decrease in consumable probe shipments was primarily driven by the lower number of placements related to the pay-per-use program in the third quarter of 2019 compared to the prior year period.



Total consumable probe shipments increased 26% year-over-year to 622 units in the first nine months of 2019 period, compared to 493 units in the prior year period. The increase in consumable probe shipments during the first nine months of 2019 is a result of the Company's focus on driving utilization in the installed base.



Financial calendar

Please note that the 2019 financial calendar is available on the Mauna Kea Technologies website:
<https://www.maunakeatech.com/en/investors/financial-calendar>

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/approval for a wide range of applications in the United States and more than 40 countries around the World. For more information on Mauna Kea Technologies, visit www.maunakeatech.com

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