

MAUNA KEA TECHNOLOGIES REPORTS FOURTH QUARTER AND FULL YEAR 2019 SALES

Full Year 2019 total sales up 10%

Sales to clinical customers up 27%, driven by 89% growth in consumables sales related to pay-per-use program

Fourth Quarter total sales down 20%

Fourth quarter sales to clinical customers down 18%, driven by 29% increase in consumables sales which partially offset expected year-over-year decline in US capital sales

Paris and Boston, January 29, 2020 – 5.45 PM CET – 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 fourth quarter and full year 2019 ended December 31, 2019.

Full Year 2019 Sales Summary

- Total sales for the full year 2019 period increased €0.7 million, or 10% year-over-year, to €7.4 million
 - Sales to clinical customers for the full year 2019 period increased €1.5 million, or 27% year-over-year, to €7.2 million, representing 96% of total sales, compared to 83% of total sales in the full year 2018 period
- Consumables sales increased €1.3 million, or 47% year-over-year, to €4.1 million, representing 55% of total sales, compared to 42% of total sales in the full year 2018 period
 - Consumables sales related to the pay-per-use program increased €0.8 million, or 89% year-over-year
- Systems sales decreased €0.4 million, or 14% year-over-year, to €2.3 million
- Services sales decreased €0.3 million, or 20% year-over-year, to €1.0 million

Fourth Quarter 2019 Sales Summary

- Total sales for the fourth quarter of 2019 decreased €0.4 million, or 20% year-over-year, to €1.7 million
 - Sales to clinical customers for the fourth quarter decreased €0.4 million, or 18% year-over-year, to €1.6 million, representing 95% of total sales, compared to 93% of total sales in the fourth quarter of 2018
- Consumables sales increased €0.2 million, or 29% year-over-year, to €1.0 million
 - Consumables sales related to the pay-per-use program increased 22% year-over-year
- Systems sales decreased €0.5 million, or 55% year-over-year, to €0.4 million
- Services sales decreased €0.2 million, or 39% year-over-year to €0.3 million

“Our revenue growth performance in our clinical business for the full year 2019 period reflects execution of our strategic priority to drive utilization in our installed base” stated **Robert L. Gershon, Chief Executive Officer of Mauna Kea Technologies**. “We reported 27% growth in sales to clinical customers this year which more than offset the 76% 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 throughout 2019, which is a direct result of the Company’s focus on driving utilization of Cellvizio in the U.S. Gastrointestinal market (GI), and in targeted geographies outside the U.S.. We are pleased to report that consumable sales were 55% of total Company sales during 2019, compared to 42% last year, which is further evidence of our success in driving utilization in 2019.

While we were not pleased with the year-over-year decline in revenue in the fourth quarter, the revenue performance was not unexpected in light of the 74% growth year-over-year in clinical sales that we reported in the fourth quarter of 2018. While the strong systems sales in the U.S. we generated in the fourth quarter of 2018 represented a difficult

growth comparison in the fourth quarter of 2019, we were pleased to report solid growth in sales of our consumables driven by demand for our Cellvizio probes from customers around the World.”

Mr. Gershon continued: “We also made progress towards our third strategic priority for 2019, our formal evaluation process for identifying a new clinical indication for Mauna Kea’s next commercial focus-area. We are encouraged by the work we have done thus far in Interventional Pulmonology, specifically in validating the potential market opportunity and beginning a collaboration with the Lung Cancer Initiative at Johnson & Johnson in December. Importantly, we have also evaluated other potential new clinical indications for Mauna Kea’s next commercial focus-area and we look forward to sharing more detail on our progress during our 2H’19 financial results conference call in March. Finally, we also announced an important strategic equity investment agreement with Johnson & Johnson Innovation – JJDC, Inc. during the fourth quarter which provided a capital infusion that will help us execute our strategic growth initiatives.”

Fourth Quarter and Full Year 2019 Sales by Category

(in € thousands) – IFRS	Q4 2019	Q4 2018	% Chg. Y/Y	Full Year 2019	Full Year 2018	% Chg. Y/Y
Systems	390	874	(55%)	2,301	2,683	(14%)
Consumables	1,025	795	29%	4,122	2,813	47%
<i>o/w pay-per-use program</i>	398	327	22%	1,682	890	89%
Services	275	450	(39%)	1,007	1,265	(20%)
Total Sales	1,691	2,120	(20%)	7,431	6,760	10%

Total sales for the fourth quarter of 2019 were €1.7 million, down 20% year-over-year. Fourth quarter sales decline was driven by a 55% decline in system sales and a 39% decline in services revenues, offset partially by a 29% increase in sales of consumables. The year-over-year increase in total consumables sales in the fourth quarter of 2019 was driven, in part, by sales to customers in the pay-per-use program, which increased 22% year-over-year and represented approximately 39% of total consumables sales in the fourth quarter of 2019, compared to 41% in the prior year period. The 55% decline in total systems sales in the fourth quarter of 2019 was driven by lower system sales in the U.S. & Canada region compared to the prior year period which included approximately €0.6 million of system sales to customers who favored purchase versus participation in the pay-per-use program, offset partially by a 271% increase in system sales to customers in the APAC region compared to the prior year period.

Total sales for the full year 2019 period were €7.4 million, up 10% year-over-year. Full year 2019 sales growth was driven by a 47% increase in consumables sales, offset partially by a 14% decrease in systems revenue and a 20% decrease in services sales in the period. Total consumables sales were driven by a 89% increase in consumables sales related to the pay-per-use program fueled primarily 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 41% of total consumables sales in 2019, compared to 32% in the prior year period.

Fourth Quarter and Full Year 2019 Sales by Geography with split by activity (Clinical / Pre-clinical)

(in € thousands) – IFRS	Q4 2019	Q4 2018	% Chg. Y/Y	Full Year 2019	Full Year 2018	% Chg. Y/Y
U.S. & Canada	884	1,317	(33%)	3,434	3,582	(4%)
Clinical	868	1,199	(28%)	3,399	3,182	7%
Pre-clinical	17	118	(86%)	35	400	(91%)
Asia-Pacific	490	289	70%	2,562	1,599	60%
Clinical	448	279	61%	2,509	1,407	78%
Pre-clinical	42	10	320%	53	191	(72%)

EMEA & ROW	316	514	(39%)	1,434	1,580	(9%)
Clinical	286	485	(41%)	1,249	1,037	20%
Pre-clinical	30	30	(0%)	186	543	(66%)
Total Clinical Sales	1,602	1,962	(18%)	7,157	5,626	27%
Total Pre-clinical Sales	89	158	(44%)	273	1,135	(76%)
Total Sales	1,691	2,120	(20%)	7,430	6,760	10%

Clinical Sales

Total clinical sales for the fourth quarter of 2019 were €1.6 million, down 18% year-over-year, driven by a 28% decrease in sales in the U.S. and Canada regions and a 41% decrease in sales in the EMEA and Rest of World regions, which was offset partially by a 61% increase in the Asia-Pacific region. Sales growth trends in the fourth quarter of 2019 in the U.S. were fueled by consumables sales which increased 27% year-over-year in the fourth quarter of 2019, which partially offset the decline in systems sales to clinical customers in the period. Sales growth trends in the EMEA and Rest of World regions were driven primarily by lower systems sales primarily related to the timing of distributor orders. Sales growth in the Asia-Pacific region in the fourth quarter of 2019 benefitted from the continued demand for systems and consumables from the Company's distribution partner in China.

Total clinical sales for the full year 2019 period were €7.2 million, up 27% year-over-year, driven by a 78% increase in sales in the Asia-Pacific region, a 7% increase in sales in the U.S. and Canada regions and a 20% increase in sales in the EMEA and Rest of World regions. Sales to clinical customers represented approximately 96% of total Company sales in 2019, compared to 83% of total Company sales in the prior year period.

Pre-Clinical Sales

The decrease in pre-clinical sales of 44% year-over-year in the fourth 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 declined €0.9 million, or 76% year-over-year, to €273 thousand in the full year 2019 period, representing 4% of total sales, compared to 17% of total sales in the prior period.

Fourth Quarter and Full Year 2019 Unit Sales by Type

Units (#)	Q4	Q4	% Chg.	Full Year	Full Year	% Chg.
	2019	2018	Y/Y	2019	2018	Y/Y
New Systems Sold	4	9	(56%)	25	26	(4%)
New System Placements	5	19	(74%)	17	55	(69%)
Consumable Probe Shipments	178	170	5%	800	663	21%

Total Cellvizio System shipments decreased 68% year-over-year to a total of 9 in the fourth quarter of 2019, compared to 28 total shipments in the prior year period. New systems sold in the fourth quarter was driven by demand from the Asia-Pacific, EMEA and Rest of World regions, but total new systems sold decreased 56% year-over-year as a result of 3 systems sold to clinical customers in the U.S. in the fourth quarter of 2018 that did not recur given the Company's focus on the PPU program in the U.S. this 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 48% year-over-year to 42 units in the full year 2019 period, compared to 81 units in the prior year period. New system placements under the Company's pay-per-use program represented 40% of total shipments in the full year 2019 period, compared to 68% in the prior year period.

Total consumable probe shipments increased 5% year-over-year to 178 units in the fourth quarter of 2019, compared to 170 units in the prior year period. The increase in consumable probe shipments was primarily driven by the increased usage in our installed base.

Total consumable probe shipments increased 21% year-over-year to 800 units in the full year 2019 period, compared to 663 units in the prior year period. The increase in consumable probe shipments during the full year 2019 period is a result of the Company's focus on driving utilization in the installed base.



Financial calendar

Please note that the 2020 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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