



MAUNA KEA TECHNOLOGIES REPORTS FIRST HALF 2017 FINANCIAL RESULTS

Results reflect strategic focus on transition to Cellvizio pay-per-use business model in the U.S.

Mauna Kea Technologies will host a conference call today at 7:30 PM (CET / Paris time) / 1:30 PM (ET / New York time) to discuss the Company's first half of 2017 financial results, recent operational accomplishments and perspectives, then will address investor and analyst questions. 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: +1 646-722-4907 / UK: +44 – 2030432440 / FR: +33 (0)1 72 00 15 10, followed by the PIN code: 47541512#. 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: +1-877-642-3018 / UK: +44 (0) 2033679460 / FR: +33 (0)1 72 00 15 00. The passcode for the replay is: 310621#.

Paris and Boston, September 20, 2017 – 5.45 PM CEST – 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 2017, ended June 30, 2017, and provided an update on its business. The Company will host a conference call today to review the financial results (see call information above).

1H 2017 and Recent Highlights

- Sales declined 26% as previously reported, reflecting transition to pay-per-use model; clinical sales in Americas region grew 12% year on year.
- Gross margin stable at 68%
- €9.6 million in available cash as of June 30, 2017
- Significant events post-H1 include important positive clinical results from large randomized controlled trial in China on gastric cancer screening; U.S. FDA 510(k) clearance for use of Cellvizio during robotic-assisted surgery and strategic partner for urology Cook Medical's commercial launch of Cellvizio.

Sacha Loiseau, Ph.D., Founder and Chief Executive Officer of Mauna Kea Technologies declared, "In the first half of 2017 we launched our new pay-per-use business model in the U.S., which represents a significant growth opportunity for the Company. This resulted in lower sales as we ramp up the new model, which places Cellvizio at no cost with the long-term potential to drive higher margin, recurring revenue based on procedure volume. We are increasing our investment in sales and marketing resources to drive system placements and utilization in the U.S., and we are currently adding additional sales reps and expect to continue all over the second half of the year. On the partnering side, we are pleased that Cook Medical recently launched Cellvizio in urology to its global customer base. We expect Cook commercial activity to benefit from recently announced clinical data as well as from the FDA clearance of Cellvizio in robotic-assisted surgery."

**First Half 2017 Financial Results**

(in € thousands) – IFRS	1H 2017 (June 30, 2017)	1H 2016 (June 30, 2016)	Change %
Operating Revenue			
<i>Sales</i>	3,285	4,466	(26%)
<i>Other Income</i>	469	476	(2%)
Total Revenue	3,753	4,941	(24%)
Operating Expenses			
<i>Cost of Sales</i>	(1,040)	(1,437)	(28%)
<i>Gross Margin (%)</i>	68%	68%	
<i>Research & Development</i>	(2,196)	(2,189)	0%
<i>Sales & Marketing</i>	(4,211)	(4,386)	(4%)
<i>Administrative Expenses</i>	(1,664)	(2,035)	(18%)
<i>Share-Based Payments</i>	(183)	128	(243%)
Total Operating Expenses	(9,294)	(9,919)	(6%)
Operating Profit (Loss)	(5,540)	(4,977)	(11%)
Net Profit (Loss)	(5,787)	(4,919)	(18%)

First Half 2017 Revenue

As previously reported, the Company's sales declined 26% in the first half of 2017. Systems sales declined 34% in the first half of 2017, during which the Company sold 14 Cellvizio systems and secured contracts for 8 new systems under consignment in the U.S., compared to 26 systems sold and 6 consignment systems shipped in the first half of 2016. Consumables sales declined 25% in the first half of 2017, including 14% volume growth in consumable probes in the U.S., offset by a 53% decline in volume in other markets. Services revenues declined 6% in the first half of 2017.

Clinical sales

Clinical sales in the Americas region increased 12% in the first half of 2017, driven by continuing positive momentum in the U.S., partially offset by the impact of the Company's transition to a consignment model in this market and by a slow rate of sales rep recruitment. Clinical sales decreased 59% in the Asia-Pacific region and 44% in the EMEA as the company continued to focus its resources on the growth of its core clinical business in the U.S.

Pre-clinical sales

Pre-clinical sales declined 25% in the first half of 2017, with growth in the EMEA region offset by declines in the Americas and Asia-Pacific regions, reflecting the inherent lumpiness in this business and the Company's focus on its clinical business.

First Half 2017 Consolidated Results

Gross margin in the first half of 2017 was 68%, identical to the one registered over the first half of 2016 as a percentage of sales.

Sales and marketing expenses in the first half of 2017, including spending on clinical affairs, were €4,211 thousand compared to €4,386 thousand in the same period in the prior year. This trend directly derives from lower sales compared to previous year while the Company maintained its investment in sales and marketing resources to support its pay-per-use business model in the U.S.

Research and development (R&D) expenses in the first half of 2017 were €2,196 thousand, essentially flat compared with €2,189 thousand in the same period in the prior year. Including the research tax credit, net



R&D expenses amount €1,748 thousand in the first half of 2017. With an exciting product roadmap that places Cellvizio at the crossroad of significant trends in medicine and surgery, continuous investment in the future of our unique technology platform should generate clear value for the company.

General and administrative expenses in the first half of 2017 were €1,664 thousand, a 18% decrease compared with €2,035 thousand in the same period in the prior year illustrating efforts to streamline the organization and reduce external charges

Total operating expenses including cost of sales in the first half of 2017 were €9,294 thousand compared with €9,919 in the same period in the prior year. Operating loss in the first half of 2017 was €5,540 thousand, compared to €4,977 thousand in the same period in the prior year.

Net loss in the first half of 2017 was €5,787 thousand, compared to €4,919 thousand in the same period in the prior year.

At June 30, 2017, the Company had €9.6 million in available cash.

The Company's cash burn (total cash flows excluding cash flows from financing activities) in the first half of 2017 was €5,689 thousand, compared to €4,616 thousand in the same period in the prior year. The increase reflects lower sales and the transition to a pay-per-use business model in the U.S., which initially requires more capital compared to a capital sale business model.

Mauna Kea Technologies had 81 employees at June 30, 2017, compared to 76 employees at December 31, 2016 and 83 employees at June 30, 2016.

Next financial press release: Revenue for the first nine months of 2017 – 19 October 2017

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

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