



MAUNA KEA TECHNOLOGIES REPORTS FULL YEAR 2018 FINANCIAL RESULTS

Full Year 2018 sales increase 1%

Validation of strategic transition in U.S. business model with system placements in pay-per-use program up 323% y/y and consumables up 17% y/y

Mauna Kea Technologies will host a conference call today at 6:30 PM (CET / Paris time) / 1:30 PM (ET / New York time) to discuss the Company's full year 2018 financial results and to provide a business update. The conference call will be hosted by Robert L. Gershon, CEO, and Christophe Lamboeuf, 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: +1 646-722-4916 / UK: +44 (0)20 7194 3759 / FR: +33 (0)1 72 72 74 03. The passcode for the conference call is: 90573902#. 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 / FR: +33 (0)1 70 71 01 60. The passcode for the replay is: 418839209#.

Paris and Boston, March 20, 2019 – 5:45 PM CET – Mauna Kea Technologies (Euronext: MKEA) inventor of Cellvizio[®], the multidisciplinary probe and needle-based confocal laser endomicroscopy (pCLE/nCLE) platform, today announced its financial results for the full year ended December 31, 2018.

"We are encouraged by our performance in 2018, particularly in the second half of the year, and the improving growth trends represent continued validation of our strategy to transition the business model in the U.S. GI market," stated Robert L. Gershon, Chief Executive Officer of Mauna Kea Technologies. *"The team has executed well in 2018 and the strong adoption of our Cellvizio systems by customers that see the value in our pay-per-use program give us confidence in our future growth potential. Importantly, these system adoptions are driving solid growth in sales of consumables – the key indicator of recurring revenue – which increased 17% year-over-year in total year 2018."*

Mr. Gershon continued: *"As we look out to 2019, we are focused on driving solid growth in sales of consumables to the many Cellvizio users in the U.S. GI market, while also continuing to introduce our Cellvizio system to new clinicians in the estimated 3,000 high-volume upper-GI hospitals and ASCs in the U.S. While there is a significant market opportunity for Mauna Kea to penetrate the U.S. GI market, we also look forward to identifying the Company's next clinical indication for commercial focus. Accordingly, we are undertaking a formal process of evaluating the potential commercial opportunity for our Cellvizio system in the interventional pulmonology market. With the recent 510(k) clearance of our Cellvizio AQ-Flex[™] 19 Confocal Miniprobe, we believe we are well-positioned to unlock a new era in interventional pulmonology, a market with more than 240,000 annual lung biopsy procedures in the U.S. alone."*

Full Year 2018 Financial Summary

- As previously reported, total sales for the full year 2018 were €6.8 million, up 1% year-over-year
- The Company placed 55 new Cellvizio systems under its PPU program in 2018, up 323% year-over-year
- New system placements in 2018 drove a 37% increase in pay-per-use consumables sales
- Gross margin of 69.6% compared to 68.2% in 2017
- Operating loss was €12 million, compared to operating loss of €9.7 million in 2017
- Net loss was €12.8 million, compared to net loss of €10.2 million in 2017
- Cash and cash equivalents were €8.6 million as of December 31, 2018



Fourth Quarter and Full Year 2018 Revenue

Total sales for the fourth quarter of 2018 were €2.1 million, up 37% year-over-year. Fourth quarter sales growth was driven by a 34% increase in system sales, a 65% increase in services revenue and a 27% increase in sales of consumables. The year-over-year increase in total consumables sales in the fourth quarter of 2018 was driven by sales to customers in our pay-per-use program, which represented approximately 41% of total consumables sales in the fourth quarter of 2018, compared to 25% in the prior year period.

Total sales for the full year 2018 were €6.8 million, up 1% year-over-year. Full year 2018 sales growth was driven primarily by a 17% increase in consumables sales and a 6% increase in services revenue, which offset a 13% decrease in systems sales in the period. The year-over-year decrease in system sales was driven by the Company's strategic shift to a consignment model where units are placed, compared to the prior selling model based on outright sales of systems in the prior year period. The Company placed 55 new Cellvizio systems under its PPU program in 2018, up 323% year-over-year. New system placements in 2018 drove a 37% increase in pay-per-use consumables sales.

Clinical sales

Total clinical sales for the fourth quarter of 2018 were €2.0 million, up 74% year-over-year, driven by a 98% increase in sales in the U.S. & Canada regions and a 289% increase in sales in the EMEA region which offset a 10% decrease in sales in the Asia-Pacific region and an 89% decrease in sales in the LATAM region.

Total clinical sales for the full year 2018 period were €5.6 million, up 3% year-over-year, driven by a 14% increase in sales in the Asia-Pacific region and a 23% increase in sales in the EMEA region which offset an 88% decrease in sales in the LATAM region.

Pre-clinical sales

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

Total pre-clinical sales were €158k and €1.1 million in the fourth quarter and full year 2018 periods, respectively, representing 7% of total sales and 17% of total sales, compared to 27% of total sales and 18% of total sales, respectively, in the prior period.

Full Year 2018 Consolidated Financial Results

<i>(in € thousands) – IFRS</i>	2018 <i>(December 31, 2018)</i>	2017 <i>(December 31, 2017)</i>	% Change Y/Y
Operating Revenue			
Sales	6,760	6,687	1%
Other Income	1,141	1,144	0%
Total Revenue	7,901	7,831	1%
Operating Expenses			
Cost of Sales	(2,058)	(2,129)	(3%)
<i>Gross Margin (%)</i>	<i>69.6%</i>	<i>68.2%</i>	<i>+141 bps</i>
Research & Development	(4,653)	(4,265)	9%
Sales & Marketing	(9,097)	(7,586)	20%
Administrative Expenses	(3,953)	(3,350)	18%
Share-Based Payments	(138)	(210)	(34)%
Total Operating Expenses	(19,899)	(17,541)	13%
Operating Profit (Loss)	(11,998)	(9,710)	(24)%
Net Profit (Loss)	(12,785)	(10,245)	(25)%



Gross margin in the full year 2018 period was 69.6%, compared to gross margin of 68.2% in full year 2017 period. The primary driver of the increase in gross margin was a better margin mix with the increase of consumables and services.

Total operating expenses in the full year 2018 period increased €2.4 million, or 16% year-over-year (without costs of good sold), to €17.8 million, compared to €15.4 million last year. This amount includes €1.6 million in depreciation and provisions, up €0.5 million year-over-year. The increase in total operating expenses was primarily driven by:

- an increase of €1.5 million, or 20% year-over-year, in sales and marketing expenses related to the Company's commercial and marketing investments required to support the deployment of the pay-per-use model in the U.S.;
- an increase of €0.6 million, or 18% year-over-year, increase in administrative expenses. This increase reflects unfilled positions in the Finance and HR Departments in 2017 as well as recruitment costs in the United States as part of the reconstitution of our U.S. sales team at the beginning of 2018;
- an increase of €0.4 million, or 9% year-over-year, in research and development expenses reflecting our sustained efforts in clinical studies and product improvement.

Operating loss in the full year 2018 period was €12 million compared to €9.7 million in the prior year, driven by the 16% increase in non-cost of goods operating expenses, offset partially by the 1% increase in revenue and 3% increase in gross profit compared to the prior year period.

Net loss in the full year 2018 period was €12.8 million, compared to €10.2 million in the prior year period.

As of December 31, 2018, the Company had cash of €8.6 million and debt obligations of €6.5 million, compared to €17.5 million and €6.6 million, respectively, as of December 31, 2017. Cash used in operating and investing activities in the full year 2018 period totaled €12.1 million, compared to €10.5 million in the prior year period. Following a review of its liquidity risk, the company concluded it is able to meet its cash flow requirements through December 2019.

Mauna Kea Technologies had 100 employees as of December 31, 2018, compared to 90 as of December 31, 2017.

The consolidated accounts for the full year 2018 period have been audited and legal audit reports are currently being issued.

Next Sales Results Announcement:

First quarter 2019 sales – April 24, 2019 after market close

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 in 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

United States

Mike Piccinino, CFA
Westwicke, an ICR Company
443-213-0500

France and Europe

NewCap - Investor Relations
Valentine Brouchet
+33 (0)1 44 71 94 94
maunakea@newcap.eu



Disclaimer

This press release contains forward-looking statements concerning Mauna Kea Technologies and its activities. Such forward looking statements are based on assumptions that Mauna Kea Technologies considers to be reasonable. However, there can be no assurance that the anticipated events contained in such forward-looking statements will occur. Forward- looking statements are subject to numerous risks and uncertainties including the risks set forth in the registration document of Mauna Kea Technologies registered by the French Financial Markets Authority (Autorité des marchés financiers (AMF)) on April 27, 2018 under number D.18-0429 and available on the Company's website (www.maunakeatech.com), and to the development of economic situation, financial markets, and the markets in which Mauna Kea Technologies operates. The forward-looking statements contained in this release are also subject to risks unknown to Mauna Kea Technologies or that Mauna Kea Technologies does not consider material at this time. The realization of all or part of these risks could lead to actual results, financial conditions, performances or achievements by Mauna Kea Technologies that differ significantly from the results, financial conditions, performances or achievements expressed in such forward-looking statements. This press release and the information it contains do not constitute an offer to sell or to subscribe for, or a solicitation of an order to purchase or subscribe for, Mauna Kea Technologies shares in any country.