



## MAUNA KEA TECHNOLOGIES REPORTS FULL YEAR 2019 FINANCIAL RESULTS AND FIRST QUARTER 2020 SALES RESULTS

*Full Year 2019 total sales up 10%; Sales to clinical customers up 27%*

*First Quarter 2020 total sales down 14%; Sales to clinical customers down 7% driven by COVID-related procedure headwinds*

**Paris and Boston, April 28, 2020 – 5:45 PM CEST – Mauna Kea Technologies** (Euronext: MKEA) inventor of Cellvizio<sup>®</sup>, the multidisciplinary probe and needle-based confocal laser endomicroscopy (pCLE/nCLE) platform, today announced full year 2019 financial results for the twelve months ended December 31, 2019 and first quarter 2020 sales results for the three months ended March 31, 2020.

“Our financial performance for the full year 2019 period reflects solid execution against our strategic priorities which we outlined at the beginning of the year,” stated Robert L. Gershon, Chief Executive Officer of Mauna Kea Technologies. “In addition to the strong top-line performance in 2019, we made progress towards our goal of preserving our capital resources and enhancing our balance sheet condition in 2019. We prioritized our investment areas to minimize the growth in operating expenses and we announced a new partnership with the European Investment Bank which provided us valuable growth capital and improved our cash flow profile as a result of more attractive borrowing terms. We also announced a strategic equity investment agreement with Johnson & Johnson Innovation – JJDC, Inc. which provided additional capital to fund our strategic growth initiatives.”

Mr. Gershon continued: “While the long-term growth opportunity for Mauna Kea remains extremely compelling, our near-term outlook has been challenged by the global crisis caused by the coronavirus, or COVID-19, beginning in the first quarter of 2020. Given the rapidly evolving dynamics in our primary commercial markets around the world, we are unable to predict when the procedure and system adoption trends will improve. We have implemented a series of significant cost-cutting actions designed to reduce operating expenses and maximize our capital resources to support the Company's strategic growth initiatives. In recent weeks, we pursued opportunities to enhance our balance sheet by successfully negotiating a drawdown of the second tranche of our loan agreement with European Investment Bank for €6.0 million and secured a loan for \$0.7 million (€0.64 million) from the Paycheck Protection Program authorized under the U.S. Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. Together, these actions should provide sufficient liquidity to manage the business for the next twelve months. We are navigating the unprecedented changes in our target markets responsibly and we are focused on ensuring that the organization is well-positioned to drive growth post COVID-19 when normal case loads resume in the U.S., APAC and EMEA/ROW regions.”

### Full Year 2019 Financial Summary

- Total revenue<sup>1</sup> for the full year 2019 period increased €0.6 million, or 8% year-over-year to €8.5 million.
- As previously reported, 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
- Gross margin was 69.6% in the full year 2019 period, compared to 69.6% in the full year 2018 period

<sup>1</sup> Total Revenue includes Research Tax Credit and other tax credits of €1.07 million in full year 2019, compared to €1.14 million in full year 2018.

- Operating loss was €13.0 million in the full year 2019 period, compared to operating loss of €12.0 million in the full year 2018 period
- Net loss was €15.3 million in the full year 2019 period, compared to net loss of €12.8 million in the full year 2018 period
- As of December 31, 2019, the Company had a cash balance of €10.0 million and long-term debt obligations of €15.5 million, compared to €8.6 million of cash and €6.5 million of long-debt obligations, as of December 31, 2018.

### Second Half of 2019 and Recent Operating Highlights:

- On October 9, 2019, the Company announced three publications on two large prospective studies (ClinicalTrials.gov INDEX study identifier: NCT02516488 and CONTACTII study identifier: NCT01563133) that demonstrate how Cellvizio positively impacts the diagnosis and management of pancreatic cystic lesions (PCL).
- On November 7, 2019, the Company announced it is part of a molecular imaging consortium that was awarded €5.4 million by the Perspective Program of the Netherlands Organization for Scientific Research (NWO).
- On December 16, 2019, the Company announced a strategic equity investment of 7.5 million euro by Johnson & Johnson Innovation – JJDC, Inc. (JJDC). Pursuant to the agreement, JJDC, the strategic venture capital arm of Johnson & Johnson, will subscribe to 5,357,142 new ordinary MKEA shares for €1.40 per share, representing a total equity value of 7.5 million euro.
- On January 8, 2020, the Company announced a publication that demonstrates how Cellvizio positively impacts the diagnostic yield and the clinical management of pancreatic cystic lesions (PCL).
- On January 27, 2020, the Company announced it received U.S. Food and Drug Administration (FDA) 510(k) clearance for the Cellvizio® 100 series and all associated Confocal Miniprobess™ for the additional indication of visualization of blood flow when used in conjunction with a fluorescent dye, fluorescein, as a drug device combination. This marked the 17th U.S. FDA 510(k) clearance of the Cellvizio® p/nCLE platform.

### Full Year 2019 and 2018 Consolidated Financial Results:

<i>(in € millions) – IFRS</i>	<b>Full Year 2019</b>	<b>Full Year 2018</b>	<b>€ Chg.</b>	<b>% Change</b>
Sales	€ 7.4	€ 6.8	€ 0.7	10%
Other Income	€ 1.1	€ 1.1	(€ 0.1)	(6%)
<b>Total Revenue</b>	<b>€ 8.5</b>	<b>€ 7.9</b>	<b>€ 0.6</b>	<b>8%</b>
Cost of Sales	€ 2.3	€ 2.1	€ 0.2	10%
<b>Gross Profit</b>	<b>€ 5.2</b>	<b>€ 4.7</b>	<b>€ 0.5</b>	<b>10%</b>
<i>Gross Margin (%)</i>	69.6%	69.6%		
Research & Development	€ 3.2	€ 4.7	(€ 1.5)	(32%)
Sales & Marketing	€ 9.0	€ 9.1	(€ 0.1)	(1%)
Administrative Expenses	€ 6.2	€ 4.0	€ 2.2	57%
Share-Based Payments	€ 1.0	€ 0.1	€ 0.8	588%
<b>Total Operating Expenses</b>	<b>€ 19.3</b>	<b>€ 17.8</b>	<b>€ 1.4</b>	<b>8%</b>
<b>Operating Profit (Loss)</b>	<b>(€ 13.0)</b>	<b>(€ 12.0)</b>	<b>(€ 1.0)</b>	<b>9%</b>
Interest expense (income), net	€ 2.2	€ 0.8	€ 1.5	185%
<b>Net Profit (Loss)</b>	<b>(€ 15.3)</b>	<b>(€ 12.8)</b>	<b>(€ 2.5)</b>	<b>19%</b>

*\*numbers may not foot due to rounding*

Gross profit for the full year 2019 period increased €0.5 million, or 10% year-over-year, to €5.2 million, compared to €4.7 million for the full year 2018 period driven by the sales increase. Gross margin for the full year 2019 period was 69.6%, compared to 69.6% in the full year 2018 period.

Total operating expenses for the full year 2019 period increased €1.4 million, or 8% year-over-year, to €19.3 million, compared to €17.8 million for the full year 2018 period. The increase in total operating expenses

was primarily driven by an increase in administration expenses of €2.2 million, or 57% year-over-year, to €6.2 million, driven by investments made in the second half 2018 to strengthen the management team and, an increase in share-based payment of €0.8 million, or 588% year-over-year, to €1.0 million, driven by the allocation of free shares and stock options in 2018. The increase in total operating expenses for the full year 2019 period was partially offset by lower research and development expenses due to the capitalization of €0.8 million of expenses and lower sales & marketing expenses which decreased €1.5 million and €0.1 million, respectively, compared to the full year 2018 period.

Operating loss for the full year 2019 period was €13.0 million, compared to an operating loss of €12. million for the full year 2018 period. The increase in operating loss was driven by the €0.5 million increase in gross profit, offset by the €1.4 million increase in operating expenses compared to the prior year period.

Net loss for the full year 2019 period was €15.3 million, compared to a net loss of €12.8 million for the full year 2018 period. The increase in net loss was primarily driven by the increase in operating loss compared to the prior year period as well as an increase in interest expenses, net, driven primarily by non-recurring financial costs of €1.7 million associated to the early repayment of the IPF Partners bond financing.

As of December 31, 2019, the Company had a cash balance of €10.0 million and long-term debt obligations of €15.5 million, compared to €8.6 million of cash and €6.5 million of long-term debt obligations, as of December 31, 2018. The change in cash during full year 2019 period was driven by €10.3 million of cash used in operating activities and €1.4 million of cash used in investing activities, offset by €13.0 million of cash from financing activities. Cash from financing activities for the full year 2019 period was driven by proceeds from the first tranche of €11.5 million under a financing agreement concluded on June 20, 2019 with the European Investment Bank and a strategic equity investment of 7.5 million euro by Johnson & Johnson Innovation – JJDC, Inc. (JJDC) on December 16, 2019, partially offset by redemption of all non-dilutive bond financing with IPF Partners for a total amount of €10.7 million on June 28, 2019. Following a review of its liquidity risk, the company concluded it is able to meet its cash flow requirements through December 2020.

Mauna Kea Technologies had 101 employees as of December 31, 2019, compared to 100 employees as of December 31, 2018.

The consolidated accounts for the full year 2019 period have been audited and legal audit reports are currently being issued.

#### First Quarter Total Sales by Category:

<i>(in € millions) – IFRS</i>	<b>Q1'20</b>	<b>Q1'19</b>	<b>€ Chg.</b>	<b>% Chg.</b>
Systems	€ 0.6	€ 0.6	(€ 0.0)	(1%)
Consumables	€ 0.6	€ 0.9	(€ 0.2)	(27%)
Services	€ 0.3	€ 0.3	(€ 0.0)	(0%)
<b>Total Sales</b>	<b>€ 1.5</b>	<b>€ 1.7</b>	<b>(€ 0.2)</b>	<b>(14%)</b>

Total sales for the first quarter of 2020 period were €1.5 million, down 14% year-over-year. First quarter 2020 sales performance was driven primarily by a 27% decrease in consumables sales and, to a lesser extent, a 1% decrease in system sales in the period. The year-over-year decrease in total consumables sales in the first quarter of 2020 was a result of lower procedure-related demand for Cellvizio probes in the Company's targeted commercial geographies around the world as a result of the COVID-19 pandemic. First quarter 2020 total sales performance benefitted from stronger-than-expected demand for Cellvizio systems in both the U.S. and APAC during the period.

**Sales by Geography with split by activity (Clinical / Pre-clinical)**

<i>(in € millions) – IFRS</i>	<b>Q1'20</b>	<b>Q1'19</b>	<b>€ Chg.</b>	<b>% Chg.</b>
Clinical	€ 0.8	€ 0.7	€ 0.1	20%
Pre-clinical	€ 0.0	€ 0.0	(€ 0.0)	(100%)
<b>U.S. &amp; Canada</b>	<b>€ 0.8</b>	<b>€ 0.7</b>	<b>€ 0.1</b>	<b>17%</b>
Clinical	€ 0.5	€ 0.6	(€ 0.1)	(14%)
Pre-clinical	€ 0.0	€ 0.0	n/m	n/m
<b>Asia-Pacific</b>	<b>€ 0.5</b>	<b>€ 0.6</b>	<b>(€ 0.1)</b>	<b>(14%)</b>
Clinical	€ 0.2	€ 0.3	(€ 0.2)	(50%)
Pre-clinical	€ 0.0	€ 0.1	(€ 0.1)	(100%)
<b>EMEA &amp; ROW</b>	<b>€ 0.2</b>	<b>€ 0.5</b>	<b>(€ 0.3)</b>	<b>(63%)</b>
<b>Total Clinical Sales</b>	<b>€ 1.5</b>	<b>€ 1.6</b>	<b>(€ 0.1)</b>	<b>(7%)</b>
<b>Total Pre-clinical Sales</b>	<b>€ 0.0</b>	<b>€ 0.1</b>	<b>(€ 0.1)</b>	<b>(100%)</b>
<b>Total Sales</b>	<b>€ 1.5</b>	<b>€ 1.7</b>	<b>(€ 0.2)</b>	<b>(14%)</b>

\*numbers may not foot due to rounding

**Clinical sales**

Total clinical sales for the first quarter of 2020 decreased €0.1 million, or 7% year-over-year, to €1.5 million, compared to €1.6 million in the prior year period. The decrease in total clinical sales was driven by a 50% decrease in clinical sales in the EMEA and Rest of World regions and a 14% decrease in clinical sales in the Asia-Pacific region, partially offset by a 20% increase in clinical sales in the U.S. and Canada regions. First quarter 2020 total clinical sales performance benefitted from stronger-than-expected demand for Cellvizio systems in both the U.S. and APAC during the period. Sales to clinical customers represented approximately 100% of total Company sales in the first quarter of 2020, compared to 92% of total Company sales in the prior year period.

**Pre-clinical sales**

Total pre-clinical sales for the first quarter of 2020 decreased €0.1 million, or 100% year-over-year, to €0.0 million, compared to €0.1 million in the prior year period. The year-over-year decrease in pre-clinical sales was a direct result of the Company's strategic focus on clinical sales opportunities compared to prior years which included targeting pre-clinical customers as well. The clinical market is more attractive given the larger market opportunity compared to the pre-clinical market and more predictable/recurring revenue model compared to the pre-clinical market. Sales to pre-clinical customers represented 0% of total Company sales in the first quarter of 2020, compared to 8% of total Company sales in the prior year period.

**First Quarter Unit Sales by Type:**

	<b>Q1'20</b>	<b>Q1'19</b>	<b># Chg.</b>	<b>% Chg.</b>
New Systems Sold	6	6	n/m	n/m
New System Placements	2	7	(5)	(71%)
Consumable Probe Shipments	107	195	(88)	(45%)

Total Cellvizio System shipments decreased to 8 units in the first quarter of 2020, compared to 13 units in the prior year period. Total system shipments included 1 sale and 2 placements in the U.S. in the first quarter of 2020, compared to no sales and 7 placements in the prior year period. Consumable probe shipments decreased 45% year-over-year to 107 in the first quarter of 2020, compared to 195 shipments in the prior year period driven primarily by lower procedure-related demand as a result of the COVID-19 pandemic.

**Conference Call Details:**

Mauna Kea Technologies will host a conference call today at 6:00 PM (CEST / Paris time) / 1:00 PM (ET / New York time) to discuss the Company's full year 2019 financial results, first quarter 2020 sales 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: 85475867#. 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: 418925561#.

**Next Sales Results Announcement:**

Second quarter of 2020 sales – July 20, 2020 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, and China. For more information on Mauna Kea Technologies, visit [www.maunakeatech.com](http://www.maunakeatech.com)

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