

Mauna Kea Technologies Reports 2022 Annual Results

2022 sales in line with expectations at €7.5 million

Maintained a stable gross margin at 73% with reduced 2022 operating loss

Cash position as of December 31, 2022 at €3.1 million before receipt in January 2023 of a €6 million (\$6.5 million) payment from Tasly JV

Paris and Boston, April 6, 2023 - 5:45 p.m. CEST - Mauna Kea Technologies (Euronext: MKEA), inventor of the Cellvizio[®], the multidisciplinary probe and needle-based confocal laser endomicroscopy (p/nCLE) platform, today announces its annual results for the fiscal year 2022, ended December 31, 2022, as approved by the Board of Directors on April 5th, 2023.

2022 Financial Summary:

- Full year sales of €7,479k, down -3% year-on-year compared to 2021. Revenue from the JV with Tasly will start to be recognized in Q1 2023
- Despite global supply chain and inflationary challenges, 2022 gross margin rate remains stable at 73%
- Reflecting a reorganization announced in late-2021, 2022 operating loss is reduced by -26% to €9,063k
- Cash position of €3.1 million as of December 31, 2022 and €9.1 million as of January 26, 2023, following the receipt of the first payment from the JV with Tasly

Sacha Loiseau, Chairman and Chief Executive Officer of Mauna Kea Technologies, comments: *“I believe 2022 represents an inflection point for Mauna Kea, during which we have increased our operational discipline, demonstrated our clinical value to world-class partners such as Tasly Pharmaceutical and Johnson & Johnson, and reaffirmed the organization’s commitment to fulfilling Cellvizio’s commercial potential.”* Mr. Loiseau continues: *“Energized by the talent and passion of the Mauna Kea organization, I look forward to 2023 and further evidence that our technology investments and partnership strategy will yield improved returns for our shareholders.”*

Consolidated financial results for the year 2022*

<i>(In €k) - IFRS</i>	2022	2021	Var. €	Var. %
Sales	7,479	7,700	(221)	(3%)
Other income	631	839	(208)	(25%)
Total Revenues	8,111	8,539	(428)	(5%)
Cost of Goods sold	(2,004)	(1,989)	(15)	(1%)
<i>Gross margin rate (%)</i>	<i>73%</i>	<i>74%</i>		
Research & Development	(4,068)	(3,310)	758	+23%
Sales & Marketing	(5,800)	(7,620)	(1,820)	(24%)
General expenses	(4,894)	(6,399)	(1,505)	(24%)
Share-based payment	(327)	(548)	(221)	(40%)
Total operating expenses	(17,093)	(19,866)	(2,773)	(14%)
Current operating income	(8,983)	(11,327)	(2,344)	(21%)
Non-current operating income	(80)	(891)	(811)	(91%)
Operating income	(9,063)	(12,218)	(3,155)	(26%)



Net financial income & other expenses	(2,117)	(1,227)	890	+73%
Net Result	(11,180)	(13,445)	(2,265)	(17%)

**Due to rounding, totals may not add up to the sum of the elements.*

Total sales for the year ended December 31, 2022 were down slightly (-3%) at €7,479k, in line with expectations. By region, sales in the United States were stable at €4,202k, but were impacted by a slowdown in activity in the second half of the year due to difficulties in the supply of contrast agent (fluorescein), which significantly affected the number of Cellvizio procedures. The recovery of activity in EMEA & ROW in the second half of the year enabled the Company to record a 47% increase in sales in this region during the year 2022, offsetting the decline in sales in the Asia-Pacific region due to the signing of the partnership with Tasly Pharmaceutical.

The gross margin rate for 2022 sets at 73.3%, nearly stable compared to 74.2% at the end of 2021 (-87 points), supported by a still favorable sales mix in 2022, in spite of supply chain and inflation challenges throughout the year.

Operating expenses, excluding cost of goods sold, decreased by €2,788k year-on-year to €15,089k. This decrease is partly explained by the reduction in Sales & Marketing expenses (-24%) and administrative expenses (-24%).

The increase in R&D expenses mainly results from the end of capitalization in 2022 linked to the development of the 3rd generation of Cellvizio platform since its commercialization in October 2021. Concurrently, Mauna Kea received a last subsidy in the framework of PERSEE project in 2021, which was accounted in R&D.

The operating loss improved to -€9,063k, compared to -€12,218k at the end of 2021, reflecting the first results of the restructuring carried out by Mauna Kea Technologies and the reallocation of resources within the R&D department.

After taking into account all of these items and a financial result of -€2,117k, the net loss at December 31, 2022 was -€11,180k, reduced by €2,265k compared to the previous year.

At December 31, 2022, the Company had a cash balance of €3.1 million and total liabilities of €26.9 million, compared with €11.9 million in cash and €26.9 million in total liabilities at December 31, 2021. The change in cash and cash equivalents during the period can be broken down as follows:

- €8.8 million of cash consumed by operating activities,
- €0.06 million of cash used in investment activities,
- €0.1 million in cash flow from financing activities.

The Company is assuming that it will continue to operate as a going concern given: its cash level at December, 2022 at €3.1 million and its cash position increased to €9.1 million at January 26, 2023, following the receipt of the first payment from the joint venture with Tasly. Mauna Kea will receive a payment of €2.3 million (\$2.5 million¹) in the coming weeks following the achievement of some of the milestones of the contract. The Company has the ability to re-establish an equity financing line, which could enable it to raise a minimum €2.5 million over the next 12 months.

In addition, and in accordance with its new business strategy, the Company is pursuing several financial and strategic partnerships, which could lead to additional financing to extend its cash horizon to finance the development of its activities beyond April 2024.

The consolidated financial statements for the year 2022 have been audited and will be available before April 30, 2023 on the Company's website, in the [Investors](#) section.

¹ Exchange rate as of April 5th, 2023

Selected highlight of the second half of 2022

- **Successful clinical study on the prediction of major adverse events in patients with Inflammatory Bowel Disease (IBD) using Cellvizio**

Mauna Kea Technologies announced the success of a long-term prospective clinical study on predicting remission or relapse in patients with chronic inflammatory bowel disease (IBD) using confocal laser endomicroscopy with Cellvizio. The results were published in *Gastroenterology*, the flagship journal of the American Gastroenterological Association and a very high impact factor journal. The study prospectively showed that the predictive value of intestinal barrier healing assessed dynamically and functionally by confocal laser endomicroscopy (Cellvizio®) was far superior to that of endoscopic and histologic remission in predicting long-term remission or relapse in a large cohort of IBD patients in clinical remission.

Post-closing events

- **Progress of the Joint Venture between Mauna Kea Technologies and Tasly Pharmaceutical**

Since November 7th, the Joint Venture between Mauna Kea Technologies and Tasly Pharmaceutical is legally incorporated as *Tasly Mauna Kea Medical Engineering Technology Co. Ltd²*. The shares of the JV have not been recognized in Mauna Kea's scope of consolidation as of December 31, 2022, as the transfer of ownership was subject to the payment of capital from Tasly, which was made in January 2023. Upon completion of the contributions by the companies, Mauna Kea will receive a stake of 49% in the JV, and will sell 4.9% to Cenpontos as compensation of its strategic advisory services.

Based on the signed agreements between Mauna Kea and the JV in December 2022:

- The Company received an initial payment of €6.0 million (USD 6.5 million³) in January 2023.
- The Company will receive a payment of €2.3 million (USD 2.5 million¹) in the coming weeks following completion of certain contractual milestones.
- Commitment of the JV to purchase minimum quantities of Cellvizio systems and probes for 5 years.

- **Bankruptcy of the Silicon Valley Bank**

On March 10, 2023, the Deposit Insurance Corporation (FDIC) took control of Silicon Valley Bank (SVB), which was on the verge of implosion due to massive customer withdrawals. SVB is a financial partner of Mauna Kea Inc. which has a current account with the bank. The account continues to operate normally and there is no risk identified by Mauna Kea following the FDIC takeover and subsequent acquisition.

Upcoming events:

- **Financial publication:** revenues for the 1st quarter 2023, on April 20, 2023, after market close
- **Annual General Meeting**, on June 2, 2023

About Mauna Kea Technologies

² <https://www.maunakeatech.com/fr/actualites/240-mauna-kea-technologies-et-tasly-pharmaceutical-annoncent-la-creation-de-leur-joint-venture-en-chine>

³ Exchange rate as of January 19th, 2023

Mauna Kea Technologies is a global medical device company that manufactures and sells Cellvizio®, the real-time in vivo cellular imaging platform. This technology uniquely delivers in vivo cellular visualization which enables physicians to monitor the progression of disease over time, assess point-in-time reactions as they happen in real time, classify indeterminate areas of concern, and guide surgical interventions. The Cellvizio® platform is used globally across a wide range of medical specialties and is making a transformative change in the way physicians diagnose and treat patients. For more information, visit www.maunakeatech.com.

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