

## MAUNA KEA TECHNOLOGIES REPORTS FULL YEAR 2016 FINANCIAL RESULTS AND HIGHLIGHTS 2017 KEY PRIORITIES

***Cash burn rate down 30%***  
***Net loss reduced by 23% compared to 2015***  
***Stable gross margin at 69%***

**Paris, March 23, 2017** – **Mauna Kea Technologies** (Euronext: MKEA, OTCQX: MKEAY) inventor of Cellvizio®, the multidisciplinary confocal laser endomicroscopy platform, today announced its financial results for the full year ended December 31, 2016, as approved by the Board of Directors at its meeting on March 21, 2017. The Company will host a conference call today to discuss the full year 2016 results and provide an update on its business (conference call information below).

### 2016 and Recent Highlights

- Sales grew 3%, including core clinical sales up 19% and consumable probe reorder sales up 34%; pre-clinical sales declined 38%
- Net loss reduced by 23% compared to 2015
- Gross margin stable at 69%
- Cash burn rate (excluding financing activities) down 30%
- €9.1 million in available cash as of December 31, 2016; secured €7.0 million senior debt financing in February 2017
- Strengthened leadership with appointment of John Soto as Chief Operating Officer

Commenting on 2016 results, Benoit Jacheet, Chief Financial Officer of Mauna Kea Technologies, stated, “In 2016, we reduced our net loss by 23% while maintaining a stable top line and gross margin of 69%. This included 19% growth of our core clinical sales and our first Cellvizio consignment placements in high volume centers in the U.S. We also reduced our cash burn, excluding financing activities, by 30%, from €12.0 million in 2015 to € 8.4 million in 2016. Our improved commercial efficiency, combined with our recent debt financing and existing cash position, provides us with financial flexibility to execute our strategic initiatives, including the transition to a pay-per-use business model in the U.S.”

### Full Year 2016 Financial Results

(in € thousands) – IFRS	2016 (December 31, 2016)	2015 (December 31, 2015)	Change %
<b>Operating Revenue</b>			
<i>Sales</i>	8,787	8,547	3%
<i>Other Income</i>	883	1,434	(38%)
<b>Total Revenue</b>	<b>9,670</b>	<b>9,981</b>	<b>(3%)</b>
<b>Operating Expenses</b>			
<i>Cost of Sales</i>	(2,720)	(2,534)	7%
<i>Gross Margin (%)</i>	69%	70%	
<i>Research &amp; Development</i>	(4,445)	(4,648)	(4%)
<i>Sales &amp; Marketing</i>	(8,366)	(11,665)	(28%)
<i>Administrative Expenses</i>	(3,843)	(3,642)	6%
<i>Share-Based Payments</i>	(285)	(450)	(37%)
<b>Total Operating Expenses</b>	<b>(19,660)</b>	<b>(22,939)</b>	<b>(14%)</b>
<b>Operating Profit (Loss)</b>	<b>(9,990)</b>	<b>(12,726)</b>	<b>(21%)</b>
<b>Net Profit (Loss)</b>	<b>(9,744)</b>	<b>(12,643)</b>	<b>(23%)</b>

**Full Year 2016 Revenue: 19% growth in core clinical activity and 34% growth in probe reorders**

As previously reported, the Company achieved 3% growth in sales in the full year 2016. The Company shipped 54 Cellvizio systems in 2016, including 6 systems placed under consignment, compared to 51 systems in 2015. The Company shipped 43 clinical systems and 11 pre-clinical systems in the full year 2016, compared to 38 clinical systems and 13 pre-clinical systems in 2015. On a geographic basis, sales in the Asia-Pacific region were up 15% and sales in the Americas region were up 6% compared to 2015. EMEA region sales declined 13% compared to the full year 2015. For the full year 2016, revenue in the Americas represented 43% of total sales, compared with 32% and 24% for the APAC and EMEA regions, respectively.

At December 31, 2016, the Company had a total installed base of 549 Cellvizio systems, comprising 396 clinical systems and 153 pre-clinical systems, including 42 Cellvizio Dual Band systems.

The Company also achieved growth in consumable probe sales, and particularly reorder sales, reflecting increased utilization of Cellvizio systems in the field along with growth of the installed base. Consumable probes unit volume increased 7% to 716 units, compared to 669 probes in the full year 2015. The number of probe reorders (probes sold to existing customers) increased from 492 in 2015 to 541 in 2016, representing 10% growth year-over-year. Consumable probe reorder sales grew 34% for the full year 2016.

Services revenues grew to €1,629 thousand in 2016, an increase of 84% from €884 thousand in the prior year.

Other income, which came to €883 thousand in 2016 (vs. €1,434 thousand in the same period last year), reflecting a decrease in research tax credit related income due to a lower share of R&D eligible to tax credit.

In 2016, the Company's global urology market partnership with Cook Medical did not deliver as expected, due to internal administrative, quality and regulatory issues at Cook Medical. In 2017, Cook Medical and Mauna Kea have been working to identify and implement solutions to alleviate these issues and start delivering the Cellvizio technology to Cook's customers in the global urology market.

**Full Year 2016 Consolidated Results: net loss reduced by 23%**

Gross margin in the full year 2016 was 69%, compared to gross margin of 70% in 2015, reflecting a lower share of preclinical sales in 2016 (17%) than in 2015 (29%), partially offset by the increased contribution from probes and services revenues (52% of total revenues in 2016, compared to 39% in the prior year).

Sales and marketing expenses in the full year 2016, including spending on clinical affairs, regulatory and reimbursement were €8,336 thousand, a decrease of 28% compared to €11,665 thousand in the prior year. The decrease reflects the Company's efforts to improve commercial and overall efficiency.

Research and development (R&D) expenses in the full year 2016 were €4,445 thousand, a decrease of 4% compared with €4,648 thousand in the prior year. Including the research tax credit, net R&D expenses increased by 6% in 2016.

General and administrative expenses in the full year 2016 were €3,843 thousand, compared with €3,642 thousand in the prior year.

Total operating expenses including COGS in the full year 2016 were €19,660 thousand, a decrease of 14% compared to €22,939 thousand in the prior year. Operating loss in the full year 2016 was €9,990 thousand, an improvement of 21% compared to €12,726 thousand in the prior year.

Net loss in the full year 2016 was €9,744 thousand, a 23% improvement compared to €12,643 thousand in the prior year.



At December 31, 2016, the Company had €9.1 million in available cash. This amount does not include the €1.2 million 2015 Research Tax Credit which was received in early 2017.

The group reduced its cash burn in the full year 2016 (total cash flows excluding cash flows from financing activities) by 30% to €8.4 million, down from €12.1 million in 2015.

Mauna Kea Technologies had 76 employees at December 31, 2016, compared to 91 employees at December 31, 2015. This decline reflects several measures implemented in support of the new partnership strategy including the shutdown of some direct sales and marketing operations, a reduction in staff in corporate marketing/clinical affairs, and other improvements in productivity.

The consolidated accounts for fiscal year 2016 have been audited and legal audit reports are currently being issued.

**2017 Key Priorities**

- Increase adoption of Cellvizio through a new consignment model in the U.S., which represents a \$2.8 billion recurring revenue opportunity for the Company’s core GI business
- Execute on commercial partnership strategy, including the Cook Medical global partnership in Urology, to efficiently expand the Company’s market opportunity

“This year we are focused on our transition to our new consignment model in the U.S., which provides an opportunity to increase Cellvizio adoption by building on increased reimbursement rates for our core GI applications to allow us to offer Cellvizio with no upfront cost to customers,” commented Sacha Loiseau, Ph.D., CEO and Founder of Mauna Kea Technologies. “In the first part of the year, our team will be implementing a new strategic sales and marketing plan focused on maximizing rep productivity, driving profitable system utilization, and efficiently scaling the U.S. business once our team and new model are in place.”

**Mauna Kea Technologies will host a conference call today at 7:15 PM (CET / Paris time) / 2:15 PM (EDT / New York time) to discuss the Company’s full year 2016 financial results and to provide a business update. The conference call will be hosted by Sacha Loiseau (CEO) and Benoit Jacheet (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: +1 646-722-4908 / UK: +44-2033679459. 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 64 230 18 / UK: +44(0) 2033679460. The passcode for the replay is: 307630#.**

**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](http://www.maunakeatech.com)

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the French Financial Markets Authority (Autorité des marchés financiers (AMF)) on June 13, 2016 under number R.16-054 and available on the Company's website ([www.maunakeatech.com](http://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.