

MAUNA KEA TECHNOLOGIES REPORTS FOURTH QUARTER AND FULL YEAR 2017 SALES

**Global sales declined 24% in 2017 and U.S. clinical business revenue remained stable
(+1%) as transition to pay-per-use model in U.S. continues**

Restructured and fully-staffed U.S. commercial team under new leadership

Strong €20.6m cash position (end of Jan. 2018) securing strategy's roll-out over the next two years

Mauna Kea Technologies will host a conference call today at 7:15 PM (CET / Paris time) / 1:15 PM (ET / New York time) to discuss the Company's full year 2017 sales results and to provide a business update. The conference call will be hosted by Sacha Loiseau (CEO). 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: +1 844-286-0643 / UK: +44 (0)2071943759 / FR: +33 (0)1 72 72 74 03. The passcode for the conference call is: 99721603#. 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) 2033645147 / FR: +33 (0)1 70 71 01 60. The passcode for the replay is: 418727404#.

Paris, January 31, 2018 – 5.45 PM CET – Mauna Kea Technologies (Euronext: MKEA, OTCQX: MKEAY) inventor of Cellvizio®, the multidisciplinary confocal laser endomicroscopy platform, today announced its sales for the fourth quarter and full year ended December 31, 2017.

Sacha Loiseau, Ph.D., Founder and Chief Executive Officer of Mauna Kea Technologies, stated, "Revenue in the full year decreased 24%, which is consistent with the trend observed for the first nine months. This was driven by our strategic decision to focus on the U.S. in the clinical segment, especially with the roll-out of our pay-per-use business model, which increased but inconsistently. We aggressively addressed this issue over the fourth quarter and restructured the sales force. We now have a fully staffed U.S. sales force and, under new leadership, we expect that the team will gain traction over the coming quarters and be fully trained and productive by the second half of 2018. In addition, we accelerated our go-to-market strategy with our new distribution partner in China, our second key focus market. We approach 2018 leveraging a strong cash position and positive physician feedback and look forward to increasing shareholder value through broader market adoption supported by anticipated regulatory, reimbursement, and clinical milestones."

Full Year 2017 Sales

(in € thousands) – IFRS	2017	2016	Change %
1 st Quarter	1,599	1,954	(18%)
2 nd Quarter	1,686	2,511	(33%)
3 rd Quarter	1,852	2,108	(12%)
4 th Quarter	1,550	2,213	(30%)
Total Sales	6,687	8,787	(24%)

Full Year 2017 Sales by Category

(in € thousands) – IFRS	2017	2016	Change %
Systems	3,101	4,217	(26%)
Consumables	2,397	2,941	(18%)
<i>o/w pay-per-use program (*)</i>	<i>671</i>	<i>449</i>	<i>+49%</i>
Services	1,188	1,629	(27%)
Total Sales	6,687	8,787	(24%)

() This amount includes in 2016 revenue generated by systems first placed under the pay-per-use program, which have finally been converted into sales by the customers. This option was limited to the placement realized in 2016 for testing only.*

The Company shipped 43 Cellvizio systems in the full year 2017, including 13 systems placed under the Company's pay-per-use program, a decrease of 20% compared to 54 systems in the full year 2016 including six systems under the pay-per-use program. Shipped consumable probes unit volume was 606 units, a decrease of 15% compared to 716 probes sold in the full year 2016.

The number of probe reorders (probes sold to existing customers or pay-per-use customers) was 491 in the full year 2017, a decrease of 9% compared to 541 in the full year 2016. This included a 26% increase in reorder volumes in the U.S., which was offset by a 48% decrease in reorder volumes in other markets due to the Company's focus on transitioning to a pay-per-use model in the U.S.

As of January 31, 2018, the Company had a net cash balance of €20.6 million (€17.4 million as of December 2017). This is sufficient capital to fund operations over the next two years.

Fourth Quarter 2016 Revenue by Category

(in € thousands) – IFRS	Q4 2017 (December 31, 2017)	Q4 2016 (December 31, 2016)	Change %
Systems	652	1,034	(37%)
Consumables	624	701	(11%)
<i>o/w pay-per-use program (*)</i>	154	179	(14%)
Services	273	478	(43%)
Total Sales	1,550	2,213	(30%)

() This amount includes in 2016 revenue generated by systems first placed under the pay-per-use program, which have finally been converted into sales by the customers. This option was limited to the placement realized in 2016 for testing only.*

The Company shipped 9 Cellvizio systems in the fourth quarter 2017, including one system placed under the Company's pay-per-use program, a decrease of 25% compared to 12 systems in the fourth quarter 2016 and no system placed under the pay-per-use program.

Shipped consumable probes unit volume was 177 units, an increase of 17% compared to 151 probes sold in the fourth quarter 2016. The number of probe reorders (probes sold to existing customers or pay-per-use customers) totaled 161 in the fourth quarter 2017, an increase of 29% compared to 125 in the fourth quarter 2016.

Revenue from the pay-per-use program decreased 14% in the fourth quarter 2017. This is a result of the pay-per-use systems placed in 2016 associated with "beta-testing" the program, which allowed customers the right to convert it to a purchase. Some customers where pay-per-use systems were placed exercised this option (which does not exist anymore). This resulted in a difficult year-over-year comparison as the consumption of systems that were transitioned to a sale is not included under the pay-per-use program in 2017.

Fourth Quarter 2017 Sales by Geography with split by activity (Clinical / Pre-clinical)

(in € thousands) – IFRS	2017	2016	Change %
Americas	721	1,140	(37%)
Clinical	695	1,104	(37%)
Pre-clinical	26	36	(28%)
Asia-Pacific	665	653	2%
Clinical	311	227	37%
Pre-clinical	354	426	(17%)
EMEA	164	420	(61%)
Clinical	122	401	(70%)
Pre-clinical	42	19	121%
Total Clinical Sales	1,128	1,732	(35%)
Total Pre-clinical Sales	422	481	(12%)
Total Sales	1,550	2,213	(30%)

Clinical sales



Clinical sales in the Americas region decreased 37% in the fourth quarter 2017 to €695 thousand. As previously mentioned, the Company’s challenges with adding representatives to the U.S. sales team along with the continued impact of the transition to a consignment model hindered performance in the region. The fourth quarter 2017 restructuring of the U.S. commercial team enabled the recruitment of 11 new sales representatives as of January 31, 2018 (compared to less than 3 full-time equivalent in 2017). This sales force is supported by a team of clinical account managers, which is also being strengthened. The Company anticipates that with a fully-staffed U.S. sales force, it is well positioned to educate the market on the innovative nature of Cellvizio and to increase its adoption significantly.

Clinical sales increased 37% in the Asia-Pacific region as the Company began generating top-line benefits from the go-to-market strategy in China. The Company anticipates continued market development in China in 2018 with its new commercial partner. This was offset by a 70% decline 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

As stated in prior quarters, pre-clinical sales are by nature less recurring compared to clinical ones resulting in a difficult comparison from one period to the other one. Pre-clinical sales declined 12% in the fourth quarter 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.

Full Year 2017 Sales by Geography with split by activity (Clinical / Pre-clinical)

(€ thousands) – IFRS	December 31, 2016					December 31, 2017					Var (%)
	Q1	Q2	Q3	Q4	12m	Q1	Q2	Q3	Q4	12m	
Americas	809	951	911	1,140	3,811	850	708	1,174	721	3,453	-9%
Clinical	610	782	874	1,104	3,370	871	693	1,168	695	3,427	2%
Pre-clinical	199	169	41	36	445	-21	15	6	26	26	-94%
Asia-Pacific	668	814	717	653	2,852	202	476	609	665	1,951	-32%
Clinical	424	625	614	227	1,890	171	262	485	311	1,229	-35%
Pre-clinical	244	190	103	426	963	31	213	124	354	722	-25%
EMEA	477	746	480	420	2,123	547	502	69	163	1,281	-40%
Clinical	445	719	457	401	2,022	219	419	56	122	816	-60%
Pre-clinical	33	28	21	19	101	328	83	13	42	466	361%
Total Clinical Sales	1,479	2,126	1,945	1,732	7,282	1,261	1,374	1,709	1,128	5,472	-25%
Total Pre-clinical Sales	476	387	165	481	1,509	338	311	143	422	1,214	-20%
Total Sales	1,955	2,513	2,110	2,213	8,791	1,599	1,685	1,852	1,550	6,686	-24%
Systems	920	1,374	889	1,034	4,217	685	838	926	652	3,101	-26%
Consumables	681	783	776	701	2,941	535	564	674	624	2,397	-18%
Services	353	354	445	478	1,630	380	284	251	273	1,188	-27%
Total Sales	1,954	2,511	2,110	2,213	8,788	1,600	1,686	1,851	1,550	6,687	-24%



2017 Quarterly Unit Sales by Type

Units	Q1	Q2	Q3	Q4	2017	Q1	Q2	Q3	Q4	2016
New systems straight sales (per unit)	5	9	8	8	30	9	17	10	12	48
New consignments placed	6	2	4	1	13	1	5	0	0	6
Probes	125	129	175	177	606	197	217	151	151	716
<i>o/w reorders or pay-per-use</i>	<i>115</i>	<i>107</i>	<i>108</i>	<i>161</i>	<i>491</i>	<i>167</i>	<i>139</i>	<i>110</i>	<i>125</i>	<i>541</i>

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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