



Mauna Kea Technologies

Public Limited Company (*société anonyme*) with share capital of €1,783,803

Head office: 9, rue d'Enghien

75010 Paris, France

431 268 028 Trade and Companies Register Paris

Annual Financial Report 2021

SUMMARY

Management report on the consolidated financial statements	2
Management report on the company financial statements	21
Report on corporate governance	45
Consolidated financial statements in accordance with IFRS at December 31, 2021	75
Statutory Auditors' report on the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the financial year ended December 31, 2021	118
Annual financial statements for the financial year ended December 31, 2021.....	125
Statutory Auditors' report on the annual financial statements for the financial year ended December 31, 2021	153
Special report of the Statutory Auditors on related-party agreements and commitments.....	160
Statement by the person responsible for the annual financial report	163

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. FOREWORD

At its meeting on April 19, 2022 the Board of Directors reviewed the consolidated financial statements for the financial year ended December 31, 2021 and approved said financial statements. These consolidated financial statements were produced using the IFRS guidelines.

2. FINANCIAL POSITION OF THE GROUP DURING THE PAST FINANCIAL YEAR

2.1 Report on significant activity and events during the 2021 financial year

Mauna Kea Technologies is a medical device design and sales company whose mission is to eliminate uncertainties in diagnosis and treatment and to improve patient care for a number of clinical indications. In becoming a global player in real-time cellular diagnostics, the Company's prime objectives are to constantly improve the quality of care provided to patients and efficiency of healthcare professionals and systems. The Company's flagship product, Cellvizio, has received market authorizations for a wide range of applications in more than 40 countries, including the United States, Europe, Japan and China.

As of December 31, 2021, the Mauna Kea Technologies Group is made up of a multidisciplinary team of 87 employees, has an installed base of almost 709 systems in over 40 countries and has achieved around €105.2 million in sales since its founding, including €7.7 million in the 2021 financial year.

The going concern assumption was adopted by the Board of Directors taking into account the following elements:

- Cash available at December 31, 2021 stood at €11.8 million;
- The equity financing line with Kepler Cheuvreux would enable €2.0 million to be raised over the next 12 months. This estimated amount is calculated with 3.6 million shares at €0.6 per share by applying a discount of 6%;
- The collection of the balance of the 2021 research tax credit for €0.6 million in Q4 2022;
- Reduction of operating expenses in 2022 with the restructuring plan;
- Sales outlook taking into account the impact of the COVID-19 crisis.

In this context, the Group believes it to be in a position to meet its future operating needs.

Highlights of the financial year:

New authorizations and the Cellvizio platform

On August 18, 2021, Mauna Kea Technologies obtained a new 510(k) clearance from the United States Food and Drug Administration (FDA) for the marketing of its next-generation Cellvizio® platform and all confocal miniproboscopes, combined with a fluorescent marker, fluorescein, for an additional indication to visualize blood flow. This is the 19th 510(k) authorization received from the US FDA for the Cellvizio® platform (K212322).

The next-generation Cellvizio® platform has already received FDA 510(k) clearance on February 28, 2020 for the visualization of internal tissue microstructure, and also allows (but is not limited to) the identification of cells and vessels and their organization or architecture (K193416). Building on the success of previous versions, the new Cellvizio visualization platform offers physicians cutting-edge technology to improve patients' lives. The platform incorporates several new functionalities: an optimized workflow for endoscopy, bronchoscopy or surgical environments *via* integrated connectivity, a digital architecture that will allow the use of artificial intelligence (AI) for assisted image interpretation and a reduced footprint offering better ergonomics and maneuverability in operating theaters. Cellvizio® is a real-time *in vivo* cell imaging platform used in gastroenterology, pulmonology and urology during endoscopic and laparoscopic procedures (manual and robot-assisted).

Clinical results and conferences: the medical value of optical biopsy

Pulmonology

October 2021

Mauna Kea Technologies announces that five papers in support of Cellvizio® were presented at the European Respiratory Society (ERS) International Congress 2021, held from September 5 to 8. These papers focus on the safety, feasibility and efficacy of Cellvizio when used during manual and robotic bronchoscopy, either to position the transbronchial needle in peripheral lung lesions in order to improve biopsy targeting and thus reduce the rate of non-contributory biopsies, or to detect fibrotic changes *in vivo* in patients diagnosed with COVID-19

“Following the publication of our article, ‘Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer’ in the journal Thorax, we are pleased to share some of our clinical cases in more detail and an important new study on robot-assisted bronchoscopy during the ERS International Congress”, said Dr. J. T. Annema, M.D. Ph.D., Professor of Pulmonary Endoscopy at the University Medical Center in Amsterdam. Professor Annema also added that “the findings of the studies demonstrate that physicians can differentiate, with high reproducibility, the malignant tissue of the parenchyma of the respiratory tract and lung, which demonstrates the potential of endomicroscopic imaging as a tool for real-time biopsy guidance during manual and robot-assisted bronchoscopy, in order to reduce the rate of non-contributory transbronchial biopsies of peripheral lung cancer.”

The first results of the clinical study combining confocal needle laser endomicroscopy and robotic bronchoscopic navigation, using both Cellvizio and the Monarch® platform of Auris Health, Inc. for the diagnosis of peripheral pulmonary nodules, co-funded by our strategic partner, the Johnson & Johnson Lung Cancer Initiative (LCI), were presented by Dr. Christopher Manley, Director of Interventional Pulmonology and Associate Professor of Medicine at the Fox Chase Cancer Center in Philadelphia and Principal Investigator of the study. Dr. Manley commented on the preliminary results: “In our study, the vision and stability of the Monarch platform’s robotic bronchoscopic navigation enabled us to navigate deeper into the lung to precisely target small lesions. In addition, *in vivo* cell imaging with nCLE provided very important real-time feedback to help identify abnormal tissues, with endomicroscopic imaging detecting malignant cells in 93% of cancer patients.”

As detailed in the presentation of the study at the ERS International Congress, a patient with an nCLE image showing malignancy criteria but a negative result when the lesion was harvested with robotic bronchoscopic navigation, received a final diagnosis of malignancy after surgery, and in 6 patients out of 17 (*i.e.* 35% of patients), the guidance of the nCLE imaging led to a readjustment of the robotic bronchoscope in order to optimize the location of the sample.

July 2021

As part of his collaboration with Johnson & Johnson’s Lung Cancer Initiative (LCI), Dr. Christopher Manley, Director of the Department of Interventional Pulmonology and Assistant Professor of Medicine at the Fox Chase Cancer Center (FCCC) in Philadelphia, and Dr. Jouke T. Annema, Professor of Pulmonary Endoscopy at the Amsterdam University Medical Center, have completed enrollment in the observational clinical study combining nCLE and robotic bronchoscopic navigation, using both Cellvizio® and the Monarch™ platform from Auris Health, Inc., one of Johnson & Johnson’s medical device companies, for the diagnosis of peripheral pulmonary nodules. This study was co-financed by the Lung Cancer Initiative of Johnson & Johnson and Mauna Kea Technologies (Clinicaltrials.gov: NCT04441749).

The main objective of this study is to assess the feasibility and safety of using the AQ-Flex™ 19 Confocal Miniprobe (nCLE) to obtain real-time, *in vivo* and intralesional images in peripheral lung lesions suspected of cancer during robotic bronchoscopic navigation. The secondary objectives are to evaluate the ability of the nCLE to confirm the position of the transbronchial needle tip in the pulmonary lesion and the added value of the nCLE in the repositioning of the needle.

June 2021

Mauna Kea Technologies announces the publication in Thorax, a prestigious journal, of a prospective study on nCLE as a tool for real-time detection of lung cancer. The article entitled “Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer” (DOI: 10.1136/thoraxjnl-2021-216885)

provides additional evidence that endomicroscopic imaging with Cellvizio of peripheral lesions suspected of being cancerous is feasible, safe, and allows real-time detection of needle-tip malignancy with very high precision.

The new recommendations of the US Preventive Services Task Force (USPSTF), published last March, virtually double the number of people eligible for lung cancer screening in the United States and are expected to increase by 27% the number of lung cancer cases detected at an early stage by screening. Despite the development of new technologies, the yield and precision of the diagnosis by transbronchial biopsy remain low (between 30 and 65%) and it is impossible to confirm with a high level of certainty that the biopsy needle takes a sample from the targeted lesion. It is becoming increasingly clear that nCLE imaging has the potential to significantly increase the yield and diagnostic accuracy of transbronchial biopsies, in line with the Company's goal of providing advanced imaging techniques and improving patient care.

Gastroenterology

June 2021

Mauna Kea Technologies announces a publication in the journal Nature Scientific Reports entitled "Cross-sectional imaging of intestinal barrier dysfunction by confocal laser endomicroscopy can identify patients with food allergy *in vivo* with high sensitivity" (2021, <https://www.nature.com/articles/s41598-021-92262-4>). This article provides new evidence that Cellvizio®, thanks to its unique ability to perform real-time functional imaging *in vivo* and at the cellular level, can accurately diagnose patients with food allergies.

The diagnosis of food allergies is difficult and relies on commonly used allergy tests, such as skin tests or serum radioallergosorption tests, which have limited sensitivity and specificity. Consequently, the oral food challenge test with increasing doses of a potential antigen over a defined period of time remains the standard for the diagnosis of food allergies. However, because oral food challenge testing requires significant resources and close cooperation between the patient, physician, and nutritionist, it is rarely used outside of specialized centers.

This study provides new clinical evidence that imaging with Cellvizio (pCLE) of the intestinal barrier during a routine colonoscopy can accurately detect, *in vivo* and in real time, patients suffering from a food allergy.

February 2021

Mauna Kea Technologies announces today the publication of a study on the risk stratification of cystic lesions of the pancreas (PCL) using artificial intelligence (AI) models for the classification of nCLE images and the publication of a needle endomicroscopy meta-analysis for PCL assessment.

The majority of incidentally discovered PCLs in the population are intraductal papillary mucinous neoplasms of the pancreas (IPMN), a precursor to pancreatic cancer (adenocarcinoma). Current diagnostic methods are based on a combination of clinical history, medical imaging, echographic criteria and cytological analysis of cystic fluids for the identification of IPMN with advanced dysplasia. Today, approximately half of IPMNs that are removed by surgery end up with low- or medium-grade dysplasia. To avoid unnecessary resections of indolent lesions that correlate with high rates of postoperative morbidity (30%) and mortality (2.1%), more accurate methods for diagnosing IPMNs are essential to better guide the management of these patients, especially when it comes to a surgical decision.

Pancreatic cysts

November 2021

Mauna Kea Technologies announces a new peer-reviewed journal publication showing the significant savings, in terms of health costs, achieved through the use of Cellvizio® as an adjunct to the standard treatment of cystic lesions of the pancreas.

Conventional management of pancreatic cysts involves a diagnostic workup that may be prone to misclassification of mucinous *versus* non-mucinous cysts, placing patients in an incorrect therapeutic or monitoring program, and potentially resulting in unnecessary surgery on a benign cyst. The study, entitled "Cost-Benefit Analysis and Resource Implications of Endoscopy Ultrasound-guided Confocal Endomicroscopy in Pancreas Cysts" and published in Techniques and Innovations in Gastrointestinal Endoscopy (TIGE) (DOI: <https://doi.org/10.1016/j.tige.2021.10.002>), aims to assess the impact of the proven diagnostic accuracy of confocal laser needle-guided endomicroscopy (EUS-nCLE) for pancreatic cysts on healthcare costs when added to standard treatment.

Thanks to a post-hoc analysis of 93 patients enrolled in the INDEX study (NCT02516488), the authors conclude that the diagnostic precision of the EUS-nCLE made it possible to reduce the classification of cysts from mucinous to non-mucinous for 12% of patients, thus avoiding unnecessary surgery. As a result, the authors point out that “EUS-nCLE is potentially cost-effective in the treatment of cystic lesions of the pancreas by avoiding at least one unnecessary pancreatic surgery for every ten subjects assessed according to current practices. In addition, the EUS-nCLE also detected a mucinous cyst in a patient, enabling earlier intervention as well as a reduction in the number of repeat diagnostic procedures and subsequent check-ups. Out of all the concordant and discordant diagnoses, the addition of Cellvizio led to a net saving of \$442,438 for this cohort, or approximately \$4,757 per patient.

The authors also concluded that, “when combined with favorable data concerning greater diagnostic accuracy, the possibility of stratifying the risk of the most common precancerous cystic neoplasms, intraductal papillary and mucinous tumors of the pancreas, and the absence of a higher than expected risk of post-procedure adverse events, the current economic analysis favors the application of EUS-nCLE in diagnostic algorithms”.

Collaboration agreement for a clinical trial with the Lung Cancer Initiative of Johnson & Johnson

On September 13, 2021, the Company signed a new research collaboration agreement with Johnson & Johnson's Lung Cancer Initiative (“LCI”) to advance the validation of Cellvizio as a real-time biopsy guidance tool during robotic bronchoscopic navigation to potentially reduce the substantial failure rate of transbronchial biopsies for peripheral lung cancers.

Under the terms of the agreement, Mauna Kea Technologies will participate in a prospective, multi-center, open-label, single-arm clinical feasibility study (the “Study”) led by LCI. The study will combine nCLE and robotic bronchoscopic navigation, using both Cellvizio® and the Monarch platform of Auris Health, Inc. one of Johnson & Johnson's medical device companies, to assess the ability of nCLE to accurately confirm the position of the needle for the diagnosis of peripheral pulmonary nodules. LCI will sponsor and finance the study. In exchange for the Company's resources and support of the study, under the terms of the agreement, LCI will provide total funding to the Company of €978,375, a portion of which is contingent upon the successful completion of certain study activities under the agreement.

In addition, pursuant to the agreement, the Company has granted a right of first refusal (“ROFR”) to LCI (through JJEI) with respect to any transaction relating to Mauna Kea Technologies' nCLE and its variants (i) for use in endoluminal robotic procedures for any pulmonary application, (ii) for machine learning, artificial intelligence and learning model applications for diagnosis, risk stratification and treatment associated with lung diseases and (iii) for use in endoluminal or transthoracic procedures to deliver treatments directly into the tumor. The ROFR is effective for the duration of the study plus four months following it.

New financing

On April 22, 2021, Mauna Kea Technologies established an equity financing line with Kepler Cheuvreux acting as financial intermediary under an underwriting agreement.

Under the terms of the agreement, Kepler Cheuvreux has undertaken to underwrite a maximum of 6,000,000 shares at its own initiative, over a maximum period of 24 months, provided that the contractual conditions are met. The shares will be issued based on a volume-weighted average share price over the two trading days preceding each issue, less a maximum discount of 6.0%. These terms and conditions allow Kepler Cheuvreux to underwrite the shares over the term of the agreement. Mauna Kea Technologies retains the right to suspend or terminate this agreement at any time. In 2021, Kepler Cheuvreux underwrote 2,335,000 shares representing a cash amount of €2.4 million.

On September 20, 2021 Mauna Kea Technologies carried out a capital increase reserved for two investors: Johnson & Johnson Innovation – JJDC, Inc. (JJDC), one of the Company's existing shareholders, and a leading US healthcare fund, Armistice Master Fund Ltd. This transaction consisted in subscribing to 2,272,709 ABSAs (the “ABSAs”), each ABSA being composed of five (5) ordinary shares and two (2) warrants, each warrant giving the right to purchase one (1) ordinary share (each, a “BSA”), as part of a capital increase reserved for specific categories of investors. These commitments are made subject to the usual conditions in such transactions.

The net proceeds from the subscription of the ABSAs, after deducting the placement agent's commissions and the costs of the offering, was €11.4 million. This sum is intended to finance the development of the Cellvizio platform, to continue

the clinical studies, for general needs and associated working capital as well as the restructuring plan at the end of 2021 and beginning of 2022.

Management changes

On December 10, 2021, Robert Gershon resigned from his position as Chief Executive Officer and stepped down as a member of the Board of Directors, with immediate effect. Nicolas Bouvier, member of the Executive Committee since 2019, will become Interim Chief Executive Officer during the search for a permanent Chief Executive Officer.

The resignation of Christopher Lamboeuf, Deputy CEO and Chief Financial Officer, took effect on December 31, 2021. Shu-i Gautheron has been promoted to Chief Administrative and Financial Officer. In addition, Daryl Donatelli, currently Director of Global Marketing, will become Vice President of Global Marketing. Lastly, Frédéric Banegas, who joined the Company in March 2021 as Director of R&D, has been promoted to Chief Technology Officer.

Strategic reorganization

In January 2022, Mauna Kea Technologies announced the implementation of an expense reduction plan approved by the Board of Directors, with the objective of focusing its financial resources to support the strategic direction. This plan was communicated to the SEC on December 5, 2021. The Company and its subsidiary Mauna Kea Technologies Inc. (hereafter, the "Group") plan to reduce significant consolidated operating expenses in 2022. These expense reductions reflect a combination of lower administrative costs, lower sales and marketing expenses, lower Board of Directors' fees, and the termination of several contracts with non-essential outside consultants. With this new configuration, the Group considers that it is in a position to meet its future operating needs to achieve its planned strategic objectives.

COVID-19 pandemic

The continuation of the COVID-19 health crisis that appeared during the first quarter of 2020 led the French government to temporarily take new measures to reduce contacts and travel in France during the year.

In preparing the financial statements for the year ending December 31, 2021, the Company has adopted a targeted approach to express the main relevant impacts on the Company's performance and its financial position. This approach was recommended by the French Accounting Standards Authority (*Autorité des Normes Comptables*) in the note of May 18, 2020 to provide information concerning the effects of the COVID-19 event on its financial statements.

For the financial year ended December 31, 2021, the Company's business is still partly impacted by this crisis and the Company has not benefited from any government assistance for this financial year.

Based on its current knowledge of this health crisis and its development and the aspects known at the time of the closing of its financial statements, management believes that its cash level makes it possible to guarantee business continuity over the next 12 months, but cannot reliably estimate the final impact of this epidemic on activity.

2.2 Research and development, innovation and new products

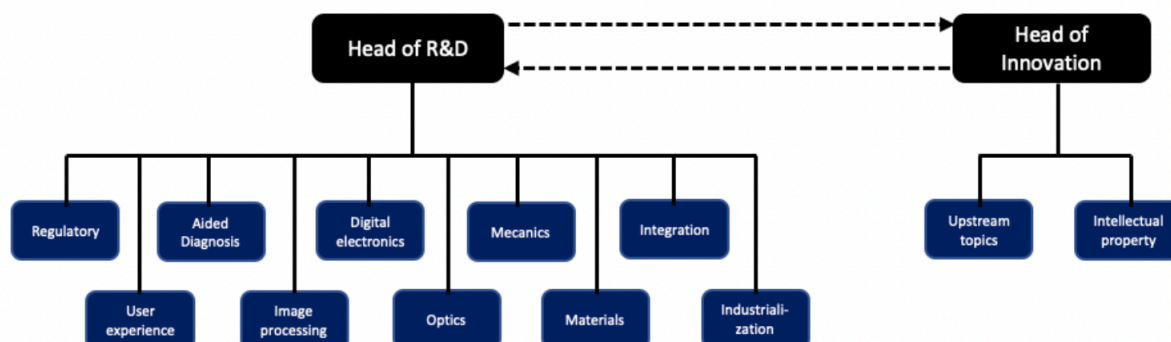
Research and Development

At the end of December 2021, the Research and Development team had 29 employees (doctors, engineers or technicians) covering the fields of expertise necessary for the development of the Group's products and technologies, namely:

- optics and optoelectronics;
- mathematics applied to image processing;
- digital and analog electronics;
- software development;

- micro-mechanical engineering, materials and processes for precision assembly.

The R&D team shares biological and medical knowledge regarding applications and product use with the specialists of the Clinical Affairs team and the Product Managers.



Upstream R&D

The Company is organized to draw on the necessary resources to directly inspire technological innovations that will enable it to expand in its market, and win new markets, by exploring solutions likely to encourage the development of innovative solutions to improve the care given to patients.

The Innovation Department provides ongoing scientific and technological oversight. Its objective is to identify and validate the ability of the technologies or components to remain at the leading edge of technology while limiting any risk of obsolescence relative to key components by identifying technical alternatives upstream.

The upstream studies arising from this monitoring are conducted by R&D department teams, either internally or through external collaborative efforts. They may constitute the preliminary phase of feasibility assessment that helps to decide whether to begin a product development project.

On the clinical level, the Company collaborates with various hospitals to assess the potential relevance and usability of the Cellvizio technology in new indications.

The upstream studies carried out in collaboration with academic laboratories are often co-funded to optimize the costs of research through grants or doctoral thesis scholarships.

Since November 2019, Mauna Kea Technologies has been part of an optical molecular imaging consortium for lung diseases that received €5.4 million from the Perspective program of the Netherlands Organization for Scientific Research (NWO). Molecular imaging provides insight into molecular and cellular processes in the body, and has the potential to transform healthcare by offering earlier detection and enabling more precise treatment of diseases. For over a decade, the Netherlands has been striving to be a leader in unifying, advancing and optimizing molecular imaging, with an ultimate goal of improving human health. In a continuing effort to promote molecular imaging, the international Photonics Translational Research – Medical Photonics (MEDPHOT) consortium, led by professor of Biophotonics Johannes de Boer of Vrije Universiteit Amsterdam, has been awarded a 5.4 million euro grant from the NWO for the program “Light for a better view on diseases.” This consortium will include four Dutch universities (VU Amsterdam, UvA, UU, TU Delft) well-recognized and established in the field of molecular imaging and the Dutch Applied Natural Science Research Organization, three academic Dutch hospitals (Amsterdam UMC, UMC Groningen, Leiden UMC) and several international companies including Mauna Kea Technologies. The objective of this 5-year research program is to develop and validate new optical biomarkers that will enable earlier diagnosis, improved treatment and better quality of life for patients. A total of 75 scientists will be working on this research program focusing on technological innovations and clinical assessment, involving a total budget of 18 million euros. Through this program, we will be able to evaluate new molecular imaging markers with miniprobe and needle-based confocal laser endomicroscopy. “These markers could allow physicians to make decisions not only more quickly but also with greater accuracy and confidence, and could allow for personalized care in lung disease,” said Dr. J. T. Annema, Professor of Lung Endoscopy, Amsterdam University Medical Center.

R&D applied to improving current products and optimizing their production (product support)

The mission of the Research and Development teams is to encourage the development of existing solutions in a continual improvement approach, while listening to internal and external clients, and carrying out the following:

- to ensure and improve product manufacturing as part of a “lean” approach. To this end, monthly meetings between the R&D department, the production team and the support team are held;
- to develop new functions or improve the performance of existing products. The improvements are implemented after analysis of the improvement needs expressed by clients and the heads of product marketing and their technical feasibility by the R&D teams.

A particular effort is being made relative to the approval of new methods for disinfecting or sterilizing confocal miniproboscopes so that they can be used in accordance with current hygiene regulations in healthcare facilities in the different countries in which they are marketed.

Technical product development

Within this mission, the Research and Development teams are working with Product Managers and Clinical Affairs Managers to develop new products as part of the Company's project management.

Efforts in 2021 mainly focused on resolving technological hurdles to enable the use of the new Cellvizio platform in real-world medical conditions, improving technologies to enable increased clinical versatility and user experience, studying some of the behaviors of the new system to better understand and control its features.

The topics have been retained (and will be detailed in later sections)

- miniaturization of the imaging platform;
- improvement of the probes: robustness, improved performance, resolution;
- work on the amount of signal transmitted and received by the fiber.

The new Cellvizio incorporates breakthrough modular design solutions to facilitate and better integrate endomicroscopy within procedure suites as well as within third-party platforms. The new platform's hardware and software design was built from the ground up to facilitate future developments, including integration of artificial intelligence (deep learning) capabilities for assisted image interpretation. The ergonomic and significantly reduced footprint, integrates easily with laparoscopic, advanced navigation, and robotic systems. This novel platform is also capable of hosting other proprietary endomicroscopic architectures with imaging capabilities at other wavelengths supporting fluorescence-guided surgery and molecular imaging.

With a redesigned user interface, Cellvizio offers smart navigation with greater efficiency and improved ergonomics. The brand new touch screen and one-handed connection to the probe make it easy to install and use. Developed to bring precision imaging to a greater number of patients with nine dedicated Confocal Miniproboscopes™, the new Cellvizio offers high quality imaging capability and provides clinicians with a highly effective imaging solution for endoscopies, minimally invasive procedures and surgeries.

The development has also reduced manufacturing costs while increasing their sustainability. This is cross-functional work that relates as much to the system (capital equipment) as the miniproboscopes themselves (the consumables). The next-generation of the platform began marketing on October 1, 2021.

2.3 Clinical Research Activity

Demonstrating the interest of physicians in optical biopsy, endomicroscopy was the subject of more than 50 clinical publications in 2021, resulting in more than 1,300 publications across all indications since 2007.

In 2021, many scientific articles, meta-analyses and scientific reviews again confirmed, with a high level of evidence, the benefits of endomicroscopy in a broad spectrum of indications such as the recognition of different types of pancreatic

cysts, the detection of early stages of gastric cancer, or the short-term prognosis of chronic inflammatory bowel diseases. Feasibility trials in peer-reviewed journals have also confirmed the technology's potential for use in interventional pulmonology and, *in vivo*, during surgical procedures.

Gastroenterology publications

In particular, three new clinical publications demonstrate that the use of Cellvizio improves the accuracy of the diagnosis, the treatment of patients, including surgical decisions and its impact on the cost of the management of these patients: the first publication assesses the ability of nCLE to stratify risks related to cystic lesions of the pancreas (PCL) using artificial intelligence (AI) models for the classification of nCLE images, the second publication is a meta-analysis on needle endomicroscopy for the evaluation of PCLs and the third demonstrates the economic advantage of Cellvizio® for the management of PCLs, the proven diagnostic accuracy of Cellvizio enabling the grade of certain mucinous to non-mucinous tumors to be reduced, offering significant healthcare cost savings.

The majority of incidentally discovered PCLs in the population are intraductal papillary mucinous neoplasms of the pancreas (IPMN), a precursor to pancreatic cancer (adenocarcinoma). Current diagnostic methods are based on a combination of clinical history, medical imaging, echographic criteria and cytological analysis of cystic fluids for the identification of IPMN with advanced dysplasia. Today, approximately half of IPMNs that are removed by surgery end up with low- or medium-grade dysplasia. To avoid unnecessary resections of indolent lesions that correlate with high rates of postoperative morbidity (30%) and mortality (2.1%), more accurate methods for diagnosing IPMNs are essential to better guide the management of these patients, especially when it comes to a surgical decision.

The first study, entitled “High performance in risk stratification of intraductal papillary mucinous neoplasms by confocal laser endomicroscopy image analysis with convolutional neural networks”, published in the peer-reviewed journal *Gastrointestinal Endoscopy* (2020, DOI: 10.1016/j.gie.2020.12.054), reported on the successful development and application of artificial intelligence algorithms using nCLE images for the diagnosis and risk stratification of IPMNs. The authors demonstrated that the learning models derived from nCLE images were more accurate in diagnosing and stratifying the risks of advanced dysplasia in IPMNs than standard diagnostic methods and the recommendations of scientific associations.

The second publication entitled “Needle-based Confocal Laser Endomicroscopy (nCLE) for Evaluation of Pancreatic Cystic Lesions: A Systematic Review and Meta-analysis”, was published in the *Journal of Clinical Gastroenterology* (2020, DOI: 10.1097/MCG.0000000000001468). Seven clinical studies involving 324 patients were included and the authors assessed the diagnosis, precision, sensitivity, and specificity. They concluded that “nCLE appears to be an effective and safe technique for the diagnostic assessment of PCL”. Indeed, nCLE was associated with a sensitivity of 85%, a specificity of 99%, a diagnostic accuracy of 99% and a postoperative pancreatitis rate of 1%.

Conventional management of pancreatic cysts involves a diagnostic workup that may be prone to misclassification of mucinous *versus* non-mucinous cysts, placing patients in an incorrect therapeutic or monitoring program, and potentially resulting in unnecessary surgery on a benign cyst. The third publication, entitled “Cost-Benefit Analysis and Resource Implications of Endoscopy Ultrasound-guided Confocal Endomicroscopy in Pancreas Cysts” and published in *Techniques and Innovations in Gastrointestinal Endoscopy (TIGE)* (DOI: <https://doi.org/10.1016/j.tige.2021.10.002>), assessed the impact of the proven diagnostic accuracy of confocal laser needle-guided endoscopy (EUS-nCLE) for KPLs on healthcare expenses when it is added to standard treatment. Thanks to a post-hoc analysis of 93 patients enrolled in the INDEX study (NCT02516488), the authors concluded that the diagnostic precision of the EUS-nCLE made it possible to reduce the classification of cysts from mucinous to non-mucinous for 12% of patients, thus avoiding unnecessary surgery. As a result, the authors point out that “EUS-nCLE is potentially cost-effective in the treatment of cystic lesions of the pancreas by avoiding at least one unnecessary pancreatic surgery for every ten subjects assessed according to current practices”. In addition, the EUS-nCLE also detected a mucinous cyst in a patient, enabling earlier intervention as well as a reduction in the number of repeat diagnostic procedures and subsequent check-ups. Out of all the concordant and discordant diagnoses, the addition of Cellvizio led to a net saving of \$442,438 for this cohort, or approximately \$4,757 per patient. The authors also concluded that, “when combined with favorable data concerning greater diagnostic accuracy, the possibility of stratifying the risk of the most common precancerous cystic neoplasms, intraductal papillary and mucinous tumors of the pancreas, and the absence of a higher than expected risk of post-procedure adverse events, the current economic analysis favors the application of EUS-nCLE in diagnostic algorithms”.

In the context of the diagnosis of food allergies, a new publication, entitled “Cross-sectional imaging of intestinal barrier dysfunction by confocal laser endomicroscopy can identify patients with food allergy *in vivo* with high sensitivity” (2021, <https://www.nature.com/articles/s41598-021-92262-4>), was published in *Nature Scientific Reports* demonstrating the

accuracy of Cellvizio®. This publication provides new evidence that pCLE, thanks to its unique ability to perform real-time functional imaging *in vivo* and at the cellular level, can accurately diagnose patients with food allergies.

The diagnosis of food allergies is difficult and relies on commonly used allergy tests, such as skin tests or serum radioallergosorption tests, which have limited sensitivity and specificity. Consequently, the oral food challenge test with increasing doses of a potential antigen over a defined period of time remains the standard for the diagnosis of food allergies. However, because oral food challenge testing requires significant resources and close cooperation between the patient, physician, and nutritionist, it is rarely used outside of specialized centers.

This study provides new clinical evidence that imaging with Cellvizio (pCLE) of the intestinal barrier during a routine colonoscopy can accurately detect, *in vivo* and in real time, patients suffering from a food allergy. Indeed, Timo Rath et al. demonstrated in this study that endomicroscopic imaging has a very high sensitivity of 96% for *in vivo* diagnosis of food allergies. In addition, with a high negative predictive value of 96%, these new results indicate that pCLE can be used as a screening test that will make it possible to stratify patients suspected of food allergies and to make a more in-depth diagnostic workup.

Interventional pulmonology publications

Five papers in favor of Cellvizio® were presented at the 2021 International Congress of the European Respiratory Society (ERS), held in September 2021. These papers focused on the safety, feasibility and efficacy of Cellvizio when used during manual and robotic bronchoscopy, either to position the transbronchial needle in peripheral lung lesions in order to improve biopsy targeting and thus reduce the rate of non-contributory biopsies, or to detect fibrotic changes *in vivo* in patients diagnosed with COVID-19.

Presentations highlighted:

Two oral presentations were made by Dr. Christopher Manley: “Needle based confocal laser endomicroscopy for the diagnosis of peripheral lung nodules by robotic navigational bronchoscopy” and “Robotic bronchoscopy combined with needle based confocal laser endomicroscopy (nCLE) for peripheral lung cancer”.

These two papers presented the preliminary results of the clinical study combining confocal laser needle endomicroscopy and robotic bronchoscopic navigation, using both Cellvizio and the Monarch® platform of Auris Health, Inc., for the diagnostic of peripheral pulmonary nodules, co-financed by our strategic partner, the Lung Cancer Initiative (LCI) of Johnson & Johnson. Dr. Manley commented on the preliminary results: “In our study, the vision and stability of the Monarch platform’s robotic bronchoscopic navigation enabled us to navigate deeper into the lung to precisely target small lesions. In addition, *in vivo* cell imaging with nCLE provided very important real-time feedback to help identify abnormal tissues, with endomicroscopic imaging detecting malignant cells in 93% of cancer patients.”

A third presentation was given by Dr. Tess Kramer, entitled: “Needle based confocal laser endomicroscopy: a novel real-time diagnostic approach for suspected peripheral lung lesions.”

Following the publication of the article, “Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer” in the journal Thorax, Prof. Annema and Dr. Kramer shared some of their clinical cases in more detail and an important new study on robot-assisted bronchoscopy during the ERS International Congress. Dr. Kramer also added that the findings of the studies demonstrate that physicians can differentiate, with high reproducibility, the malignant tissue of the parenchyma of the airways and lungs, demonstrating the potential of endomicroscopic imaging as a tool for real-time biopsy guidance during manual and robot-assisted bronchoscopy, in order to reduce the rate of non-contributory transbronchial biopsies of peripheral lung cancer.

In the COVID-19 session, Dr. Kirsten Kalverda gave a presentation on clinical cases of the use of pCLE on patients in the acute phase of COVID-19, entitled, “Correlation between probe-based confocal laser endomicroscopy (pCLE) and chest CT patterns in pulmonary tuberculosis.”

Dr. Igor Mamenko Dimanche presented a paper entitled, “Correlation between probe-based confocal laser endomicroscopy (pCLE) and chest CT patterns in pulmonary tuberculosis.”

There are many technical obstacles to be noted: image quality or sensitivity are not necessarily synonymous with clinical benefit. The interpretation of the images obtained with the Cellvizio system, particularly in the clinical field, must be done despite the absence of comparable references. Studies or clinical trials are necessary at this level of development, in

close collaboration with physicians who want to evaluate this technology. However, *in-vivo* trials are not always possible at the level of the first prototypes, for obvious reasons of health risks.

The real test of a technical solution only occurs when prototypes are used on humans or animals, in a clinical or research environment. Any new application brings, in each feasibility trial, its share of discoveries and problems to be solved.

Issues in interventional pulmonology

The availability of nCLE for lungs clearly has the potential to have a major accuracy impact on the diagnosis of peripheral nodules, one of the biggest challenges in the fight against lung cancer. Lung nodules (a rounded or oval lesion less than 3 cm in diameter surrounded by healthy lung tissue) are most often detected incidentally and are benign, but they can also be forms of lung cancer, the most common cause of cancer death in both men and women after breast cancer, with an estimated 1.8 million deaths per year worldwide.

In the field of endoscopy, visualization of the respiratory system is limited to the central bronchi. Indeed, the very small diameter of the terminal bronchi as well as the very small size of the alveoli mean that existing endoscopes cannot be used successfully. In addition, current navigation devices offer advanced, minimally invasive access to peripheral nodules, but have limited means of direct visualization outside the airway, where more than 70% of lung lesions are located. This major limitation prevents clinicians from gaining a greater understanding of the lung and certain pathologies (for example interstitial pathologies, and from characterizing peripheral nodules). High resolution imaging tools, allowing the observation of the peripheral pulmonary system (terminal bronchi and alveoli and intra-nodular), in a minimally invasive way, could therefore meet this very high clinical need. This is what we are seeking to demonstrate for our technology, endomicroscopy.

More specifically, the clinical challenges related to the targeting and characterization of pulmonary nodules are:

- difficulty in precisely locating the nodules, which in 80% of cases are located on the outer periphery of the bronchial tract, preventing direct visualization by endoscopic approach;
- difficulty in visualizing nodules at an early or pre-cancerous stage, *i.e.* before the appearance of lesions at an advanced stage;
- heterogeneity of the presence of cancer cells in the lesions, and absence of an intra-lesional peri-procedural assessment protocol to confirm the location of the cancer cells in the lesion.

These limitations result in a very high false positive rate for current characterizations (96% for low-dose CT scans).

We are therefore conducting investigations to assess the contribution and limitations of nCLE technology to these clinical challenges.

Exploration in molecular imaging

One of the major areas of development of new clinical indications is the field of molecular imaging. The concept of optical biopsy is becoming a reality thanks to fluorescence guided surgery (FGS). In the space of ten years or so, molecular imaging has significantly changed the situation. This intraoperative detection technique, devised many years ago, is now being developed in operating theaters where imaging systems are increasingly numerous and, above all, increasingly efficient. There will certainly be further technical improvements, but several medical devices are now available in the clinic (for example, the Spectrum system and the SpyPhi intraoperative fluorescence column) thanks to a very active research and development activity in recent years. The principle consists of injecting the patient with a fluorescent liquid which, depending on the molecular markers present on certain cells, will react differently. While the use of non-targeted dyes may be useful in certain pathologies, specific contrast agents are essential in oncology.

For various reasons of physical properties of incident light and induced fluorescence, and because of the properties of biological tissues, the most relevant fluorochromes for FGS are in the near infrared range (NIR, near-infrared; 650-900 nm). Unfortunately, the dyes currently authorized for clinical use (fluorescein, methylene blue, ICG, IRD800CW) do not emit in these wavelengths and/or are non-targeted dyes. These molecules are very useful in ophthalmology and were even evaluated in oncology surgery, but they are not the most suitable. Oncology surgeons need high-performance NIR fluorescent agents targeted at tumors for optimal guidance of their surgical procedure. Tumor-specific fluorescent contrast agents can be divided into two main categories: permanent fluorescent agents and activatable agents. This latter category uses (a) certain specificities of the tumor environment (acidity, presence of enzymes, etc.) or (b) certain properties of the dye (fluorescence quenching) or of the antibody (internalization) so that the fluorescence is only inducible when the tumor target is reached. The category of permanent fluorescent contrast agents includes different targeting molecules: antibodies and their fragments, protein frameworks (Affibody®, Nanofitin®), peptides and small molecules.

Numerous pre-clinical studies and some clinical studies concerning the development of fluorescent tracers for FGS have been the subject of numerous reviews. Indeed, if the extrapolation of the results of the pre-clinical models to the situation in humans is always difficult, this is even more true for FGS due to the impact of the size of the organism on imaging performance. The size of a mouse makes it possible to detect almost any fluorescent nodule while the detection of deep nodules is a real challenge in humans. It is in fact known that fluorescent radiation does not have the capacity to penetrate tissues more than approximately 10 to 15 mm thick.

This is one of the reasons why endomicroscopic imaging could be essential in order to be able to assess deeper tissues *in situ* with endomicroscopy.

Another indication for combining endomicroscopic imaging with FGS is the chance to improve the specificity of macroscopic molecular imaging so that the surgeon can obtain, in real time, on his screen a set of information invisible to the naked eye or even by imaging at the time of diagnosis.

In 2020 and 2021, Mauna Kea Technologies set up scientific partnerships with the pharmaceutical company Telix and with the MEDPHOT consortium.

The approach and work carried out:

Investigations in interventional pulmonology

Evaluation of confocal endomicroscopy in lung cancer

An article "Needle-based confocal laser endomicroscopy for real-time diagnosing and staging of lung cancer" was published in 2019 in the European Respiratory Journal (2019, DOI: 10.1183/13993003.01520-2018). The use of endomicroscopic needle imaging provides accurate results on the nature of metastatic lung lesions and lymph nodes, according to the team of Prof. J. T. Annema, Professor of Pulmonary Endoscopy, Amsterdam University Medical Center. In a well-designed pilot clinical trial, it was shown that nCLE can be used to detect pulmonary tumors and metastatic lymph nodes with an 89% accuracy rate with significant intra- and inter-observer reliability. These promising findings confirm the fact that nCLE could be significant in complementing navigational bronchoscopy for the purposes of targeting and identifying pulmonary tumors in real time. It is a major publication which further supports new opportunities in interventional pulmonology for Mauna Kea.

Indeed, it shows that the use of our needle-based endomicroscopy platform is opening up a new era in interventional pulmonology, allowing more accurate navigation in the optimal sampling area with potential for the diagnosis, evaluation and treatment of pulmonary lesions in real time. Indeed, existing navigation systems offer advanced and minimally invasive access to peripheral nodules but have limited means of viewing directly outside the respiratory tract. Cellvizio, with the AQ-Flex™ 19 confocal miniprobe, can now be used through the operating channel of existing navigation systems to offer a direct "needle-based" view of the inside of peripheral lesions. Cellvizio is the leading endomicroscopic device on the market and can be integrated into robot-assisted bronchoscopic navigation platforms. As such, the approval of needle-based probes for bronchial applications is a critical milestone in continuing the exploration of possible indications for the Cellvizio technology in a field at the cutting edge of medical research.

After obtaining 510(k) clearance from the US Food and Drug Administration (FDA) in February 2019 for the use of the AQ-Flex™ 19 confocal miniprobe through transbronchial needles with existing bronchoscopes and bronchoscopic accessories, we were able to obtain equivalent authorization (CE marking) for Europe in mid-2020. The use of the AQ-Flex™ 19 confocal miniprobe is opening up a new era in interventional pulmonology, allowing more accurate navigation in the optimal sampling area with potential for the diagnosis, evaluation and treatment of pulmonary lesions in real time.

In 2020, the pilot clinical study with the team of Prof. J. T. Annema, M.D. Ph.D., Head of the Department of Pulmonology at Amsterdam University Medical Center, aimed at evaluating the use of endomicroscopic needle imaging in peripheral lung lesions was closed, after enrolling 26 patients. The results are scheduled for publication in 2021.

In order to support these clinical efforts in the field of interventional pulmonology, Mauna Kea is also carrying out technical trials in order to remove the technological obstacles of incompatibility with bronchoscopes on the market, and in particular the most innovative ones likely to be among the most widespread in the coming years.

Initial feasibility trials conducted in 2019 with two innovative robotic interventional pulmonology platforms: Monarch (Auris, recently acquired by Johnson & Johnson) and ION (Intuitive Surgical) had been very encouraging. A more detailed study was then carried out with the help of Auris to ensure the compatibility of the AQ-Flex 19 and AlveoFlex probes with the Monarch robotic platform. The main points of verification concerned the resistance of the probes to the radii of curvature and the forces of curvature imposed by the robot, non-disturbance of the robot's maneuverability and not disturbing its positioning system in space by electromagnetic field. These tests have made it possible to demonstrate the compatibility of the current probes with the Monarch navigation system and bronchoscope.

In particular, these studies have highlighted the high dependence of miniproboscopes for transbronchial procedures on the aspirating needles available for this indication. Indeed, out of all the needles tested, there is currently only one model of needle compatible with the probe and usable for pulmonology procedures. Fortunately, this model is compatible with the majority of bronchoscopes on the market, including robotic bronchoscopes, such as Auris' Monarch or Intuitive Surgical's ION.

However, the first user feedback, obtained during 2020, highlights that the design of this needle is not optimal for its use in robotic pulmonology. Mauna Kea Technologies is working to study and develop alternative transbronchial aspiration needles that would be compatible with the AQ-Flex 19 catheter. Discussions were initiated in early 2021 with suction needle manufacturers on this topic and a first prototype was received (c.f. TBNA Needle Development).

Despite the development of new technologies, the yield and precision of the diagnosis by transbronchial biopsy remain low (between 30 and 65%) and it is impossible to confirm with a high level of certainty that the biopsy needle takes a sample from the targeted lesion. It is becoming increasingly clear that nCLE imaging has the potential to significantly increase the yield and diagnostic accuracy of transbronchial biopsies, in line with the Company's goal of providing advanced imaging techniques and improving patient care.

Two studies have been financed by Mauna Kea Technologies in 2020 and 2021 to evaluate the clinical benefit of nCLE imaging in increasing the yield and diagnostic accuracy of transbronchial biopsies:

1. As part of the collaboration with Johnson & Johnson's Lung Cancer Initiative (LCI), Dr. Christopher Manley, Director of the Department of Interventional Pulmonology and Assistant Professor of Medicine at the Fox Chase Cancer Center (FCCC) in Philadelphia, and Dr. Joke T. Annema, Professor of Pulmonary Endoscopy at the Amsterdam University Medical Center, obtained approval from the FCCC to initiate a pilot clinical study, combining nCLE and navigation robotic bronchoscopy, using both Cellvizio® and the Monarch™ platform from Auris Health, Inc. one of Johnson & Johnson's medical device companies, for the diagnosis of peripheral lung nodules. This study was co-financed by the Lung Cancer Initiative of Johnson & Johnson and Mauna Kea Technologies (Clinicaltrials.gov:NCT04441749). The main objective of this study was to assess the feasibility and safety of nCLE during bronchoscopy with robotic navigation in the assessment of peripheral lung lesions. This study covered 20 patients with peripheral nodules. The combination of nCLE with robotic navigation bronchoscopy allowed for a much greater proportion of lung tumors to be targeted and identified in real time than with conventional bronchoscopy techniques and could significantly increase confidence in the relevance of biopsies. The enrollment phase of the Fox Chase study ended in July 2021. An initial analysis of 17 patients was performed and presented at the 2021 European Respiratory Society (ERS) International Congress, held September 5-8, 2021, by Dr. Manley, the study's principal investigator. It showed that the vision and stability of the Monarch platform's robotic bronchoscopic navigation allowed it to navigate further into the lung to precisely target small lesions, and that *in vivo* cell imaging with nCLE provides very important real-time feedback to help identify abnormal tissue, with endomicroscopic imaging detecting malignant cells in 93% of cancer patients. One patient enrolled in the study with an nCLE image exhibiting criteria for malignancy but a negative result when the lesion was sampled with robotic bronchoscopic navigation, received a final diagnosis of malignancy after surgery, and in 6 out of 17 patients (35% of patients), the nCLE imaging guidance resulted in readjustment of the robotic bronchoscope to optimize the location of the sample;

2. A second study was also carried out by AUMC and financed by Mauna Kea Technologies, to evaluate the use of endomicroscopy by needle as a tool for real-time detection of lung cancer. This prospective study included 26 patients with peripheral lung nodules and was published in *Thorax*, a prestigious journal. The article entitled "Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer" (DOI: 10.1136/thoraxjnl-2021-216885) provides additional evidence that endomicroscopic imaging with Cellvizio of peripheral lesions suspected of being cancerous is feasible, safe, and allows real-time detection of needle-tip malignancy with very high precision. This new study confirmed that endomicroscopic needle imaging in peripheral lung cancer is feasible, safe, and can detect malignancy at the

needle tip in real time with 95% accuracy. Lead investigator Professor Annema also added that physicians can differentiate, with high reproducibility (with excellent intra- and inter-observer agreements equal to 0.82 and 0.78, respectively), between malignant airway tissue and healthy lung parenchyma, demonstrating the potential of nCLE imaging as a real-time guidance tool to reduce the rate of non-contributory transbronchial biopsies of peripheral lung cancer.

Evaluation of confocal endomicroscopy in the context of COVID-19

In the context of the COVID-19 pandemic, Mauna Kea Technologies participated in a pilot clinical study in 2020, led by Dr. Jouke T. Annema, MD, Ph.D., of the Amsterdam University Medical Center (AUMC), which uses pCLE to assess COVID-19 patients in intensive care with respiratory failure (study registered in the Dutch clinical trials register under number: NL9281). Prof. Annema and his team have previously demonstrated that endomicroscopic imaging of patients suffering from non-COVID severe acute respiratory syndrome is safe and provides microscopic and high-quality alveolar imaging to differentiate certain morphological criteria (Clinicaltrials.gov: NCT04479007). They concluded that endomicroscopic imaging has an added value compared to chest CT scans and that it has the potential to distinguish the main causes of respiratory failure in critically ill patients in intensive care. The characteristics of pCLE in severe acute respiratory syndrome related to COVID-19 are unknown. Endomicroscopic imaging during intensive care unit bronchoscopy could improve the diagnosis/etiology of severe acute respiratory syndrome related to COVID-19 and have a potential impact on treatment.

Pre-clinical and clinical studies with the Telix fluorescent marker in prostate and kidney cancer indications

In 2020, the scientific research collaboration between Telix and Mauna Kea called the "Alliance for Imaging and Robotics in Surgery (IRiS)," or "IRiS Alliance," was created to develop and validate the potential of the two companies' combined technologies. The IRiS Alliance is based on the conviction that the use of cancer-specific positron emission tomography (PET) molecular imaging agents combined with fluorescent dyes, in conjunction with laser confocal endomicroscopy, can significantly improve surgical techniques and clinical outcomes in patients with urological cancers.

2.4 Sales and marketing

Sales are made directly in France, Germany and the United States, and through distributors in the rest of Europe and in Asia.

At the end of 2021, the sales team for the EMEA and APAC region comprised seven people.

At the end of December 2021, the US sales team comprised 11 people.

In all, the Group had a sales force of 18 people at the end of 2021 *versus* 23 as of December 31, 2020.

At year-end 2021, the Group had a marketing team of nine people covering Operational Marketing (France, Europe, USA and Asia), Systems and Probes product development, and marketing communication.

2.5 Human resources

The Group had a workforce of 87 (excluding apprentices) at the end of 2021, *versus* 98 (excluding apprentices) at the end of 2020.

The Company's aim is to promote the continuous development of employees' skills with consistently high standards: balancing the individual requirements of employees with the objectives and requirements identified by the business.

The training policy is directly based on performance and development reviews of employees and the corporate strategy.

The Company's main areas of training are as follows:

- Investing in skills development directly related to the job profile where discrepancies are observed;

- Preparing for career progression in the current and future duties of employees and thus support employability and mobility;
- Supporting or anticipating changes, particularly in the technology or organizational sectors.

In terms of health and safety and due to the COVID-19 pandemic which began in early 2020, a number of preventive measures were taken within the Company in early 2020 in the form of regular communications on the prevention measures recommended by the World Health Organization, the provision of hydroalcoholic gel in offices, the introduction of specific instructions for teams travelling to hospitals, remote working for the majority of teams since April 16, 2020, and a reduced presence for other teams, the introduction of regular management video conferences and regular communications to the Social and Economic Committee (SEC) and ordering masks.

Despite the COVID-19 pandemic, training increased in 2021 with 1,411 hours of training provided. Emphasis was placed on the technical/business and regulatory skills required for the development of Mauna Kea Technologies, as well as training relating to staff safety.

2.6 Financing and capital structure

The going concern assumption was adopted by the Board of Directors taking into account the following elements:

- Cash available at December 31, 2021 stood at €11.8 million;
- The equity financing line with Kepler Cheuvreux would enable €2.0 million to be raised over the next 12 months. This estimated amount is calculated with 3.6 million shares at €0.6 per share by applying a discount of 6%;
- Receipt of the balance of the 2021 research tax credit for €0.6 million in Q4 2022;
- Reduction of operating expenses in 2022 with the restructuring plan;
- Sales outlook taking into account the impact of the COVID-19 crisis.

In this context, the Group believes it to be in a position to meet its future operating needs.

2.7 Progress achieved and difficulties encountered

To date, the Company's business is still partly impacted by this crisis and the Company did not benefit from government aid during this financial year.

In 2021, total sales amounted to €7.7 million, compared to €6.5 million in 2020, an increase of 18% compared to the previous year.

In 2022, the Company will focus on the interventional pulmonology market. The work done so far in this area is very encouraging. The collaboration agreement with Johnson & Johnson and its Lung Cancer Initiative (LCI). This work will continue in 2021.

The Company signed a clinical research and product development collaboration agreement with On Target Laboratories in the field of molecular imaging-guided procedures in March 2022. This collaboration was set up to develop the combined clinical and technological knowledge of the two companies, focusing initially on interventional pulmonology and lung cancer, with the possibility of extending this collaboration to other indications.

3. Financial position of the Group during the past financial year

3.1 Operations of the Group

Income statement

(in € thousands) - IFRS	FY 2021	FY 2020	Var.
Sales	7 700	6 526	18%
Other Income	839	1 416	-41%
Total of revenues	8 539	7 942	8%
Production costs	(1 989)	(2 148)	-7%
Gross margin	5 711	4 378	30%
<i>Gross margin (%)</i>	<i>74,2%</i>	<i>67,1%</i>	
Research & Development	(3 310)	(3 232)	2%
Sales & Marketing	(7 620)	(8 120)	-6%
Administrative expenses	(6 399)	(5 785)	11%
Share-based payments	(548)	(616)	-11%
Total operating expenses	(17 877)	(17 753)	1%
Operating profit (loss) from continuing operations	(11 327)	(11 959)	-5%
Non-recurring operating profit/(loss)	(891)	143	-723%
Operating profit /(loss)	(12 218)	(11 816)	3%
Financial interests	(1 227)	(975)	26%
Profit/(loss)	(13 445)	(12 791)	5%

3.1.1 Sales

Sales for the 2021 and 2020 financial years

(in € thousands) - IFRS	FY 2021	FY 2020	Var. %
1st quarter	1 577	1 473	7%
2nd quarter	1 738	627	177%
3rd quarter	1 773	2 044	-13%
4th quarter	2 612	2 382	10%
Total sales	7 700	6 526	18%

Sales by category

(in € thousands) - IFRS	FY2021	FY2020	Var. %
Systems	3 193	2 584	24%
Consumables	3 204	2 829	13%
Services	1 303	1 113	17%
Total sales	7 700	6 526	18%

Total sales for 2021 stood at €7.7 million, up 18% on the previous year. Sales results for the full year 2021 were driven by increases of 24%, 13%, and 17%, respectively, in systems, consumables and services sales compared to the prior year period.

Sales by geographic area

(in € thousands) – IFRS	FY 2021	FY 2020	Variation
United States & Canada	4 182	3 586	17%
Asia-Pacific	1 561	1 762	-11%
EMEA & ROW	1 957	1 178	66%
Total Sales	7 700	6 526	18%

The change in total sales for the full year 2021, is mainly due to an increase in sales in the US and EMEA & ROW markets, which increased by 17% and 66%, respectively, year-on-year, partially offset by an 11% decrease in sales in the Asia-Pacific market, compared to the prior year period.

3.1.2 Other income

As of December 31, 2021, other income includes:

- research and innovation tax credits of €635 thousand;
- the fifth RI PERSEE grant of €204 thousand.

3.1.3 Cost of production and gross margin

The cost of products sold amounted to €1,989 thousand for 2021 compared to €2,418 thousand for 2020, corresponding to 26% of sales in 2021 and 33% in 2020.

Gross margin was 74.2% in 2021 and 67.1% in 2020. This improvement is mainly due to a favorable sales mix: sales with the margin rate at 100% (old PPU systems and research contract services), the increase in the sale price of the new platform with the lower cost of production in 2021.

3.1.4 Research and development expenses

The Research and Development team focused its efforts on the proposed next-generation of systems between 2019 and 2021.

In financial year 2021, Research and Development expenses amounted to €3,310 thousand, *versus* €3,232 thousand for financial year 2020. The Company maintains a high level of R&D expenses mainly attributed to research and development in the fulfillment of projects led from several years.

The new platform was marketed on October 1, 2021. In 2019, the annual portion of capitalized development expenses was €642 thousand (2020: €947 thousand). The total capitalized cost for the development of the system between 2019 and 2021 was €2,427 thousand.

3.1.5 Marketing and sales costs

Marketing and Sales expenses are currently the largest overhead. They amounted to €7,620 thousand in 2021 compared to €8,120 thousand for the 2020 financial year.

The decrease in external expenses compared with December 31, 2020 is mainly due to cost reduction measures and the impact of the health crisis, which saw the cancellation of seminars and promotional events and a reduction in travel by the sales force.

This expense remains the Company's largest expenditure item and represents 42% (2020: 41%) of total operating expenses for the year 2021.

3.1.6 Administrative expenses

Administrative expenses increased by 11% compared to 2020, from €5,785 thousand in 2020 to €6,400 thousand in 2021. This increase is mainly due to fees and expenses related to financing projects and other transactions.

3.1.7 Share-based payments

As with previous financial years, the Group continued to issue stock options to its US employees, and also warrants (BSA) to its independent board directors. The Group has also set up free performance share plans and free share plans, whose terms and conditions are voted on and approved by shareholders at the Annual General Meeting. The overall costs of these plans in 2021 amounted to €548 thousand, compared with €616 thousand in 2020.

3.1.8 Operating profit (loss)

Operating profit (loss) for the financial year 2021 was €(12,218) thousand compared to €(11,816) thousand in 2020. This 3% decrease is due to a mix of the 18% increase in sales, the improvement in gross margin with the 41% decrease in other income.

In addition, a non-recurring expense of €908 thousand was recognized following the announcement of the restructuring plan to the SEC on December 5, 2021.

3.1.9 Profit (loss)

After taking into account a net finance expense of €(1,228) thousand at December 31, 2021, compared with an expense of €(975) thousand at December 31, 2020, the Company's loss comes to €(13,445) thousand, compared to €(12,791) thousand for the financial year ended December 31, 2020.

3.1.10 Cash and cash equivalents

At December 31, 2021 cash and cash equivalents totaled €11,866 thousand compared with €8,606 thousand at December 31, 2020.

3.2 Risks and uncertainties – transactions with related parties

The main financial instruments used by the Group are financial assets, cash, and investment securities. The purpose of managing these instruments is to finance the Company's business activity. It is the Group's policy not to subscribe to financial instruments for speculative purposes.

The primary risks to which the Group is exposed are interest rate risk, credit risk and exchange rate risk.

Exchange rate risk

The main currency for which the Group is exposed to significant exchange rate risk is the US dollar.

The purpose of the Mauna Kea Technologies Inc. subsidiary established in the State of Massachusetts is to distribute and market the Group's products in the United States. To this end, it is fully financed by the parent company, with which it has established three agreements:

- a cash management agreement for a current account in USD;
- a distribution agreement;
- a services agreement (Management fees).

The Group's major exchange rate risk is linked to the EUR/USD parity fluctuation. In fact, the Group markets the product and services in the USA through its subsidiary Mauna Kea Technologies Inc. Its revenues and expenses – including the purchases of Cellvizio and probes to Mauna Kea Technologies SA are expressed in US dollars the operational currency of the subsidiary. As a result, the Group is exposed to changes in the EUR/USD exchange rate through that subsidiary.

Liquidity risk

Note 1.1 to the Consolidated financial statements describes the items and assumptions relating to the going concern assumption.

Note 11 to the Consolidated financial statements describes the financial liabilities to which the Group is committed.

Note 22 to the Consolidated financial statements describes the commitments and obligations given by the Group.

Interest rate risk

At December 31, 2021, the Company did not hold any investment securities, whose interest rate changes have a direct impact on the rate of return for these investments and the cash flows generated.

The loan with EIB is at a fixed rate and is therefore not subject to interest rate risk.

The repayable BPI/OSEO advances at a 2.45% interest rate for an overall, non-discounted amount of €3,407 thousand are detailed in Note 11: Loans and borrowings to the consolidated financial statements. They are not subject to interest rate risk.

Credit risk

In the Company's experience, the payment of certain public financing of research expenditures is subject to credit risk.

The Company manages its available cash in a prudent manner. Cash and cash equivalents include cash on hand only.

Credit risk related to cash, cash equivalents, and current financial instruments is insignificant in light of the quality of the co-contracting financial institutions.

With regard to its customers, the Company has no significant concentration of credit risk. The Group has established policies that insure that its customers have an appropriate credit risk history.

Fair value

The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market prices used for financial assets held by the Company are the purchase prices in effect on the market at the valuation date.

The nominal value, minus provisions for impairment, of other payables and receivables is assumed to approach the fair value of those items.

3.3 Foreseeable developments and future outlook

In 2021, the Company's activity is still partially impacted by the COVID-19 pandemic and the Company has not benefited from any government aid for this financial year.

In 2019 and 2020, the Company began the process of evaluating the commercial potential of the Cellvizio system in the interventional pulmonology market. The work accomplished to date in this area has been very encouraging, with work continuing into 2021 with Johnson & Johnson's Lung Cancer Initiative ("LCI") research collaboration agreement to advance the validation of Cellvizio as a real-time biopsy guidance tool during robotic bronchoscopic navigation to potentially reduce the failure rate of transbronchial biopsies of peripheral lung cancers.

With the expense reduction plan, the Company will focus its financial resources to support the strategic guideline of using Cellvizio® as the key tool to assist in the characterization of lung cancer and for molecular imaging guided surgery.

For several months, the Group has also begun research in the field of molecular imaging. It announced in this field on December 15, 2020 the creation of the IRiS Alliance with Telix, based on the conviction that the use of Telix's cancer-specific positron emission tomography (PET) molecular imaging agent, combined with fluorescent dyes, in conjunction with MKT's laser confocal endomicroscopy, can significantly improve surgical techniques and clinical outcomes in patients with prostate and kidney cancers. The first phase of the partnership concerns a pre-clinical and feasibility study, which could be followed by multi-center studies and potentially open up commercial opportunities in a few years.

3.4 Significant events having occurred between the end of the financial year and the drafting of this report

Strategic reorganization

In January 2022, Mauna Kea Technologies announced the implementation of an expense reduction plan approved by the Board of Directors, with the objective of focusing its financial resources to support the strategic direction. This plan was communicated to the SEC on December 5, 2021. The Company and its subsidiary Mauna Kea Technologies Inc. (hereafter, the “Group”) plan to reduce significant consolidated operating expenses in 2022. These expense reductions reflect a combination of lower administrative costs, lower sales and marketing expenses, lower Board of Directors' fees, and the termination of several contracts with non-essential outside consultants. With this new configuration, the Group considers that it is in a position to meet its future operating needs to achieve its planned strategic objectives.

Strategic outlook

“The opportunity to leverage Cellvizio® as a key technology in the lung cancer market represents the most significant potential value creation lever for Mauna Kea's shareholders. In addition, the possibility of using Cellvizio® to enable molecular imaging-guided surgery is very promising in the future,” said Sacha Loiseau, Founder and Chairman of Mauna Kea Technologies. “Significantly deferring our need for cash will allow us to achieve significant milestones on our product and clinical roadmaps, but also to identify additional strategic partners with the engineering expertise and commercial power to integrate the clinical insights of Cellvizio® and improve patient care. Although the Company is reducing its direct sales investments in the US, it will continue to support its large installed base and target high volume users. Mauna Kea's Board of Directors is confident that this more efficient capital resource allocation strategy will enable the Company to best serve the needs of its shareholders, employees and clinicians.”

New collaboration

On March 7, 2022, On Target Laboratories, Inc. (“On Target”), a private biotechnology company that develops intraoperative molecular imaging agents to target and illuminate cancer during surgery, and Mauna Kea Technologies, announced a new clinical research and product development collaboration in the field of interventions guided by molecular imaging.

This collaboration was set up to develop the combined clinical and technological knowledge of the two companies, focusing initially on interventional pulmonology and lung cancer, with the possibility of extending this collaboration to other indications.

MANAGEMENT REPORT ON THE COMPANY FINANCIAL STATEMENTS

Ladies and Gentlemen,

We present to you the management report on the operations of the Company for the financial year beginning on January 1, 2021 and ending on December 31, 2021 and hereby submit the annual financial statements for this financial year for your approval.

We propose that you appropriate the profit (loss) for the financial year ended on December 31, 2021 and approve the agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code entered into during the past financial year.

Shareholders' equity was less than half of the share capital at December 31, 2020. The General Meeting of June 3, 2021, through the 14th resolution which passed, resolved to continue the Company's activities. The situation must be regularized at the latest at the end of the second financial year following that in which the losses were recognized, *i.e.* at the latest at the end of financial year 2022.

At December 31, 2021, shareholders' equity amounted to €(13,912,528) and the share capital represented €1,783,803. Shareholders' equity is still less than half the share capital.

In accordance with the provisions of Article L. 225-37 paragraph 6 of the French Commercial Code, the report on corporate governance (section II) is included in this management report.

During the meeting, you will also hear read aloud the statutory auditors' reports.

We remind you that the statutory auditors' reports, the reports of the Board of Directors and the annual financial statements have been made available to you at the head office in accordance with the legal and regulatory requirements, so that you may examine them.

The financial statements at December 31, 2021, including the balance sheet, income statement and notes, were prepared in accordance with French generally accepted accounting standards, principles and methods.

I. MANAGEMENT REPORT

1. Presentation of the Mauna Kea Group (the "Group")

1.1 Presentation of the Group's operations

Mauna Kea Technologies is a medical device design and sales company whose mission is to eliminate uncertainties in diagnosis and treatment and to improve patient care for a number of clinical indications. In becoming a global player in real-time cellular diagnostics, the Company's prime objectives are to constantly improve the quality of care provided to patients and efficiency of healthcare professionals and systems. The Company's flagship product, Cellvizio, has received market authorizations for a wide range of applications in more than 40 countries, including the United States, Europe, Japan and China.

At December 31, 2021, the Mauna Kea Technologies Group is made up of a multidisciplinary team of 87 employees, has an installed base of almost 709 systems in over 40 countries and has achieved more than €105.2 million in aggregate sales since its founding, including €7.7 million in the 2021 financial year.

Its head office in France is located at 9, rue d'Enghien, 75010 Paris, France. The sales office of its US subsidiary, Mauna Kea Technologies Inc. is located in Boston, Massachusetts (MA).

The going concern assumption was adopted by the Board of Directors taking into account the following elements:

- Cash available at December 31, 2021 stood at €11.8 million;
- The equity financing line with Kepler Cheuvreux will enable €2.0 million to be raised over the next 12 months. This estimated amount is calculated with 3.6 million shares at €0.6 per share by applying a discount of 6%;
- Receipt of the cash balance of the 2021 research tax credit for €0.6 million;
- Significant reduction in operating expenses in 2022 with the restructuring plan;
- Sales outlook taking into account the impact of the COVID-19 crisis.

In this context, the Group considers that it is in a position to meet its future operating needs.

1.2 Highlights of the past financial year

New authorizations and the Cellvizio platform

On August 18, 2021, Mauna Kea Technologies obtained a new 510(k) clearance from the United States Food and Drug Administration (FDA) for the marketing of its next-generation Cellvizio® platform and all confocal miniprobes, combined with a fluorescent marker, fluorescein, for an additional indication to visualize blood flow. This is the 19th 510(k) clearance received from the US FDA for the Cellvizio® platform (K212322).

The next-generation Cellvizio® platform has already received FDA 510(k) clearance on February 28, 2020 for the visualization of internal tissue microstructure, and also allows (but is not limited to) the identification of cells and vessels and their organization or architecture (K193416). Building on the success of previous versions, the new Cellvizio visualization platform offers physicians cutting-edge technology to improve patients' lives. The platform incorporates several new functionalities: an optimized workflow for endoscopy, bronchoscopy or surgical environments *via* integrated connectivity, a digital architecture that will allow the use of artificial intelligence (AI) for assisted image interpretation and a reduced footprint offering better ergonomics and maneuverability in operating theaters. Cellvizio® is a real-time *in vivo* cell imaging platform used in gastroenterology, pulmonology and urology during endoscopic and laparoscopic procedures (manual and robot-assisted).

Clinical results and conferences – the medical value of optical biopsy

Pulmonology

October 2021

Mauna Kea Technologies announces that five papers in support of Cellvizio® were presented at the European Respiratory Society (ERS) International Congress 2021, held from September 5 to 8. These papers focus on the safety, feasibility and efficacy of Cellvizio when used during manual and robotic bronchoscopy, either to position the transbronchial needle in peripheral lung lesions in order to improve biopsy targeting and thus reduce the rate of non-contributory biopsies, or to detect fibrotic changes *in vivo* in patients diagnosed with COVID-19.

“Following the publication of our article, ‘Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer’ in the journal Thorax, we are pleased to share some of our clinical cases in more detail and an important new study on robot-assisted bronchoscopy during the ERS International Congress,” said Dr. J. T. Annema, M.D. Ph.D., Professor of Pulmonary Endoscopy at the University Medical Center in Amsterdam. Professor Annema also added that “the findings of the studies demonstrate that physicians can differentiate, with high reproducibility, the malignant tissue of the parenchyma of the respiratory tract and lung, which demonstrates the potential of endomicroscopic imaging as a tool for real-time biopsy guidance during manual and robot-assisted bronchoscopy, in order to reduce the rate of non-contributory transbronchial biopsies of peripheral lung cancer.”

The first results of the clinical study combining confocal needle laser endomicroscopy and robotic bronchoscopic navigation, using both Cellvizio and the Monarch® platform from Auris Health, Inc. For the diagnosis of peripheral pulmonary nodules, co-financed by our strategic partner, the Lung Cancer Initiative (LCI) of Johnson & Johnson, were presented by Dr. Christopher Manley, Director of Interventional Pulmonology and Associate Professor of Medicine at the Fox Chase Cancer Center in Philadelphia and Principal Investigator of the study. Dr. Manley commented on the preliminary results: “In our study, the vision and stability of the Monarch platform’s robotic bronchoscopic navigation enabled us to navigate deeper into the lung to precisely target small lesions. In addition, *in vivo* cell imaging with nCLE

provided very important real-time feedback to help identify abnormal tissues, with endomicroscopic imaging detecting malignant cells in 93% of cancer patients.”

As detailed in the presentation of the study at the ERS International Congress, a patient with an nCLE image showing malignancy criteria but a negative result when the lesion was harvested with robotic bronchoscopic navigation, received a final diagnosis of malignancy after surgery, and in 6 patients out of 17 (*i.e.* 35% of patients), the guidance of the nCLE imaging led to a readjustment of the robotic bronchoscope in order to optimize the location of the sample.

July 2021

Mauna Kea Technologies announced that, as part of its collaboration with the Johnson & Johnson Lung Cancer Initiative, Dr. Christopher Manley, Director of the Department of Interventional Pulmonology and Assistant Professor of Medicine at the Fox Chase Cancer Center (FCCC) in Philadelphia, and Dr. Jouke T. Annema, Professor of Pulmonary Endoscopy at the Amsterdam University Medical Center, completed enrollment in the observational clinical study combining nCLE and robotic bronchoscopic navigation, using both Cellvizio® and the Monarch™ platform from Auris Health, Inc., one of Johnson & Johnson's medical device companies, for the diagnosis of peripheral pulmonary nodules. This study was co-financed by the Lung Cancer Initiative of Johnson & Johnson and Mauna Kea Technologies (Clinicaltrials.gov: NCT04441749).

The main objective of this study is to assess the feasibility and safety of using the AQ-Flex™ 19 Confocal Miniprobe (nCLE) to obtain real-time, *in vivo* and intralesional images in peripheral lung lesions suspected of cancer during robotic bronchoscopic navigation. The secondary objectives are to evaluate the ability of the nCLE to confirm the position of the transbronchial needle tip in the pulmonary lesion and the added value of the nCLE in the repositioning of the needle.

June 2021

Mauna Kea Technologies announces the publication in Thorax, a prestigious journal, of a prospective study on nCLE as a tool for real-time detection of lung cancer. The article entitled “Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer” (DOI: 10.1136/thoraxjnl-2021-216885) provides additional evidence that endomicroscopic imaging with Cellvizio of peripheral lesions suspected of being cancerous is feasible, safe, and allows real-time detection of needle-tip malignancy with very high precision.

The new recommendations of the US Preventive Services Task Force (USPSTF), published last March, virtually double the number of people eligible for lung cancer screening in the United States and are expected to increase by 27% the number of lung cancer cases detected at an early stage by screening. Despite the development of new technologies, the yield and precision of the diagnosis by transbronchial biopsy remain low (between 30 and 65%) and it is impossible to confirm with a high level of certainty that the biopsy needle takes a sample from the targeted lesion. It is becoming increasingly clear that nCLE imaging has the potential to significantly increase the yield and diagnostic accuracy of transbronchial biopsies, in line with the Company's goal of providing advanced imaging techniques and improving patient care.

Gastroenterology

June 2021

Mauna Kea Technologies announces a publication in the journal Nature Scientific Reports entitled “Cross-sectional imaging of intestinal barrier dysfunction by confocal laser endomicroscopy can identify patients with food allergy *in vivo* with high sensitivity” (2021, <https://www.nature.com/articles/s41598-021-92262-4>). This article provides new evidence that Cellvizio®, thanks to its unique ability to perform real-time functional imaging *in vivo* and at the cellular level, can accurately diagnose patients with food allergies.

The diagnosis of food allergies is difficult and relies on commonly used allergy tests, such as skin tests or serum radioallergosorption tests, which have limited sensitivity and specificity. Consequently, the oral food challenge test with increasing doses of a potential antigen over a defined period of time remains the standard for the diagnosis of food allergies. However, because oral food challenge testing requires significant resources and close cooperation between the patient, physician, and nutritionist, it is rarely used outside of specialized centers.

This study provides new clinical evidence that imaging with Cellvizio (pCLE) of the intestinal barrier during a routine colonoscopy can accurately detect, *in vivo* and in real time, patients suffering from a food allergy.

February 2021

Mauna Kea Technologies announces today the publication of a study on the risk stratification of cystic lesions of the pancreas (PCL) using artificial intelligence (AI) models for the classification of nCLE images and the publication of a needle endomicroscopy meta-analysis for PCL assessment.

The majority of incidentally discovered PCLs in the population are intraductal papillary mucinous neoplasms of the pancreas (IPMN), a precursor to pancreatic cancer (adenocarcinoma). Current diagnostic methods are based on a combination of clinical history, medical imaging, echographic criteria and cytological analysis of cystic fluids for the identification of IPMN with advanced dysplasia. Today, approximately half of IPMNs that are removed by surgery end up with low- or medium-grade dysplasia. To avoid unnecessary resections of indolent lesions that correlate with high rates of postoperative morbidity (30%) and mortality (2.1%), more accurate methods for diagnosing IPMNs are essential to better guide the management of these patients, especially when it comes to a surgical decision.

Pancreatic cysts

November 2021

Mauna Kea Technologies announces a new peer-reviewed journal publication showing the significant savings, in terms of health costs, achieved through the use of Cellvizio® as an adjunct to the standard treatment of cystic lesions of the pancreas.

Conventional management of pancreatic cysts involves a diagnostic workup that may be prone to misclassification of mucinous *versus* non-mucinous cysts, placing patients in an incorrect therapeutic or monitoring program, and potentially resulting in unnecessary surgery on a benign cyst. The study, entitled “Cost-Benefit Analysis and Resource Implications of Endoscopy Ultrasound-guided Confocal Endomicroscopy in Pancreas Cysts” and published in *Techniques and Innovations in Gastrointestinal Endoscopy (TIGE)* (DOI: <https://doi.org/10.1016/j.tige.2021.10.002>), aims to assess the impact of the proven diagnostic accuracy of confocal laser needle-guided endomicroscopy (EUS-nCLE) for pancreatic cysts on healthcare costs when added to standard treatment.

Thanks to a post-hoc analysis of 93 patients enrolled in the INDEX study (NCT02516488), the authors conclude that the diagnostic precision of the EUS-nCLE made it possible to reduce the classification of cysts from mucinous to non-mucinous for 12% of patients, thus avoiding unnecessary surgery. As a result, the authors point out that “EUS-nCLE is potentially cost-effective in the treatment of cystic lesions of the pancreas by avoiding at least one unnecessary pancreatic surgery for every ten subjects assessed according to current practices.” In addition, the EUS-nCLE also detected a mucinous cyst in a patient, enabling earlier intervention as well as a reduction in the number of repeat diagnostic procedures and subsequent check-ups. Out of all the concordant and discordant diagnoses, the addition of Cellvizio led to a net saving of \$442,438 for this cohort, or approximately \$4,757 per patient.

The authors also concluded that, “when combined with favorable data concerning greater diagnostic accuracy, the possibility of stratifying the risk of the most common precancerous cystic neoplasms, intraductal papillary and mucinous tumors of the pancreas, and the absence of a higher than expected risk of post-procedure adverse events, the current economic analysis favors the application of EUS-nCLE in diagnostic algorithms.”

Collaboration agreement for a clinical trial with the Lung Cancer Initiative of Johnson & Johnson

On September 13, 2021, the Company signed a new research collaboration agreement with Johnson & Johnson's Lung Cancer Initiative (“LCI”) to advance the validation of Cellvizio as a real-time biopsy guidance tool during robotic bronchoscopic navigation to potentially reduce the substantial failure rate of transbronchial biopsies for peripheral lung cancers.

Under the terms of the agreement, Mauna Kea Technologies will participate in a prospective, multi-center, open-label, single-arm clinical feasibility study (the “Study”) led by LCI. The study will combine nCLE and robotic bronchoscopic navigation, using both Cellvizio® and the Monarch platform of Auris Health, Inc., one of Johnson & Johnson's medical device companies, to assess the ability of the nCLE to accurately confirm the position of the needle for the diagnosis of peripheral pulmonary nodules. LCI will sponsor and finance the study. In exchange for the Company's resources and support of the study, under the terms of the agreement, LCI will provide total funding to the Company of €978,375, a portion of which is contingent upon the successful completion of certain study activities under the agreement.

In addition, pursuant to the agreement, the Company has granted a right of first refusal ("ROFR") to LCI (through JJEI) with respect to any transaction relating to Mauna Kea Technologies' nCLE and its variants (i) for use in endoluminal robotic procedures for any pulmonary application, (ii) for machine learning, artificial intelligence and learning model applications for diagnosis, risk stratification and treatment associated with lung diseases and (iii) for use in endoluminal or transthoracic procedures to deliver treatments directly into the tumor. The ROFR is effective for the duration of the study plus four months following it.

New financing

On April 22, 2021, Mauna Kea Technologies established an equity financing line with Kepler Cheuvreux acting as financial intermediary under an underwriting agreement.

Under the terms of the agreement, Kepler Cheuvreux has undertaken to underwrite a maximum of 6,000,000 shares at its own initiative, over a maximum period of 24 months, provided that the contractual conditions are met. The shares will be issued based on a volume-weighted average share price over the two trading days preceding each issue, less a maximum discount of 6.0%. These terms and conditions allow Kepler Cheuvreux to underwrite the shares over the term of the agreement. Mauna Kea Technologies retains the right to suspend or terminate this agreement at any time. In 2021, Kepler Cheuvreux underwrote 2,335,000 shares representing a cash amount of €2.4 million.

On September 20, 2021 Mauna Kea Technologies carried out a capital increase reserved for two investors: Johnson & Johnson Innovation – JJDC, Inc. (JJDC), one of the Company's existing shareholders, and a leading US healthcare fund, Armistice Master Fund Ltd. This transaction consisted in subscribing to 2,272,709 ABSAs (the "ABSAs"), each ASBA being composed of five (5) ordinary shares and two (2) warrants, each warrant giving the right to purchase one (1) ordinary share (each, a "BSA"), as part of a capital increase reserved for specific categories of investors. These commitments are made subject to the usual conditions in such transactions.

The net proceeds from the subscription of the ABSAs, after deducting the placement agent's commissions and the costs of the offering, was €11.4 million. This sum is intended to finance the development of the Cellvizio platform, to continue the clinical studies, for general needs and associated working capital as well as the restructuring plan at the end of 2021 and beginning of 2022.

Management changes

On December 10, 2021, Robert Gershon resigned from his position as Chief Executive Officer and stepped down as a member of the Board of Directors, with immediate effect. Nicolas Bouvier, member of the Executive Committee since 2019, will become Interim Chief Executive Officer during the search for a permanent Chief Executive Officer.

The resignation of Christopher Lamboeuf, Deputy CEO and Chief Financial Officer, took effect on December 31, 2021. Shu-i Gautheron has been promoted to Chief Administrative and Financial Officer. In addition, Daryl Donatelli, currently Director of Global Marketing, will become Vice President of Global Marketing. Lastly, Frédéric Banegas, who joined the Company in March 2021 as Director of R&D, has been promoted to Chief Technology Officer.

Strategic reorganization

In January 2022, Mauna Kea Technologies announced the implementation of an expense reduction plan approved by the Board of Directors, with the objective of focusing its financial resources to support the strategic direction. This plan was communicated to the SEC on December 5, 2021. The Company and its subsidiary Mauna Kea Technologies Inc. (hereafter, the "Group") plan to reduce significant consolidated operating expenses in 2022. These expense reductions reflect a combination of lower administrative costs, lower sales and marketing expenses, lower Board of Directors' fees, and the termination of several contracts with non-essential outside consultants and a more targeted and disciplined product development road map, among others. With this new configuration, the Group considers that it is in a position to meet its future operating needs to achieve its planned strategic objectives.

The restructuring provision of €258,621 was recognized following the announcement of the planned redundancies by the SEC on December 5, 2021. These exceptional expenses mainly include compensation for seven employees. After reviewing the economic note, the redundancy plan and budget (payment of notice periods, severance pay and

reclassification), and the timetable, the SEC issued an unfavorable opinion on the proposed redundancies on January 5, 2022.

COVID-19 pandemic

The continuation of the COVID-19 health crisis that appeared during the first quarter of 2020 led the French government to temporarily take new measures to reduce contacts and travel in France during the year.

In preparing the financial statements for the year ending December 31, 2021, the Company has adopted a targeted approach to express the main relevant impacts on the Company's performance and its financial position. This approach was recommended by the French Accounting Standards Authority (*Autorité des Normes Comptables*) in the note of May 18, 2020 to provide information concerning the effects of the COVID-19 event on its financial statements.

For the financial year ended December 31, 2021, the Company's business is still partly impacted by this crisis and the Company has not benefited from any government assistance for this financial year.

2. Review of the financial statements and results

The annual financial statements for the year ended December 31, 2021, which we submit for your approval, have been prepared in accordance with the rules of presentation and valuation methods pursuant to current legislation.

Income statement

Net sales amounted to €6,992,787 compared with €4,403,044 for the previous financial year, representing an increase of 58.8%.

Operating income amounted to €7,762,348 compared to €4,878,913 for the previous financial year, an increase of 59.1%. This income included a BPI grant (formerly OSEO) of €203,889 in 2021.

Operating expenses amounted to €14,855,003 *versus* €14,278,895 for the previous financial year, representing an increase of 4.0%, and consisted of the following items:

- Purchases of merchandise:	€0
- Change in merchandise inventories:	€0
- Purchases of raw materials and other supplies:	€739,697
- Change in inventories of raw materials inventories and other supplies:	€236,649
- Other purchases and external expenses:	€5,393,432
- Taxes and levies:	€277,647
- Wages and salaries:	€5,018,361
- Social security expenses:	€2,122,404
- Depreciation, amortization and provisions:	€285,598
- Impairment allowances:	€127,174
- Provisions:	€20,000
- Other expenses:	€634,040

The operating loss was €(7,092,654) compared with €(9,399,982) for the previous financial year.

Finance income and expenses amounted to €513,334 and €9,850,882 respectively, representing a net finance expense of €(9,337,548), compared with €(516,827) for the previous financial year. This deterioration is mainly due to the higher impairment of the US subsidiary's current account advance in 2021 compared with 2020 (provision of €8,568,330 in 2021 compared with a provision of €5,353 in 2020) and to higher interest expenses in 2021 (€1,241,797 in 2021 compared with €956,036 in 2020).

Consequently, the profit (loss) before tax stood at a loss of €(16,430,203) compared with €(9,916,808) for the previous financial year.

Non-recurring profit (loss) stood at €(238,813) compared with €(238,617) for the previous financial year.

After taking into account the research tax credit and innovation tax credit of €635,110, the profit (loss) for the financial year is €(16,033,906) compared with €(9,444,555) for 2020.

Balance sheet

Assets

Intangible assets amounted to a net €141,800.

Property, plant and equipment amounted to a net €554,513.

Financial investments at December 31, 2021 amounted to a net €6,394,661.

Current assets amounted to a net €16,278,298.

Liabilities

The share capital amounted to €1,783,803 at December 31, 2021, mainly due to the capital increase by JJDC and Armistice Capital in September 2021, compared to €1,223,588 at the end of the previous financial year, and issue premiums represented the sum of €111,919,708 as of December 31, 2021.

Other reserves amounted to €55,004 at December 31, 2021.

Accumulated losses amounted to €(111,637,138) at December 31, 2021.

Company's indebtedness position with regard to the volume and complexity of its business

Liabilities amounted to €28,211,209 (compared with €27,327,579 at the end of the previous financial year), consisting mainly of:

- the EIB loan:	€19,456,634
- the government-backed loan:	€4,046,040
- miscellaneous borrowings:	€274,894
- trade payables:	€2,114,334
- tax and employee-related liabilities:	€1,304,168
- other payables:	€80,763
- deferred revenues for:	€934,376

In accordance with Article L. 441-6-1 of the French Commercial Code, we point out that trade receivables totaling €1,297,166 (*versus* €1,529,526 the previous financial year) and trade payables totaling €2,114,334 (*versus* €2,149,396 the previous financial year) break down by due date as follows:

Management report on the company financial statements

Invoices received and issued but unpaid at the end of the financial year and which are due

	Article D. 441 I-1°: invoices <u>received</u> and unpaid on the reporting date which are due						Article D. 441 I-2°: invoices <u>issued</u> and unpaid at the reporting date which are due					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Payment default tranches												
Number of invoices concerned	159					63	15					12
Total amount of invoices concerned incl. tax (payables and receivables) (in € thousands)	568	194	129	-	89	413	495	50	94	8	75	227
Percentage of total amount of purchases (excl. tax) in the financial year	8.9%	3.1%	2.0%	0.0%	1.4%	6.5%						
Percentage of sales (excl. tax) in the financial year							7.0%	0.7%	1.3%	0.1%	1.1%	3.2%
(B) Invoices omitted from (A) relating to doubtful or unrecognized receivables and payables												
No. of invoices omitted	0						0					
Total amount of invoices omitted	0						0					
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate payment default	■ Contractual terms: payment on the 15 th or 30 th day of the month after the due date indicated by the suppliers □ Legal terms						■ Contractual terms □ Legal terms					

Table of results for the past five financial years

The table of results for the last five financial years is in [Appendix 1](#) to this report.

Loans granted pursuant to Article L. 511-6, 3 bis of the French Monetary and Financial Code

No inter-company loans referred to in Article L. 511-6, 3 bis of the French Monetary and Financial Code were granted by the Company during the financial year ended December 31, 2021.

3. Progress achieved and difficulties encountered

In 2021, the Company's activity is still partially impacted by the COVID-19 pandemic and the Company has not benefited from any government aid for this financial year.

In 2019 and 2020, the Company began the process of evaluating the commercial potential of the Cellvizio system in the interventional pulmonology market. The work accomplished to date in this area has been very encouraging, with work continuing into 2021 with Johnson & Johnson's Lung Cancer Initiative ("LCI") research collaboration agreement to advance the validation of Cellvizio as a real-time biopsy guidance tool during robotic bronchoscopic navigation to potentially reduce the failure rate of transbronchial biopsies of peripheral lung cancers.

On March 7, 2022, On Target Laboratories, Inc. and Mauna Kea Technologies entered into a new clinical research and product development collaboration in the field of molecular imaging-guided interventions. This collaboration was set up to develop the combined clinical and technological knowledge of the two companies, focusing initially on interventional pulmonology and lung cancer, with the possibility of extending this collaboration to other indications.

With the expense reduction plan, the Company will focus its financial resources to support the strategic guideline of using Cellvizio® as the key tool to assist in the characterization of lung cancer and for molecular imaging guided surgery.

For several months, the Group has also begun research in the field of molecular imaging. It announced in this field on December 15, 2020 the creation of The IRiS Alliance with Telix, based on the conviction that the use of Telix's cancer-specific positron emission tomography (PET) molecular imaging agent, combined with fluorescent dyes, in conjunction with MKT's laser confocal endomicroscopy, can significantly improve surgical techniques and clinical outcomes in patients with prostate and kidney cancers. The first phase of the partnership concerns a pre-clinical and feasibility study, which could be followed by multi-center studies and potentially open up commercial opportunities in a few years.

4. Main risks and uncertainties facing the Company and the Group – Use of financial instruments

The risks related to the Company's business, the coverage of these risks and the related insurance are described in [Appendix 2](#) of this management report.

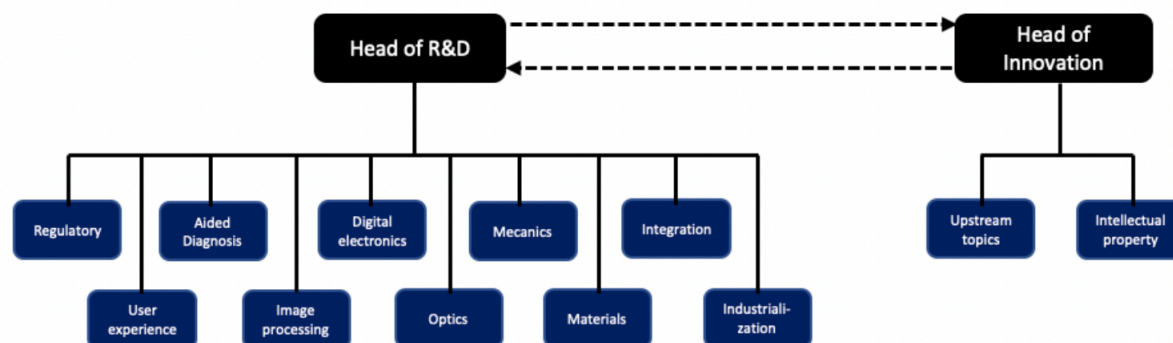
5. Research and development activity

During the financial year 2021, the Company committed €3,292,097 to R&D.

At the end of December 2021, the Research and Development team had 29 employees (doctors, engineers or technicians) covering the fields of expertise necessary for the development of the Group's products and technologies, namely:

- optics and optotronics;
- mathematics applied to image processing;
- digital and analog electronics;
- software development;
- micro-mechanical engineering, materials and processes for precision assembly.

The R&D team shares biological and medical knowledge regarding applications and product use with the specialists of the Clinical Affairs team and the Product Managers.



Upstream R&D

The Company is organized to draw on the necessary resources to directly inspire technological innovations that will enable it to expand in its market, and win new markets, by exploring solutions likely to encourage the development of innovative solutions to improve the care given to patients.

The Innovation Department provides ongoing scientific and technological oversight. Its objective is to identify and validate the ability of the technologies or components to remain at the leading edge of technology while limiting any risk of obsolescence relative to key components by identifying technical alternatives upstream.

The upstream studies arising from this monitoring are conducted by R&D department teams, either internally or through external collaborative efforts. They may constitute the preliminary phase of feasibility assessment that helps to decide whether to begin a product development project.

On the clinical level, the Company collaborates with various hospitals to assess the potential relevance and usability of the Cellvizio technology in new indications.

The upstream studies carried out in collaboration with academic laboratories are often co-funded to optimize the costs of research through grants or doctoral thesis scholarships.

Since November 2019, Mauna Kea Technologies has been part of an optical molecular imaging consortium for lung diseases that received €5.4 million from the Perspective program of the Netherlands Organization for Scientific Research (NWO). Molecular imaging provides insight into molecular and cellular processes in the body, and has the potential to transform healthcare by offering earlier detection and enabling more precise treatment of diseases.

For over a decade, the Netherlands has been striving to be a leader in unifying, advancing and optimizing molecular imaging, with an ultimate goal of improving human health. In a continuing effort to promote molecular imaging, the international Photonics Translational Research – Medical Photonics (MEDPHOT) consortium, led by professor of Biophotonics Johannes de Boer of Vrije Universiteit Amsterdam, has been awarded a 5.4 million euro grant from the NWO for the program “Light for a better view on diseases.”

This consortium will include four Dutch universities (VU Amsterdam, UvA, UU, TU Delft) well-recognized and established in the field of molecular imaging and the Dutch Applied Natural Science Research Organization, three academic Dutch hospitals (Amsterdam UMC, UMC Groningen, Leiden UMC) and several international companies including Mauna Kea Technologies.

The objective of this 5-year research program is to develop and validate new optical biomarkers that will enable earlier diagnosis, improved treatment and better quality of life for patients. A total of 75 scientists will be working on this research program focusing on technological innovations and clinical assessment, involving a total budget of €18 million.

Through this program, we will be able to evaluate new molecular imaging markers with miniprobe and needle-based confocal laser endomicroscopy. “These markers could allow physicians to make decisions not only more quickly but also with greater accuracy and confidence, and could allow for personalized care in lung disease,” said Dr. J. T. Annema, Professor of Lung Endoscopy, Amsterdam University Medical Center.

R&D applied to improving current products and optimizing their production (product support)

The mission of the Research and Development teams is to encourage the development of existing solutions in a continual improvement approach, while listening to internal and external clients, and carrying out the following:

- to ensure and improve product manufacturing as part of a “lean” approach. To this end, monthly meetings between the R&D department, the production team and the support team are held;
- to develop new functions or improve the performance of existing products. The improvements are implemented after analysis of the improvement needs expressed by clients and their technical feasibility by the heads of product marketing.

A particular effort is being made relative to the approval of new methods for disinfecting or sterilizing Confocal Miniprobes so that they can be used in accordance with current hygiene regulations in healthcare facilities in the different countries in which they are marketed.

Technical product development

Within this mission, the Research and Development teams are working with Product Managers and Clinical Affairs Managers to develop new products as part of the Company's project management.

Efforts in 2021 mainly focused on resolving technological hurdles to enable the use of the new Cellvizio platform in real-world medical conditions, improving technologies to enable increased clinical versatility and user experience, studying some of the behaviors of the new system to better understand and control its features.

The topics have been retained (and will be detailed in later sections)

- miniaturization of the imaging platform;
- improvement of the probes: robustness, improved performance, resolution;
- work on the amount of signal transmitted and received by the fiber.

The new Cellvizio incorporates breakthrough modular design solutions to facilitate and better integrate endomicroscopy within procedure suites as well as within third-party platforms. The new platform's hardware and software design was built from the ground up to facilitate future developments, including integration of artificial intelligence (deep learning) capabilities for assisted image interpretation. The ergonomic and significantly reduced footprint, integrates easily with laparoscopic, advanced navigation, and robotic systems. This novel platform is also capable of hosting other proprietary endomicroscopic architectures with imaging capabilities at other wavelengths supporting fluorescence-guided surgery and molecular imaging.

With a redesigned user interface, Cellvizio offers smart navigation with greater efficiency and improved ergonomics. The brand new touch screen and one-handed connection to the probe make it easy to install and use. Developed to bring precision imaging to a greater number of patients with nine dedicated Confocal Miniprobos™, the new Cellvizio offers high quality imaging capability and provides clinicians with a highly effective imaging solution for endoscopies, minimally invasive procedures and surgeries.

The development has also reduced manufacturing costs while increasing their sustainability. This is cross-functional work that relates as much to the system (capital equipment) as the miniprobos themselves (the consumables). The next-generation of the platform began marketing on October 1, 2021.

In terms of robotic surgery, the Company has continued to expand its clinical activities as part of the BPI- funded PERSEE project. Surgery, and in particular minimally invasive surgery, is a medical field in which real-time microscopic imaging technology may have multiple applications. The PERSEE project, launched in 2010, is a collaborative project aimed at developing a flexible, miniature and robot-assisted endomicroscope designed for minimally invasive exploration of the abdominal cavity in order to detect possible contraindications to excision surgery. The aim is to offer cancer patients the best therapeutic strategy between surgery, chemotherapy and radiotherapy. Multiple trials were undertaken, at the conclusion of which physicians shared their enthusiasm for and interest in the potential of these solutions which they were able to test in this first study.

The second pilot phase of the PERSEE II project launched in 2017 with the objective of confirming the findings of the initial phases of the project with other physicians at other investigational sites. These objectives will be met through a multi-center trial, using specific tools developed using the Cellvizio technology.

In 2018 researchers finalized the protocols for the two pilot multi-center trials. The protocol for the urology trial involving IMM, the Diaconesses Hospital and the Tenon Hospital was approved and the first patient was included in early 2019. The gastroenterology pilot trial was finalized and researchers obtained final approval from the French Medicines Agency, ANSM, in January 2019.

In 2019 the urology trial and the gastroenterology pilot trial were launched and continuing as planned. The objective of the trial is to reproduce the technical feasibility and safety of endomicroscopic imaging (Cellvizio® system and Persée system) in a multi-center trial and to increase the number of indications:

- Approving instrument improvements (VizioBot-P including probes, remote diagnosis, markers), image processing and the feasibility of sharing communications (voice, video) across operating theaters and anatomical pathology laboratories in a duplex or multiplex layout within the network of the various investigational sites;
- Developing interactions between investigational sites through the sharing of data/images/videos on the Cloud;
- Confirming the absence of risk associated with the procedure by comparing the learning curves of the investigational sites;
- Expanding and confirming the atlas of videos and images.

We have set target indicators and associated clinical procedures that we want to assess as part of the trial:

- Exploratory and/or resection surgery for abdomino-pelvic cancers through manual or robot- assisted laparoscopy
 - With a particular focus on pancreas and liver cancer,
 - Intended recruitment: at least 35 patients for each specific indication,
 - Using indocyanine green (ICG) as the sole contrast agent, since the other marker used during the single-center trial, Patent Blue, did not give better results. As such these trials use our F800 system at 785 nm;
- Prostatectomy and/or urology surgery
 - Nerve protection using real-time microscopic imaging,
 - Checking of resection margins in real time at microscopic level,
 - Intended recruitment: at least 100 patients, and at least 10 per participating site.

Trial protocols were written and prototypes developed in 2018. Recruitment began in early 2019 as approval for two clinical trials by the ethics committees (CPPs) and French Medicines Agency (ANSM) and the signing of single contracts with the various investigatory sites took more time than expected.

Evaluation of confocal endomicroscopy in lung cancer

An article “Needle-based confocal laser endomicroscopy for real-time diagnosing and staging of lung cancer” was published in 2019 in the European Respiratory Journal (2019, DOI: 10.1183/13993003.01520-2018) in 2019. The use of endomicroscopic needle imaging provides accurate results on the nature of metastatic lung lesions and lymph nodes, according to the team of Prof. J. T. Annema, Professor of Pulmonary Endoscopy, Amsterdam University Medical Center. In a well-designed pilot clinical trial, it was shown that nCLE can be used to detect pulmonary tumors and metastatic lymph nodes with an 89% accuracy rate with significant intra- and inter-observer reliability. These promising findings confirm the fact that nCLE could be significant in complementing navigational bronchoscopy for the purposes of targeting and identifying pulmonary tumors in real time. It is a major publication which further supports new opportunities in interventional pulmonology for Mauna Kea.

Indeed, it shows that the use of our needle-based endomicroscopy platform is opening up a new era in interventional pulmonology, allowing more accurate navigation in the optimal sampling area with potential for the diagnosis, evaluation and treatment of pulmonary lesions in real time. Indeed, existing navigation systems offer advanced and minimally invasive access to peripheral nodules but have limited means of viewing directly outside the respiratory tract. Cellvizio, with the AQ-Flex™ 19 confocal miniprobe, can now be used through the operating channel of existing navigation systems to offer a direct “needle-based” view of the inside of peripheral lesions. Cellvizio is the leading endomicroscopic device on the market and can be integrated into robot-assisted bronchoscopic navigation platforms. As such, the approval of needle-based probes for bronchial applications is a critical milestone in continuing the exploration of possible indications for the Cellvizio technology in a field at the cutting edge of medical research.

After obtaining 510(k) clearance from the US Food and Drug Administration (FDA) in February 2019 for the use of the AQ-Flex™ 19 confocal miniprobe through transbronchial needles with existing bronchoscopes and bronchoscopic accessories, we were able to obtain equivalent authorization (CE marking) for Europe in mid-2020. The use of the AQ-Flex™ 19 confocal miniprobe is opening up a new era in interventional pulmonology, allowing more accurate navigation in the optimal sampling area with potential for the diagnosis, evaluation and treatment of pulmonary lesions in real time.

In order to support these clinical efforts in the field of interventional pulmonology, Mauna Kea is also carrying out technical trials in order to remove the technological obstacles of incompatibility with bronchoscopes on the market, and in particular the most innovative ones likely to be among the most widespread in the coming years.

Initial feasibility trials conducted in 2019 with two innovative robotic interventional pulmonology platforms: Monarch (Auris, recently acquired by Johnson and Johnson) and ION (Intuitive Surgical) had been very encouraging. A more detailed study was then carried out with the help of Auris to ensure the compatibility of the AQ-Flex 19 and AlveoFlex probes with the Monarch robotic platform. The main points of verification concerned the resistance of the probes to the radii of curvature and the forces of curvature imposed by the robot, non-disturbance of the robot's maneuverability and not disturbing its positioning system in space by electromagnetic field. These tests have made it possible to demonstrate the compatibility of the current probes with the Monarch navigation system and bronchoscope.

In particular, these studies have highlighted the high dependence of miniproboscopes for transbronchial procedures on the aspirating needles available for this indication. Indeed, out of all the needles tested, there is currently only one model of needle compatible with the probe and usable for pulmonology procedures. Fortunately, this model is compatible with the majority of bronchoscopes on the market, including robotic bronchoscopes, such as Auris' Monarch or Intuitive Surgical's ION.

However, the first user feedback, obtained during 2020, highlights that the design of this needle is not optimal for its use in robotic pulmonology. Mauna Kea Technologies is working to study and develop alternative transbronchial aspiration needles that would be compatible with the AQ-Flex 19 catheter. Discussions were initiated in early 2021 with suction needle manufacturers on this topic and a first prototype was received (c.f. TBNA Needle Development).

Despite the development of new technologies, the yield and precision of the diagnosis by transbronchial biopsy remain low (between 30 and 65%) and it is impossible to confirm with a high level of certainty that the biopsy needle takes a sample from the targeted lesion. It is becoming increasingly clear that nCLE imaging has the potential to significantly increase the yield and diagnostic accuracy of transbronchial biopsies, in line with the Company's goal of providing advanced imaging techniques and improving patient care.

Two studies have been financed by Mauna Kea Technologies in 2020 and 2021 to evaluate the clinical benefit of nCLE imaging in increasing the yield and diagnostic accuracy of transbronchial biopsies:

As part of the collaboration with Johnson & Johnson's Lung Cancer Initiative (LCI), Dr. Christopher Manley, Director of the Department of Interventional Pulmonology and Assistant Professor of Medicine at the Fox Chase Cancer Center (FCCC) in Philadelphia, and Dr. Jouke T. Annema, Professor of Pulmonary Endoscopy at the Amsterdam University Medical Center, obtained approval from the FCCC to initiate a pilot clinical study, combining nCLE and navigation robotic bronchoscopy, using both Cellvizio® and the Monarch™ platform from Auris Health, Inc. one of Johnson & Johnson's medical device companies, for the diagnosis of peripheral lung nodules. This study was co-financed by the Lung Cancer Initiative of Johnson & Johnson and Mauna Kea Technologies (Clinicaltrials.gov: NCT04441749). The main objective of this study was to assess the feasibility and safety of nCLE during bronchoscopy with robotic navigation in the assessment of peripheral lung lesions. This study covered 20 patients with peripheral nodules. The combination of nCLE with robotic navigation bronchoscopy allowed for a much greater proportion of lung tumors to be targeted and identified in real time than with conventional bronchoscopy techniques and could significantly increase confidence in the relevance of biopsies. The enrollment phase of the Fox Chase study ended in July 2021. An initial analysis of 17 patients was performed and presented at the 2021 European Respiratory Society (ERS) International Congress, held September 5-8, 2021, by Dr. Manley, the study's principal investigator. It showed that the vision and stability of the Monarch platform's robotic bronchoscopic navigation allowed it to navigate further into the lung to precisely target small lesions, and that *in vivo* cell imaging with nCLE provides very important real-time feedback to help identify abnormal tissue, with endomicroscopic imaging detecting malignant cells in 93% of cancer patients. One patient enrolled in the study with an nCLE image exhibiting criteria for malignancy but a negative result when the lesion was sampled with robotic bronchoscopic navigation, received a final diagnosis of malignancy after surgery, and in 6 out of 17 patients (35% of patients), the nCLE imaging guidance resulted in readjustment of the robotic bronchoscope to optimize the location of the sample;

2. A second study was also carried out by AUMC and financed by Mauna Kea Technologies, to evaluate the use of endomicroscopy by needle as a tool for real-time detection of lung cancer. This prospective study included 26 patients with peripheral lung nodules and was published in Thorax, a prestigious journal. The article entitled "Bronchoscopic needle based confocal laser endomicroscopy (nCLE) as a real-time detection tool for peripheral lung cancer" (DOI: 10.1136/thoraxjnl-2021-216885) provides additional evidence that endomicroscopic imaging with Cellvizio of peripheral lesions suspected of being cancerous is feasible, safe, and allows real-time detection of needle-tip malignancy with very high precision. This new study confirmed that endomicroscopic needle imaging in peripheral lung cancer is feasible, safe, and can detect malignancy at the needle tip in real time with 95% accuracy. Lead investigator Professor Annema also added that physicians can differentiate, with high reproducibility (with excellent intra- and inter-observer agreements equal to 0.82 and 0.78, respectively), between malignant airway tissue and healthy lung parenchyma, demonstrating the potential of nCLE imaging as a real-time guidance tool to reduce the rate of non-contributory transbronchial biopsies of peripheral lung cancer.

Evaluation of confocal endomicroscopy in the context of COVID-19

In the context of the COVID-19 pandemic, Mauna Kea Technologies participated in a pilot clinical study in 2020, led by Dr. Jouke T. Annema, MD, Ph.D., of the Amsterdam University Medical Center (AUMC), which uses pCLE to assess COVID-19 patients in intensive care with respiratory failure (study registered in the Dutch clinical trials register under number: NL9281). Prof. Annema and his team have previously demonstrated that endomicroscopic imaging of patients suffering from non-COVID severe acute respiratory syndrome is safe and provides microscopic and high-quality alveolar imaging to differentiate certain morphological criteria (Clinicaltrials.gov: NCT04479007). They concluded that endomicroscopic imaging has an added value compared to chest CT scans and that it has the potential to distinguish the main causes of respiratory failure in critically ill patients in intensive care. The characteristics of pCLE in severe acute respiratory syndrome related to COVID-19 are unknown. Endomicroscopic imaging during intensive care unit bronchoscopy could improve the diagnosis/etiology of severe acute respiratory syndrome related to COVID-19 and have a potential impact on treatment.

Pre-clinical and clinical studies with the Telix fluorescent marker in prostate and kidney cancer indications

In 2020, the scientific research collaboration between Telix and Mauna Kea called the “Alliance for Imaging and Robotics in Surgery (IRiS),” or “IRiS Alliance,” was created to develop and validate the potential of the two companies' combined technologies. The IRiS Alliance is based on the conviction that the use of cancer-specific positron emission tomography (PET) molecular imaging agents combined with fluorescent dyes, in conjunction with laser confocal endomicroscopy, can significantly improve surgical techniques and clinical outcomes in patients with urological cancers.

6. Significant events since the end of the financial year

Strategic reorganization

In January 2022, Mauna Kea Technologies announced the implementation of an expense reduction plan approved by the Board of Directors, with the objective of focusing its financial resources to support the strategic direction. This plan was communicated to the SEC on December 5, 2021. The Company and its subsidiary Mauna Kea Technologies Inc. anticipate a significant reduction in consolidated operating expenses in 2022. These expense reductions reflect a combination of lower administrative costs, lower sales and marketing expenses, lower Board of Directors' fees, the discontinuation of several non-core external consulting contracts, and a more focused and disciplined product development roadmap, among other sources. With this new configuration, the Group considers that it is in a position to meet its future operating needs to achieve its planned strategic objectives.

Strategic outlook

"The opportunity to leverage Cellvizio® as a key technology in the lung cancer market represents the most significant potential value creation lever for Mauna Kea's shareholders. In addition, the possibility of using Cellvizio® to enable molecular imaging-guided surgery is very promising in the future," said Sacha Loiseau, Founder and Chairman of Mauna Kea Technologies. "Significantly deferring our need for cash will allow us to achieve significant milestones on our product and clinical roadmaps, but also to identify additional strategic partners with the engineering expertise and commercial power to integrate the clinical insights of Cellvizio® and improve patient care. Although the Company is reducing its direct sales investments in the US, it will continue to support its large installed base and target high volume users. Mauna Kea's Board of Directors is confident that this more efficient capital resource allocation strategy will enable the Company to best serve the needs of its shareholders, employees and clinicians."

New collaboration

On March 7, 2022, On Target Laboratories, Inc. ("On Target"), a private biotechnology company that develops intraoperative molecular imaging agents to target and illuminate cancer during surgery, and Mauna Kea Technologies, signed a new clinical research and product development collaboration in the field of interventions guided by molecular imaging.

This collaboration was set up to develop the combined clinical and technological knowledge of the two companies, focusing initially on interventional pulmonology and lung cancer, with the possibility of extending this collaboration to other indications.

7. Employee shareholding

No share capital was held by the Company's employees, including the corporate officers, subject to collective management (employee savings plans (PEE) or employee shareholding funds (FPCE)), calculated in accordance with the provisions of Article L. 225-102 of the French Commercial Code.

Free shares – stock options

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, your Board of Directors informs you, in its special report, of the transactions carried out pursuant to Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code concerning the award of free shares.

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, your Board of Directors informs you, in its special report, of the transactions carried out pursuant to the provisions of Articles L. 225-177 to L. 225-186 of the French Commercial Code concerning the award of stock options.

The Company did not acquire any shares intended for awards to employees as part of the incentive scheme, the award of free shares or the grant of stock options to employees or executives.

8. Significant stakes acquired in companies headquartered in France, or takeovers of such companies; disposals of such stakes

In accordance with the provisions of Article L. 233-6 of the French Commercial Code, we inform you that the Company did not acquire or sell any stakes during the financial year.

We inform you that the Company does not have a branch in France.

9. Activities of subsidiaries and controlled companies

At December 31, 2021, the Company held the following subsidiary:

Mauna Kea Technologies, Inc.: Formerly based in Suwanee, Georgia, Mauna Kea Technologies Inc. was founded in 2005 and is now located in Boston (Massachusetts). This entity markets the Group's products on US territory and provides an interface with the regulatory authorities (FDA). At December 31, 2021, it had 20 employees and posted sales of \$5,521 thousand (*i.e.*, €4,665 thousand) and a net loss of \$(5,112) thousand (*i.e.*, €(4,319) thousand).

10. Appropriation of profit (loss)

We propose to allocate the losses for the financial year ended on December 31, 2021, *i.e.* €(16,033,905), to the retained earnings account, which will thus stand at €(127,671,043).

Reminder of dividends distributed

In accordance with the law, we remind you that the Company has not paid a dividend during the last three financial years.

Non-tax-deductible expenses

In application of Article 223 *quater* of the French General Tax Code, we ask you to approve the sumptuary expenses and non-deductible expenses referred to in Article 39-4 of this Code, which amount to €670.

11. Information on breakdown of share capital and treasury shares – Share buyback program

In accordance with the provisions of Article L. 233-13 of the French Commercial Code and taking into account the information received pursuant to Articles L. 233-7 and L. 233-12 of said Code, we inform you of the identity of the natural persons or legal entities holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieth, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at the Company's annual general meetings at December 31, 2021:

Johnson & Johnson Innovation Inc. holds 24.24% of the Mauna Kea Group, after the capital increase on September 23, 2021, and holds 23.69% of the voting rights.

The Company entered into a contract signed on May 24, 2012 with GILBERT DUPONT SNC to manage its liquidity contract.

Under this agreement, the Company held, at December 31, 2021, 75,617 shares, representing 0.17% of its share capital. At this date, the portfolio value was €57,847.01, based on the closing rate at December 31, 2021, *i.e.* €0.765.

During the financial year 2021 under this contract, 1,305,102 shares were bought at an average price of €1.25 and 1,274,740 shares were sold at an average price of €1.26.

The Company did not buy back its treasury shares for other reasons.

The Company has not informed any other limited liability company that it holds more than 10% of its capital. The Company has no cross-holdings and has not therefore disposed of any shares.

Treasury shares – Share buyback program

- Share buyback program adopted at the Company's Ordinary General Meeting on July 5, 2019

The Company's Extraordinary General Meeting of July 5, 2019 authorized the Board to implement, for a period of eighteen months from the date of the meeting, a share buyback program in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and market practices approved by the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*).

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF;
- to meet the obligations related to stock option, free share award, or employee savings plans, or other awards of shares to the employees and executives of the Company or the companies associated with it;
- to tender shares upon exercise of the rights attached to securities giving access to the share capital;
- to purchase shares to hold for their subsequent exchange or use as consideration in potential acquisitions; or
- conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities.

Maximum purchase price: €30 per share excluding fees and commissions, with a total limit of €5,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

It is specified that the number of shares acquired by the Company to be retained and subsequently delivered in payment or in an exchange as part of any merger, de-merger, or capital contribution may not exceed 5% of its share capital.

- Share buyback program adopted at the Company's Combined General Meeting on July 2, 2020

The Combined General Meeting of July 2, 2020 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below. This program took the place of the program adopted at the Ordinary General Meeting of July 5, 2019.

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF; and/or
- to honor obligations linked to stock option and free share plans;
- company savings schemes or other share awards to employees and executives of the Company or its associates; and/or
- to tender shares upon exercise of the rights attached to securities giving access to the share capital; and/or
- to purchase shares to be held for their subsequent exchange or use as consideration in potential acquisitions in compliance with market practices permitted by the AMF; and/or
- in general, to conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities, it being specified that, in such a situation, the Company would inform its shareholders through a press release.

Maximum purchase price: €5 per share, excluding fees and commissions (this purchase price will be adjusted to take account of capital transactions, in particular in the capitalization of reserves, free share grants, stock splits or reverse stock splits), with an overall ceiling of €4,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

The number of shares acquired by the Company to be held and subsequently exchanged or used as consideration for the purpose of any merger, de-merger, or capital contribution may not exceed 5% of the total number of shares.

Buyback methods: the acquisition, sale or transfer of shares may be carried out by any means, on one or more occasions, in particular on the market or over-the-counter, including by block purchases or sales, public offers, using options or derivative mechanisms, under the conditions pursuant to the market authorities and in compliance with applicable regulations.

- Share buyback program adopted at the Company's Combined General Meeting on June 3, 2021

The Combined General Meeting of June 3, 2021 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below. This program took the place of the program adopted at the Ordinary General Meeting of July 2, 2020.

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF; and/or
- to honor obligations linked to stock option and free share plans;
- to tender shares upon exercise of the rights attached to securities giving access to the share capital; and/or
- to purchase shares to be held for their subsequent exchange or use as consideration in potential acquisitions in compliance with market practices permitted by the AMF; and/or
- in general, to conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities, it being specified that, in such a situation, the Company would inform its shareholders through a press release.

Maximum purchase price: €5 per share, excluding fees and commissions (this purchase price will be adjusted to take account of capital transactions, in particular in the capitalization of reserves, free share grants, stock splits or reverse stock splits), with an overall ceiling of €4,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

The number of shares acquired by the Company to be held and subsequently exchanged or used as consideration for the purpose of any merger, de-merger, or capital contribution may not exceed 5% of the total number of shares.

Buyback methods: the acquisition, sale or transfer of shares may be carried out by any means, on one or more occasions, in particular on the market or over-the-counter, including by block purchases or sales, public offers, using options or derivative mechanisms, under the conditions pursuant to the market authorities and in compliance with applicable regulations.

Summary of the shares purchased and sold over the year:

	2021				Total
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Securities purchased	385 503	234 188	269 877	415 534	1 305 102
Price	1.69	1.34	1.12	0.88	
Total amount (in K€)	652	313	302	365	1 632
Securities sold	381 620	227 742	272 366	393 012	1 274 740
Price	1.69	1.34	1.14	0.88	
Total amount (in K€)	643	305	310	346	1 604

During the 2021 financial year, through the share buyback program, 1,305,102 shares were purchased and 1,274,740 shares were sold.

At December 31, 2021, the Company held 75,617 Mauna Kea Technologies shares acquired at an average price of €0.765 equal to the realizable value on December 31, 2021.

Treasury share are recognized as financial fixed assets.

Summary of transactions carried out by executives and persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code during the financial year

N/A.

12. Risk management and internal control procedures implemented by the Company

For the drafting of this part of its report, the Company relied on the implementation guide of the reference framework on internal control adapted to medium and small companies, updated and published by the AMF on July 22, 2010.

12.1. General principles of risk management

A) Definition

Mauna Kea Technologies continues to formalize its risk management process.

This process aims to identify all the risks and risk factors that can impact the Company's business activities and operations and to define the means of managing such risks and of containing them or bringing them down a level the Company can accept. The aim is to encompass every type of risk and apply the process to every activity of the Company and the Group.

B) Objectives of risk management

Mauna Kea Technologies has adopted the definition of risk management proposed by the French Financial Markets Authority¹ (AMF – *Autorité des Marchés Financiers*), whereby risk management is one of the Company's management tools that helps to:

- create and preserve the Company's value, assets and reputation;
- safeguard the Company's decision making and processes to promote the achievement of its objectives;
- ensure the Company's actions are consistent with its values;
- engage the employees around a common vision of the Company's principal risks.

C) Components of the risk management system

The risk factors identified to date by the Company are presented in Section 4 of the Universal Registration Document (URD) filed with the AMF.

To date, the Company has identified the following major families of risk:

- Risks related to the markets in which the Company operates;
- Legal risks (regulation applicable to medical devices and to authorizations already obtained or to ongoing processes and to the regulatory environment, intellectual property, product liability claims, etc.);
- Financial risks;
- Risks related to the Company's business and organization.

¹ Guide to the implementation of the reference framework for internal control adapted to small- and mid-caps (updated on July 22, 2010).

12.2. Co-ordination between risk management and internal control

The point of risk management is to identify the major risks and risk factors that might impact the activities, processes or objectives of the business and to define the means of containing these risks at an acceptable level, including by adopting preventive measures and controls that fall within the scope of the internal control system.

At the same time, the internal control system relies primarily on the risk management system to identify the major risks that need to be controlled. The Company devised and developed an internal control system from its initial founding, while the formalization of a risk management process has been more recent. The Company is now engaged in a process of coordinating the two systems, with the primary goal of identifying the control procedures that must apply to the business's key activities which might be affected by risks that analysis shows to be "major".

12.3. General principles of internal control

A) Definition

Mauna Kea Technologies adopts the definition of internal control proposed by the French Financial Markets Authority,² whereby internal control is a system implemented by the Company to ensure:

- compliance with laws and regulations;
- the enforcement of instructions and guidelines set by General Management;
- the proper functioning of the Company's internal processes;
- the reliability of financial information; and

in general, contributes to the control and effectiveness of its operations and the efficient use of its resources.

During the financial year, Mauna Kea Technologies continued to apply an internal control process designed to "guarantee internally the relevance and reliability of the information used and disseminated in the Company's activities."

B) Internal control components

Organization of the validation system

The internal control system is based on a clear organization of responsibilities, guidelines, resources and procedures. The Company has always had a quality assurance system. The processes applied in all areas of the business are defined in written procedures, operating methods, forms and notices. These documents outline the workflow, define the resources and responsibilities of participants, specify the know-how of the Company and give precise instructions on how to perform a given operation.

In 2013, to enhance its quality system and internal control, the Company opted to introduce SAP integrated management software with a pre-configured package designed for small and medium-sized enterprises. The functions concerned by this software are Purchasing/Suppliers, Sales/Customers, Accounts and Management Control.

The last audit of the information systems completed in 2018 did not reveal significant anomalies.

Everyone in the Company is affected by the internal control system.

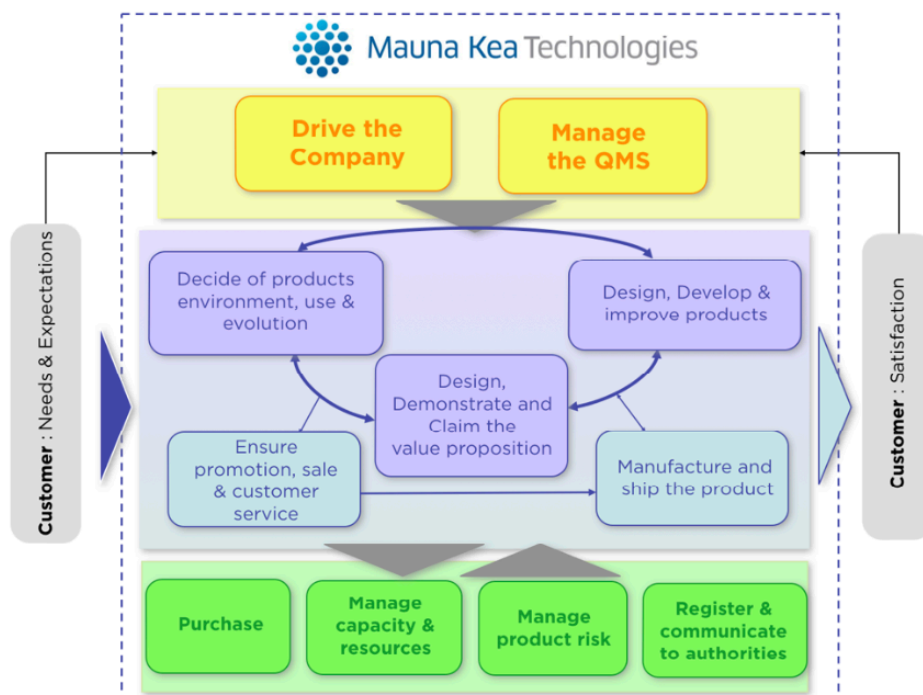
Procedures relating to operational processes

All documentation relating to the quality management system (QMS) is stored on a dedicated intranet which optimizes access to the documents and their ongoing adaptation to business developments (document life cycle management). The aim is to foster a continuous improvement in the quality and functional processes of the Company and the Group, be they operational, management or support processes.

² Guide to the implementation of the reference framework for internal control adapted to small- and mid-caps (updated on July 22, 2010).

Each one of these processes is placed under the responsibility of a steering person, who manages, along with responsibility for quality, all of the quality-control procedures and forms describing the activities covered by the process, as well as the performance indicators connected to the process. The various processes are reviewed on a regular basis by the corporate management, at the time of the management's review.

The quality assurance system covers the following areas:



The quality management system is audited once yearly by the notified entity GMED within the framework of the CE marking for medical devices. Since 2017, the results of the annual follow-up audits have shown by the lack of non-compliance that the quality system has come of age. CE marking has been ensured and maintained since its first certification. Furthermore, in 2018, the Company's quality system has been inspected by the FDA according to the requirements of 21 CFR 820. The result was positive, and while only one instance of non-compliance was revealed, corrective action was quickly defined, and this outcome did not jeopardize the US marketing authorizations. The Company provides to its day-to-day operations the level of efficiency needed to maintain compliance with the requirements to which it is subject, involving all its employees.

Financial reporting procedures

The Company has set up the following organization to limit financial management risks:

- The Company's General Management, and more specifically staff from the Finance Department, are responsible for improving internal control and adopting the recommendations of the external auditors and Audit Committee,
- The Company maintains an internal separation between the production and supervision of its financial statements and relies on independent experts to examine complex accounting entries such as the research tax credit and valuation of stock options or stock warrants for business creator shares,
- The financial and accounting management of the US subsidiary, Mauna Kea Technologies Inc., undergoes a regular internal review by the registered office accounting team,
- Payroll management in France and the review of US payroll is outsourced to a specialized independent firm.

In general, all of the Company's accounting options are defined by the Finance Department following a discussion with the General Management and statutory auditors, before being presented to and examined jointly with the Audit Committee. This ensures that the Company's practices are fully compliant with French and international standards (IFRS), as well as maintaining consistency in the presentation of the financial statements.

At year-end, a detailed budget is prepared for the following financial year by the Finance Department and signed off by the General Management. This budget is presented to the Board of Directors. At the end of each half-year, the accounting teams close the Group's consolidated financial statements.

The analytical validation of entries and a comprehensive spending review are carried out during periodic budget reviews organized with all operational managers. The Finance Department reports to the General Management and Directors at each Board meeting. The reports are presented and discussed periodically at Board meetings.

12.4. Risk management and internal control actors

Since the creation of the Company, General Management, supported by the Audit Committee, has played a leading role in defining and driving the internal control system and risk management.

12.5. Risk management and internal control limits and opportunities for improvement

The Company seeks to adapt its risk management system to its information system (ERP) and to improve the monitoring of the action plans identified.

In the medium term, the Company could extend the functional coverage of its ERP system with additional functions such as production and after-sales service.

12.6. Financial risks related to the effects of climate change

Given its business, the Company is only slightly exposed to climate change. The financial risks associated with these changes are therefore negligible for the Company, which nevertheless constantly monitors these matters.

13. Restrictions imposed by the Board in respect of the exercise of options granted or sale of free shares granted to executives

In accordance with the provisions of Article L. 225-185 and L. 22-10-57 of the French Commercial Code, the Board of Directors decided to set at 10% the proportion of shares resulting from the exercise of the options that the Chief Executive Officer must retain in registered form until the end of the termination of his duties as Chief Executive Officer of the Company.

In accordance with the provisions of Article L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors decided that the Chief Executive Officer must hold in registered form, until the termination of his duties, 10% of the shares awarded by the Board of Directors, up to a limit of a number of shares whose cumulative value does not exceed one year's total gross compensation.

14. Statement of non-financial performance required by Article R. 225-102-1 of the French Commercial Code

As the Company does not exceed the thresholds provided for in Article R. 225-102-1 of the French Commercial Code, it decided not to prepare a statement of non-financial performance for the year 2021.

II. REPORT ON CORPORATE GOVERNANCE

1. General Management of the Company

Mr. Robert Gershon resigned from his position as Chief Executive Officer and stepped down as a member of the Board of Directors on December 10, 2021. Mr. Nicolas Bouvier, member of the Executive Committee since 2019, will become Interim Chief Executive Officer during the search for a permanent Chief Executive Officer.

The resignation of Mr. Christophe Lamboeuf, Deputy CEO and Chief Financial Officer is effective on December 31, 2021. Ms. Shu-i Gautheron, the former Head of Administration and Finance since June 2021, was promoted to the position of Chief Administrative and Financial Officer following the departure of Mr. Christophe Lamboeuf.

2. Corporate governance

2.1 Corporate governance methods

Until May 25, 2011, the Company was incorporated as a simplified joint stock company. As part of its IPO, the Company was transformed on May 25, 2011 into a public limited company (*société anonyme*) with a Board of Directors and adopted new governance rules. The Company is administered by a Board of Directors and managed by a Chief Executive Officer.

At its meeting of May 25, 2011, the Board of Directors adopted internal rules which specify the role and composition of the Board, the principles of conduct and the obligations of the members of the Board of Directors of the Company and the operating procedures of the Board of Directors and Committees and specifies the rules for determining the compensation of their members.

The Board is subject to the provisions of the French Commercial Code, Articles 11 to 13 of the Company's bylaws and the internal rules adopted by it.

The Board is responsible for:

- determining the general direction of the Company's business and ensuring its implementation. Subject to the powers expressly granted to the shareholders' meetings, and within the limit of the Company purpose, the Board will deal with any question pertaining to the smooth running of the Company and will settle the business that concerns the Company in its deliberations;
- appointing the Chairperson of the Board, the Chief Executive Officer and the Deputy Chief Executive Officers and setting their compensation;
- authorizing the agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code; and
- proposing the appointment of the statutory auditors to the General Shareholders' Meeting;
- approving the report of the Chairperson of the Board on corporate governance and internal control; and
- preparing the draft resolutions referred to in Article L. 22-10-8 of the French Commercial Code and the related report.

It ensures the quality of the information provided to shareholders and the markets.

In accordance with the provisions of Article L. 225-35 paragraph 4 of the French Commercial Code, the Board must give prior approval for sureties, endorsements and guarantees.

To organize its governance, the Company has chosen to refer to the corporate governance code for medium and small-sized companies as published in December 2009 and revised in September 2016 by MiddleNext and validated as a reference code by the French Financial Markets Authority (the "MiddleNext Code").

At its meeting of April 19, 2022, the Board of Directors, in accordance with recommendation No. 19 of the MiddleNext Code, acknowledged the points of vigilance of said Code and undertook to review them regularly.

The Board initiated a process aimed at gradually bringing itself into compliance with the recommendations of the MiddleNext Code as revised in its September 2016 edition and, to this end, amended its internal rules at the Board meeting of March 21, 2017.

Below is a list of the terms of office and roles performed by the corporate officers in all company(ies) during the past financial year:

<u>Name and roles held within the Company</u>	<u>Main roles held in all companies</u>	<u>Other appointments held in all companies</u>
Alexandre Loiseau, Chairman of the Board of Director	Therapixel SA, Chairman of the Board of Directors	MDoloris SA, member of the Strategic Committee Lifen, member of the Strategic Committee Aqemia, representative of Elaia on the Strategic Committee SeqOne, member of the Strategic Committee InHeart, observer on the Board of Directors i-Virtual, observer on the Board of Directors
Chris McFadden – Independent Director	Kohlberg Kravis Roberts, Managing Director	InnovaTel Telepsychiatry, Director One Call, director Fastaff Travel Nursing, observer on the Board of Directors Athena Health, observer on the Board of Directors
Joseph DeVivo Independent Director	Teladoc Health Inc, Chairman of Hospital & Health Systems	American Telemedicine Association, Director
Molly O'Neill Independent Director	Medforth Global Healthcare Education, Chief Growth and Strategy Officer	Qure Medical, Director Rocky Vista University Boards, Director
Robert Gershon Chief Executive Officer	Mauna Kea Technologies, Chief Executive Officer (resigned on December 10, 2021)	N/A
Nicolas Bouvier Chief Executive Officer	Mauna Kea Technologies, Chief Executive Officer (appointed on December 10, 2021)	N/A
Claire Biot Independent Director	Dassault Systèmes, VP of Industrie de la Santé	N/A
Jacquelien Ten Dam Independent Director	Mimetas, Chief Financial Officer	N/A

2.2 Members of the Board of Directors

During 2021, the Board of Directors of the Company consists of six Directors. No non-voting board members were appointed to date.

Name or company name	Role	Date of appointment	Expiration of term of office	Committee
Alexandre Loiseau	Chairman of the Board of Directors	Appointment as a Director by the OGM of May 3, 2017 Appointed Chairman of the Board of Directors on October 10, 2018 with effect from October 22, 2018	At the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2021	Member and Chairman of the Strategic Committee – Member of the Compensation Committee
Chris McFadden	Independent Director	OGM of May 3, 2017	At the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2021	Member and Chairman of the Compensation Committee
Joseph DeVivo	Independent Director	OGM of May 3, 2017	At the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2021	Member of the Audit and Strategic Committees
Molly O'Neill	Independent Director	OGM of May 30, 2018	At the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2021	Member and Chair of the Audit Committee
Robert Gershon	Director	Co-opted by the Board of Directors of October 10, 2018 with effect from October 22, 2018 – Ratified by the OGM of December 19, 2018	Resignation on December 10, 2021	N/A
Claire Biot	Independent Director	OGM of July 2, 2020	At the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2021	N/A
Jacquelin Ten Dam	Independent Director	Co-opted as a Director by the Board of Directors on a provisional basis on December 2, 2020, ratification by the Combined General Meeting of June 3, 2021	At the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2021	Member of the Audit Committee

In accordance with recommendation No. 1 of the MiddleNext Code, the executive directors do not hold more than two other appointments as Directors in listed companies outside the Board's Group.

2.3 Balanced gender representation

The Board includes three women out of six members at the date of this report. The Company is in compliance with the law of January 27, 2011 on balanced gender representation on boards of directors, the Board of Directors being comprised of less than eight members, therefore the difference between the number of Directors of each gender shall not be greater than two.

2.4 Independent Directors

In accordance with its internal rules, the Board of Directors has decided to adopt the definition of independence proposed by the MiddleNext Code in its recommendation No. 3 “Composition of the Board”, which is characterized by the following five criteria:

- is not, and has not over the past five years been, an employee or executive corporate officer of the Company or of any company in its Group;
- is not, and has not over the past two years been, in a significant relationship with the Company or its Group (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- is not a reference shareholder of the Company and does not hold a significant portion of its voting rights;
- does not have a close relationship or family ties with a corporate officer or reference shareholder of the Company; and
- has not, over the past six years, been a statutory auditor of the Company.

At its meeting of April 19, 2022, the Board of Directors determined that four of its members met all the criteria, namely Mr. Christopher McFadden, Ms. Molly O'Neill, Ms. Claire Biot and Ms. Jacquelin Ten Dam.

Every year, the Board of Directors will assess, on a case-by-case basis, the status of each member vis-à-vis the aforementioned criteria.

2.5 Terms of office

In accordance with the thirty-fourth resolution adopted by the Combined General Meeting of July 2, 2020, the Director's term of office has been reduced to two years, *versus* three years previously. This term is tailored to the specific requirements of the Company. The reappointment of Directors is not staggered, as recommended by the MiddleNext Code (recommendation No. 9). In fact, all members are reappointed at the same time.

2.6 Ethics

The internal rules and code of ethics were approved by the Board of Directors. These documents outline the rules which must be followed by the members of the Board, in accordance with recommendation No. 1 of the MiddleNext Code.

2.7. Director selection

When each Director is appointed or reappointed, information on his or her experience, skills and the list of offices held is provided in the Reference Document and to the General Meeting. This information is available online on the Company's website, as suggested in the MiddleNext Code, under recommendation No. 8. The appointment and/or renewal of each Director shall be the subject of a specific resolution submitted to the shareholders' vote.

3. Preparation and organization of tasks undertaken by the Board

The Company's Board of Directors has a set of internal rules, in accordance with recommendation No. 7 of the MiddleNext Code. This document, approved by the Board of Directors at its meeting of May 25, 2011 and amended by the Board of Directors at its meeting of March 21, 2017, is available on the Company's website.

In compliance with recommendation No. 2, these internal rules, in the clause entitled "Disclosure of interest" on the prevention of conflicts of interest, state that a Director who finds him or herself in a situation of conflict of interest, is obliged to inform the members of the Board as such and to determine whether he/she should abstain from voting and/or taking part in Board discussions.

In compliance with recommendation No. 4 of the MiddleNext Code, outside of Board meetings and when in the interest of the Company, the Directors must regularly be provided with all important information relating to the Company, that is likely to have an impact on the commitments and financial position thereof. They may ask for any further explanations or additional information, and more generally, may request access to any information they deem useful.

To take an effective part in the Board's work and deliberations, each member of the Board is provided with whatever additional documents he or she thinks useful. Such requests are made to the Chairperson or, when appropriate, to any senior executive of the Company (Chief Executive Officer or Deputy Chief Executive Officer).

Each member of the Board is authorized to meet with the Company's senior executives, so long as he or she first informs the Chairperson of the Board and the Chief Executive Officer.

The Board is regularly informed by the Chief Executive Officer of the Company's and the Group's financial position, cash position, financial commitments and significant events.

Finally, any new member of the Board may ask to receive training in particular aspects of the Company or Group, their lines of business and their business segments.

The members of the Board are convened by letter, fax or email at least five (5) days before each meeting.

The Board may also be convened by any other means, even verbally, if all the Board members in office are present or represented at the meeting.

All documents or drafts of documents that could be informative to the members about the meeting agenda and any matters brought before the Board are sent, handed or made available to the members of the Board within a reasonable time before the meeting.

Moreover, whenever it meets, the Board is informed about the Company's financial position, cash position and commitments.

In accordance with recommendation No. 11 of the MiddleNext Code, once a year the Board discusses the way it functions and, at least once every three years, undertakes a formal assessment, where appropriate with an outside consultant.

The purpose of this assessment, moreover, is to make sure that the important questions are suitably prepared and debated, and to measure the contribution of each member to the Board's work, chiefly in regard to his or her qualifications and degree of involvement.

4. Report on the Board's activities during the 2021 financial year

The minutes of each meeting are prepared by the Chief Executive Officer, then approved by the Chairperson, who submits them for approval at the next meeting. They are copied into the minutes register following signature by the Chairperson and one Director.

During the 2021 financial year, the Board of Directors of the Company met 11 times. All meetings were chaired by the Chairperson of the Board. The Directors' attendance rate was 100%.

As set out in recommendation No. 14 of the MiddleNext Code, the majority of issues are addressed at the meetings of the Board. Nevertheless, the issues relating to the assumption of an accident and the sudden unavailability of the executive were not addressed during the 2021 financial year and will be added to the agenda of the next Board meeting.

Prior to Board meetings, the Directors are sent all documents required to enable them to prepare for the issues to be discussed.

Lastly, in accordance with recommendation No. 12 of the MiddleNext Code, executives must offer minority shareholders the opportunity to meet with them and discuss the operation of the Company. In 2021, this was done during the Combined General Meeting, which was held in Paris on June 3, 2021.

5. Organization of the committees

In accordance with recommendation No. 6 of the MiddleNext Code, the Board of Directors decided to set up three specialized committees: the Audit Committee, the Compensation Committee and the Strategic Committee.

5.1 Audit Committee

At its meeting of May 25, 2011, the Company's Board of Directors decided to create an Audit Committee.

The mission of the Audit Committee is, independently from the Company's executives, to assist the Board of Directors and ensure the fairness of the financial statements, the quality of internal control and the relevance of the information provided and the proper performance by the statutory auditors.

The Audit Committee is responsible in particular for:

- monitoring the process of preparing the financial information;
- monitoring the efficacy of the internal control and risk management systems;
- monitoring the legal audit of the annual financial statements and the consolidated financial statements by the statutory auditors;
- issuing a recommendation on the statutory auditors proposed for appointment by the General Meeting and reviewing the terms of their compensation;
- monitoring the independence of the statutory auditors;
- examining the conditions for the use, if any, of derivatives;
- periodically reviewing the status of major litigation; and
- in general, providing any advice and making any appropriate recommendation in the above areas.

The Audit Committee is, if possible, comprised of at least three members appointed by the Board of Directors. The term of service of Audit Committee members is the same as that of their directorships. The members of the Audit Committee are chosen from among the members of the Board of Directors and, to the extent possible, two-thirds of them are Independent Directors, one of them having particular competence in financial or accounting matters, with the understanding that all the members have minimum competence in financial or accounting matters.

The members of the Audit Committee are as follows:

- Molly O'Neill, Chair and Independent Director, appointed by the Board of Directors meeting of October 10, 2018,
- Joseph DeVivo, member of the Audit Committee, appointed by the Board of Directors on March 23, 2016.
- Jacquélien Ten Dam, member of the Audit Committee appointed by the Board of Directors on December 2, 2020.

The appointment of three members was deemed sufficient in view of the total number of Directors of the Company. The internal rules of the Audit Committee, adopted on May 25, 2011 after approval by the Board of Directors, outline the legal responsibilities and practices of the Audit Committee, including the minimum number of committee meetings each

year. They also state that the committee may interview any member of the Company's Board of Directors and request any internal or external audit for any matter that it considers within its remit. The Chairperson of the Audit Committee shall give prior notice of this act to the Board of Directors. In particular, the Audit Committee has the authority to hear persons who participate in the preparation of the financial statements or their review (Vice-President of Finance, Chief Administrative and Financial Officer). It has the right of direct, independent and confidential consultation with the statutory auditors.

The Audit Committee met twice during the 2021 financial year.

5.2 Compensation Committee

The Compensation Committee is responsible in particular for:

- examining the main objectives proposed by General Management with respect to the compensation of executives who are not corporate officers of the Group, including the free share and stock option plans;
- examining the compensation of executives who are not corporate officers, including the free share and stock option plans, the pension and insurance benefit plans and the benefits in kind;
- making recommendations and proposals to the Board of Directors on:
 - the compensation, the pension and insurance benefit plans, the benefits in kind, the other financial rights, including those in the event of a termination of employment, of the members of the Board of Directors. The committee proposes compensation amounts and structures, in particular, rules for determining the variable portion, taking into account the Company's strategy, objectives and results as well as market practices, and
 - the free share and stock option plans and any other similar incentive arrangement, in particular, the personal awards to the members of the Board of Directors;
- examining the total amount of Directors' fees and the arrangements for distribution among the members of the Board of Directors, as well as the conditions for reimbursement of expenses that might have been incurred by the members of the Board of Directors;
- preparing and presenting the reports, where applicable, set forth in the Board of Directors' internal rules, and;
- preparing any other recommendation that might be asked of it by the Board of Directors with respect to compensation.

In general, the committee provides any advice and makes any appropriate recommendation in the above areas.

The Compensation Committee consists if possible of at least two members appointed by the Board of Directors, with the provision that no member of the Board of Directors who serves as an executive in the Company can serve on the Committee. The term of service of Compensation Committee members is the same as that of their directorships.

The members of the Compensation Committee appointed on June 11, 2014, March 21, 2017 and October 10, 2018 are:

- Mr. Chris McFadden, Chairman of the Compensation Committee and Independent Director,
- Mr. Alexandre Loiseau, Independent Director.

As part of its duties, the committee may ask the Chairperson of the Board of Directors to obtain assistance from any Company executive whose expertise might facilitate the handling of any item on the agenda.

The committee met twice during the 2021 financial year.

5.3 Strategic Committee

The Strategic Committee constituted by the Board of Directors of October 10, 2018 is responsible for making recommendations to the Board on the Company's strategic approaches.

It is composed of two members, Mr. Alexandre Loiseau and Mr. Joseph DeVivo.

The committee met eleven times during the 2021 financial year.

6. Compensation of corporate officers

In accordance with the provisions of Article L. 22-10-9 of the French Commercial Code, we hereby report to you on the total compensation and benefits in kind paid during the past financial year to each corporate officer, both by the Company and by companies controlled by the Company within the meaning of Article L. 233-16 of the French Commercial Code:

The information below is prepared by referring to the MiddleNext corporate governance code for small and mid-size companies as amended in September 2016.

Each member of the Board may receive Directors' fees, whose amount is voted on by the Ordinary General Meeting and whose distribution is decided by the Board, based on the attendance of Board members and the time they devote to their roles, including, where applicable, within the committee or committees set up by the Board.

Any compensation paid to the Chairperson is set by the Board, after consulting the Compensation Committee.

Board members may also receive compensation for specific duties entrusted to them by the Board of Directors in addition to their normal roles on the Board.

Each Director is entitled to the reimbursement of reasonable travel expenses incurred in the financial year for the performance of his or her duties.

Summary table of compensation and options and shares granted to each executive corporate officer		
Alexandre Loiseau (Chairman of the Board of Directors from October 22, 2018)	Financial year ended 12/31/2021 (in euros)	Financial year ended 12/31/2020 (in euros)
Compensation due for the financial year (detailed in Table 2)	206,564	244,061
Valuation of options granted during the period	N/A	N/A
Valuation of performance shares and free shares awarded during the financial year	33,873	81,308
(Chief Executive Officer) – took office on December 10, 2022 Nicolas Bouvier	Financial year ended 12/31/2021 (in euros)	Financial year ended 12/31/2020 (in euros)
Compensation due for the financial year (detailed in Table 2)	7,901	N/A
Valuation of options granted during the period	N/A	N/A
Valuation of performance shares and free shares awarded during the financial year	0	N/A
(Chief Executive Officer) – as of October 22, 2018 Robert Gershon	Financial year ended 12/31/2021 (in euros)	Financial year ended 12/31/2020 (in euros)
Compensation due for the financial year (detailed in Table 2)	522,126	514,985
Valuation of options granted during the period	23,189	27,917
Valuation of performance shares and free shares awarded during the financial year	N/A	N/A

(Deputy CEO) – as of October 22, 2018 Christophe Lamboeuf	Financial year ended 12/31/2021 (in euros)	Financial year ended 12/31/2020 (in euros)
Compensation due for the financial year (detailed in Table 2)	223,960	237,158
Valuation of options granted during the period	N/A	N/A
Valuation of performance shares and free shares awarded during the financial year	0	37,944

Summary of compensation for each executive corporate officer				
(Chairman of the Board of Directors) Alexandre Loiseau	Amounts due for the year ended 12/31/2021 (in euros)		Amounts due for the year ended 12/31/2020 (in euros)	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- Fixed compensation	118,073 ⁽¹⁾	106,629	155,707 ⁽¹⁾	163,740
- Variable compensation	0	0	0	0
- Exceptional compensation	0	0	0	0
- Directors' fees	73,000	73,000	73,000	73,000
- Benefits in kind	15,490	15,490	15,354	15,354
TOTAL	206,564	195,119	244,061	252,094
(Chief Executive Officer) Nicolas Bouvier	Amounts due for the year ended 12/31/2021 (in euros)		Amounts due for the year ended 12/31/2020 (in euros)	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- Fixed compensation	7,762 ⁽⁵⁾	7,762	N/A	N/A
- Variable compensation	0	0	N/A	N/A
- Exceptional compensation	0	0	N/A	N/A
- Directors' fees	0	0	N/A	N/A
- Benefits in kind	139 ⁽⁵⁾	139	N/A	N/A
TOTAL	7,901	7,901	N/A	N/A
(Chief Executive Officer) Robert Gershon	Amounts due for the year ended 12/31/2021 (in euros)		Amounts due for the year ended 12/31/2020 (in euros)	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- Fixed compensation	336,161 ⁽²⁾	345,450	363,401 ⁽²⁾	356,191
- Variable compensation	0	141,930 ⁽⁴⁾	151,584 ⁽⁴⁾	173,072 ⁽³⁾
- Exceptional compensation	185,965 ⁽⁶⁾	185,965	0	0
- Directors' fees	0	0	0	0
- Benefits in kind	0	0	0	0
TOTAL	522,126	673,344	514,985	529,263
(Deputy CEO) Christophe Lamboeuf	Amounts due for the year ended 12/31/2021 (in euros)		Amounts due for the year ended 12/31/2020 (in euros)	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- Fixed compensation	192,474	192,474	188,700	188,700

- Variable compensation	0	47,467 ⁽⁴⁾	47,227 ⁽⁴⁾	55,176 ⁽³⁾
- Exceptional compensation	30,255 ⁽⁷⁾	30,255	0	0
- Directors' fees	0	0	0	0
- Benefits in kind	1,231	1,231	1,231	1,231
TOTAL	223,960	271,427	237,158	245,107

(1) Compensation paid in 2020 was overstated. The overpayment was regularized in February 2021.

(2) Compensation paid in 2020 was understated. This was regularized in January 2021.

(3) Variable compensation due for financial year 2019 paid in 2020.

(4) Variable compensation provisioned in respect of financial year 2020 which will be paid in 2021.

(5) Because Mr. Bouvier took office on December 10, 2021, the compensation as CEO is calculated on a pro rata basis.

(6) Severance payments for Mr. Gershon.

(7) Paid holiday allowances for Mr. Lamboeuf.

Following the departure of Mr. Gershon, an agreement was reached to grant him the following benefits:

- compensation of US \$250,000 under the settlement agreement signed on September 30, 2018;
- the vesting of rights to unvested stock options is extended by 12 months;
- the extension of the exercise period for stock options is extended until December 31, 2022.

The basic contract for the granting of a severance payment was authorized by the Board of Directors on October 10, 2018. The final conditions related to the departure of Mr. Gershon as specified above were authorized by the Board of Directors on December 10, 2021.

It is recalled, to the extent necessary, that no payment of any kind whatsoever may be made before the Board of Directors acknowledges, on or after termination of his duties, compliance with the above conditions.

Stock options granted during the financial year to each executive corporate officer by the issuer and by each Group company						
Name of the executive corporate officer	Plan No. and date	Type of options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements	Number of options granted during the financial year	Exercise price	Exercise period
Robert Gershon (CEO)	SO 05/18/2021	Stock options	23,189	82,000	€1.34	2022 to 2025

Stock options exercised during the financial year by each executive corporate officer				
Name of the executive corporate officer	Plan No. and date	Number of options exercised during the period	Exercise price	Year of grant
N/A				

Free shares granted during the financial year to each executive corporate officer by the issuer and by any Group company						
Name of the executive corporate officer	Plan No. and date	Number of shares granted during the period	Valuation of the options according to the method used for the consolidated financial statements	Acquisition date	Vesting date	Performance conditions
Alexandre Loiseau (Chairman of the Board)	Free shares (AGA) 05/18/2021	45,000	33,873	05/18/2022/ 2023/2024	05/18/2024	N/A
Christophe Lamboeuf (Deputy CEO)	Free shares (AGA) 05/18/2021	23,000	0	N/A	N/A	N/A

Free shares vesting during the period for each executive corporate officer				
Name of the executive corporate officer	Plan No. and date	Number of shares vesting during the period	Vesting condition	Year of grant
Alexandre Loiseau (Chairman of the Board)	Free shares (AGA) 07/22/2020	75,000	N/A	2020
Christophe Lamboeuf (Deputy CEO)	Free shares (AGA) 07/22/2020	35,000	N/A	N/A

The following table contains details of the conditions of compensation and other benefits granted to the corporate officer:

<u>Executive corporate officers</u>	<u>Employment contract</u>		<u>Supplementary pension plan</u>		<u>Compensation or benefits due or likely to be due owing to termination or change of role</u>		<u>Compensation for non-compete clause</u>	
	Yes	No	Yes	No	Yes	No	Yes	No
Nicolas Bouvier, Chief Executive Officer	X			X		X		X
Date on which term of office started:	December 10, 2021							
Date on which term of office expired:	June 9, 2022							

<u>Executive corporate officers</u>	<u>Employment contract</u>		<u>Supplementary pension plan</u>		<u>Compensation or benefits due or likely to be due owing to termination or change of role</u>		<u>Compensation for non-compete clause</u>	
	Yes	No	Yes	No	Yes	No	Yes	No
Robert Gershon Chief Executive Officer		X		X	X			X
Date on which term of office started:	October 22, 2018							
Date on which term of office expired:	December 10, 2021							

<u>Executive corporate officers</u>	<u>Employment contract</u>		<u>Supplementary pension plan</u>		<u>Compensation or benefits due or likely to be due owing to termination or change of role</u>		<u>Compensation for non-compete clause</u>	
	Yes	No	Yes	No	Yes	No	Yes	No
Christophe Lamboeuf Deputy CEO	X			X		X		X
Date on which term of office started:	October 22, 2018							
Date on which term of office expired:	December 31, 2021							

Equity ratios

Article L. 22-10-9 -of -the French Commercial Code on executive compensation, provides that companies whose shares are admitted to trading on a regulated market must present in the Board of Directors' report on corporate governance the information shown in the table below, it being specified that:

- the equity ratios were determined according to the methodology recommended by AFEP in its guidelines on compensation multiples published on December 19, 2019;
- in accordance with these guidelines, employees who are continuously present from January 1 to December 31 in the workforce of Mauna Kea Technologies SA and its subsidiary in the United States are taken into account in the calculation of the ratios;
- the compensation used is the gross compensation paid in 2021 (fixed and variable including benefits in kind) – stock options, performance shares and free shares have been excluded (their non-recurring nature does not allow for comparability of the year-to-year ratios)

	Equity ratio – Average compensation				
	2017	2018	2019	2020	2021
Chairman of the Board	n/a	n/a	3.19	3.15	2.58
Chief Executive Officer	4.07	3.87	5.26	6.61	6.61
Deputy CEO	n/a	n/a	2.6	3.06	2.79

	Equity ratio – Median compensation				
	2017	2018	2019	2020	2021
Chairman of the Board	n/a	n/a	4.55	4.34	3.36
Chief Executive Officer	5.15	4.9	7.52	9.11	8.62
Deputy CEO	n/a	n/a	3.71	4.22	3.64

Principles and rules determining the compensation of corporate officers

The Company applies all of the recommendations of the MiddleNext Code on executive and non-executive pay.

For the 2021 financial year, the variable compensation targets for the Chief Executive Officer were set and approved by the Board of Directors on May 18, 2021 on the recommendation of the Compensation Committee. These objectives took into account the Company's sales growth. The Compensation Committee accepted the Executive Committee's proposal not to pay variable compensation to the members of the Executive Committee, including the former Chief Executive Officer Mr. Gershon and the former Deputy Chief Executive Officer Mr. Lamboeuf.

Executive corporate officers do not receive Directors' fees in respect of their corporate office within the Company. In addition, they are not entitled to any deferred compensation, severance pay or pension commitments, in accordance with recommendation Nos. 16 and 17 of the MiddleNext Code.

As part of its compensation policy and to motivate its executives and employees, the Company granted free preference shares to the Company's employees and stock options to the employees of its subsidiary.

Contrary to recommendation No. 18 of the MiddleNext Code, the Company implements a policy of awarding free shares to its Chief Executive Officer. It is specified that for the award of free shares, when the plans benefited the executive, they also benefited all Group employees, who received either free shares or stock options.

Directors' fees and other compensation received by non-executive corporate officers

Table of Directors' fees and other compensation received by non-executive corporate officers		
Members of the Board of Directors	Directors' fees paid for the financial year ended 12/31/2014 (in euros)	Directors' fees paid for the year ended 12/31/2020 (in euros)
Alexandre Loiseau		
- Directors' fees	73,000	73,000
- other compensation	0	0
TOTAL	73,000	73,000
Christopher McFadden		
- Directors' fees	40,000	40,000
- other compensation	0	0
TOTAL	40,000	40,000
Joseph DeVivo		
- Directors' fees	43,500	46,000
- other compensation	0	0
TOTAL	43,500	46,000
Jennifer F. Tseng		
- Directors' fees	0	38,000
- other compensation	0	0
TOTAL	0	38,000
Molly O'Neill		
- Directors' fees	37,500	40,000
- other compensation	0	0
TOTAL	37,500	40,000
Claire Biot		
- Directors' fees	27,500	15,000
- other compensation	0	0
TOTAL	27,500	15,000
Jacquelin Ten Dam		
- Directors' fees	36,000	0
- other compensation	0	0
TOTAL	36,000	0

The Board of Directors on May 25, 2016 set the principles for distributing Directors' fees between its members as follows:

- the Board of Directors distributes Directors' fees on an annual basis. They are paid on a quarterly basis;
- the Chairperson of the Board of Directors is allocated €55,000 per year, *prorata temporis*;

- the Independent Directors, with the exception of the Chairperson of the Board of Directors and executives, are each allocated €30,000 pro rated to their attendance rate at Board meetings;
- the Chairpersons of the Audit, Strategic and Compensation Committees are each allocated €10,000 per year for this role;
- the members of the Audit Committee, the Strategic Committee and Compensation Committee (other than the Chairpersons) are allocated €8,000 for this role.

Directors receive no special pension, termination benefit or non-compete compensation.

It is recalled that the General Meeting of July 2, 2020 set the budget for Directors' fees at €285,000 for the 2017 financial year as well as for each subsequent financial year, until otherwise decided by the Ordinary General Shareholders' Meeting.

Approval of the elements of compensation due or granted to the Chairperson and the Chief Executive Officer for the 2021 financial year

In accordance with Article L. 22-10-34 of the French Commercial Code, the fixed, variable and exceptional elements of compensation granted or still to be granted for the 2021 financial year to the Chairperson and the Chief Executive Officer by virtue of their offices, as approved by the Board of Directors in line with the principles and criteria approved by the General Shareholders' Meeting on December 19, 2018 under its second and fourth resolutions and set out in the "Compensation of corporate officers" section above, will be submitted for approval by shareholders at the General Meeting called to approve the financial statements for the 2021 financial year.

Principles and criteria for determining, allocating and granting the fixed, variable and exceptional elements of total compensation and benefits in kind due to the Chairperson, the Chief Executive Officer and the Deputy CEO for the 2022 financial year

Pursuant to Article L. 22-10-8 of the French Commercial Code, the Board of Directors submits to the approval of the General Meeting the principles and criteria applicable to the determination, distribution and allocation of variable, and exceptional elements of the total compensation and benefits in kind attributable to the Chairperson, Chief Executive Officer and Deputy CEO by virtue of their offices for the 2022 financial year and constituting the compensation policy relating to them.

These principles and criteria, adopted by the Board of Directors on the recommendation of the Compensation Committee, are set out below:

For Mr. Alexandre Loiseau, Chairman of the Board of Directors:

Compensation elements	Principles	Criteria for determination
Fixed compensation	The Chairman receives a fixed compensation payable in 12 monthly installments.	The gross annual amount of this compensation, which takes into account the additional significant tasks entrusted by the Board of Directors to its new Chairman, was set at €170,983, less the Directors' fees paid to him during the same period.
Directors' fees	The Chairman receives Directors' fees.	As for every Director, the Chairman may receive Directors' fees, the amount of which is decided by the Board, within the limit of the budget approved by the General Meeting) and the principles adopted by the Board of Directors. The Board, based on its his attendance and the time devoted to his office, including, where applicable, within the committee or committees set up by the Board.
Benefits in kind	Provision of a vehicle GSC insurance	

In addition, the Chairman may be granted the option to subscribe, (i) for valuable consideration, to share purchase warrants subject to presence conditions and/or (ii) for free consideration, to free shares and/or stock-options, subject to presence conditions.

For Mr. Nicolas Bouvier, Interim Chief Executive Officer:

Compensation elements	Principles	Criteria for determination
Fixed compensation	The CEO receives a fixed compensation payable in 12 monthly installments.	The gross annual amount of this compensation was set at €143,392, less the Directors' fees that would be paid to him during the same period.
Variable compensation	The Chief Executive Officer receives a variable compensation up to 30% of his fixed compensation, if 100% of the objectives have been attained.	This variable compensation is based 85% on Company objectives, and 15% on objectives set by the Board of Directors on the recommendation of the Compensation Committee. These objectives are not made public for reasons of confidentiality.

In addition, the Chief Executive Officer may be granted free shares subject to presence and performance conditions.

The future permanent Chief Executive Officer will receive fixed and variable compensation and ESOPs that will be set by the Board of Directors on the proposal of the Compensation Committee.

It is recalled, to the extent necessary, that no payment of any kind whatsoever may be made before the Board of Directors acknowledges, on or after termination of his duties, compliance with the above conditions.

Participation of shareholders in Annual General Meetings

In accordance with recommendation No. 12 of the MiddleNext Code, the Board hereby reports on the Company's shareholder relations.

The Company held a Combined General Meeting on June 3, 2021.

In view of the state of health emergency, and in accordance with Article 4 of Decree No. 2020-418 of April 10, 2020 covering the rules for meetings and deliberations of the meetings and governing bodies of legal entities and unincorporated entities under private law due to the COVID-19 epidemic, the Company's head office, located at 9, rue d'Enghien, 75010 Paris, France, where the Annual General Meeting had been convened, was impacted on the convocation date by the provisions of Decree No. 2020-663 of May 31, 2020 prescribing the general measures necessary to confront the COVID-19 epidemic as part of the state of health emergency. In this context, in accordance with Article 4 of the Ordinance No. 2020-321 of March 25, 2020, the Board of Directors decided to hold the Annual General Meeting in camera, without the physical presence of shareholders, at the Company's head office.

Shareholders present or represented comprised 33.24% of the Company's voting rights. Given that shareholders will be unable to physically attend the meeting, the latter were able to give a proxy to the Chairperson or vote by absentee ballot using the form provided for this purpose, which can be downloaded from the Company's website from the twenty-first business day prior to the meeting. Voting by absentee ballot and the proxy forms could be sent to the Company under the conditions provided for in Article 6 of Decree No. 2020-418 of April 10, 2020.

The ordinary resolutions were all adopted with more than 81% of votes. The extraordinary resolutions were all adopted with more than 82% of votes.

The ways to participate in general meetings are set out in Article 19 of the bylaws, available online at www.maunakeatech.com.

The right to participate in the meetings shall be governed by applicable legal and regulatory provisions, and shall in particular be subject to the registration of the securities under the name of the shareholder or the proxy registered on the shareholder's behalf two (2) business days prior to the meeting at 12:00 a.m., Paris time, either in the accounts of registered securities held by the Company, or in the accounts of bearer securities held by the authorized intermediary. Any shareholder unable to attend a meeting in person may select one of the following three options on each occasion under the legal and regulatory conditions in force:

- grant a power of attorney under the conditions authorized by law and regulations;
- vote by absentee ballot; or
- vote by internet; or
- send a power of attorney to the Company, without indicating a proxy.

7. Information on share capital

7.1 Changes in the composition of the share capital during the year

	Number of shares	Nominal value (euros)	Share capital (euros)
Shares comprising the share capital at the beginning of the financial year	30,589,700	0.04	1,223,588
Conversion of Preference Shares	23,780	0.04	951
Conversion of share purchase warrants (BSA) (Kepler)	2,335,000	0.04	93,400
Acquisition of AGA 2020	283,050	0.04	11,322
Capital increase	11,363,545	0.04	454,542
Shares comprising the share capital at the end of the financial year	44,595,075	0.04	1,783,803

7.2 Change in share price – Risk of price fluctuations

In 2021, 50,646,591 shares of the Company traded on the NYSE Euronext Paris regulated market.

The share was quoted at €0.56 at the preparation date of this report on April 29, 2022.

The lowest closing price recorded was at €0.616 on December 23, 2021 and the highest price at €1.84 on January 18, 2021.

The Company's market capitalization at the preparation date of this report was €25 million.

7.3 Information required by Article L. 225-37-5 of the French Commercial Code

7.3.1 Capital structure of the Company

Shareholders	Number of shares	% of the capital
Alexandre Loiseau	511 740	1,15%
Sub-total "Board of Directors" (*)	511 740	1,15%
Registered shareholders		
Johnson & Johnson Innovation - JJDC Inc.	10 811 687	24,24%
"Other registered"	1 045 758	2,35%
Free float	32 150 273	72,09%
Own shares	75 617	0,17%
TOTAL	44 595 075	100,00%

(*) In its current composition

7.3.2 Statutory restrictions on the exercise of voting rights and the transfer of shares or clauses brought to the Company's attention in application of Article L. 233-11 of the French Commercial Code

N/A

7.3.3 Direct or indirect stakes in the Company's share capital of which it is aware by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code

See section 7.3.1 above.

7.3.4 List of holders of any securities conferring special rights of control and description of these rights

The Company is not aware of the existence of special rights of control.

7.3.5 Control mechanisms provided in any employee shareholding scheme where rights of control are not exercised by the employees

The Company has not set up employee shareholding systems likely to contain control mechanisms when control rights are not exercised by employees.

7.3.6 Rules applicable to the appointment and replacement of members of the Board of Directors and to the amendment of the bylaws

The applicable rules are statutory and are in accordance with the law.

7.3.7 Powers of the Board of Directors, in particular the issuance or buyback of shares

The Extraordinary General Meeting of the Company of June 3, 2021 authorized the Board to implement, for a period of eighteen months from the date of the meeting, a share buyback program in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and market practices accepted by the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) (see the "Treasury shares – Share buyback program" section of the management report).

7.3.8 Agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company

N/A

7.3.9 Agreements providing for compensation for executive corporate officers or employees if they resign or are dismissed without real or serious cause or if their employment is terminated due to a public offer

See item 6. above.

AGREEMENTS REFERRED TO IN ARTICLE L. 225-37-4 OF THE FRENCH COMMERCIAL CODE ENTERED INTO BY AN EXECUTIVE OR A SIGNIFICANT SHAREHOLDER OF THE COMPANY WITH A SUBSIDIARY

We inform you that no agreement referred to in Article L. 225-37-4 of the French Commercial Code was entered into during the past financial year.

CAPITAL INCREASE DELEGATIONS

In accordance with the provisions of Article L. 225-37-4 of the French Commercial Code, attached to this report in Appendix 3 is a table summarizing the currently valid delegations of authority and powers granted by the General Meeting to the Board of Directors regarding capital increases pursuant to the provisions of Articles L. 225-129-1 and L. 225-129-2 of the aforementioned Code. The table shows the use made of these delegations during the financial year.

The additional reports prepared by the Board of Directors and the statutory auditors when the management board uses the delegations granted to it have been made available to you in accordance with legal provisions.

The Board of Directors

APPENDIX 1**Table of results for the past five financial years**

Type of indication/period	<u>12/31/2020</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
<u>Duration of the financial year</u>	12 months	12 months	12 months	12 months	12 months
<u>a) Share capital</u>	1,783,803	1,223,588	1,222,870	1,008,053	973,893
<u>b) Number of shares issued</u>	14,005	17,960	5,357,142	-	-
<u>c) Number of convertible bonds</u>	-	-	-	-	-
<u>a) Sales excluding taxes</u>	6,992,787	4,403,044	6,632,371	8,338,447	6,287,244
<u>b) Profit (loss) before tax, depreciation, amortization and provisions</u>	(8,039,041)	(9,364,852)	(10,965,379)	(6,786,079)	(6,652,102)
<u>c) Income tax</u>	(635,110)	(710,870)	(1,077,342)	(1,141,064)	(1,144,487)
<u>d) Profit (loss) after tax, but before depreciation, amortization and provisions</u>	(7,403,931)	(8,923,982)	(9,888,037)	(5,645,015)	(5,507,615)
<u>e) Profit (loss) after tax, depreciation, amortization and provisions</u>	(16,033,905)	(9,444,555)	(15,534,771)	(11,871,126)	(3,982,199)
<u>f) Amount of profits distributed</u>	-	-	-	-	-
<u>g) Employee shareholding</u>	-	-	-	-	-
<u>a) Profit (loss) after tax, but before depreciation and amortization</u>	-	-	-	-	-
<u>b) Profit (loss) after tax, depreciation, amortization and provisions</u>	-	-	-	-	-
<u>c) Dividends paid per share</u>					
<u>a) Number of employees</u>	67	75	75	74	71
<u>b) Total payroll</u>	5,018,361	5,132,959	4,821,421	4,888,217	4,572,162
<u>c) Employee benefits paid</u>	2,122,404	2,107,782	2,210,751	2,143,104	2,005,466

Table of results for the past five consolidated financial years (in € thousand)

Type of indication/period	12/31/2020	12/31/2020	12/31/2019	12/31/2018	12/31/2017
<u>Duration of the financial year</u>	12 months	12 months	12 months	12 months	12 months
<u>a) Share capital</u>	1,784	1,224	1,223	1,008	974
<u>b) Number of shares issued</u>	14,005	17,960	5,357,142		
<u>c) Number of convertible bonds</u>					
<u>a) Sales excluding taxes</u>	7,700	6,526	7,431	6,760	6,687
<u>b) Profit (loss) before tax, depreciation, amortization and provisions</u>	(12,409)	(12,338)	(15,171)	(12,552)	(10,315)
<u>c) Income tax</u>	(635)	(711)	(1,077)	(1,141)	(1,144)
<u>d) Profit (loss) after tax, but before depreciation, amortization and provisions</u>	(11,774)	(11,627)	(14,094)	(11,411)	(9,171)
<u>e) Profit (loss) after tax, depreciation, amortization and provisions</u>	(13,445)	(12,791)	(15,272)	(12,785)	(10,245)
<u>f) Amount of profits distributed</u>					
<u>g) Employee shareholding</u>					
<u>a) Profit (loss) after tax, but before depreciation and amortization</u>					
<u>b) Profit (loss) after tax, depreciation, amortization and provisions</u>					
<u>c) Dividends paid per share</u>					
<u>a) Number of employees</u>	87	100	101	100	90
<u>b) Total payroll</u>	11,468	11,459	11,922	10,345	8,874
<u>c) Amounts paid under pension commitments and share-based payments</u>	504	633	979	128	238

APPENDIX 2

Main risks and uncertainties facing the Company – Use of financial instruments by the Company

The main financial instruments used by the Group are financial assets, cash, and investment securities. The purpose of managing these instruments is to finance the Company's business activity. It is the Group's policy not to subscribe to financial instruments for speculative purposes.

The primary risks to which the Group is exposed are interest rate risk, credit risk and exchange rate risk.

Exchange rate risk

The main currency for which the Group is exposed to significant exchange rate risk is the US dollar.

The purpose of the Mauna Kea Technologies Inc. subsidiary established in the State of Massachusetts is to distribute and market the Group's products in the United States. To this end, it is fully financed by the parent company, with which it has established three agreements:

- a cash management agreement for a current account in USD;
- a distribution agreement;
- a services agreement (Management fees).

The Group's major exchange rate risk is linked to the EUR/USD parity fluctuation. In fact, the Group markets the product and services in the US through its subsidiary Mauna Kea Technologies Inc. Its revenues and expenses – including the purchases of Cellvizio and probes to Mauna Kea Technologies SA are expressed in US dollars the operational currency of the subsidiary. As a result, the Group is exposed to changes in the EUR/USD exchange rate through that subsidiary.

A change in exchange rates has an impact on Group earnings and shareholders' equity in the same manner, as follows:

- A +10% change in the EUR/USD exchange rate would result in a rise in earnings of €447 thousand at December 31, 2021;
- A -10% change in the EUR/USD exchange rate would result in a drop in earnings of €(547) thousand at December 31, 2021.

Liquidity risk

Note 1.1 to the Consolidated financial statements describes the items and assumptions relating to the going concern assumption.

Note 11 to the Consolidated financial statements describes the financial liabilities to which the Group is committed.

Note 22 to the Consolidated financial statements describes the commitments and obligations given by the Group.

Interest rate risk

At December 31, 2021, the Company did not hold any investment securities, whose interest rate changes have a direct impact on the rate of return for these investments and the cash flows generated.

The loan with EIB is at a fixed rate and is therefore not subject to interest rate risk.

The repayable BPI/OSEO advances at a 2.45% interest rate for an overall undiscounted amount of €3,407 thousand are not subject to interest rate risk.

Credit risk

In the Company's experience, the payment of certain public financing of research expenditures is subject to credit risk.

The Company manages its available cash in a prudent manner. Cash and cash equivalents include cash on hand only.

Credit risk related to cash, cash equivalents, and current financial instruments is insignificant in light of the quality of the co-contracting financial institutions.

With regard to its customers, the Company has no significant concentration of credit risk. The Group has established policies that insure that its customers have an appropriate credit risk history.

Fair value

The fair value of financial instruments traded on an active market is based on the market price at the reporting date. The market prices used for financial assets held by the Company are the purchase prices in effect on the market at the valuation date.

The nominal value, minus provisions for impairment, of other payables and receivables is assumed to approach the fair value of those items.

APPENDIX 3

Summary table of the current delegations of authority and powers granted by the General Meeting to the Board of Directors with respect to capital increases pursuant to Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code and use made of these delegations during the financial year 2021

<u>Date of the Annual General Meeting</u>	<u>Purpose of the authorization</u>	<u>Expiration date</u>	<u>Use made by the Board of Directors</u>
Extraordinary General Meeting of July 2, 2020			
July 2, 2020 (20 th resolution)	Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any securities giving access to the Company's capital with preferential subscription rights Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code)	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.
July 2, 2020 (21 st resolution)	Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any securities, without preferential subscription rights, through a public offer (excluding an offer targeting a limited number of investors acting on their own behalf or to qualified investors pursuant to L. 411-2-1 of the French Monetary and Financial Code) Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 225-135, L. 22-10-51, L. 225-135-1 of the French Commercial Code, and, in particular, its Articles L. 225-136, L. 22-10-52, L. 228-91, L. 228-92 and L. 228-93)	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.
July 2, 2020 (22 nd resolution)	Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any securities, without preferential subscription rights, through an offer targeting a limited number of investors acting on their own behalf or to qualified investors pursuant to L. 411-2-1 of the French Monetary and Financial Code Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 225-135, L. 22-10-51, L. 225-135-1 of the French Commercial Code, and, in particular, its Articles L. 225-136, L. 22-10-52, L. 228-91, L. 228-92 and L. 228-93)	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.

July 2, 2020 (24 th resolution)	Delegation of authority granted to the Board of Directors to issue ordinary shares giving, where applicable, access to other ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities giving access to future ordinary shares (of the Company or a Group company), without preferential subscription rights for shareholders, for the benefit of categories of persons meeting pre-determined criteria (Articles L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code)	January 2, 2022 (18 months)	On March 24, 2021, the Board of Directors, making use of this delegation, decided to issue 6,000,000 share purchase warrants to Kepler Cheuvreux, which will exercise them under the conditions provided for in the framework agreement and in the subscription agreement. The exercise price is the lowest of the volume-weighted daily average prices during the fixing period * 94%. The term of the contract is 24 months.
July 2, 2020 (25 th resolution)	Delegation of authority to be granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights pursuant to the twentieth, twenty-first, twenty-second and twenty-fourth resolutions (Articles L. 225-129, L. 225-129-2, L. 225-135, L. 22-10-51, L. 225-135-1 <i>et seq.</i>, L. 22-10-52, L. 228-91 and L. 228-92 of the French Commercial Code)	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.
July 2, 2020 (26 th resolution)	Delegation of authority granted to the Board of Directors to issue ordinary shares and securities giving access to the Company's capital, in the event of a public offer with an exchange component initiated by the Company Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L.225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 22-10-54, L. 228-91 and L. 228-92 of the French Commercial Code)	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.
July 2, 2020 (27 th resolution)	Delegation of authority granted to the Board of Directors to increase the share capital, within a limit of 10% of the share capital, as consideration for contributions in kind of equity securities or securities giving access to the share capital of other companies and not part of a public exchange offering Maximum nominal amount: €60,000,000 (Articles L. 225-147 and L. 22-10-53 of the French Commercial Code)	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.
July 2, 2020 (29 th resolution)	Delegation of authority granted to the Board of Directors to increase capital through incorporation of premiums, reserves, earnings or other Maximum nominal amount: €24,000 (plus, where applicable, the additional amount of shares to be	September 2, 2022 (26 months)	The Board has not used this delegation during financial year 2021.

	issued to preserve, in accordance with the legal or regulatory provisions and, where applicable, the applicable contractual provisions, the rights of holders of securities giving access to shares (Articles L. 225-129, L. 225-129-2, and L. 225-130, L. 22-10-50 of the French Commercial Code)		
July 2, 2020 (32nd resolution)	Delegation of authority to be granted to the Board of Directors to issue and allocate share purchase warrants without preferential subscription rights to (i) members and non-voting members of the Board of Directors of the Company in office at the warrant allocation date and who are not employees or executives of the Company or of one of its subsidiaries, (ii) a service provider or consultant under contract to the Company or to one of its subsidiaries, or (iii) members of any committee that the Board of Directors established or should establish who are not employees or executives of the Company or of one of its subsidiaries Maximum number of share purchase warrants: 400,000 (Articles L. 225-129 <i>et seq.</i> of the French Commercial Code, and in particular, Articles L. 225-129-2, L. 22-10-49, L. 225-135, L. 22-10-51, L. 225-138 and L. 228-91 <i>et seq.</i> of the French Commercial Code)	January 2, 2022 (18 months)	The Board of Directors, meeting on May 18, 2021, making use of this delegation, decided to issue 244,000 share purchase warrants for the benefit of the Company's Directors, at a price of €0.16, each giving the right to subscribe to one ordinary share with a nominal value of €0.04, at a price of €1.45.
July 2, 2020 (33rd resolution)	Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing shares and securities giving access to the Company's share capital without preferential subscription rights for the benefit of employees who are members of a Group savings plan Maximum nominal amount: €100,000 (Articles L. 225-129 <i>et seq.</i> of the French Commercial Code and, in particular, L. 225-138 and L. 3332-1 of the French Labor Code)	January 2, 2022 (18 months)	The Board has not used this delegation during financial year 2021.

Extraordinary General Meeting of June 3, 2021			
June 3, 2021 (16 th resolution)	Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any securities giving access to the Company's capital with preferential subscription rights Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (17 th resolution)	Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any securities, without preferential subscription rights, through a public offer (excluding an offer targeting a limited number of investors acting on their own behalf or to qualified investors pursuant to L. 411-2-1 of the French Monetary and Financial Code) Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 225-135, L. 22-10-51, L. 225-135-1 of the French Commercial Code, and, in particular, its Articles L. 225-136, L. 22-10-52, L. 228-91, L. 228-92 and L. 228-93)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (18 th resolution)	Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any securities, without preferential subscription rights, through an offer targeting a limited number of investors acting on their own behalf or to qualified investors pursuant to L. 411-2-1 of the French Monetary and Financial Code Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 225-135, L. 22-10-51, L. 225-135-1 of the French Commercial Code, and, in particular, its Articles L. 225-136, L. 22-10-52, L. 228-91, L. 228-92 and L. 228-93)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (20 th resolution)	Delegation of authority granted to the Board of Directors to issue ordinary shares giving, where applicable, access to other ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or securities giving access to future ordinary shares (of the Company or a Group company), without preferential subscription rights for shareholders, for the benefit of categories of persons meeting pre-determined criteria (Articles L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code)	December 2, 2022 (18 months)	The Board meeting of June 10, 2021, making use of this delegation, decided to issue (i) 5,909,000 new shares and 2,363,600 share purchase warrants (BSA) 1 to Armistice Capital Master Fund Ltd and (ii) 5,454,545 new shares and 2,181,818 share purchase warrants (BSA 2) in favor of Johnson & Johnson Innovation priced at €1.10 each (i.e.

			€0.04 in nominal value and €1.06 in issue premium)
June 3, 2021 (21 st resolution)	Delegation of authority to be granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights pursuant to the sixteenth, seventeenth, eighteenth and twentieth resolutions (Articles L. 225-129, L. 225-129-2, L. 225-135, L. 22-10-51, L. 225-135-1 <i>et seq.</i>, L. 22-10-52, L. 228-91 and L. 228-92 of the French Commercial Code)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (22 nd resolution)	Delegation of authority granted to the Board of Directors to issue ordinary shares and securities giving access to the Company's capital, in the event of a public offer with an exchange component initiated by the Company Maximum nominal amount: €60,000,000 (Articles L. 225-129 to L. 225-129-3, and L. 225-129-5, L. 225-129-6, L. 22-10-49, L. 22-10-54, L. 228-91 and L. 228-92 of the French Commercial Code)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (23 rd resolution)	Delegation of authority granted to the Board of Directors to increase the share capital, within a limit of 10% of the share capital, as consideration for contributions in kind of equity securities or securities giving access to the share capital of other companies and not part of a public exchange offering Maximum nominal amount: €60,000,000 (Articles L. 225-147 and L. 22-10-53 of the French Commercial Code)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (25 th resolution)	Delegation of authority granted to the Board of Directors to increase capital through incorporation of premiums, reserves, earnings or other Maximum nominal amount: €24,000 (plus, where applicable, the additional amount of shares to be issued to preserve, in accordance with the legal or regulatory provisions and, where applicable, the applicable contractual provisions, the rights of holders of securities giving access to shares (Articles L. 225-129, L. 225-129-2, and L. 225-130, L. 22-10-50 of the French Commercial Code)	August 2, 2023 (26 months)	The Board has not used this delegation during financial year 2021.
June 3, 2021 (25 th resolution)	Delegation of authority to be granted to the Board of Directors to issue and allocate share purchase warrants without preferential subscription rights to (i) members and non-voting members of the Board of Directors of the Company in office at the warrant allocation date and who are not employees or executives of the Company or of one of its	December 2, 2022 (18 months)	The Board of Directors, meeting on June 10, 2021, making use of this delegation, decided to issue 61,000 BSAs for the benefit of the Company's Directors, at a price of

	subsidiaries, (ii) a service provider or consultant under contract to the Company or to one of its subsidiaries, or (iii) members of any committee that the Board of Directors established or should establish who are not employees or executives of the Company or of one of its subsidiaries Maximum number of share purchase warrants: 400,000 (Articles L. 225-129 <i>et seq.</i> of the French Commercial Code, and in particular, Articles L. 225-129-2, L. 22-10-49, L. 225-135, L. 22-10-51, L. 225-138 and L. 228-91 <i>et seq.</i> of the French Commercial Code)		€0.14, each giving the right to subscribe to one ordinary share with a nominal value of €0.04, at a price of €1.23.
June 3, 2021 (25th resolution)	Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing shares and securities giving access to the Company's share capital without preferential subscription rights for the benefit of employees who are members of a Group savings plan Maximum nominal amount: €100,000 (Articles L. 225-129 <i>et seq.</i> of the French Commercial Code and, in particular, L. 225-138 and L. 3332-1 of the French Labor Code)	December 2, 2022 (18 months)	The Board has not used this delegation during financial year 2021.

--ooOoo--

The Board of Directors

**CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS AT
DECEMBER 31, 2021**

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)

	12/31/2021	12/31/2020
ASSETS		
Non-current Assets		
Intangible assets	3 371	3 072
Property, plant and equipment	1 233	1 451
Right of use	1 124	1 344
Non-current financial assets	355	282
Total of non-current assets	6 083	6 149
Current assets		
Inventories & Work in progress	3 013	2 687
Trade receivables	1 532	1 907
Other current assets	2 228	1 202
Current financial assets	29	58
Cash and cash equivalents	11 866	8 606
Total of current assets	18 667	14 460
TOTAL OF ASSETS	24 751	20 609
EQUITY AND LIABILITIES		
Equity		
Issued capital	1 784	1 224
Share premium	111 920	98 286
Reserves	(110 759)	(98 504)
Foreign currency translation on reserve	168	(292)
Profit / (Loss)	(13 445)	(12 791)
Total of equity	(10 333)	(12 077)
Non-current Liabilities		
Long-term loans	26 890	26 242
Non-current provisions	855	179
Total of non-current liabilities	27 745	26 421
Current liabilities		
Short-term loans and borrowings	1 807	722
Trade payables	1 667	1 475
Other current liabilities	3 865	4 068
Total of current liabilities	7 339	6 265
TOTAL OF EQUITY AND LIABILITIES	24 751	20 609

COMPREHENSIVE INCOME			
(Amounts in thousands of euros)			
	Note	12/31/2021	12/31/2020
Operating Revenue			
Sales	15	7 700	6 526
Other income	15	839	1 416
Total of revenue		8 539	7 942
Operating expenses			
Cost of sales	18	(1 989)	(2 148)
<i>Gross margin rate</i>		74,2%	67,1%
Research & Development	18	(3 310)	(3 232)
Sales & Marketing	18	(7 620)	(8 120)
Administrative expenses	18	(6 399)	(5 785)
Share-based payments	17	(548)	(616)
Total of expenses		(19 866)	(19 901)
Current operating profit		(11 327)	(11 959)
Non-current operating profit	19	(891)	143
Operating profit		(12 218)	(11 816)
Financial revenue	20	568	318
Financial expenses	20	(1 795)	(1 293)
Profit before tax		(13 445)	(12 791)
Income tax expense	21		
Profit / (Loss)		(13 445)	(12 791)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial differences on defined benefit plans	12	5	91
Total of items that will not be reclassified to profit or loss		5	91
<i>Items that will be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		459	(468)
Total of items that will be reclassified to profit or loss		459	(468)
Other comprehensive income for the year, net of tax		464	(377)
Comprehensive income		(12 980)	(13 168)
Weighted average number of shares outstanding (in		38 082	30 527
Basic earnings per share (EUR/ share)	24	(0,35)	(0,42)
Weighted average number of potential shares (in		44 771	35 667

STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands of euros)

		Issued capital	Share premium	Treasury shares	Reserves	Foreign currency translation on reserve	Profit / (loss)	Total of equity
Restated equity as of	12/31//2019	1 223	98 257	(188)	(83 943)	176	(15 272)	253
Allocation of the profit / (loss)					(15 272)		15 272	
Capital transactions		1	29		4			34
Share-based payment transactions					616			616
Treasury shares transactions				128	60			188
Comprehensive income as of	12/31//2020				91	(468)	(12 791)	(13 168)
Equity as of	12/31//2020	1 224	98 286	(60)	(98 444)	(292)	(12 791)	(12 077)
Allocation of the profit / (loss)					(12 791)		12 791	0
Capital transactions		560	13 634		(3)			14 191
Share-based payment transactions					561			561
Treasury shares transactions				(0)	(27)			(28)
Comprehensive income as of	12/31/2021				5	458	(13 445)	(12 980)
Equity as of	12/31/2021	1 784	111 920	(62)	(110 697)	168	(13 445)	(10 333)

Consolidated financial statements in accordance with IFRS at December 31, 2021

CASH-FLOW STATEMENTS (Amounts in thousands of euros)			
	Note	12/31/2021	12/31/2020
Cash flow from operating activities			
Profit / (Loss)		(13 445)	(12 791)
Elimination of amortization, depreciation and provisions		2 186	1 315
Share-based payment transaction expense and revenue	17	561	616
Other items excluded from the auto-financing capacity		840	1 173
<i>Revenue and expenses related to the discounting of repayable advances</i>	11	130	47
<i>Revenue and expenses related to the discounting of loans</i>	11	1 339	1 011
<i>Revenue and expenses related to the fair value of derivatives instruments</i>	11	(568)	93
<i>Net financial interests</i>	11	28	48
<i>Other non-cash items</i>		(89)	(25)
Capital gain or loss from asset sales		33	40
Auto-financing capacity		(9 824)	(9 646)
Change in WCR related to business activities		(450)	1 656
<i>Inventories & work in progress</i>	6	180	(344)
<i>Trade receivables</i>	7	469	439
<i>Other current assets</i>	7	(1 019)	1 523
<i>Trade payables</i>	13	186	(794)
<i>Other current liabilities</i>	13	(265)	831
Net cash flows from operating activities (A)		(10 274)	(7 990)
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	3/4	(1 097)	(1 081)
Proceeds from sale of property, plant and equipment and intangible assets			1
Change in loans and advances granted	5/8	(44)	81
Other cash flows from investing operations			
Net cash flows from investing activities (B)		(1 141)	(999)
Cash flow from financing activities			
Proceeds from exercise of share options, BSA	10	2 433	
Amounts received from shareholders on capital increases	10	11 819	
Cash receipts from new loans	11		10 000
Reimbursable advance grant PBI (ex OSEO)		504	
Fees on issuance and reimbursement of loans	11	42	(122)
Reimbursement of debt on leases (IFRS 16)	11	(554)	(554)
Other financial interests paid	11	(261)	(34)
Financing of Research Tax Credit (*)	11	711	(1 633)
Other cash flows from financing operations		(38)	28
Net cash flows from financing activities (C)		14 655	7 685
Net foreign exchange difference (D)		19	(72)
Change in cash (A) + (B) + (C) + (D)		3 260	(1 376)
Cash at the beginning of the period	9	8 606	9 982
Cash at the end of the period	9	11 866	8 606
Change in cash		3 260	(1 376)

(*) See Note 11.4

Consolidated financial statements in accordance with IFRS at December 31, 2021

NOTES TO THE FINANCIAL STATEMENTS

<u>Note 1: Accounting principles</u>	82
<u>Note 2: Company and scope</u>	92
<u>Note 3: Intangible assets</u>	92
<u>Note 4: Property, plant and equipment and rights-of-use</u>	94
<u>Note 5: Non-current financial assets</u>	94
<u>Note 6: Inventories and work in progress</u>	95
<u>Note 7: Trade receivables and other current assets</u>	95
<u>Note 8: Current financial assets</u>	96
<u>Note 9: Cash and cash equivalents</u>	96
<u>Note 10: Share capital</u>	97
<u>Note 11: Loans and borrowings</u>	100
<u>Note 12: Non-current provisions</u>	103
<u>Note 13: Trade payables and other current liabilities</u>	104
<u>Note 14: Financial instruments on the balance sheet</u>	105
<u>Note 15: Sales and operating revenue</u>	106
<u>Note 16: Employee benefits expenses</u>	107
<u>Note 17: Share-based payments</u>	107
<u>Note 18: External expenses</u>	110
<u>Note 19: Non-recurring operating profit (loss)</u>	112
<u>Note 20: Finance income and expenses</u>	112
<u>Note 21: Income tax</u>	112
<u>Note 22: Commitments</u>	113
<u>Note 23: Transactions with related parties</u>	114
<u>Note 24: Earnings per share</u>	114
<u>Note 25: Management of financial risk</u>	115
<u>Note 26: Subsequent events</u>	116

Consolidated financial statements in accordance with IFRS at December 31, 2021

Mauna Kea Technologies, inventor of Cellvizio, a multidisciplinary confocal laser endomicroscopy platform using microprobes and needles, designs and sells medical devices specializing in endomicroscopy to eliminate diagnostic uncertainties in biopsy. Applications relate to the fields of gastroenterology, pulmonology and urology.

A global player in real-time cellular diagnostics, the Company's prime objectives are to constantly improve the quality of care provided to patients and efficiency of healthcare professionals and systems.

The Company's flagship product, Cellvizio, has received market authorization for a wide range of applications in more than 40 countries, including the United States, Europe, Japan, China, Canada, Brazil and Mexico.

A decision in France in 2019 by UNICAM provided for a procedural code for reimbursement of esophageal endoscopy with confocal laser-guided endomicroscopy biopsy.

Highlights of the financial year

New authorizations and the Cellvizio platform

On August 18, 2021, Mauna Kea Technologies obtained a new 510(k) clearance from the United States Food and Drug Administration (FDA) for the marketing of its next-generation Cellvizio® platform and all confocal miniproboscopes, combined with a fluorescent marker, fluorescein, for an additional indication to visualize blood flow. This is the 19th 510(k) clearance received from the US FDA for the Cellvizio® platform (K212322).

The next-generation Cellvizio® platform has already received FDA 510(k) clearance on February 28, 2020 for the visualization of internal tissue microstructure, and also allows (but is not limited to) the identification of cells and vessels and their organization or architecture (K193416). Building on the success of previous versions, the new Cellvizio visualization platform offers physicians cutting-edge technology to improve patients' lives. The platform incorporates several new functionalities: an optimized workflow for endoscopy, bronchoscopy or surgical environments *via* integrated connectivity, a digital architecture that will allow the use of artificial intelligence (AI) for assisted image interpretation and a reduced footprint offering better ergonomics and maneuverability in operating theaters. Cellvizio® is a real-time *in vivo* cell imaging platform used in gastroenterology, pulmonology and urology during endoscopic and laparoscopic procedures (manual and robot-assisted).

New financing

On April 22, 2021, Mauna Kea Technologies established an equity financing line with Kepler Cheuvreux acting as financial intermediary under an underwriting agreement.

Under the terms of the agreement, Kepler Cheuvreux has undertaken to underwrite a maximum of 6,000,000 shares at its own initiative, over a maximum period of 24 months, provided that the contractual conditions are met. The shares will be issued based on a volume-weighted average share price over the two trading days preceding each issue, less a maximum discount of 6.0%. These terms and conditions allow Kepler Cheuvreux to underwrite the shares over the term of the agreement. Mauna Kea Technologies retains the right to suspend or terminate this agreement at any time. In 2021, Kepler Cheuvreux underwrote 2,335,000 shares representing a cash amount of €2.4 million.

On September 20, 2021 Mauna Kea Technologies carried out a capital increase reserved for two investors: Johnson & Johnson Innovation – JJDC, Inc. (JJDC), one of the Company's existing shareholders, and a leading US healthcare fund, Armistice Master Fund Ltd. This transaction consisted in subscribing to 2,272,709 ABSAs (the "ABSAs"), each ABSA being composed of five (5) ordinary shares and two (2) warrants, each warrant giving the right to purchase one (1) ordinary share (each, a "BSA"), as part of a capital increase reserved for specific categories of investors. These commitments are made subject to the usual conditions in such transactions.

The net proceeds from the subscription of the ABSAs, after deducting the placement agent's commissions and the costs of the offering, was €11.4 million. This sum is intended to finance the development of the Cellvizio platform, to continue the clinical studies, for general needs and associated working capital as well as the restructuring plan at the end of 2021 and beginning of 2022.

Management changes

Consolidated financial statements in accordance with IFRS at December 31, 2021

On December 10, 2021, Robert Gershon resigned from his position as Chief Executive Officer and stepped down as a member of the Board of Directors, with immediate effect. Nicolas Bouvier, member of the Executive Committee since 2019, was appointed on December 10, 2021 as Interim Chief Executive Officer during the search for a permanent Chief Executive Officer.

The resignation of Christophe Lamboeuf, Deputy CEO and Chief Financial Officer, took effect on December 31, 2021. Shu-i Gautheron has been promoted to Chief Administrative and Financial Officer. In addition, Daryl Donatelli, currently Director of Global Marketing, will become Vice President of Global Marketing. Lastly, Frédéric Banegas, who joined the Company in March 2021 as Director of R&D, has been promoted to Chief Technology Officer.

COVID-19 pandemic

In preparing the financial statements for the year ending December 31, 2021, the Company has adopted a targeted approach to express the main relevant impacts on the Company's performance and its financial position. This approach was recommended by the French Accounting Standards Authority (*Autorité des Normes Comptables*) in the note of May 18, 2020 to provide information concerning the effects of the COVID-19 event on its financial statements.

For the financial year ended December 31, 2021, the Company's business is still partly impacted by this crisis and the Company has not benefited from any government assistance for this financial year.

Based on its current knowledge of this health crisis and its development and the aspects known at the time of the closing of its financial statements, management believes that its cash level makes it possible to guarantee business continuity over the next 12 months, but cannot reliably estimate the final impact of this epidemic on activity.

Ukraine conflict

The Company has no operations or business ties with Russia or Ukraine; however, the consequences of this conflict, whether direct or indirect, cannot be accurately quantified at this time.

Note 1: Accounting principles

1.1 Accounting principles applied by the Group

The financial statements are presented in thousands of euros. Rounding may in some cases cause insignificant variances in totals.

They were approved by the Board of Directors for the first time on April 19, 2022 and a second time on April 29, 2022 after changes were made to the notes to the financial statements. These financial statements will be definitive only after their approval by the General Shareholders' Meeting.

The financial statements are prepared on the basis of historical cost with the exception of financial assets, which are measured at their fair value. The preparation of the financial statements according to IFRS principles requires that estimates be made and assumptions formulated which impact the amounts and information provided therein with respect to measuring the cost of share-based payments, measuring the value of the research tax credit, and measuring value in use with regard to impairment testing. These assumptions and estimates were made on the basis of information or positions at the date the financial statements were prepared and may differ from actual results. As applicable, a sensitivity analysis may be implemented if this variation is significant.

The going concern assumption was adopted by the Board of Directors taking into account the following elements:

- Cash available at December 31, 2021 stood at €11.8 million;
- The equity financing line with Kepler Cheuvreux would enable €2.0 million to be raised over the next 12 months. This estimated amount is calculated with 3.6 million shares at €0.6 per share by applying a discount of 6%;

Consolidated financial statements in accordance with IFRS at December 31, 2021

- Receipt of the balance of the 2021 research tax credit for €0.6 million in Q4 2022;
- Reduction of operating expenses in 2022 with the restructuring plan;
- Sales outlook taking into account the impact of the COVID-19 crisis.

In this context, the Group believes it to be in a position to meet its future operating needs.

This financial information was prepared on the basis of the principles underlying all the standards and interpretations adopted by the European Union whose application is mandatory at December 31, 2021. These standards and interpretations are available on the European Commission website: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr.

The Group does not apply in advance the standards and interpretations published by the IASB but not yet adopted by the European Union as of July 1, 2021:

- February 12, 2021, amendments to IAS 1 concerning the note on accounting methods and an amendment to IAS 8 on the definition of changes in estimates;
- May 7, 2021, amendment to IAS 12 on deferred tax assets and liabilities arising from a single transaction;
- March 31, 2021, a second amendment to IFRS 16 "Reduction of rents related to COVID-19" applicable from July 1, 2021 (subject to its adoption by the European Union) which offers lessees the option to opt out, under certain conditions, to assess whether a reduction in rents linked to COVID-19 is a contract modification;
- January 23, 2020, an amendment to IAS 1 "Classification of current or non-current liabilities" and, on May 14, 2020, amendments to IFRS 3 "Update of a reference to the conceptual framework", IAS 16 "Income generated before intended use", IAS 37 "Onerous Contracts – Costs of performing a contract" as well as amendments to the "2018-2020 Cycle Annual Improvements to IFRS."

No significant impact is expected following the application of these standards.

In 2017, the Group had implemented a new "Pay-Per-Use" business model for the placement of systems on consignment in the United States (as opposed to the model based on the direct sale of systems). System leases are recognized under property, plant and equipment.

1.2 Consolidation methods

Subsidiaries are all the entities over which the Company exercises control with regard to financial and operating policy and of which it generally holds more than half of the voting rights. The subsidiaries are consolidated by the full consolidation method beginning on the date on which the Company acquires the control of them. They are deconsolidated from the date on which control cease to be exercised.

At December 31, 2021, the Group owns a single US subsidiary Mauna Kea Technologies Inc.

The intra-group transactions and balances are eliminated. The accounting methods of the subsidiaries have been aligned with those of the Company.

Consolidated financial statements in accordance with IFRS at December 31, 2021

1.3 Net investments abroad

In accordance with IAS 21.15, foreign exchange gains and losses on long-term receivables in US dollars owed by a subsidiary to the Company are recognized in equity. Indeed, these accounts receivables are considered as net investments in currencies within consolidated foreign subsidiaries, considering the unforeseeable nature of the payment of these receivables.

1.4 Intangible assets

In accordance with IAS 38, intangible assets acquired are recognized as assets in the balance sheet at their acquisition or production cost. The subsidies received and related the capitalized expenses are recognized as a reduction of cost.

Research and development expenses

The research expenses are consistently recognized as expenses.

In accordance with IAS 38, development costs are recognized as intangible assets only if all the following criteria are met:

- (a) the Company has established the technical feasibility necessary to complete the development project;
- (b) the Company intends to complete the project and commission it;
- (c) the Company is able to commission the intangible asset;
- (d) the Company is able to demonstrate the likelihood of future economic benefits from the asset;
- (e) the Company has the technical, financial and other resources necessary to complete the project; and
- (f) the Company has a reliable assessment of development expenses.

In application of this standard, the Company recognized all its R&D costs as expenses, until the first prototypes of Cellvizio were refined.

Development expenses related to finalizing new products were recognized as assets as long as they met the criteria of IAS 38. Expenses related to research and the improvements of existing products remain as expenses for the financial year.

Development costs capitalized are amortized on a straight-line basis over 5 years for the second and third generation of Cellvizio corresponding to their useful life. Useful life is incorporated into the current period until the asset becomes obsolete.

The new GEN III platform was marketed on October 1, 2021.

Patents

Patent filing costs incurred by Mauna Kea Technologies until the patents are obtained are recognized as intangible assets in line with the criteria for capitalizing development costs stipulated by IAS 38.

They are amortized on the basis of the straight line method over the term of protection granted.

Software packages

Costs relating to the acquisition of licenses for software packages are recognized as assets on the basis of the costs incurred to acquire and implement them.

They are amortized using the straight-line method over a period of one to three years.

1.5 Property, plant and equipment and rights-of-use

Consolidated financial statements in accordance with IFRS at December 31, 2021

Property, plant and equipment subject to a lease of more than twelve months and covering assets whose individual replacement value as new is more than USD 5,000 have, since January 1, 2019, been recognized as an asset representing the right-of-use of the leased asset. The initial valuation of the asset is estimated using the amortized cost model and depreciated over the shorter of the lease term or the term of the right-of-use, in accordance with the requirements of IFRS 16.

Acquired property, plant, and equipment is recognized at acquisition or production cost. The renovations and major improvements are capitalized, and the repair and maintenance expenses and the costs of the other renovation work are expensed as incurred. The subsidies received and related the capitalized expenses are recognized as a reduction of cost.

Property, plant, and equipment are depreciated on the basis of the straight-line method over the estimated lifetime of the property. The fixtures of property rented are depreciated over the term of their own lifetime or over the term of the rental agreement, whichever is shorter.

Cellvizio entrusted to hospitals under partnership agreements (reference centers) and Cellvizio made available under a consignment contract are recorded under non-current assets.

Depreciation and amortization periods are as follows:

Fixtures and fittings of buildings.....	7 years
Research and development tools.....	2 to 5 years
Production tools.....	3 to 7 years
Cellvizio granted to reference centers, lent or consigned.....	5 years
Research equipment and technical facilities.....	7 years
Office equipment and furniture.....	5 years
Computer equipment	3 years

1.6 Recoverable amount of non-current property, plant and equipment and intangible assets

Intangible assets and property, plant, and equipment are tested for impairment if the recovery of their carrying amount is uncertain. With respect to intangible assets in progress, even in the absence of indicators of impairment, an impairment test is conducted annually.

An impairment loss is recognized to the extent that the carrying amount exceeds the recoverable value of the asset. The recoverable value of an asset corresponds to its fair value minus the costs of sale or its value in use, if the latter is higher. With respect to the Company's intangible assets, there are no market data that allow the net fair value of the costs of sale to be determined other than by an estimation of future cash flows. Consequently, the recoverable amount is essentially equal to the value in use.

The value in use is determined each year, in accordance with IAS 36: it corresponds to the discounted value of estimated future cash flows expected from the continued use of the assets and their disposal at the end of the intended use by the business. It does not take into account the impact of the financial structure, tax effects, or restructuring efforts not undertaken.

The recoverable amount must be estimated for each individual asset. If this is not possible, IAS 36 requires a company to determine the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Only one cash-generating unit has been defined at Group level. It is therefore at Group level that this impairment test was performed.

This value is based on the discounted cash flow method over a period of 5 years and using a terminal value calculated on the basis of an updated standard flow with a growth of 2%.

1.7 Leases

Consolidated financial statements in accordance with IFRS at December 31, 2021

When a lease is entered into, a liability is recorded in the balance sheet corresponding to the discounted future payments of the fixed portion of the rents, in exchange for rights-of-use to the asset amortized over the term of the lease. The amount of the liability significantly depends on the assumptions used regarding the term of the commitments and, to a lesser extent, the discount rate.

The term of the contract generally used to calculate the liability is the term of the contract including the renewal options if it is reasonably certain that the Company will exercise them.

The discount rate used corresponds to the implicit rate of the contract if existing or to the incremental borrowing rate that would be obtained for a loan contracted for an almost equivalent period.

The lessee's weighted average incremental borrowing rate was estimated at 2% for the Paris office lease, as well as for the other leases of Mauna Kea Technologies SA. A rate of 12% was used for the lease of the American premises corresponding to the implicit interest rate provided for in the contract.

The Group applied the following simplification measures:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics;
- use of previous valuations to determine whether the leases involve a financial outlay;
- recognition as expenses of the rents from short-term leases (those with terms less than or equal to 12 months which do not include purchase options and/or leases concerning low value assets);
- use of knowledge acquired retrospectively to calculate, for example, the term of the lease when it includes extension or termination options.

The contracts restated by the Group mainly correspond to the leases of the head office in France and the offices located in Boston as well as motor vehicle leases.

1.8 Financial assets

The Company's financial assets include loans and receivables, and the cash and cash equivalents.

The measurement and recognition of financial assets and liabilities are defined by IFRS 9 "Financial instruments".

Loans and receivables

This category includes trade receivables, the other loans and receivables, and deposits and guarantees, which are classified under financial investments on the balance sheet.

These instruments are initially recognized at their fair value and then at amortized cost using the effective interest rate (EIR) method. Short-term receivables without a nominal interest rate are measured at the amount of the original invoice unless the application of an implicit interest rate has a material impact. For variable-rate loans and receivables, a periodic reestimation of cash flow variations, in order to translate changes in market interest rates, modifies the effective interest rate and consequently the valuation of the loan or receivable.

The Company analyzes each of its trade receivables past due to determine whether an impairment loss should be recognized.

Loans and receivables are monitored for any objective indication of impairment. A financial asset is impaired if its carrying amount is greater than its recoverable amount as estimated during impairment tests. The impairment is recognized in the income statement.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Assets at fair value through profit or loss

Assets considered to be held for sale include assets that the Company intends to resell in the near future in order to realize a capital gain and that are part of a portfolio of financial instruments managed together customarily sold in the short term.

1.9 Inventories and work-in-progress

The inventories are valued at their cost or at their net realizable value (NRV), if the latter is lower. In the latter case, a corresponding impairment loss is recognized in profit or loss.

Inventories of raw materials are valued according to the weighted average cost method.

Inventories of semi-finished and finished products are valued at the standard cost taking into account the cost of materials used, labor costs and a share of overheads.

1.10 Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes. They are readily convertible, into a known amount of cash, and are subject to a negligible risk of change in value. The cash and cash equivalents are constituted by liquid assets that are available immediately, long-term investments that can be liquidated immediately, and short-term investment securities. They are evaluated on the basis of the IFRS 9 according to the categories they belong to.

The short-term investment securities are readily convertible into a known amount of cash and are subject to a negligible risk of change in value. They are measured at fair value, and changes in value are recorded in the net finance income or expense.

1.11 Share capital

Costs of share capital transactions that are directly attributable to the issue of new shares or options are recognized in equity as a deduction from the proceeds of the issue, net of tax.

1.12 Liquidity contract

Following its listing on the NYSE Euronext Paris regulated market, the Company signed a liquidity contract with a specialized institution in order to limit the intraday volatility of the Mauna Kea Technologies stock.

The portion of the contract that is invested in own shares of the Company by this service provider is posted to the accounts as a deduction from the consolidated shareholders' equity of the Company at the end of each financial year. The balance of "liquidity" is recorded as current financial assets.

1.13 Share-based payments

Since its formation, the Company has established several plans for compensation paid in equity instruments in the form of BSPCEs (stock warrants for business creator shares) granted to employees and/or executives, BSAs (share purchase warrants) granted to non-employee members of the Board of Directors or the Supervisory Board, stock options (SO) granted to employees of the subsidiary Mauna Kea Technologies Inc., and preference shares and free shares awarded to employees and/or executives.

In accordance with IFRS 2, the cost of transactions settled in equity instruments is recorded as an expense with a counterpart increase in equity over the vesting period.

The Company has applied IFRS 2 to all equity instruments granted since 2002 to employees, members of the Board of Directors or the Supervisory Board, natural persons, or entities.

Consolidated financial statements in accordance with IFRS at December 31, 2021

The fair value of stock options or performance shares granted to employees is determined using the Black-Scholes option valuation model. The same applies to options granted to other natural persons who provide similar services, the market value of the latter not being ascertainable.

The determination of the fair value of the converted instruments includes the vesting conditions described in Note 17: Share-based payments. The other factors taken into consideration are also presented in Note 17: Share-based payments.

1.14 Measurement and recognition of financial liabilities

Financial liabilities at the amortized cost

Borrowings and other financial liabilities are valued initially at their fair value and then at amortized cost using the EIR method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from that financial liability. These expenses are then amortized actuarially over the lifetime of the liability, on the basis of the EIR.

The EIR is the rate at which expected future cash outflows are equal to the net present carrying amount of the financial liability from which their amortized cost is deducted.

A framework agreement for the sale of receivables was signed in 2019 and 2020 between Mauna Kea Technologies SA and the Predirec Innovation 2020 securitization fund enabling the sale of the 2018, 2019 and 2020 research tax credit receivables. The amounts were sold at a 9% discount, partially recoverable up to 5% when paid by the State.

The research tax credit receivable for 2020 was sold on May 19, 2021 and is still being financed at December 31, 2021.

According to the decision tree of IAS 39 regarding the derecognition of financial assets, it was concluded that the Group had not transferred substantially all of the risks and rewards inherent in the transferred 2020 research tax credit receivable. Therefore this receivable has not been derecognized, and the funds received from the receivable sale are recognized in current loans and borrowings.

On the other hand, the research tax credit receivable for the 2021 financial year was not sold at the reporting date of the financial year.

Liabilities at fair value through profit and loss

The liabilities at fair value through profit and loss are measured at their fair value.

In accordance with the provisions of IFRS 9 and the clarifications made in autumn 2017 by the IFRS Interpretation Committee on the treatment of debt changes deemed not to be derecognizable, the Group immediately restates in the income statement the effect of changes in contractual borrowing conditions. The effective interest rate is thus maintained on the residual maturity of the debt.

As part of the financing with the European Investment Bank (EIB), the Group issued share purchase warrants (BSA). This issuance has been analyzed according to IFRS 9 criteria. Because of the put option and the variable nature of the number of shares to which the BSAs will give entitlement, it is recognized as a derivative instrument and measured at fair value on the grant date. It is then remeasured at each reporting date with a corresponding adjustment in profit (loss).

1.15 Conditional advances

Consolidated financial statements in accordance with IFRS at December 31, 2021

The Company receives a certain number of forms of assistance, in the form of subsidies or conditional advances. The details concerning this assistance are provided in Note 11: Loans and borrowings.

A conditional non-repayable loan is treated as a public subsidy if there is reasonable assurance that the Company will fulfill the conditions under which the loan need not be repaid. If the contrary is the case, it is classified under debts.

The unpaid interest benefit resulting from an interest-free repayable loan is considered a subsidy. This benefit is determined by applying a discount rate equal to the contractual rate if the latter is known or the market rate.

1.16 Provisions

Provisions for risks and expenses

Provisions for risks and expenses correspond to commitments arising from litigation and miscellaneous risks, whose timing and amount are uncertain, and which the Group may face in the course of its business.

A provision is recognized when there is a legal or implicit obligation to a third party resulting from a past event which is likely or certain to cause an outflow of resources to that third party, without the expectation of at least equal compensation from it, and for which the future outflows of liquid assets can be estimated reliably.

An amount recognized as a provision is the best estimate of the expenditure necessary to settle the obligation, which is discounted if necessary on the reporting date.

Retirement pension and post-employment benefits

The employees of the Company receive the retirement benefits stipulated by law in France:

- retirement benefits paid by the Company to employees upon their retirement (defined benefit plans);
- payment of retirement pension benefits by Social Security agencies and financed by contributions from employers and employees (defined contribution plans).

For the defined benefit plans, the costs of the retirement benefits are estimated by using the projected credit unit method. According to this method, the cost of the retirement pensions is recognized in the income statement in such a manner as to distribute it uniformly over the term of the services of the employees. The retirement benefits commitments are valued at the current value of the future payments estimated using the market rate based on the long-term obligations of the first-category companies with a term that corresponds to that estimated for the plan. The Company relies on actuaries qualified to conduct an annual review of the valuation of these plans.

In accordance with IAS 19 "Defined Benefit Plans: Employee Contributions", service costs and net interest are recorded under operating profit (loss) and other remeasurements are recorded under other comprehensive income.

The Company's payments for the defined contribution plans are recognized as expenses on the income statement of the period with which they are associated.

1.17 Revenue from ordinary activities

The Group recognizes revenue from ordinary activities according to IFRS 15.

Revenue from ordinary activities is measured as the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's business. Revenue from ordinary activities is presented net of value-added tax, product returns, rebates and discounts, and intragroup sales.

Revenue is recorded when the transfer of goods or services promised to a customer is completed for the amount that reflects the payment that the entity expects to receive as consideration for those goods or services. Regarding the sale of products, revenue is recognized either at the products availability or delivery according to the order's conditions.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Regarding the Company's ordinary sales, and when it is a system rental contract, the Cellvizio is recognized as an asset of the Company and the revenue is recognized on the sale of consumables or on a fee-for-service basis by the healthcare professional to the extent that the system remains the property of the Company.

Sales of systems previously leased under the "Pay-Per-Use" contract are classified as "Sales" in the income statement.

1.18 Other income

Subsidies

In accordance with IAS 20, government grants, including non-monetary grants at fair value, are only recognized when there is reasonable assurance that:

- the entity will comply with the conditions of the grants; and
- the grants will be received.

Government grants are recognized in income on a systematic basis over the periods necessary to link them to the costs they are intended to compensate.

In the case of government grants intended to compensate items in the income statement by means of a loan at a preferential rate of interest, and where that rate is final, the savings resulting from the preferential rate are treated as an operating subsidy and are recognized as a deduction from expenses or in income, depending on the terms of the financing agreement.

The Group presents these operating subsidies under "Other income" in the income statement.

Research tax credit and innovation tax credit

Research tax credits are granted to companies by the French government in order to encourage them to conduct technical and scientific research. Companies that prove that they have expenditures that meet the required criteria (research expenditures located in France or, since January 1, 2005, within the European Community or in another State that is a party to the Agreement on the European Economic Area that has concluded a tax treaty with France that contains an administrative assistance clause) receive a tax credit that can be used for the payment of the corporate tax due for the financial year in which the expenditures were made and the next three financial years, or, as applicable, be reimbursed for the excess portion. As the Company meets the criteria of an SME within the European Community meaning, it receives a refund of the tax credit the year following the financial year in question.

The part of the tax credit used to finance research costs is recognized under "Other income" for the year in which the eligible expenditures are incurred. The part used to finance eligible development costs is deducted from costs recorded under assets.

Consolidated financial statements in accordance with IFRS at December 31, 2021

1.19 Other operating income and expenses

These are unusual income or expenses of a significant amount and limited in number and frequency that the Company presents as a separate item on its income statement in order to facilitate understanding of its current operational performance and provide useful information for a forward-looking analysis of results.

1.20 Cost of products sold

The cost of products sold is composed of expenses directly related to the products sold, *i.e.*, the consumption of raw materials, direct labor costs and provisions for impairment of inventories.

It also takes into account the depreciation of systems made available to customers under Pay-Per-Use contracts.

1.21 Taxes

The deferred income taxes are recognized on the basis of the broad conception and on the basis of the liability method, for all the temporary differences between the value for tax purposes and the stated carrying amount of the assets and liabilities that appear within the financial statements. The primary temporary differences are related to the tax losses that can be carried forward or backward. The tax rates stipulated by law at the reporting date are used to determine deferred taxes.

Deferred tax assets are only recognized to the extent that probable future profits will be sufficient to absorb the losses carried forward. In view of its stage of development, the Company does not recognize deferred tax assets beyond deferred tax liabilities.

1.22 Segment information

The Company has not at this date identified separate operating segments. It conducts its business in a single operating segment: endomicroscopy.

1.23 Other comprehensive income

The revenue and expense items for the period recognized directly in equity are presented, as applicable, under the rubric "Other comprehensive income". These are principally:

- EUR/USD exchange rate differences relating to the subsidiary Mauna Kea Technologies, Inc.;
- changes in pension plan provisions arising from changes in actuarial assumptions.

1.24 Significant accounting estimates and judgments

Estimates and judgments made by Management when applying the accounting policies described above are based on historical information and other factors, notably the anticipation of future events judged to be reasonable in light of circumstances. These estimates and judgments are primarily the following:

Sales recognition

When a system is sold, the legal warranty period begins when the system is installed at the customer's premises.

In accordance with IFRS 15, revenue from the sale of a system is recognized either when the products are made available or upon delivery, depending on the terms of the order. Sales related to the legal warranty must be deferred until the system is installed at the customer's premises. The Group uses estimates to determine the amount reflecting the payment it expects to receive under the guarantee alone.

Development costs

Consolidated financial statements in accordance with IFRS at December 31, 2021

The valuation of development costs that can be capitalized based on compliance with the valuation criteria is presented in Note 3.

Valuation of warrants, stock options and preference shares (see Note 11 and Note 17)

The fair value of warrants, stock options and preference shares granted to employees or service providers is measured on the basis of actuarial models. These models rest on certain calculation assumptions such as the expected volatility of the security.

Valuation of the research tax credit

Income relating to the research tax credit is measured on the basis of methods detailed in Note 1.18: Other income – research tax credits.

Valuation of intangible assets (see Note 3)

The value in use of intangible assets is measured on the basis of assumed sales growth and a discount rate that reflect the best estimates of management.

1.25 Subsequent events

The balance sheet and the income statement of the Company are adjusted to reflect the subsequent events that alter the amounts related to the situations that exist as of the reporting date. Adjustments are made until the date on which the financial statements are approved by the Board of Directors.

Other subsequent events that did not result in adjustments are presented in Note 26: Subsequent events.

Note 2: Company and scope

Founded in May 2000, Mauna Kea Technologies SA (“the Company”) develops and markets medical devices, particularly optical instruments for medical imaging.

As part of its development in the United States, the Company created Mauna Kea Technologies Inc. on January 3, 2005.

Entities	12/31/2021		12/31/2020		Consolidation method
	% of interests	% of control	% of interests	% of control	
Mauna Kea Technologies SA (1)	100%	100%	100%	100%	Full consolidation
Mauna Kea Technologies Inc	100%	100%	100%	100%	Full consolidation

(1) Group's parent company.

No change in scope took place during the period.

Note 3: Intangible assets

The changes in intangible assets break down as follows:

Consolidated financial statements in accordance with IFRS at December 31, 2021

INTANGIBLE ASSETS (Amounts in thousands of euros)					
	12/31/2019	Increase	Decrease	Reclassification	12/31/2020
Development costs	3 623				3 623
Patents, licenses and trademarks	1 791	10	(10)	55	1 846
Software packages	924	34	(9)		949
Development costs in progress	838	947			1 785
Patents, licenses and trademarks in progress	498	9	(43)	(55)	410
Total gross of intangible assets	7 675	1 000	(63)		8 613
Amort. / dep. of development costs	(3 621)	(3)	1		(3 623)
Amort. / dep. of patents, licenses and trademarks	(1 050)	(139)	7		(1 182)
Amort. / dep. of software packages	(661)	(84)	9		(736)
Total amort. / dep. of Intangible assets	(5 332)	(226)	17		(5 541)
Total net of Intangible assets	2 343	774	(46)		3 072

INTANGIBLE ASSETS (Amounts in thousands of euros)					
	12/31/2020	Increase	Decrease	Reclassification	12/31/2021
Development costs	3 623			2 427	6 050
Patents, licenses and trademarks	1 846	5		3	1 854
Software packages	949	4			953
Development costs in progress	1 785	642		(2 427)	
Patents, licenses and trademarks in progress	410	13		(3)	419
Total gross of intangible assets	8 613	663			9 276
Amort. / dep. of development costs	(3 623)	(121)			(3 745)
Amort. / dep. of patents, licenses and trademarks	(1 182)	(166)			(1 347)
Amort. / dep. of software packages	(736)	(76)			(813)
Total amort. / dep. of Intangible assets	(5 541)	(363)			(5 905)
Total net of Intangible assets	3 072	300			3 371

Development costs of €838 thousand for the new GEN III platform were capitalized for the first time in 2019. As of December 31, 2021 and 2020, an additional €947 thousand and €642 thousand respectively have been capitalized for the development of this new system.

Since March 2019, these costs have fulfilled the capitalization criteria pursuant to IAS 38:

- the technical feasibility of the intangible asset for use or sale;
- the Group's intention to complete the asset and its ability to use or sell it;
- expected future economic benefits from the asset;
- available resources enabling the development of the system to be completed;
- ability to reliably measure the costs of developing the asset.

All capitalized development costs relating to GEN III, totaling €2,427 thousand, were commissioned and amortized from the date of marketing, *i.e.* October 1, 2021.

As mentioned in the highlights of the financial year, the Group decided to implement a strategic reorganization accompanied by a restructuring of its workforce. This disclosure is an indication of impairment loss under IAS 36.

An impairment test was performed at December 31, 2021, using the methodology described in Note 1.6.

As the Company consists of only one CGU, the impairment test is performed at Group level.

The future cash flows over the period 2022 to 2026 are based on the following assumptions:

- an average sales growth rate broken down by geographical area and by distribution model for the Group's historical activity (pay-per-use, direct sales of systems, sales to distributors) as well as the estimated income from new business activities;
- a margin rate up slightly over the period taking into account the change in the expected business model and the cost of products sold depending on the type and generation of the products;
- a constant distribution of expenses by type (R&D, Sales & Marketing and Overheads);
- investments (including systems made available through the Pay-Per-Use program in the United States).

These cash flows were discounted at a rate of 14.8% and the terminal value at a growth rate of 2%.

Consolidated financial statements in accordance with IFRS at December 31, 2021

The recoverable amount obtained is greater than the net carrying amount of the assets tested. At December 31, 2021, no impairment loss had thus been recognized.

The Company tests the effects of a change in the cost of equity assumptions: the variation of +1 and -1 point respectively varies the valuation of the CGU by -12% and +14%.

The Company tests the effects of a change in the assumptions of the perpetual growth rate: the variation of +0.5 point and -0.5 point respectively varies the valuation of the CGU by +8% and -7%.

In addition, a decrease of 5 points in sales assumptions would not lead to the recognition of impairment. In view of these results and summing up all the impacts of negative assumptions, the Company would not have recognized any impairment loss.

Note 4: Property, plant and equipment and rights-of-use

The changes in property, plant and equipment break down as follows:

PROPERTY, PLANT AND EQUIPMENT (Amounts in thousands of euros)						
	12/31/2019	Increase	Decrease / Scrapping	Exchange differences	Reclassification	12/31/2020
Industrial equipment	3 595	100	(46)	(23)	17	3 643
Fixture in buildings	51					51
Other tangible assets	1 461	38	(185)	(10)	(17)	1 287
Total gross of Property, plant and equipment	5 107	138	(231)	(33)		4 981
Amort. / dep. of industrial equipment	(2 017)	(485)	13	22		(2 467)
Amort. / dep. of fixture in buildings	(51)	(0)				(51)
Amort. / dep. of other tangible assets	(1 083)	(103)	166	8		(1 012)
Total amort. / dep. of Property, plant and equipment	(3 151)	(588)	179	30		(3 530)
Total net of Property, plant and equipment	1 956	(450)	(51)	(3)		1 451
Right of use	4 598	509	(55)	(17)		5 035
Amort. / dep. of right of use	(3 228)	(529)	55	11		(3 692)
Total net of Right of use	1 370	(20)		(6)		1 344

PROPERTY, PLANT AND EQUIPMENT (Amounts in thousands of euros)						
	12/31/2020	Increase	Decrease / Scrapping	Exchange differences	Reclassification	12/31/2021
Industrial equipment	3 643	173	(274)	17	82	3 642
Fixture in buildings	51					51
Other tangible assets	1 287	226	(122)	8	(82)	1 317
Total gross of Property, plant and equipment	4 981	399	(396)	25		5 010
Amort. / dep. of industrial equipment	(2 467)	(482)	250	(16)		(2 715)
Amort. / dep. of fixture in buildings	(51)					(51)
Amort. / dep. of other tangible assets	(1 012)	(114)	122	(6)		(1 011)
Total amort. / dep. of Property, plant and equipment	(3 530)	(596)	372	(23)		(3 777)
Total net of Property, plant and equipment	1 451	(197)	(24)	3		1 233
Right of use	5 035	319		16		5 370
Amort. / dep. of right of use	(3 692)	(544)		(12)		(4 247)
Total net of Right of use	1 344	(224)		3		1 124

The increase in the right of use is due to the revaluation of rents on premises located in France. The depreciation recorded for these assets represents €544 thousand for the 2021 financial year.

Note 5: Non-current financial assets

Non-current financial assets at December 31, 2021 include security deposits paid under operating leases for €171 thousand, and collective holdbacks relating to the sale of receivables from the 2017/2018/2019/2020 research tax credits for €184 thousand.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Note 6: Inventories and work in progress

The inventories and work in progress break down as follows:

INVENTORIES & WORK IN PROGRESS (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Inventories of raw materials	1 274	1 510
Inventories & work in progress of finished goods	1 956	1 399
Total gross of inventories & work in progress	3 230	2 909
Dep. of inventories of raw material	(81)	(102)
Dep. of inventories & work in progress of finished goods	(136)	(120)
Total dep. of inventories & work in progress	(217)	(222)
Total net of inventories & work in progress	3 013	2 687

Note 7: Trade receivables and other current assets

7.1 Trade receivables

TRADE RECEIVABLES (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Trade receivables	1 691	2 490
Dep. of trade receivables	(159)	(583)
Total net of trade receivables	1 532	1 907

The allowance for doubtful receivables represented 9% of receivables in gross value in 2021 (compared to 23% in 2020).

The analysis of receivables at December 31, 2021 breaks down as follows:

DATE OF PAYMENT FOR TRADE RECEIVABLES (Amounts in thousands of euros)			
	12/31/2021	Less than a year	Over a year
Trade receivables	1 691	1 691	
Dep. of trade receivables	(159)	(159)	
Total net of trade receivables	1 532	1 532	

7.2 Other current assets

The other current assets break down as follows:

OTHER CURRENT ASSETS (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Staff and related accounts	9	10
Research Tax Credit and Innovation Tax Credit	1 346	711
Other tax receivables	361	171
Other receivables	146	76
Prepaid expenses	366	234
Total gross of other current assets	2 228	1 202
Dep. of other current assets		
Total net of other current assets	2 228	1 202

Consolidated financial statements in accordance with IFRS at December 31, 2021

The change in the research tax credit is as follows:

CHANGES IN THE RESEARCH TAX CREDIT RECEIVABLE (Amounts in thousands of euros)					
	12/31/2019	Operating revenue	Payment received	Other	12/31/2020
CIR / CII	2 138	711	(2 165)	27	711
	12/31/2020	Operating revenue	Payment received	Other	12/31/2021
CIR / CII	711	635			1 346

Receivables at end-2021 represent the 2020 and 2021 research and innovation tax credits.

Other tax receivables are related to deductible VAT and a requested VAT reimbursement totaling €361 thousand compared to €171 thousand at December 31, 2020.

Other receivables mainly included advances to suppliers amounting to €146 thousand compared to €76 thousand at December 31, 2020.

Note 8: Current financial assets

Current financial assets correspond to the cash balance of the securities account opened under the Company's liquidity contract held with Gilbert Dupont, which stood at €29 thousand at December 31, 2021 *versus* €59 thousand at December 31, 2020.

Note 9: Cash and cash equivalents

Cash and cash equivalents break down as follows:

CASH AND CASH EQUIVALENTS (Amounts in thousands of euros)		
	31/12/2021	31/12/2020
Short-term bank deposits	11 866	8 606
Total of cash and cash equivalents	11 866	8 606

Consolidated financial statements in accordance with IFRS at December 31, 2021

Note 10: Share capital

10.1 Issued capital

The share capital is set at one million, seven hundred and eighty-three thousand eight hundred and three euros (€1,783,803). It is divided into 44,595,075 ordinary shares, fully subscribed and paid up, each with a nominal value of €0.04.

This figure does not include “Share purchase warrants” (BSA), “Stock warrants for business creator shares” (BSPCE) or stock options (SO) granted to certain investors and natural persons, who may or may not be employees of the Company, free performance shares (AP) and free shares (AGA).

The table below shows the history of the Company's share capital since December 31, 2020:

Movements	Issued capital (€'000)	Share premium (€'000)	Number of shared comprising the issued capital (thousands)
As of December 31, 2020	1 224	98 286	30 590
Conversion of preferred shares	1	2	24
Conversion of warrants (Kepler)	93	2 260	2 335
Issuance of warrants		19	
Acquisition of free shares	11	-11	283
Capital increase	455	11 364	11 364
Others			
Total as of December 31, 2021	1 784	111 920	44 595

10.2 Warrants, stock options and preference shares

Since its formation, the Company issued “Share purchase warrants” (BSA), “Stock warrants for business creator shares” (BSPCE and others) as well as stock options (SO), free performance shares (AP) and free shares (AGA), whose changes since December 31, 2020 are represented below:

Type	Date of granting	Exercise price	Outstanding at 12/31/2020	Created	Exercised	Cancelled	Outstanding at 12/31/2021	Nb potential shares
Options granted before January 1st 2021			4 638 430	-	740	540 850	4 096 840	5 323 500
BSA KEPLER	3/24/2021	(1)		6 000 000	2 335 000	0	3 665 000	3 665 000
BSA	5/18/2021	1.45€		244 000	0	0	244 000	122 000
SO	5/18/2021	1.34€		232 500	0	0	232 500	232 500
AGA	5/18/2021			215 980	0	40 500	175 480	175 480
BSA	6/10/2021	1.23€		61 000	0	61 000	0	0
BSA	9/23/2021	1.10€		4 545 418	0	0	4 545 418	4 545 418
				11 298 898	2 335 740	642 350	12 959 238	14 063 898

(1) The exercise price of the Kepler warrants depends on the share prices on the subscription dates

Following the reverse stock split of shares (four old shares for a new one) on May 25, 2011, four BSAs, BSPCEs or stock options granted before that date are needed to subscribe for one new share. For warrants and options granted after that date, the ratio is one to one.

Starting from July 2014, the Company could no longer issue any new BSPCE plans, because it had exceeded the threshold of €150 million in market capitalization more than three years previously.

The procedures for exercising preference shares and free shares are described in Note 17.

Consolidated financial statements in accordance with IFRS at December 31, 2021

10.3 Company's buyback of its own shares

- Share buyback program adopted at the Company's Ordinary General Meeting on July 5, 2019

The Extraordinary General Meeting of July 5, 2019 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below:

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF;
- to meet the obligations related to stock option, free share award, or employee savings plans, or other awards of shares to the employees and executives of the Company or the companies associated with it;
- to tender shares upon exercise of the rights attached to securities giving access to the share capital;
- to purchase shares to hold for their subsequent exchange or use as consideration in potential acquisitions; or
- conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities.

Maximum purchase price: €30 per share excluding fees and commissions, with a total limit of €5,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

It is specified that the number of shares acquired by the Company to be retained and subsequently delivered in payment or in an exchange as part of any merger, de-merger, or capital contribution may not exceed 5% of its share capital.

- Share buyback program adopted at the Company's Combined General Meeting on July 2, 2020

The Combined General Meeting of July 2, 2020 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below. This program took the place of the program adopted at the Ordinary General Meeting of July 5, 2019.

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF; and/or
- to honor obligations linked to stock option and free share plans;
- company savings schemes or other share awards to employees and executives of the Company or its associates; and/or
- to tender shares upon exercise of the rights attached to securities giving access to the share capital; and/or
- to purchase shares to be held for their subsequent exchange or use as consideration in potential acquisitions in compliance with market practices permitted by the AMF; and/or
- in general, to conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities, it being specified that, in such a situation, the Company would inform its shareholders through a press release.

Maximum purchase price: €5 per share, excluding fees and commissions (this purchase price will be adjusted to take account of capital transactions, in particular in the capitalization of reserves, free share grants, stock splits or reverse stock splits), with an overall ceiling of €4,000,000.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

The number of shares acquired by the Company to be held and subsequently exchanged or used as consideration for the purpose of any merger, de-merger, or capital contribution may not exceed 5% of the total number of shares.

Buyback methods: the acquisition, sale or transfer of shares may be carried out by any means, on one or more occasions, in particular on the market or over-the-counter, including by block purchases or sales, public offers, using options or derivative mechanisms, under the conditions pursuant to the market authorities and in compliance with applicable regulations.

- Share buyback program adopted at the Company's Combined General Meeting on June 3, 2021

The Combined General Meeting of June 3, 2021 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below. This program took the place of the program adopted at the Ordinary General Meeting of July 2, 2020.

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF; and/or
- to honor obligations linked to stock option and free share plans;
- to tender shares upon exercise of the rights attached to securities giving access to the share capital; and/or
- to purchase shares to be held for their subsequent exchange or use as consideration in potential acquisitions in compliance with market practices permitted by the AMF; and/or
- in general, to conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities, it being specified that, in such a situation, the Company would inform its shareholders through a press release.

Maximum purchase price: €5 per share, excluding fees and commissions (this purchase price will be adjusted to take account of capital transactions, in particular in the capitalization of reserves, free share grants, stock splits or reverse stock splits), with an overall ceiling of €4,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

The number of shares acquired by the Company to be held and subsequently exchanged or used as consideration for the purpose of any merger, de-merger, or capital contribution may not exceed 5% of the total number of shares.

Buyback methods: the acquisition, sale or transfer of shares may be carried out by any means, on one or more occasions, in particular on the market or over-the-counter, including by block purchases or sales, public offers, using options or derivative mechanisms, under the conditions pursuant to the market authorities and in compliance with applicable regulations.

Summary of the shares purchased and sold over the year:

Consolidated financial statements in accordance with IFRS at December 31, 2021

	2021				
	Q1	Q2	Q3	Q4	Total
Securities purchased	385 503	234 188	269 877	415 534	1 305 102
Price	1.69	1.34	1.12	0.88	
Total amount (in €'000)	652	313	302	365	1 632
Securities sold	381 620	227 742	272 366	393 012	1 274 740
Price	1.69	1.34	1.14	0.88	
Total amount (in €'000)	643	305	310	346	1 604

At December 31, 2021, the Company held 75,617 Mauna Kea Technologies shares acquired at an average price of €0.765 equal to the realizable value on December 31, 2021.

Note 11: Loans and borrowings

CHANGES IN LOANS AND BORROWINGS

(Amounts in thousands of euros)

	12/31/2020	Drawing	Rembours.	Interest / discount	Reclass from non-current to current	Others	12/31/2021
Repayable advance BPI (ex Oseo)	3 470	504		130			4 105
IFRS 16 lease liabilities	1 343	319	(554)			5	1 114
PGE Loan	4 014	42	(19)	9			4 046
BEI T1 Loan	11 408			851			12 259
BEI T2 Loan	5 887		(178)	489			6 198
BEI T1 Warrants	571					(398)	173
BEI T2 Warrants	255					(170)	85
Sale of the CIR / CII receivables		711					711
Others	16	1	(9)				8
Total loans and borrowings	26 964	1 577	(760)	1 479		(563)	28 697

The amounts presented in the "Other" column correspond to the following items:

- Share purchase warrants EIB T1: fair value adjustment of the BSA of €(398) thousand at December 31, 2021.
- Share purchase warrants EIB T2: fair value adjustment of the BSA of €(170) thousand at December 31, 2021.

The breakdown between non-current and current borrowings at December 31, 2021 is as follows:

CHANGES IN NON-CURRENT LOANS AND BORROWINGS

(Amounts in thousands of euros)

	12/31/2020	Drawing	Rembours.	Interest / discount	Reclass from non-current to current	Others	12/31/2021
Repayable advance BPI (ex Oseo)	3 470	504		130			4 105
IFRS 16 lease liabilities	799	319			(477)	2	642
PGE Loan	4 014	42	(19)	(37)	(392)		3 608
BEI T1 Loan	11 408			851			12 259
BEI T2 Loan	5 709			489	(188)		6 010
BEI T1 Warrants	571					(398)	173
BEI T2 Warrants	255					(170)	85
Others	16	1	(9)				8
Total non-current loans and borrowings	26 242	866	(28)	1 433	(1 057)	(566)	26 890

Consolidated financial statements in accordance with IFRS at December 31, 2021

CHANGES IN CURRENT LOANS AND BORROWINGS

(Amounts in thousands of euros)

	12/31/2020	Drawing	Rembours.	Interest / discount	Reclass from non-current to current	Others	12/31/2021
IFRS 16 lease liabilities	544		(554)		477	4	471
PGE Loan				46	392		438
BEI T2 Loan	178		(178)		188		188
Sale of the CIR / CII receivables		711					711
Total current loans and borrowings	722	711	(732)	46	1 057	4	1 807

11.1 BPI advances (formerly OSEO Fi)

On May 31, 2010, Mauna Kea Technologies obtained a repayable innovation loan in the amount of €3,416 thousand from OSEO as part of the PERSEE project. The PERSEE project aims to develop, validate and then market a device capable of improving diagnostic and pre-operative assessment techniques for cancer patients. The first payments of the loan were as follows:

- first payment of €454 thousand on May 31, 2010;
- second payment of €1,138 thousand on December 21, 2011;
- third payment of €685 thousand on May 29, 2013;
- fourth payment of €626 thousand on December 22, 2016.

The project was closed at the end of 2020, and the fifth payment of the reimbursable advance of €504 thousand was received in December 2021. The advances granted carry interest at a rate of 2.45%.

The 2010 contract between OSEO, now BPI France, and the Company stipulates that the first repayment should take place once sales of €2,500 thousand on new products are reached.

The amount to repay, based on the new expected repayment schedule, will be €4,691 thousand, including capitalized expenses.

If no repayment occurs within 10 years of the last aid payment, Mauna Kea will be released from any obligation to pay a financial return.

In addition, if the cumulative sales amount is greater than €50,000 thousand, 2% of the sales generated must be paid over fifteen years.

In addition, the specific contract between BPI France (formerly OSEO) and Mauna Kea stipulates in Article 4.3 that in the event of a failure by the Company to comply with any of its obligations as listed in the contract, of any irregular tax and social security situation, of inaccurate or false declarations, of a contribution, merger, demerger, transfer of control or of assets of the Company, Mauna Kea SA must repay in advance the discounted value.

11.2 EIB loans

Following the €22,500 thousand financing agreement signed with the European Investment Bank (EIB) on June 20, 2019, the Company received the first instalment of €11,494 thousand net on July 3, 2019. This loan has a term of five years with a capitalized interest of 5%. Principal and interest are repayable at maturity. Warrants (BSAs), whose terms and conditions are detailed in Note 11.5, were issued with this loan.

On July 8, 2020, in accordance with the loan agreement as amended on June 19, 2020, the Company received the second tranche of €6,000 thousand. This loan has a term of five years with capitalized interest of 4% and interest of 3% paid annually. The principal and the capitalized interest are repayable at maturity. Share purchase warrants (BSAs), whose terms and conditions are detailed in Note 11.5, were issued with this loan.

This loan is recognized at its grant date at fair value and subsequently recognized at amortized cost. The effective interest rate (EIR) for tranche 2 was estimated at 8.3%.

The following tranche of €5,000 thousand will be available subject to the achievement of certain milestones:

- increase in equity by €15 thousand since the signing of the initial agreement on June 20, 2019;
- sales of €24,000 thousand over the 12 months preceding the drawdown of the loan.

Consolidated financial statements in accordance with IFRS at December 31, 2021

11.3 Government-backed loan

On July 17, 2020, the Company announced that BNP Paribas and Bpifrance had approved €4 million in financing in the form of a government-backed loan.

BNP Paribas and Bpifrance have each a loan of €2 million at fixed interest rates of 0.25% and 1.75% respectively. These non-dilutive loans will be 90% guaranteed by the French government (ministerial decrees of March 23 and April 17, 2020 granting the State guarantee to credit institutions and financial companies, pursuant to Article 6 of Law No. 2020-289 of March 23, 2020).

Each loan is for an initial term of one year. At the end of the first year, repayment of the principal due may be again deferred, at the Company's option, for a maximum 5 year term.

At August 11, 2020, the loan was fully drawn down.

In 2021, on the initial maturity dates, the loans were renegotiated with BNP Paribas and Bpifrance. The new maturities are on June 24, 2026 and August 31, 2026 with fixed interest rates of 0.75% and 2.25% respectively. BNP Paribas' capital is repaid monthly from July 24, 2022. For the Bpifrance Government-backed loan, it will be quarterly from November 30, 2022.

11.4 Sale of the research tax credit/innovation tax credit receivable

The research tax credit receivable for the 2020 financial year, representing €711 thousand, was financed on May 19, 2021 and was still financed at December 31, 2021. The amount of the research tax credit/innovation tax credit for 2021 is €635 thousand.

11.5 Derivatives

As part of the financing with the European Investment Bank (EIB), the Group issued share purchase warrants (BSA). This issuance has been analyzed according to IFRS 9 criteria. Because of the put option and the variable nature of the number of shares to which the warrants (BSA) will give entitlement, it is recognized as a derivative instrument and measured at fair value on the grant date (*i.e.* July 3, 2019 on the receipt of the first loan tranche and on July 8, 2020 on the receipt of the second tranche). It is then remeasured at each reporting date with a corresponding adjustment in profit (loss).

- Warrants attached to Tranche 1

Tranche 1 included the issuance of share purchase warrants (BSAs) entitling the holder, in the event of exercise, to subscribe for a maximum of 1,450,000 shares of the Company (*i.e.*, 5.75% of the share capital on a non-diluted basis) subject to the legal and contractual adjustments provided for in the documentation. These BSA warrants were issued on the basis of the fourth resolution (private placement) adopted by the Extraordinary General Meeting of October 5, 2018. The exercise price of the warrants is equal to the weighted average of the volumes of the last three trading days preceding their issue, less a 5% discount, *i.e.* €1.8856 per warrant. The BSA warrants may be exercised until the twentieth anniversary of their issuance, *i.e.* July 3, 2039.

This issuance has been analyzed according to IFRS 9 criteria and has led to the recognition of a derivative instrument measured at fair value as of the grant date. It is then remeasured at each reporting date with a corresponding adjustment in profit (loss).

At December 31, 2021, the derivative attached to Tranche 1 was revalued to €173 thousand based on the following assumptions:

- theoretical maturity: 17.5 years
- probable maturity: 3.5 years
- volatility: 50% in 4.5 years and 40% in 18.5 years
- repo rate: 2.0% *per annum*;
- reference price: €0.72.

Consolidated financial statements in accordance with IFRS at December 31, 2021

The change in value between December 31, 2020 and December 31, 2021 amounts to €398 thousand and is recognized under finance income in the income statement.

- Warrants attached to Tranche 2

Tranche 2 included the issuance of share purchase warrants (BSAs) entitling the holder, in the event of exercise, to subscribe to a maximum of 500,000 Company shares (*i.e.* 1.6% of the share capital on a non-diluted basis). These BSA warrants were issued on the basis of the twenty-fourth resolution adopted by the Combined General Meeting of July 2, 2020. The exercise price of the warrants is equal to the volume weighted average of the last three trading days preceding their issue, less a 5% discount. The BSA warrants may be exercised starting from their issuance and until July 3, 2039.

This issuance has been analyzed according to IFRS 9 criteria and has led to the recognition of a derivative instrument measured at fair value as of the grant date. It is then remeasured at each reporting date with a corresponding adjustment in profit (loss).

At December 31, 2021, the derivative attached to Tranche 1 was revalued to €85 thousand based on the following assumptions:

- theoretical maturity: 17.5 years
- probable maturity: 3.5 years
- volatility: 50% in 4.5 years and 40% in 18.5 years
- repo rate: 2.0% *per annum*
- reference price: €0.72.

The change in value between December 31, 2020 and December 31, 2021 amounts to €170 thousand and is recognized under finance income in the income statement.

11.6 Maturities of financial liabilities

The maturities of financial liabilities at December 31, 2021 break down as follows:

MATURITIES OF FINANCIAL LIABILITIES (Amounts in thousands of euros)

	Gross amount	Less than 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
Long-term loans	26 890		21 893	892	4 105
Short-term loans and borrowings	1 807	1 807			
Trade payables	1 667	1 667			
Other current liabilities	3 865	3 865			
Total financial liabilities	34 229	7 339	21 893	892	4 105

The maturities of long-term loans and borrowings relating to repayable advances are determined on the basis of estimates of expected repayments at December 31, 2021.

Note 12: Non-current provisions

Non-current provisions break down as follows:

NON-CURRENT PROVISIONS (Amounts in thousands of euros)

	12/31/2020	Allowance	Unused reversals	Used reversals	Others	12/31/2021
Pension plan provision	160	27	(71)	0	(5)	111
Provision for personnel dispute	19	20	(19)		0	20
Autres provisions pour charges	0	724		0	0	724
Total of non-current provisions	179	955	(294)	0	(5)	855

Consolidated financial statements in accordance with IFRS at December 31, 2021

12.1 Retirement commitments

For estimated retirement commitments, the following assumptions were used for all categories of employees (employees, ETAM [Employees, Technicians, and Supervisors], and managers):

- retirement age: 65;
- terms of retirement: voluntary retirement;
- mortality table: INSEE 2021;
- collective agreement: metal industries;
- employee turnover:
 - 18-25 years old: 0%
 - 26-35 years old: 23%
 - 36-45 years old: 11%
 - 46-55 years old: 17%
 - >56 years old: 0%;
- Employer contribution rate used: 47% (identical to 2020);
- Salary increase rate: 2.5% (*versus* 2% in 2020);
- Discount rate: 1.38% (vs. 10.74% in 2020) equal to the iBoxx Corporate AA10+ rate plus 0.4 points.

The Company does not finance its pension plan provision. No retirements took place over the last two financial year.

The impact of the application of IFRIC 21 is not significant and was not taken into account in the assessment of the pension plan provision at December 31, 2021.

12.2 Provisions for disputes

This provision covers legal disputes at the end of December 2021.

The Company paid €19 thousand following a judgment issued by the Court of Appeal in January 2021. This provision has therefore been adjusted by a reversal and a new allowance of €20 thousand has been recognized for a potential legal dispute in 2021.

12.3 Provision for restructuring

Non-recurring expenses of €908 thousand were recognized following the announcement of the redundancies to the SEC on December 5, 2021. This expense is mainly composed of severance pay, notice, redeployment costs and legal fees for seven employees in Europe and 11 in the United States (including the former Chief Executive Officer). The balance of the restructuring provision at December 31, 2021 was €724 thousand.

Note 13: Trade payables and other current liabilities

No discounts were made on trade payables and other current liabilities because they matured within one year at the end of each financial year in question.

13.1 Trade payables

Trade payables break down as follows:

TRADE PAYABLES		
(Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Trade payables	1 667	1 475

Consolidated financial statements in accordance with IFRS at December 31, 2021

13.2 Other current liabilities

Other current liabilities break down as follows:

OTHER CURRENT LIABILITIES (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Tax payables	170	193
Staff and social security payables	1 817	2 916
Other operating payables	350	44
Deferred revenue	1 527	915
Total of other current liabilities	3 865	4 068

Tax liabilities mainly concern payroll taxes, sales tax and value added tax.

Payroll-related liabilities represent provisions for paid leave, provisions for bonuses and commissions and social security contributions. The decrease compared with December 31, 2020 is mainly due to the deferral of social security contributions obtained as part of the measures proposed by the French government in response to the COVID-19 pandemic. During the 2021 financial year, all of these deferred payments were cleared.

Deferred revenue mainly corresponds to service contracts and warranty extensions whose revenue recognition is deferred under IFRS 15.

In 2021, the Company signed a collaboration agreement for a clinical study with the Lung Cancer initiative of Johnson & Johnson Enterprise Innovation Inc. This contract will enable Mauna Kea Technology to generate €978 thousand in income over the term of the contract. The latter is broken down into two payments: 1st payment of €685 thousand received in 2021. This amount was recorded as deferred income at the time of receipt.

With regard to IFRS 15, income will be recognized when the performance obligations are met.

For the 2021 financial year, €72 thousand was recognized as income.

Note 14: Financial instruments on the balance sheet

FINANCIAL INSTRUMENTS ON BALANCE SHEET AND THEIR IMPACT ON THE PROFIT (OR LOSS) (Amounts in thousands of euros)				
As of December 31st 2021	Value on the Balance sheet	Fair value through profit or loss	Fair value through equity	Loans and receivables
Assets				Debt at amortized cost
Non-current financial assets	355			355
Trade receivables	1 532			1 532
Other current assets (1)	1 862			1 862
Current financial assets	29			29
Cash & cash equivalent	11 866	11 866		
Total assets	15 644	11 866		3 779
Liabilities				
Long-term loans and borrowings	26 890	258		26 632
Short-term loans and borrowings	1 807			1 807
Trade payables	1 667			1 667
Other current liabilities (1)	2 338			2 338
Total liabilities	32 702	258	0	32 444

(1) Advances paid and received that are not repaid in cash, and deferred income and prepaid expenses that do not meet the definition of financial liabilities, are not included.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Note 15: Sales and operating revenue

Sales and operating revenue consists of the following:

SALES AND OPERATING REVENUE (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Sales	7 700	6 526
Other operating revenues	204	705
Research Tax Credit and other tax credit	635	711
Total des produits	8 539	7 942

15.1 Sales

The Group's sales, consisting of the sale of Cellvizio® products and accessories (probes, software, etc.) as well as services, increased by 18% in the financial year 2021 compared to 2020. The Company's activities remain partially impacted by the COVID-19 pandemic.

SALES BY TYPE OF PRODUCT (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Total sales of "equipements"	3 193	2 584
Total sales of "consumables" (probes)	3 204	2 829
<i>Incl "pay-per-use" program</i>	<i>1 584</i>	<i>1 279</i>
Total sales of "services"	1 303	1 113
Total of sales	7 700	6 526

The increase in sales in 2021 is due to the increase in sales of systems, consumables and services compared to 2020 for respectively 24%, 13% and 17%.

Sales by geographic region at December 31, 2021 break down as follows:

SALES BY GEOGRAPHICAL AREA (Amounts in thousands of euros)		
	12/31/2021	12/31/2020
EMEA (Europe, Middle-east, Africa)	1 956	1 178
<i>including France</i>	<i>277</i>	<i>396</i>
USA and Canada	4 182	3 586
<i>including USA</i>	<i>4 182</i>	<i>3 586</i>
<i>including Latin America (1)</i>		
Asie	1 561	1 762
<i>including China</i>	<i>1 381</i>	<i>1 616</i>
<i>including Japan</i>		<i>9</i>
Total sales by geographical area	7 700	6 526

For the purposes of geographical analysis, the Management of the Group allocates sales according to the place of delivery, or, in the case of services, according to the location of the customer's head office.

At December 31, 2021, one distributor from the APAC region accounted for 18% of sales.

15.2 Other operating income

Other operating income at December 31, 2021 of €204 thousand was the PERSEE grant.

Other operating income at December 31, 2020 included:

Consolidated financial statements in accordance with IFRS at December 31, 2021

- partial employment payments made by the French government to help companies through the COVID-19 pandemic, for €90 thousand;
- the loan convertible under certain conditions into a grant of €0.6 thousand under the Paycheck Protection Program in the United States.

15.3 Tax credits

The decrease in tax credits compared to December 31, 2020 (2021: €635 thousand vs. 2020: €711 thousand) is mainly due to the repayable advance which was partially deducted from the calculation basis for the research tax credit. In total, the calculation basis for the 2021 research tax credit was reduced by €641 thousand.

Note 16: Employee benefits expenses

The Group employed 87 persons at December 31, 2021 compared with 98 persons at December 31, 2020.

The employee benefits expense breaks down as follows:

EMPLOYEE BENEFITS EXPENSE		
(Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Wages and salaries, social security costs	11 468	11 459
Net pension costs variation	(44)	17
Share-based payment transaction expenses	548	616
Total of employee benefits expense	11 972	12 092

Note 17: Share-based payments

Share-based payments concern all warrants (BSA/BSPCE), stock options (SO), preference shares (AP) and free shares (AGA) awarded to employees, service providers and members of the Board of Directors.

They have been recorded as expenses since the award knowing that the terms for exercising BSPCEs and SOs are as follows for the plans awarded before 2017:

- 25% of the BSPCE/SO may be exercised starting on the first anniversary of their award;
- 25% of the BSPCE/SO may be exercised starting on the second anniversary of their award;
- 25% of the BSPCE/SO may be exercised starting on the third anniversary of their award;
- the remaining balance, *i.e.*, 25% of the BSPCE/SO, may be exercised starting on the fourth anniversary of their award;
- no later than ten years from their issue, or seven years for stock options granted before 2011, it being specified that BSPCE/SO not yet exercised by the end of this ten-year period automatically become null and void.

The terms and conditions for exercising stock options are the following for plans awarded starting in 2017:

- 20% of the options at the end of the first year from the first anniversary date of their award; and
- 40% of the options at the end of the second year from the second anniversary date of their award; and
- 20% of the options at the end of the third and fourth years from the date of their award, and
- no later than ten (10) years from their award, it being specified that the options that have not yet been exercised at the end of this 10-year period automatically become null and void.

The terms and conditions for exercising BSAs are as follows:

- 33.3% of the BSAs may be exercised starting on the first anniversary of their award;
 - 33.3% of the BSAs may be exercised starting on the second anniversary of their award;
- The remaining balance, *i.e.*, 33.3% of the warrants, may be exercised starting on the third anniversary of their award;

Consolidated financial statements in accordance with IFRS at December 31, 2021

- BSAs not yet exercised within ten years of their issue automatically become null and void.

Regarding preference shares (AP), the terms and conditions for exercise are described in the minutes of the Extraordinary General Meetings of May 4, 2016 in the nineteenth resolution and October 5, 2018 in the fourteenth and fifteenth resolutions.

https://www.maunakeatech.com/uploads/media/media_pdf/0001/03/PV%20AGM%205%20octobre%202018%20Rev.pdf

The main characteristics are as follows:

The 2018 Preference Shares vested to their beneficiaries at the Vesting Date will be convertible into new or existing ordinary shares at the Company's choice (the "Ordinary Shares"), at the request of each beneficiary concerned, at any time after the second anniversary of the Vesting Date and no later than the fifth anniversary of the Vesting Date (the "Conversion Period"), unless otherwise specified in the 2018 Preference Shares award plan or otherwise decided by the Board of Directors and notified to each holder of 2018 Preference Shares according to the following terms and conditions:

a. in the event of the Beneficiary's Departure between the Vesting Date (inclusive) and the first anniversary of the Vesting Date (exclusive), each Preference Share will be convertible into twenty Ordinary Shares;

b. in the event of the Beneficiary's Departure between the first anniversary of the Vesting Date (inclusive) and the second anniversary of the Vesting Date (exclusive), each Preference Share will be convertible into thirty-three Ordinary Shares;

c. in the event of the Beneficiary's Departure between the second anniversary (inclusive) and the third anniversary (exclusive) of the Vesting Date, the conversion ratio will be determined as follows:

(i) if the Reference Price 1 is strictly less than the Floor Price, each Preference Share shall be convertible into thirty-three Ordinary Shares;

(ii) if the Reference Price 1 is strictly higher than the Intermediate Price, each Preference Share shall be convertible into sixty-six Ordinary Shares;

(iii) if the Reference Price 1 is between the Floor Price (inclusive) and the Intermediate Price (inclusive), each Preference Share shall carry entitlement to the following number of Ordinary Shares:

$$33 + 33 \times \frac{\text{Reference Price 1} - \text{Floor Price}}{\text{Intermediate Price} - \text{Floor Price}}$$

where:

the term "Floor Price" means 1.75 times the Grant Price,

- the term "Grant Price" means the average of closing prices recorded on Euronext or any other main listing location for the Mauna Kea Technologies share over the 60 trading sessions prior to the grant date of the relevant 2018 Preference Shares ("Vesting Date"),

- the term "Intermediate Price" means 2.5 times the Grant Price; and

- the term "Reference Price 1" means the highest average of closing prices for the share on Euronext or any other main listing location for the Mauna Kea Technologies share over a period of 60 consecutive trading sessions, calculated at any time from the Vesting Date and until the second anniversary of the Vesting Date;

d. in the event of the Beneficiary's Departure after the Holding Period, each Preference Share shall carry entitlement to the following number of Ordinary Shares, equal to the sum of:

(x) the number of Ordinary Shares calculated in accordance with the provisions of paragraph 3.c) above as if the Departure of the beneficiary had occurred between the second and the third anniversary of the Vesting Date, and;

(y) the following number of Ordinary Shares:

Consolidated financial statements in accordance with IFRS at December 31, 2021

(i) if the Reference Price 2 is strictly lower than the Floor Price: none;

(ii) if the Reference Price 2 is strictly greater than the Ceiling Price: the difference between one hundred Ordinary Shares and the number of Ordinary Shares determined in (x) (such that the sum of (x) and (y) equals 100);

(iii) if the Reference Price 2 is between the Floor Price (included) and the Ceiling Price (included): the difference, if positive, between:

- $33 + 67 \times \frac{\text{Reference Price 2} - \text{Floor Price}}{\text{Ceiling Price} - \text{Floor Price}}$; and
- the number of Ordinary Shares determined in (x).

where:

- the term "Floor Price" means 2.45 times the Grant Price;
- the term "Ceiling Price" means 3.5 times the Grant Price; and
- the term "Reference Price 2" means the highest average of closing prices for the share on Euronext or any other main listing location for the Mauna Kea Technologies share over a period of 60 consecutive trading sessions, calculated at any time from the date of the first anniversary of the Vesting Date and until the third anniversary of the Vesting Date.

It should be noted that this conversion rate may be adjusted to take account of shares to be issued to protect the rights of holders of securities giving access to the Company's share capital, and the beneficiaries of Preference Shares, in accordance with applicable legal and regulatory provisions.

The Preference Shares may be converted only during the period of five years and six months following the expiration of the Holding Period (the "Holding Period").

The main methods of exercising Free Shares (AGA) are as follows:

- the grant of shares to beneficiaries will vest at the end of a vesting period, the term of which will be set by the Board of Directors, which may not be less than one year;
- in order to receive the Shares at the end of the Vesting Period, a Beneficiary must have retained the status of an employee of the Company and/or, as the case may be, a corporate officer during the entire Vesting Period, without interruption;
- at the end of the Vesting Period, each Beneficiary will become holder of the number of Shares set by the Board of Directors on the Grant Date; at the time of their transfer of ownership to the Beneficiaries who have fulfilled the conditions of these Rules, the Shares will be registered in a registered account opened in the name of each Beneficiary;
- the Free Shares may not be sold or transferred and must remain registered for a period of two years from the date of their registration in a shareholder account.

The other main assumptions used to determine share-based payment expenses using the Black-Scholes valuation model were as follows:

- Risk-free interest rate: Government borrowing rate (GFRN index),
- Dividend: none,
- Turnover: 20%,
- Volatility: 60% for BSA, BSPCE and stock options granted before December 31, 2011, 35% for BSPCE and stock options granted in 2012, 34% for BSPCE and stock options granted in 2013, 32% and 33% for plans granted in 2014, 33% for plans granted in 2015, 29.99% for plans granted in 2016, 55% for plans granted in 2017, 59% for plans granted in 2018, 50% for plans granted in 2019 and 40% for plans granted in 2020 and 2021.

The volatility applied corresponds to the average historic volatility of a panel of listed companies in the Company's industry sector and/or has a market capitalization and traded share volume comparable with those of the Company. Listed companies whose shares were traded for less than €1 were excluded from the panel.

The exercise price, estimated life and fair value of underlying shares at the grant date of the warrants were used to value each category of share-based compensation.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Type	Date of granting	Nb of shares granted	Reference price	Exercise price	Maturity	Volatility	Net value per share	Valuation
BSA	05/18/2021	122 000	€ 0.72	€ 1.45	3 years	40%	€ 0.52	35 568
SO	05/18/2021	232 500	€ 0.72	€ 1.34	4 years	40%	€ 0.25	65 748
AGA	05/18/2021	175 480	€ 0.72	n/a	3 years	40%	€ 0.83	132 090

Share-based payment expenses during the period break down as follows:

DETAILS OF THE RESTATEMENT OF SHARE-BASED PAYMENTS

(Amounts in thousands of euros)

	12/31/2021	12/31/2020
Free performance shares (AP)		3
Free shares (AGA)	199	135
Warrants (BSA)	69	91
Stock-options (SO)	280	387
	548	616

Note 18: External expenses

18.1 Cost of products sold

COST OF GOODS SOLD

(Amounts in thousands of euros)

	31/12/2021	31/12/2020
Purchases consumed	870	1 168
Employee benefits expenses	517	580
External expenses	136	86
Taxes	48	64
Net change in amortization and depreciation	377	401
Variation of work-in-progress and finished products	40	(157)
Other	1	6
Total Cost of goods sold	1 989	2 148

Purchases consumed correspond to raw materials consumed in the production of the products sold.

Employee benefits expenses include all wages, salaries and social security costs for production employees.

The gross margin stood at 74.2% in 2021 compared to 67.1% in 2020. This improvement is mainly due to a favorable sales mix: sales with the margin rate at 100% (old PPU systems and research contract services), the increase in the sale price of the new platform with the lower cost of production in 2021.

18.2 Research & Development Department

RESEARCH & DEVELOPMENT

(Amounts in thousands of euros)

	31/12/2021	31/12/2020
Purchases consumed	51	31
Employee benefits expenses	2 371	2 184
External expenses	482	791
Taxes	41	40
Net change in amortization and depreciation	359	171
Other	7	15
Total Research & Development expenses	3 310	3 232

Consolidated financial statements in accordance with IFRS at December 31, 2021

Employee benefits expenses include all wages, salaries and social security costs for the research and development activity (excluding employee benefits expenses capitalized as development costs for GEN III).

External expenses mainly include research costs, costs relating to the maintenance of patent protection and consulting fees.

The launch date of GEN III was October 1, 2021. At December 31, 2021, the amortization of GEN III was €121 thousand.

18.3 Sales & Marketing Department

SALES & MARKETING (Amounts in thousands of euros)

	12/31/2021	12/31/2020
Purchases consumed	67	166
Employee benefits expenses	5 730	6 094
External expenses	1 520	1 712
Taxes	22	22
Net change in amortization and depreciation	(338)	(28)
Other	620	154
Total Sales & Marketing expenses	7 620	8 120

Employee benefits expenses include all wages, salaries and social security costs for all Sales and Marketing staff.

External expenses mainly include travel expenses for sales representatives and expenses related to trade shows and other marketing events.

The decrease in external expenses compared with December 31, 2021 is mainly due to cost reduction measures and the impact of the health crisis, which saw the cancellation of seminars and promotional events and a reduction in travel by the sales force.

18.4 Administrative Department

ADMINISTRATIVE EXPENSES (Amounts in thousands of euros)

	12/31/2021	12/31/2020
Purchases consumed	50	76
Employee benefits expenses	2 601	2 618
External expenses	2 823	2 244
Taxes	178	180
Net change in amortization and depreciation	635	601
Other	111	66
Total Administrative expenses	6 399	5 785

Employee benefits expenses include all wages, salaries and social security costs for General Management and support functions (human resources, legal, finance, etc.)

External expenses mainly include consulting fees (legal fees, financial communication, etc.).

The increase in external expenses in 2021 corresponds mainly to the costs of consultants and lawyers involved in the search for financing and other legal items.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Note 19: Non-recurring operating profit (loss)

Non-recurring income of €143 thousand was recognized in 2020 following an agreement to terminate a commercial relationship with IDEX. This income was used to cover costs incurred in prior years.

In 2021, non-recurring operating expenses amounted to €891 thousand. The amount of non-recurring expenses related to the restructuring plan amounted to €908 thousand and consisted of the following items:

Non-Recurring Operating Expenses

(Amounts in thousands of euros)

	12/31/2021
Severance - EUROPE	227
Severance - U.S.	620
Legal fees	44
Notice of contract termination	18
Total	908

Severance payments include 7 employees in Europe and 11 employees (including the former Chief Executive Officer) in the United States.

Note 20: Financial income and expenses

Financial income and expenses break down as follows:

FINANCIAL INCOME AND EXPENSES

(Amounts in thousands of euros)

	12/31/2021	12/31/2020
Foreign exchange gains	0	318
Gains on cash equivalents	0	0
Other financial income	568	0
Total financial income	568	318
Foreign exchange losses	(249)	(72)
Interest expenses	(27)	(49)
Other financial expenses	(3)	(113)
Loss on cash equivalents	(1)	0
Discount expenses	(1 515)	(1 059)
Total financial expenses	(1 795)	(1 293)
Total of financial income and expenses	(1 227)	(974)

Interest expenses at December 31, 2021 mainly include interest on the Government-backed loan and EIB loan as well as IFRS 16 lease liability-related interest.

Other financial income at December 31, 2021 include the fair value adjustment of the EIB BSAs (tranches 1 and 2) for €568 thousand and expenses related to the pre-financing of the research tax credit.

The discounting expenses at December 31, 2021 correspond to the interest on tranches 1 and 2 of the EIB loan for €1,139 thousand, as well as to interest relating to the OSEO repayable advance for €130 thousand.

Note 21: Income tax

Under current tax laws, the Group has total tax losses of €105,181 thousand that may be carried forward indefinitely in France and total tax losses of €51,807 thousand that may be carried forward for 20 years in the United States,

Consolidated financial statements in accordance with IFRS at December 31, 2021

i.e., a total of €156,988 thousand at December 31, 2021. The deferred tax asset base net of temporary passive differences was not capitalized as a precautionary measure, in accordance with the principles set out in Note 1: Accounting principles.

The tax rate applicable to the Company is the rate in effect in France (26.5%). By convention, the deferred income tax rate used is 26.5%.

TAX PROOF		
(Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Profit / (loss)	(13 445)	(12 791)
Income tax expense		
Profit before tax	(13 445)	(12 791)
Theoretical tax expense 26,5%	(3 563)	(3 581)
Other non-deductible expenses and tax-exempt income	40	12
Effect of tax rate differences	(261)	(288)
Deferred tax assets not recognised	3 784	3 857
Actual income tax expense		

Note 22: Commitments

Lease obligations

Lease obligations are those relating to operating leases that do not fall within the scope of IFRS 16:

- an office lease contract in China for a period of less than or equal to 12 months which does not include any purchase option;
- low-value IT equipment leases.

Commitments under other contracts

The Company subcontracts the manufacturing of some of the sub-assemblies necessary for the manufacturing of its products with suppliers. In order to secure its operations, it has made commitments to purchase a certain quantity of sub-assemblies from certain suppliers as described in the table below:

OBLIGATIONS PURSUANT TO OTHER AGREEMENTS		
(Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Portion with terms of less than 1 year	1 503	1 349
Portion with terms of between 1 and 5 years	711	1 265
Portion with terms of more than 5 years		
Total supplier commitments	2 214	2 614

Commitments related to the EIB loan

Following the financing agreement with the European Investment Bank (EIB) signed on June 20, 2019 for €22.5 million, the Company received the first tranche of €11.5 million on July 3, 2019.

As part of the discussions that led to the EIB's agreement to draw down the second tranche, the guarantees linked to this tranche were modified by an agreement on June 19, 2020. The Company received the second tranche of €6 million on July 8, 2020.

Tranche 3 of €5 million will be available subject to achieving certain milestones, particularly related to commercial progress and the improvement of shareholders' equity. It is subject to €15 million of equity financing and the

Consolidated financial statements in accordance with IFRS at December 31, 2021

achievement, over a rolling 12-month period, of €24 million of cumulative income. The fixed interest rate includes a portion at 3% annually and a portion at 3% capitalized. Repayment of the principal and capitalized interest will be made in full after the fifth year from the date of drawdown.

Financial covenants are attached to this debt:

- a cash position of more than €4 million;
- from January 1, 2023, a debt coverage ratio of greater than 2:1;
- from January 1, 2023, a debt-to-equity ratio of 1:1.

The guarantees, taken by the European Investment Bank, cover the Company's trade receivables and inventories.

In accordance with the financing agreement as amended on June 19, 2020, the Company granted the European Investment Bank a pledge on the intellectual property rights relating to three patents held by the Company. This pledge agreement will take effect on December 17, 2021 after the expiry of the rights of first negotiation and first refusal granted to JJDC under the strategic financing agreement signed on December 13, 2019.

Note 23: Transactions with related parties

The compensation presented below, which was granted to members of the Company's General Management and other related parties, was recognized under expenses during the periods presented:

RELATED PARTY TRANSACTIONS		
(Amounts in thousands of euros)		
	12/31/2021	12/31/2020
Wages and salaries - General direction	953	770
Share-based payments - General direction	193	326
Pension plan - General direction	0	3
Attendance fees - Executive officers	258	252
Share-base payments - Executive officers	132	127
Total	1 536	1 478

The increase in salaries and wages for Executive Management is mainly due to the severance payments for Mr. Gershon and Mr. Lambeuf.

Note 24: Earnings per share

Basic earnings per share are calculated by dividing the net earnings to which Company shareholders are entitled by the weighted average number of ordinary and preferred shares outstanding during the financial year.

EARNINGS PER SHARE		
	12/31/2021	12/31/2020
Profit / (loss) (in K€)	(13 445)	(12 791)
Weighted average number of shares outstanding (in thousands)	38 082	30 527
Earnings per share (in €)	(0.35)	(0.42)
Weighted average number of potential shares (in thousands)	44 771	35 667

Instruments giving deferred rights to the capital (BSA, BSPCE or stock options) are considered to be anti-dilutive because they lead to an increase in earnings per share.

Thus, diluted earnings per share are identical to basic earnings per share.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Note 25: Management of financial risk

The main financial instruments used by the Group are financial assets, cash, and investment securities. The purpose of managing these instruments is to finance the Company's business activity. It is the Group's policy not to subscribe to financial instruments for speculative purposes.

The primary risks to which the Group is exposed are interest rate risk, credit risk and exchange rate risk.

Exchange rate risk

The main currency for which the Group is exposed to significant exchange rate risk is the US dollar.

The purpose of the Mauna Kea Technologies Inc. subsidiary established in the State of Massachusetts is to distribute and market the Group's products in the United States. To this end, it is fully financed by the parent company, with which it has established three agreements:

- a cash management agreement for a current account in USD;
- a distribution agreement;
- a services agreement (Management fees).

The Group's major exchange rate risk is linked to the EUR/USD parity fluctuation. In fact, the Group markets the product and services in the USA through its subsidiary Mauna Kea Technologies Inc. Its revenues and expenses – including the purchases of Cellvizio and probes to Mauna Kea Technologies SA are expressed in US dollars the operational currency of the subsidiary. As a result, the Group is exposed to changes in the EUR/USD exchange rate through that subsidiary.

A change in exchange rates has an impact on Group earnings and shareholders' equity in the same manner, as follows:

- A +10% change in the EUR/USD exchange rate would result in a rise in earnings of €447 thousand at December 31, 2020;
- A -10% change in the EUR/USD exchange rate would result in a drop in earnings of €(547) thousand at December 31, 2020.

Liquidity risk

Note 1.1 describes the elements and assumptions relating to the going concern assumption.

Note 11 describes the financial liabilities to which the Group is committed.

Note 22 describes the commitments and obligations given by the Group.

Interest rate risk

At December 31, 2021, the Company did not hold any investment securities, whose interest rate changes have a direct impact on the rate of return for these investments and the cash flows generated.

The loan with EIB is at a fixed rate and is therefore not subject to interest rate risk.

The repayable BPI/OSEO advances at a 2.45% interest rate for an overall, non-discounted amount of €3,407 thousand are detailed in Note 11: Loans and borrowings. They are not subject to interest rate risk.

Consolidated financial statements in accordance with IFRS at December 31, 2021

Credit risk

In the Company's experience, the payment of certain public financing of research expenditures is subject to credit risk.

The Company manages its available cash in a prudent manner. Cash and cash equivalents include cash on hand only.

Credit risk related to cash, cash equivalents, and current financial instruments is insignificant in light of the quality of the co-contracting financial institutions.

With regard to its customers, the Company has no significant concentration of credit risk. The Group has established policies that insure that its customers have an appropriate credit risk history.

Fair value

The fair value of financial instruments traded on an active market is based on the market price at the reporting date. The market prices used for financial assets held by the Company are the purchase prices in effect on the market at the valuation date.

The nominal value, minus provisions for impairment, of other payables and receivables is assumed to approach the fair value of those items.

Note 26: Subsequent events

Strategic reorganization

In January 2022, Mauna Kea Technologies announced the implementation of an expense reduction plan approved by the Board of Directors, with the objective of focusing its financial resources to support the strategic direction. This plan was communicated to the SEC on December 5, 2021. The Company and its subsidiary Mauna Kea Technologies Inc. (hereafter, the "Group") plan to reduce significant consolidated operating expenses in 2022. These expense reductions reflect a combination of lower administrative costs, lower sales and marketing expenses, lower Board of Directors' fees, and the termination of several contracts with non-essential outside consultants. The Group considers that it is able to meet its future operating needs.

Strategic outlook

"The opportunity to leverage Cellvizio® as a key technology in the lung cancer market represents the most significant potential value creation lever for Mauna Kea's shareholders. In addition, the possibility of using Cellvizio® to enable molecular imaging-guided surgery is very promising in the future," said Sacha Loiseau, Founder and Chairman of Mauna Kea Technologies. "Significantly deferring our need for cash will allow us to achieve significant milestones on our product and clinical roadmaps, but also to identify additional strategic partners with the engineering expertise and commercial power to integrate the clinical insights of Cellvizio® and improve patient care. Although the Company is reducing its direct sales investments in the US, it will continue to support its large installed base and target high volume users. Mauna Kea's Board of Directors is confident that this more efficient capital resource allocation strategy will enable the Company to best serve the needs of its shareholders, employees and clinicians."

New collaboration

On March 8, 2022, On Target Laboratories, Inc. (“On Target”), a private biotechnology company that develops intraoperative molecular imaging agents to target and illuminate cancer during surgery, and Mauna Kea Technologies, announced a new clinical research and product development collaboration in the field of interventions guided by molecular imaging.

This collaboration was set up to develop the combined clinical and technological knowledge of the two companies, focusing initially on interventional pulmonology and lung cancer, with the possibility of extending this collaboration to other indications.

Statutory Auditors' report on the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the financial year ended December 31, 2021

EXCO SOCODEC

ERNST & YOUNG et Autres

Mauna Kea Technologies

Exercice clos le 31 décembre 2021

Rapport des commissaires aux comptes sur les comptes consolidés

EXCO SOCODEC
51, avenue Françoise Giroud
B.P. 16601
21000 Dijon
S.A.R.L. au capital de € 3 200 000
400 726 048 R.C.S. Dijon

Commissaire aux Comptes
Membre de la compagnie
régionale de Besançon-Dijon

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Mauna Kea Technologies

Exercice clos le 31 décembre 2021

Rapport des commissaires aux comptes sur les comptes consolidés

A l'Assemblée Générale de la société Mauna Kea Technologies,

Opinion

En exécution de la mission qui nous a été confiée par vos assemblées générales, nous avons effectué l'audit des comptes consolidés de la société Mauna Kea Technologies relatifs à l'exercice clos le 31 décembre 2021, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l'exercice, de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

Fondement de l'opinion

■ Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés » du présent rapport.

■ Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le Code de commerce et par le Code de déontologie de la profession de commissaire aux comptes sur la période du 1^{er} janvier 2021 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n° 537/2014.

Par ailleurs, les services autres que la certification des comptes que nous avons fournis au cours de l'exercice à votre société et aux entités qu'elle contrôle et qui ne sont pas mentionnés dans le rapport de gestion ou l'annexe des comptes consolidés sont les suivants :

Justification des appréciations - Points clés de l'audit

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'audit des comptes de cet exercice. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre des audits.

C'est dans ce contexte complexe et évolutif que, en application des dispositions des articles L. 823-9 et R. 823-7 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes consolidés de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes consolidés pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes consolidés pris isolément.

■ Reconnaissance du chiffre d'affaires

Point clé de l'audit	Notre réponse
Le chiffre d'affaires consolidé s'élève à K€ 7 700 au 31 décembre 2021.	Nous avons pris connaissance des méthodes de reconnaissance du chiffre d'affaires et les contrôles mis en place par votre société. Nos travaux ont consisté à :
Le chiffre d'affaires de votre groupe est reconnu selon les modalités décrites dans la note 1.17 de l'annexe aux comptes consolidés.	► étudier les clauses contractuelles sur un échantillon de contrats de l'exercice, afin d'analyser le traitement comptable applicable ;
Le chiffre d'affaires de votre groupe résulte essentiellement de la vente et de la location de systèmes (Cellvizio), de la vente de consommables (sondes) et des prestations de service de maintenance et réparation.	► examiner un échantillon de transactions résultant de la vente de systèmes et de sondes en obtenant les bons de commandes, factures, bons de livraison ou bons de mise à disposition ;
Le chiffre d'affaires est constaté dès lors que le transfert de biens ou de services promis à un client est réalisé, et ce pour un montant qui reflète le paiement que l'entité s'attend à recevoir en contrepartie de ces biens et services.	► analyser les transactions résultant de la location des systèmes en obtenant les contrats de location ;

Pour les ventes de produits, le chiffre d'affaires est constaté soit à la mise à disposition, soit à la livraison des produits en fonction des conditions de la commande.

Lorsqu'il s'agit d'un contrat de location de systèmes, le Cellvizio est comptabilisé à l'actif de votre société et le chiffre d'affaires est reconnu à la vente des consommables ou à l'acte pratiqué par le professionnel de santé dans la mesure où le système reste la propriété de votre société.

Nous avons considéré que la reconnaissance du chiffre d'affaires constituait un point clé de l'audit compte tenu du poids du chiffre d'affaires en tant qu'indicateur financier de votre groupe et de l'importance des transactions qui se dénouent à l'approche de la clôture.

- analyser les transactions résultant de la vente de prestations de services en obtenant les contrats et les preuves de réalisation des prestations afin de revoir leurs correctes comptabilisation ;
- effectuer des tests, par sondages, sur une sélection de transactions comptabilisées avant et après la date de clôture afin de déterminer si ces produits sont rattachés à la période concernée et, le cas échéant, si l'étalement du chiffre d'affaires est réalisé sur une durée conforme au contrat.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations données dans le rapport sur la gestion du groupe du conseil d'administration.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Autres vérifications ou informations prévues par les textes légaux et réglementaires

■ Format de présentation des comptes consolidés destinés à être inclus dans le rapport financier annuel

Nous avons également procédé, conformément à la norme d'exercice professionnel sur les diligences du commissaire aux comptes relatives aux comptes annuels et consolidés présentés selon le format d'information électronique unique européen, à la vérification du respect de ce format défini par le règlement européen délégué n° 2019/815 du 17 décembre 2018 dans la présentation des comptes consolidés destinés à être inclus dans le rapport financier annuel mentionné au I de l'article L. 451-1-2 du Code monétaire et financier, établis sous la responsabilité du directeur général. S'agissant de comptes consolidés, nos diligences comprennent la vérification de la conformité du balisage de ces comptes au format défini par le règlement précité.

Sur la base de nos travaux, nous concluons que la présentation des comptes consolidés destinés à être inclus dans le rapport financier annuel respecte, dans tous ses aspects significatifs, le format d'information électronique unique européen.

Il ne nous appartient pas de vérifier que les comptes consolidés qui seront effectivement inclus par votre société dans le rapport financier annuel déposé auprès de l'AMF correspondent à ceux sur lesquels nous avons réalisé nos travaux.

■ Désignation des commissaires aux comptes

Nous avons été nommés commissaires aux comptes de la société Mauna Kea Technologies par votre assemblée générale du 13 juin 2018 pour le cabinet EXCO SOCODEC et du 25 mai 2011 pour le cabinet ERNST & YOUNG et Autres.

Au 31 décembre 2021, le cabinet EXCO SOCODEC était dans la quatrième année de sa mission sans interruption et le cabinet ERNST & YOUNG et Autres dans la onzième année.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes consolidés

Il appartient à la direction d'établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu'adopté dans l'Union européenne ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes consolidés ont été arrêtés par le conseil d'administration.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés

■ Objectif et démarche d'audit

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L. 823-10-1 du Code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Statutory Auditors' report on the consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the financial year ended December 31, 2021

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit.
En outre :

- ▶ il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- ▶ il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- ▶ il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;
- ▶ il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- ▶ il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;
- ▶ concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

■ Rapport au comité d'audit

Nous remettons au comité d'audit un rapport qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives, que nous jugeons avoir été les plus importants pour l'audit des comptes consolidés de l'exercice et qui constituent de ce fait les points clés de l'audit, qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537/2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L. 822-10 à L. 822-14 du Code de commerce et dans le Code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

Dijon et Paris-La Défense, le 29 avril 2022

Les Commissaires aux Comptes

EXCO SOCODEC

Signé électroniquement le 29/04/2022 par
Olivier Gallezot



Olivier Gallezot

ERNST & YOUNG et Autres



Franck Sebag

ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

I. BALANCE SHEET AT DECEMBER 31, 2021

A. Balance sheet – Assets

Accounts	Gross amount	Amort. Prov.	Net 12/31/2021	Net 12/31/2020
Uncalled issued capital				
INTANGIBLE ASSETS				
Start-up costs				
Development costs				
Concessions, patents and similar rights	920 725	(808 068)	112 657	186 344
Goodwill				
Other intangible assets	40 350	(11 207)	29 143	29 143
Advances, prepayments on intangible assets				
PROPERTY, PLANT AND EQUIPMENT				
Land				
Buildings	51 090	(51 090)	0	0
Technical facilities, machinery and equipment	1 364 055	(1 090 735)	273 320	266 137
Other tangible assets	1206 295	(925 778)	280 518	156 382
Assets under construction	6758		675	93 058
Advances and prepayments				
LONG-TERM INVESTMENTS				
Other participating interests	23 077	(23 077)	0	0
Loans related to participating interests	63 039 303	(57 066 554)	5 972 749	4 127 766
Other fixed securities				
Loans				
Other long-term investments	425 608	(3 695)	421 913	388 025
FIXED ASSETS	67 071 179	(59 980 204)	7 090 975	5 246 856
INVENTORIES & WORK IN PROGRESS				
Raw materials and supplies	1 273 991	(80 611)	1193 381	1 407 303
Work in progress – goods				
Work in progress – services				
Semi-finished and finished goods	1728 864	(496 283)	1 232 581	1 306 014
Goods				
Advances and prepayments on orders	135 531		135 531	68 319
RECEIVABLES				
Trade receivables	1 367 166	(70 000)	1 297 166	1 529 526
Other receivables	1 032 806		1 032 806	914 232
Capital subscribed and called but not paid				
MISCELLANEOUS				
Investment securities				
Cash and cash equivalents	11 091 615		11 091 615	8 206 211
ACCRUALS				
Prepaid expenses	295 219		295 219	190 832
CURRENT ASSETS	16 925 191	(646 893)	16 278 298	13 622 436
Deferred issuance expenses				
Bond redemption premium				
Unrealized foreign exchange losses	1 785		1 785	5 353
TOTAL	83 998 155	(60 627 097)	23 371 058	18 874 645

B. Balance sheet – Liabilities

Accounts	FY 2021	FY 2020
Share capital (of which paid up: 1,783,803)	1 783 803	1 223 588
Issue, merger and contribution premiums	111 919 708	98 285 514
Revaluation reserve		
Legal reserves		
Statutory or contractual reserve		
Regulated reserve		
Other reserve	55 004	57 935
Retained earnings	(111 637 138)	(102 192 583)
PROFIT/(LOSS) FOR THE YEAR	(16 033 906)	(9 444 555)
Investment subsidies		
Regulated provisions		
SHAREHOLDERS' EQUITY	(13 912 528)	(12 070 101)
Proceeds from the issue of participating securities		
Conditional advances	4 104 967	3 514 886
OTHER EQUITY	4 104 967	3 514 886
Provisions for risks	21 785	24 353
Provisions for expenses	245 571	
PROVISIONS	267 356	24 353
FINANCIAL DEBTS		
Convertible bonds		
Other bonds		
Loans and borrowings from credit institutions	4 046 040	4 013 806
Other loans and borrowings	19 456 634	18 592 345
Advances and prepayments received on current orders	274 894	
OPERATING LIABILITIES		
Trade payables	2 114 334	2 149 396
Tax and employee-related liabilities	1 304 168	2 193 331
OTHER LIABILITIES		
Amount due on fixed assets and related accounts		
Other payable	80 763	50 515
ACCRUALS		
Deferred revenues	934 376	328 186
LIABILITIES	28 211 209	27 327 579
Unrealized foreign currency gains	4 700 054	77 928
Proceeds from the issue of participating securities	23 371 057	18 874 645

II. INCOME STATEMENT AT DECEMBER 31, 2021

Accounts	France	FY 2021 Export	Total	FY 2020
Sales of goods	0	4 111	4 111	2 082
Sale of manufactured goods	122 633	5 597 675	5 720 308	3 413 478
Sales of finished products	153 999	1 114 370	1 268 369	987 484
NET SALES	276 632	6 716 155	6 992 787	4 403 044
Production in stock			(76 919)	117 237
Fixed asset production				
Operating subsidies			203 889	
Reversals of impairments, provisions (and depreciation), expense transfers			536 843	204 034
Other income			105 747	154 598
OPERATING REVENUE			7 762 349	4 878 913
Purchases of goods (including customs duties)				
Change in stocks (goods)				
Purchases of raw materials and other supplies			739 697	923 963
Change in stocks (raw materials and supplies)			236 649	(297 381)
Other purchases and external expenses			5 393 432	5 525 087
Taxes and similar payments			277 647	233 858
Wages and salaries			5 018 361	5 132 959
Social security expenses			2 122 404	2 107 782
Operating allowances:				
Amortization on fixed assets			285 598	264 092
Impairment on fixed assets				
Impairment on current assets			127 174	54 309
Provisions			20 000	
Other expenses			634 040	334 226
OPERATING EXPENSES			14 855 003	14 278 895
OPERATING PROFIT			(7 092 654)	(9 399 982)
FINANCIAL REVENUE			513 334	514 721
Financial revenue from participating interests				
Revenue from other investments and long-term receivables				
Other interest and similar revenue			472 134	485 374
Reversals of provisions, cost transfers			7 448	7 203
Foreign exchange gains			33 752	22 144
Net proceeds from disposals of investment securities				
FINANCIAL EXPENSES			9 850 882	1 031 547
Depreciation, amortization and provisions – financial items			8 568 330	5 353
Interest and similar expenses			1 241 797	956 036
Foreign exchange losses			40 755	70 158
Net expenses on disposals of investment securities				
FINANCIAL NET INCOME			(9 337 548)	(516 826)
PROFIT BEFORE TAX			(16 430 202)	(9 916 808)
NON-RECURRING REVENUE			27 101	143 518
Non-recurring revenue from non-capital transactions			24 531	142 613
Non-recurring revenue from capital transactions			2 570	905
Reversals of provisions, cost transfers				
NON-RECURRING EXPENSES			265 914	382 135
Non-recurring expenses on non-capital transactions			7 282	
Non-recurring expenses on capital transactions			11	1 113
Depreciation, amortization and provisions exceptional items			258 621	381 022
NON RECURRING INCOME (EXPENSE)			(238 813)	(238 617)
Employee profit-sharing				
Income tax			(635 110)	(710 870)
TOTAL INCOME			8 302 784	5 537 151
TOTAL EXPENSES			24 336 688	14 981 706
PROFIT OR LOSS			(16 033 905)	(9 444 555)

III. APPENDIX

1.	THE COMPANY'S ACTIVITY AND HIGHLIGHT OF THE FINANCIAL YEAR.....	131
1.1	The Company's activity	131
1.2	Highlights of the financial year	131
2	MAJOR EVENTS SINCE THE END OF THE REPORTING PERIOD	133
3	ACCOUNTING RULES AND METHODS	133
3.1.	Non-current assets	134
3.2.	Valuation of inventories	134
3.3.	Receivables.....	135
3.4.	Provisions	135
3.5.	Foreign currency transactions.....	135
3.6.	Subsidies.....	135
3.7.	Research tax credit	135
3.8.	Deviation from general principles	136
3.9.	Sales recognition	136
4	INFORMATION ON BALANCE SHEET ASSETS	137
4.1.	Property, plant and equipment and intangible assets	137
4.2.	Financial investments	138
4.3.	Inventories of goods and work in progress	138
4.4.	Provisions for impairment of inventories and receivables.....	139
4.5.	Maturity of receivables.....	139
4.7	Accrued revenue.....	140
4.8	Investment securities	140
4.9	Accruals.....	140
5	INFORMATION ON BALANCE SHEET LIABILITIES	140
5.1.	Equity	140
5.2.	Provisions	143
5.3.	Borrowings	145
5.4.	Debt repayment schedule	146
5.5.	Trade payables.....	147
5.6.	Accrued expenses	147
5.7.	Accruals.....	147
5.8.	Amount due to related companies	148
6	INFORMATION ON THE INCOME STATEMENT.....	148
6.1.	Breakdown of the net sales amount	148
6.2.	Other operating income	148
6.3.	Compensation of the statutory auditors	148
6.4.	Net finance income (expense)	149
6.5.	Non-recurring profit (loss).....	149
6.6.	Income tax	150
7	MISCELLANEOUS INFORMATION	150

Company financial statements at December 31, 2021

7.1.	Average number of salaried and temporary employees.....	150
7.2.	List of subsidiaries and investments	150
7.3.	Information on related parties.....	150
7.4.	Compensation of administrative bodies.....	150
7.5.	Financial commitments	151
7.6.	Commitments towards employees.....	152

1. THE COMPANY'S ACTIVITY AND HIGHLIGHT OF THE FINANCIAL YEAR

1.1 The Company's activity

Established in 2000, Mauna Kea Technologies is a global medical device company focused on leading innovation in endomicroscopy and optical biopsy. The Company designs, develops and markets innovative tools to visualize and detect cell abnormalities in real time during standard gastrointestinal and pulmonary endoscopy procedures. Its flagship product, Cellvizio, is a confocal miniprobe endomicroscopy system which provides physicians and researchers high-resolution images of tissues at the cellular level. Large-scale, international, multi-center clinical trials have demonstrated Cellvizio's ability to help physicians to more accurately detect early forms of diseases and make immediate treatment decisions. Designed to help physicians in their diagnoses, provide patients with better treatment and reduce hospital costs, the Cellvizio system can be used with practically all endoscopes.

1.2 Highlights of the financial year

The financial statements cover the financial year from 01/01/2021 to 12/31/2021, *i.e.* for a period of 12 months.

New authorizations and the Cellvizio platform

On August 18, 2021, Mauna Kea Technologies obtained a new 510(k) clearance from the United States Food and Drug Administration (FDA) for the marketing of its next-generation Cellvizio® platform and all confocal miniprobes, combined with a fluorescent marker, fluorescein, for an additional indication to visualize blood flow. This is the 19th 510(k) clearance received from the US FDA for the Cellvizio® platform (K212322).

The next-generation Cellvizio® platform has already received FDA 510(k) clearance on February 28, 2020 for the visualization of internal tissue microstructure, and also allows (but is not limited to) the identification of cells and vessels and their organization or architecture (K193416). Building on the success of previous versions, the new Cellvizio visualization platform offers physicians cutting-edge technology to improve patients' lives. The platform incorporates several new functionalities: an optimized workflow for endoscopy, bronchoscopy or surgical environments *via* integrated connectivity, a digital architecture that will allow the use of artificial intelligence (AI) for assisted image interpretation and a reduced footprint offering better ergonomics and maneuverability in operating theaters. Cellvizio® is a real-time *in vivo* cell imaging platform used in gastroenterology, pulmonology and urology during endoscopic and laparoscopic procedures (manual and robot-assisted).

Collaboration agreement for a clinical trial with the Lung Cancer Initiative of Johnson & Johnson

On September 13, 2021, the Company signed a new research collaboration agreement with Johnson & Johnson's Lung Cancer Initiative ("LCI") to advance the validation of Cellvizio as a real-time biopsy guidance tool during robotic bronchoscopic navigation to potentially reduce the substantial failure rate of transbronchial biopsies for peripheral lung cancers.

Under the terms of the agreement, Mauna Kea Technologies will participate in a prospective, multi-center, open-label, single-arm clinical feasibility study (the "Study") led by LCI. The study will combine nCLE and robotic bronchoscopic navigation, using both Cellvizio® and the Monarch platform of Auris Health, Inc. one of Johnson & Johnson's medical device companies, to assess the ability of nCLE to accurately confirm the position of the needle for the diagnosis of peripheral pulmonary nodules. LCI will sponsor and finance the study. In exchange for the Company's resources and support of the study, under the terms of the agreement, LCI will provide total funding to the Company of €978,375, a portion of which is contingent upon the successful completion of certain study activities under the agreement.

In addition, pursuant to the agreement, the Company has granted a right of first refusal ("ROFR") to LCI (through JJEI) with respect to any transaction relating to Mauna Kea Technologies' nCLE and its variants (i) for use in endoluminal robotic procedures for any pulmonary application, (ii) for machine learning, artificial intelligence and learning model applications for diagnosis, risk stratification and treatment associated with lung diseases and (iii) for use in endoluminal

or transthoracic procedures to deliver treatments directly into the tumor. The ROFR is effective for the duration of the study plus four months following it.

New financing

On April 22, 2021, Mauna Kea Technologies established an equity financing line with Kepler Cheuvreux acting as financial intermediary under an underwriting agreement.

Under the terms of the agreement, Kepler Cheuvreux has undertaken to underwrite a maximum of 6,000,000 shares at its own initiative, over a maximum period of 24 months, provided that the contractual conditions are met. The shares will be issued based on a volume-weighted average share price over the two trading days preceding each issue, less a maximum discount of 6.0%. These terms and conditions allow Kepler Cheuvreux to underwrite the shares over the term of the agreement. Mauna Kea Technologies retains the right to suspend or terminate this agreement at any time. In 2021, Kepler Cheuvreux underwrote 2,335,000 shares representing a cash amount of €2.4 million.

On September 20, 2021 Mauna Kea Technologies carried out a capital increase reserved for two investors: Johnson & Johnson Innovation – JJDC, Inc. (JJDC), one of the Company's existing shareholders, and a leading US healthcare fund, Armistice Master Fund Ltd. This transaction consisted in subscribing to 2,272,709 ABSAs (the "ABSAs"), each ASBA being composed of five (5) ordinary shares and two (2) warrants, each warrant giving the right to purchase one (1) ordinary share (each, a "BSA"), as part of a capital increase reserved for specific categories of investors. These commitments are made subject to the usual conditions in such transactions.

The net proceeds from the subscription of the ABSAs, after deducting the placement agent's commissions and the costs of the offering, was €11.4 million. This amount is intended to finance the future development of the Cellvizio platform, continue clinical studies, general needs and the working capital associated with the financing of the restructuring plan.

Management changes

On December 10, 2021, Robert Gershon resigned from his position as Chief Executive Officer and stepped down as a member of the Board of Directors, with immediate effect. Nicolas Bouvier, member of the Executive Committee since 2019, will become Interim Chief Executive Officer during the search for a permanent Chief Executive Officer.

The resignation of Christophe Lamboeuf, Deputy CEO and Chief Financial Officer, took effect on December 31, 2021. Shu-i Gautheron has been promoted to Chief Administrative and Financial Officer. In addition, Daryl Donatelli, currently Director of Global Marketing, will become Vice President of Global Marketing. Lastly, Frédéric Banegas, who joined the Company in March 2021 as Director of R&D, has been promoted to Chief Technology Officer.

COVID-19 pandemic

The continuation of the COVID-19 health crisis that appeared during the first quarter of 2020 led the French government to temporarily take new measures to reduce contacts and travel in France during the financial year.

In preparing the financial statements for the year ending December 31, 2021, the Company has adopted a targeted approach to express the main relevant impacts on the Company's performance and its financial position. This approach was recommended by the French Accounting Standards Authority (*Autorité des Normes Comptables*) in the note of May 18, 2020 to provide information concerning the effects of the COVID-19 event on its financial statements.

For the financial year ended December 31, 2021, the Company's business is still partly impacted by this crisis and the Company has not benefited from any government assistance for this financial year.

Ukraine conflict

The Company has no operations or business ties with Russia or Ukraine; however, the consequences of this conflict, whether direct or indirect, cannot be accurately quantified at this time.

2 MAJOR EVENTS SINCE THE END OF THE REPORTING PERIOD

Strategic reorganization

In January 2022, Mauna Kea Technologies announced the implementation of an expense reduction plan approved by the Board of Directors, with the objective of focusing its financial resources to support the strategic direction. This plan was communicated to the SEC on December 5, 2021. The Company and its subsidiary Mauna Kea Technologies Inc. anticipate a significant reduction in consolidated operating expenses in 2022. These expense reductions reflect a combination of lower administrative costs, lower sales and marketing expenses, lower Board of Directors' fees, the discontinuation of several non-core external consulting contracts, and a more focused and disciplined product development roadmap, among other sources. The Company considers that it is able to meet its future operating needs.

Strategic outlook

“The opportunity to leverage Cellvizio® as a key technology in the lung cancer market represents the most significant potential value creation lever for Mauna Kea's shareholders. In addition, the possibility of using Cellvizio® to enable molecular imaging-guided surgery is very promising in the future,” said Sacha Loiseau, Founder and Chairman of Mauna Kea Technologies. “Significantly deferring our need for cash will allow us to achieve significant milestones on our product and clinical roadmaps, but also to identify additional strategic partners with the engineering expertise and commercial power to integrate the clinical insights of Cellvizio® and improve patient care. Although the Company is reducing its direct sales investments in the US, it will continue to support its large installed base and target high volume users. Mauna Kea's Board of Directors is confident that this more efficient capital resource allocation strategy will enable the Company to best serve the needs of its shareholders, employees and clinicians.”

New collaboration

On March 8, 2022, On Target Laboratories, Inc. (“On Target”), a private biotechnology company that develops intraoperative molecular imaging agents to target and illuminate cancer during surgery, and Mauna Kea Technologies, announced a new clinical research and product development collaboration in the field of interventions guided by molecular imaging.

This collaboration was set up to develop the combined clinical and technological knowledge of the two companies, focusing initially on interventional pulmonology and lung cancer, with the possibility of extending this collaboration to other indications.

3 ACCOUNTING RULES AND METHODS

The Company's annual financial statements were prepared according to the standards, principles and methods of the general accounting plan attached to regulation 2016-07 of the French Accounting Standards Authority (*Autorité des Normes Comptables*) of November 4, 2016, approved by order of November 2016, in accordance with the provisions of French legislation, in line with the principle of prudence and in accordance with the general rules for preparing and presenting the annual financial statements:

- i. continuity of accounting methods from one financial year to another;
- ii. independence of financial years;
- iii. going concern.

These financial statements were approved by the Board of Directors on April 19, 2022 and were re-approved on April 29, 2022.

The going concern assumption was adopted by the Board of Directors taking into account the following elements:

Company financial statements at December 31, 2021

- Cash available at December 31, 2021 stood at €11.8 million;
- The equity financing line with Kepler Cheuvreux will enable €2.0 million to be raised over the next 12 months. This estimated amount is calculated with 3.6 million shares at €0.6 per share by applying a discount of 6%;
- Receipt of the balance of the 2021 research tax credit for €0.6 million in Q4 2022;
- Significant reduction in operating expenses in 2022 with the restructuring plan;
- Sales outlook taking into account the impact of the COVID-19 crisis.

In this context, the Company considers that it is in a position to meet its future operating needs.

The accounting elements are valued according to the historical cost method.

The most significant accounting principles and methods, used in the preparation of the company financial statements are as follows:

3.1. Non-current assets

Property, plant and equipment and intangible assets

Patent expenses as well as research and development expenses incurred internally are recognized as expenses during the period.

Property, plant and equipment and intangible assets are recognized at the cost of acquisition and their depreciation and amortization is calculated on the basis of their estimated useful lives.

The depreciation method and period by category of non-current assets is as follows:

Category	Term	Method
Software packages	1 to 3 years	Straight line method
Patents, Licenses, Trademarks	10 years	Straight line method
Other property, plant and equipment:		
- fixtures	7 years	Straight line method
- tools	2 to 7 years	Straight line method
- computer equipment	3 years	Straight line method
- furniture	5 years	Straight line method

Financial investments and investment securities

The elements constituting the fixed assets were valued according to the historical cost method, which is marked by the use of nominal costs expressed in current euros. The gross value comprises the purchase price, excluding transaction costs. Where the inventory value is less than the gross value, a provision for impairment is recorded for the difference.

3.2. Valuation of inventories

Inventories are valued at their cost of acquisition according to the following methods:

Description	Methods
Raw materials	FIFO
Work in progress	Cost of work in progress
Finished products	Cost price, except for marketing costs

The acquisition cost is comprised of:

- the purchase price, including customs duties and other non-recoverable taxes;
- post-deduction of trade rebates, deductions, cash discounts and other similar elements;
- transport, handling and storage costs (if justified by specific operating conditions);
- and other costs directly attributable to the acquisition.

The cost of production includes consumption of raw materials, direct costs, depreciation of assets used in production.

The demonstration equipment intended for sale in the short term is recognized in inventories.

Where applicable, stocks were impaired through provisions to take into account their realizable value on the reporting date.

3.3. Receivables

Receivables are recorded at their nominal value. A provision for impairment is made when the inventory value is less than the carrying amount.

3.4. Provisions

Pursuant to the principle of prudence, provisions for risks and expenses are made to face probable outflows of resources in favor of third parties with no counterparty for the Company. These provisions are estimated by taking into consideration the most probable assumptions on the reporting date.

The Company has not chosen to recognize the provision for pension plan commitments.

3.5. Foreign currency transactions

The expenses and revenue in foreign currency are recorded for their corresponding value on the transaction date.

Foreign currency receivables and payables existing at year-end are converted at the exchange rate on this date. The conversion difference is recorded in the balance sheet under "Translation differences".

Unrealized foreign exchange gains that have not been offset are recorded under provision for risks.

Foreign currency cash accounts existing at year-end are converted at the exchange rate on this date. The unrealized foreign exchange gains or losses resulting from this conversion are recorded in profit or loss.

3.6. Subsidies

The Company receives a certain number of forms of assistance, in the form of subsidies or conditional advances. Details of these aids are provided in the balance sheet notes (Note 5.3).

Subsidies are recognized where there is reasonable assurance that the Company will comply with the conditions attached to the subsidies and that they will be received.

Subsidies are thus recognized when the documentation justifying the R&D expenses incurred has been accepted by the funding agency.

3.7. Research tax credit

Research Tax Credits are granted to companies by the French government in order to encourage them to conduct technical and scientific research. Companies that justify expenses that meet the required criteria (research expenses located in France or, since January 1, 2005, within the European Community or in another State party to the agreement on the European Economic Area that has a tax treaty with France containing an administrative assistance clause) benefit from a tax credit. Under the terms of Article 199 *ter* B (II) of the French General Tax Code, research tax credit receivables may be reimbursed immediately when incurred by small and medium-sized enterprises (SMEs) within the meaning of European Union (EU) law.

The Company has benefited from the research tax credit since its establishment and the innovation tax credit since 2019.

A framework agreement for the sale of receivables was signed in 2019 and 2020 between Mauna Kea Technologies SA and the Predirec Innovation 2020 securitization fund enabling the sale of the 2018, 2019 and 2020 receivables. The amounts were sold at a 9% discount, partially recoverable up to 5% when paid by the State.

The sale of these receivables was recorded when ownership was transferred leading to the removal of these receivables from the balance sheet in exchange for the cash received.

The research tax credit receivable for 2020 was sold on May 19, 2021 and is still being financed at December 31, 2021. However, the research tax credit receivable for the 2021 financial year was not sold at the reporting date of the financial year.

3.8. Deviation from general principles

3.8.1. Change in the valuation method

There was no notable change in the valuation method during the financial year.

3.8.2. Change in the presentation method

There was no notable change in the presentation method during the financial year.

3.9. Sales recognition

The sales consist of 3 types of products:

- System sales;
- Consumable sales (probes);
- Maintenance and repair services.

The Company recognizes the sales of systems and consumables in sales revenue when the transfer of ownership is realized. This transfer of ownership is documented by a contract, a purchase order and a delivery note.

Sales of maintenance services covering a period exceeding the financial year are recognized as deferred income. These deferred revenues are therefore spread over time according to the duration of the services contracted with the customer.

4 INFORMATION ON BALANCE SHEET ASSETS

4.1. Property, plant and equipment and intangible assets

4.1.1. Table of acquisitions and disposals during the financial year

Figures expressed in euros	At 12/31/2020	Acquisitions	Transfers between items and corrections +/-	Disposals	At 12/31/2021
Start-up and development costs					
Other intangible fixed asset items	957 575	3 500	0	0	961 075
Total intangible assets	957 575	3 500	0	0	961 075
Land					0
Building on freehold land					0
Building on non-freehold land					0
Buildings and facilities, fixtures, etc.	51 090				51 090
General facilities and fittings	485 949	40 193		(47 777)	478 365
Technical facilities, machinery and equipment	1 416 655	32 499	82 122	(167 221)	1 364 055
Vehicles					0
Office and computer equipment, furniture	615 142	182 489	2 636	(72 336)	727 931
Recoverable packaging and other items					0
Total property, plant & equipment	2 568 836	255 181	84 758	(287 334)	2 621 441
Property, plant and equipment in progress	93 058	4 323	(84 758)	(11 948)	675
Total assets in progress	93 058	4 323	(84 758)	(11 948)	675
Prepayments					0
TOTAL	3 619 469	263 004	0	(299 282)	3 583 191

These changes in the property, plant and equipment and intangible asset items from one financial year to another are due to asset acquisitions and asset sales completed by the Company for business purposes.

4.1.2 Depreciation and amortization table

The depreciation and amortization of property, plant and equipment and intangible assets are calculated on a straight line or digressive basis, according to the nature of the goods and based on the estimated useful life

Technical depreciation and amortization table:

Figures expressed in euros	At 12/ 31/2020	Allowance	Decreases / reversals	At 12/31/2021
Start-up and development costs				
Other intangible assets	42 088 ⁷	77 187	0	819 275
Total amortization of intangible assets	42 088⁷	77 187	0	819 275

Company financial statements at December 31, 2021

Land				
Buildings	51 090	0		51 090
General installations and fixtures	387 765	38 516	(47 777)	378 504
Technical facilities, machinery and equipment	1 150 518	107 239	(167 022)	1 090 735
Vehicles				0
Office and computer equipment, furniture	56 944 ⁵	62 655	(72 326)	547 273
Recoverable packaging and other items				0
Total depreciation of property, plant & equipment	2 146 317	208 410	(287 125)	2 067 602
Figures expressed in euros	2 888 405	285 597	(287 125)	2 886 877

4.1.3. Provisions for fixed assets impairment

See section [5.2. Provisions](#)

4.2. Financial investments

Table of transactions for the financial year:

Figures expressed in euros	Gross value at 12/31/2020	Acquisitions and transfers between items	Sales and transfers between items	Gross value at 12/31/2021	Provisions	Net value at 12/31/2021
MKT Inc. shares and MKT Inc. interco. acct *	52 656 642	11 676 798	(1 271 060)	63 062 380	(57 089 631)	5 972 749
Loans and other long-term investments	388 025	210 699	(173 117)	425 608	(3 695)	421 913
TOTAL	53 044 667	11 887 497	(1 444 177)	63 487 988	(57 093 326)	6 394 662

*MKT Inc. shares represented €23,077 at end-2020 and end-2021, fully impaired in 2020 and 2021. The MKT Inc. intercompany account is written down to the net position of the subsidiary.

4.3. Inventories of goods and work in progress

At the end of each period, inventories and work in progress of finished goods include certain assets related to goods that no longer appear in our catalogue. These assets are held by the Company for use by the after-sales customer service. They are impaired by 80%. The inventory amount is broken down as follows:

Figures expressed in euros	Gross amount	Depreciation	Balance at 12/31/2021
Raw materials	1 273 991	(80 610)	1 193 381
Finished products	1 728 864	(496 283)	1 232 581
TOTAL	3 002 855	(576 893)	2 425 962

The “Finished products” amount of €1,728,864 includes finished and semi-finished products.

4.4. Provisions for impairment of inventories and receivables

Refer to section [5.2. Provisions](#)

4.5. Maturity of receivables

The gross value of receivables held by the Company amounts to €66,160,102 as of 12/31/2021 and can be broken down as follows:

Figures expressed in euros	Gross amount	At no more than 1 year	At more than 1 year
FIXED ASSETS:	63 464 911	0	63 464 911
Loans related to participating interests	63 039 303		63 039 303
Loans	0		0
Other long-term investments	425 608		425 608
CURRENT ASSETS:	2 695 191	2 695 191	70 000
Receivables	1 297 166	1 297 166	
Doubtful receivables	70 000	0	70 000
Personnel and related accounts	27 148	27 148	
Social security bodies	1 067	1 067	
Statement: various taxes	996 502	996 502	
Group companies and associates	0	0	
Sundry debtors	8 089	8 089	
Prepaid expenses	295 219	295 219	
TOTAL	66 160 102	2 625 191	63 534 911
Amounts of loans granted during the year			
Amounts of repayments received during the year			
Loans and advances granted to partners (natural persons)			

4.6 Créances clients et comptes rattachés

RECEIVABLES	Gross amount	Amort. Prov.	Net 31/12/2021	Net 31/12/2020
Trade receivables	1 367 166	70 000	1 297 166	1 529 526
Other receivables	1 032 806		1 032 806	914 232
TOTAL	2 399 972	70 000	2 329 972	2 443 758

Dont créances Groupe :

Figures expressed in euros	2021	2020
Consolidated affiliated customer companies	1 014 704	689 211
TOTAL	1 014 704	689 211

Les provisions sont établies selon les modalités décrites au [paragraphe 5.2.5.](#)

4.7 Accrued revenue

The amount of accrued revenue included in the following balance sheet items is:

Figures expressed in euros	At 12/31/2021	At 12/31/2020
Receivables – Invoices to be raised	644 539	589 137
Accrued revenue	918	2 195
TOTAL	645 457	591 332

4.8 Investment securities

At December 31, 2021, the Company held no money market funds.

4.9 Accruals

4.9.1. Prepaid expenses

Prepaid expenses amount to €295,219.

Figures expressed in euros	At 12/31/2021	At 12/31/2020
Operating expenses	295 219	190 832
Financial expenses		
Non-recurring expenses		
TOTAL	295 219	190 832

4.9.2. Translation difference

DIFFERENCE ON THE ASSET SIDE		DIFFERENCE ON THE LIABILITY SIDE	
	Euros		Euros
Decrease in receivables	436	Decrease in liabilities	1 934
Increase in liabilities	1 349	Increase in receivables	4 698 120
TOTAL	1 785	TOTAL	4 700 054

The translation difference is mainly related to receivables in US dollars with its subsidiary Mauna Kea Technologies Inc.

5 INFORMATION ON BALANCE SHEET LIABILITIES

5.1. Equity

Issued capital

The share capital is set at one million, seven hundred and eighty-three thousand eight hundred and three euros (€1,783,803). It is comprised of 44,595,075 shares with a nominal value of €0.04 each.

This figure does not include share purchase warrants (BSAs), stock warrants for business creator shares (BSPCEs) or stock options (SOs) granted to certain investors and natural persons, who may or may not be employees of the Company.

Company financial statements at December 31, 2021

The table below shows the history of the Company's share capital since December 31, 2021:

Movements	Issued capital (€'000)	Share premium (€'000)	Number of shares comprising the issued capital (thousands)
As of December 31, 2020	1 224	98 286	30 590
Conversion of preferred shares	1	2	24
Conversion of warrants (Kepler)	93	2 260	2 335
Issuance of warrants		19	
Acquisition of free shares	11	-11	283
Capital increase	455	11 364	11 364
Others			
Total as of December 31, 2021	1 784	111 920	44 595

Warrants, stock options and performance shares

Since its formation, the Company issued “share purchase warrants” (BSA), “stock warrants for business creator shares” (BSPCE and others) as well as stock options (SO), free performance shares (AP), and free shares (AGA) whose changes since December 31, 2020 are represented below.

Type	Date of granting	Exercise price	Outstanding at 12/31/2020	Created	Exercised	Cancelled	Outstanding at 12/31/2021	Nb potential shares
Options granted before January 1st 2021			4 638 430	-	740	540 850	4 096 840	5 323 500
BSA KEPLER	3/24/2021	(1)		6 000 000	2 335 000	0	3 665 000	3 665 000
BSA	5/18/2021	1.45€		244 000	0	0	244 000	122 000
SO	5/18/2021	1.34€		232 500	0	0	232 500	232 500
AGA	5/18/2021			215 980	0	40 500	175 480	175 480
BSA	6/10/2021	1.23€		61 000	0	61 000	0	0
BSA	9/23/2021	1.10€		4 545 418	0	0	4 545 418	4 545 418
				11 298 898	2 335 740	642 350	12 959 238	14 063 898

(1) The exercise price of the Kepler warrants depends on the share prices on the subscription dates

Starting from July 2014, the Company could no longer issue any new BSPCE plans, because it had exceeded the threshold of €150 million in market capitalization more than three years ago.

The terms and conditions for exercising preference shares are described in the minutes of the Extraordinary General Meetings of May 4, 2016 in the nineteenth resolution and October 5, 2018 in the fourteenth and fifteenth resolutions: (https://www.maunakeatech.com/uploads/media/media_pdf/0001/03/PV%20AGM%205%20octobre%202018%20Rev.pdf).

Company's buyback of its own shares

- Share buyback program adopted at the Company's Combined General Meeting on June 3, 2021

The Combined General Meeting of June 3, 2021 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below. This program took the place of the program adopted at the Ordinary General Meeting of July 2, 2020.

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF; and/or
- to honor obligations linked to stock option and free share plans;
- to tender shares upon exercise of the rights attached to securities giving access to the share capital; and/or
- to purchase shares to be held for their subsequent exchange or use as consideration in potential acquisitions in compliance with market practices permitted by the AMF; and/or

- in general, to conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities, it being specified that, in such a situation, the Company would inform its shareholders through a press release.

Maximum purchase price: €5 per share, excluding fees and commissions (this purchase price will be adjusted to take account of capital transactions, in particular in the capitalization of reserves, free share grants, stock splits or reverse stock splits), with an overall ceiling of €4,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

The number of shares acquired by the Company to be held and subsequently exchanged or used as consideration for the purpose of any merger, de-merger, or capital contribution may not exceed 5% of the total number of shares.

Buyback methods: the acquisition, sale or transfer of shares may be carried out by any means, on one or more occasions, in particular on the market or over-the-counter, including by block purchases or sales, public offers, using options or derivative mechanisms, under the conditions pursuant to the market authorities and in compliance with applicable regulations.

- Share buyback program adopted at the Company's Combined General Meeting on July 2, 2020

The Combined General Meeting of July 2, 2020 authorized the Board of Directors, for a period of 18 months from the date of the meeting, to implement a share buyback program, on one or more occasions, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and in accordance with the General Regulation of the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*) under the terms and conditions described below. This program took the place of the program adopted at the Ordinary General Meeting of July 5, 2019.

Objectives of the share buyback program:

- to ensure the liquidity of the Company's shares under the terms of a liquidity contract to be concluded with an investment services provider, in accordance with a Code of Ethics approved by the AMF; and/or
- to honor obligations linked to stock option and free share plans;
- company savings schemes or other share awards to employees and executives of the Company or its associates; and/or
- to tender shares upon exercise of the rights attached to securities giving access to the share capital; and/or
- to purchase shares to be held for their subsequent exchange or use as consideration in potential acquisitions in compliance with market practices permitted by the AMF; and/or
- in general, to conduct transactions for any purpose that may be authorized by law or any market practice that may be permitted by the market authorities, it being specified that, in such a situation, the Company would inform its shareholders through a press release.

Maximum purchase price: €5 per share, excluding fees and commissions (this purchase price will be adjusted to take account of capital transactions, in particular in the capitalization of reserves, free share grants, stock splits or reverse stock splits), with an overall ceiling of €4,000,000.

Maximum number of shares that may be purchased: 10% of the total number of shares as of the share buyback date. When shares are purchased for market-making purposes and to ensure the liquidity of the Company's share, the number of shares included in the calculation of the 10% ceiling above is equal to the number of shares purchased, less the number resold during the term of the authorization.

The number of shares acquired by the Company to be held and subsequently exchanged or used as consideration for the purpose of any merger, de-merger, or capital contribution may not exceed 5% of the total number of shares.

Buyback methods: the acquisition, sale or transfer of shares may be carried out by any means, on one or more occasions, in particular on the market or over-the-counter, including by block purchases or sales, public offers, using options or

Company financial statements at December 31, 2021

derivative mechanisms, under the conditions pursuant to the market authorities and in compliance with applicable regulations.

Summary of the shares purchased and sold over the year:

	2021				
	Q1	Q2	Q3	Q4	Total
Securities purchased	385 503	234 188	269 877	415 534	1 305 102
Price	1.69	1.34	1.12	0.88	
Total amount (in €'000)	652	313	302	365	1 632
Securities sold	381 620	227 742	272 366	393 012	1 274 740
Price	1.69	1.34	1.14	0.88	
Total amount (in €'000)	643	305	310	346	1 604

At December 31, 2021, the Company held 75,617 Mauna Kea Technologies shares acquired at an average price of €0.765 equal to the realizable value on December 31, 2021.

Treasury share are recognized as financial investments.

Appropriation of earnings for financial year 2020:

The financial statements for the 2020 financial year showed a net loss of €(9,444,555.38). Following the decision of the Annual General Meeting on June 3, 2021 approving the financial statements, this loss was appropriated to retained earnings.

5.2. Provisions

Detail of the provisions by type are as follows:

5.2.1. Provisions for legal dispute

Figures expressed in euros	At 12/31/2020	Allowance	Reversals	At 12/31/2021
Provisions for legal dispute	19 000	20 000	(19 000)	20 000
TOTAL	19 000	20 000	(19 000)	20 000

The Company paid €19 thousand following a judgment issued by the Court of Appeal in January 2021. This provision has therefore been adjusted by a reversal and a new allowance of €20 thousand has been recognized for a potential legal dispute in 2021.

5.2.2. Provisions for risks

Figures expressed in euros	At 12/31/2020	Allowance	Reversals	At 12/31/2021
Provisions for foreign exchange losses	5 353	3 880	(7 448)	1 785
TOTAL	5 353	3 880	(7 448)	1 785

5.2.3. Provisions for non-current assets impairment

Figures expressed in euros	At 31/12/2020	Allowance	Reversals	At 12/31/2021
Provision for long-term investments	48,528,876	8 560 755		57 089 631
TOTAL	48,528,876		5,110	48,528,876

During the 2021 financial year, a net advance of €5,785 thousand was granted to the subsidiary Mauna Kea Technologies Inc. The total amount of advances stood at €63,039 thousand at end-2021. This amount has been provisioned for the negative net asset value of the subsidiary, *i.e.* €57,066 thousand.

Taking into account the revaluation of the receivable with the exchange rate of EUR/USD of 1.1326, the total amount of the advances is €57,066,554.34.

5.2.4. Provisions for impairment of inventories

Figures expressed in euros	At 31/12/2020	Allowance	Reversals	At 12/31/2021
Raw materials	102 219	0	(21 609)	80 610
Finished products	500 887	57 174	(61 778)	496 283
TOTAL	603 106	57 174	(83 387)	576 893

5.2.5. Provisions for impairment of receivables

Figures expressed in euros	At 31/12/2020	Allowance	Reversals	At 12/31/2021
Doubtful receivables	400 177	70 000	(400 177)	70 000
Other receivables				
TOTAL	400 177	70 000	(400 177)	70 000

5.2.6. Restructuring provisions

Changes in the restructuring provision:

Figures expressed in euros	At 31/12/2020	Allowance	Reversals	At 12/31/2021
Restructuring provisions	0	258 621	(13 050)	245 571
TOTAL	0	258 621	(13 050)	245 571

The provision for restructuring of €245,571 was recorded following the announcement of redundancies to the SEC on December 5, 2021. This exceptional expense is mainly composed of severance pay, notice, redeployment costs for seven employees and legal fees.

5.3. Borrowings

Chiffres exprimés en euros	Au 31/12/2020	+	-	Au 31/12/2021
Avance remboursable BPI (ex OSEO)	2 903 563	503 966		3 407 529
Intérêt courus sur avances conditionnées	611 323	86 115		697 438
Avances conditionnées	3 514 886	590 081	0	4 104 967
PGE BNP/BPI	4 000 000	42 165		4 042 165
Intérêt courus sur emprunt PGE	13 806	3 875	(13 806)	3 875
Emprunts BEI	17 500 000	1 415 417		18 915 417
Intérêt courus sur emprunt BEI	1 081 034	1 050 109	(1 592 917)	538 226
Dépôts reçus	11 311	699	(9 019)	2 991
Emprunts et dettes financières divers	22 606 151	2 512 265	(1 615 742)	23 502 674

5.3.1. BPI advances (formerly OSEO Fi)

On May 31, 2010, Mauna Kea Technologies obtained a repayable innovation loan in the amount of €3,416 thousand from OSEO as part of the PERSEE project. The PERSEE project aims to develop, validate and then market a device capable of improving diagnostic and pre-operative assessment techniques for cancer patients. The first payments of the loan were as follows:

- first payment of €454 thousand on May 31, 2010;
- second payment of €1,138 thousand on December 21, 2011;
- third payment of €685 thousand on May 29, 2013;
- fourth payment of €626 thousand on December 22, 2016.

The project was closed at the end of 2020, and the fifth payment of the reimbursable advance of €504 thousand was received in December 2021. The advances granted carry interest at a rate of 2.45%.

The 2010 contract between OSEO, now BPI France, and the Company stipulates that the first repayment should take place once sales of €2,500 thousand on new products are reached.

The amount to repay, based on the new expected repayment schedule, will be €4,691 thousand, including capitalized expenses. If no repayment occurs within 10 years of the last aid payment, Mauna Kea will be released from any obligation to pay a financial return. In addition, if the cumulative sales amount is greater than €50,000 thousand, 2% of the sales generated must be paid over fifteen years.

In addition, the specific contract between BPI France (formerly OSEO) and Mauna Kea stipulates in Article 4.3 that in the event of a failure by the Company to comply with any of its obligations as listed in the contract, of any irregular tax and social security situation, of inaccurate or false declarations, of a contribution, merger, demerger, transfer of control or of assets of the Company, Mauna Kea SA must repay in advance the discounted value.

5.3.2. Loans

Following the €22,500 thousand financing agreement signed with the European Investment Bank (EIB) on June 20, 2019, the Company received the first installment of €11,494 thousand net on July 3, 2019.

On July 8, 2020, in accordance with the loan agreement as amended on June 19, 2020, the Company received the second tranche of €6,000 thousand. The following tranche of €5,000 thousand will be available subject to the achievement of certain milestones.

Tranche 1 included the issuance of share purchase warrants (BSAs) entitling the holder, in the event of exercise, to subscribe for a maximum of 1,450,000 shares of the Company (*i.e.* 5.75% of the share capital on a non-diluted basis) subject to the legal and contractual adjustments provided for in the documentation. These BSA warrants were

Company financial statements at December 31, 2021

issued on the basis of the fourth resolution (private placement) adopted by the Extraordinary General Meeting of October 5, 2018. The exercise price of the warrants is equal to the weighted average of the volumes of the last three trading days preceding their issue, less a 5% discount, *i.e.* €1.8856 per warrant. The BSA warrants may be exercised until the twentieth anniversary of their issuance, *i.e.* July 3, 2039.

Tranche 2 also included the issuance of share purchase warrants (BSAs) entitling the holder, in the event of exercise, to subscribe to a maximum of 500,000 Company shares (*i.e.* 1.6% of the share capital on a non-diluted basis). These BSA warrants were issued on the basis of the twenty-fourth resolution adopted by the Combined General Meeting of July 2, 2020. The exercise price of the warrants is equal to the volume weighted average of the last three trading days preceding their issue, less a 5% discount. The BSA warrants may be exercised starting from their issuance and until July 3, 2039.

On July 17, 2020, the Company announced that BNP Paribas and Bpifrance had approved €4 million in financing in the form of a Government-backed loan. BNP Paribas and Bpifrance have each a loan of €2 million at fixed interest rates of 0.25% and 1.75% respectively. These non-dilutive loans will be 90% guaranteed by the French government (ministerial decrees of March 23 and April 17, 2020 granting the State guarantee to credit institutions and financial companies, pursuant to Article 6 of Law No. 2020-289 of March 23, 2020). Each loan is for an initial term of one year. At the end of the first year, repayment of the principal due may be again deferred, at the Company's option, for a maximum 5 year term. At August 11, 2020, the loan was fully drawn down.

In 2021, on the initial maturity dates, the loans were renegotiated with BNP Paribas and Bpifrance. The new maturities are on June 24, 2026 and August 31, 2026 with fixed interest rates of 0.75% and 2.25% respectively. BNP Paribas' capital is repaid monthly from July 24, 2022. For the Bpifrance Government-backed loan, it will be quarterly from November 30, 2022

5.4. Debt repayment schedule

LIABILITIES	Gross amount end of FY	Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds				
Other bonds				
Loans and borrowings from credit institutions:				
- repayable within one year	4 046 040	376 934	3 669 106	
- repayable in more than one year				
Other loans and borrowings	19 456 634	190 091	19 266 543	
Trade payables	2 114 334	2 114 334		
Personnel and related accounts	585 895	585 895		
Social security and other welfare agencies	566 035	566 035		
State and other public authorities				
Income tax				
Value added tax				
Guaranteed bonds				
Other taxes and related accounts	152 238	152 238		
Amount due on fixed assets and related accounts				
Group companies and associates	5 000			5 000
Other payable	350 657	350 657		
Liabilities representing borrowed securities or securities provided as collateral				
Deferred revenues	934 376	934 376		
TOTAL	28 211 209	5 270 560	22 935 649	5 000
Loans issued during the financial year				
Loans repaid during the financial year				

5.5. Trade payables

Figures expressed in euros	At 12/31/2021	Au 12/31/2020
Group suppliers		
Suppliers in France	771 753	378 423
International suppliers	209 600	175 359
Suppliers whose invoices are not yet received	1 132 981	1 595 614
Total trade payables	2 114 334	2 149 396

5.6. Accrued expenses

The amount of accrued expenses included in the following balance sheet items is:

Accounts	FY 2021	FY 2020
OPERATING LIABILITIES		
Trade payables	1 132 981	1 595 614
Tax and employee-related liabilities	943 542	1 381 397
FINANCIAL DEBTS		
Convertible bonds		
Other bonds		
Loans and borrowings from credit institutions	1 239 539	1 706 163
Other loans and borrowings (of which loans to individuals:)		
Advances and prepayments received on current orders		
OTHER LIABILITIES		
Amount due on fixed assets and related accounts		
Other payables		
ACCRUALS		
Deferred revenues		
LIABILITIES	3 316 062	4 683 174

5.7. Accruals

5.7.1 Deferred revenues

Deferred revenue breaks down as follows:

Figures expressed in euros	At 12/31/2021	At 12/31/2020
Operating revenue	934 376	328 186
Financial revenue		
Non-recurring revenue		
TOTAL	934 6	328 6

5.7.2 Translation difference

See [section 4.9.2.](#)

5.8. Amount due to related companies

As of December 31, 2021, the Company had no debt to its subsidiary. It has an unpaid invoice to its subsidiary MKT Inc. in the amount of €516,881.51

6 INFORMATION ON THE INCOME STATEMENT

6.1. Breakdown of the net sales amount

Sales for financial year 2021 break down as follows:

Figures expressed in euros	FY 2021		FY 2020	
	France	EEC + Export	France	EEC+ Export
Sales of goods	0	4 110	4 110	2 082
Sales of finished products	122 633	5 597 675	5 720 308	3 413 478
Sales of finished products	153 999	1 114 370	1 268 369	1987 484
Total Sales	276 632	6 716 155	6 992 787	4 403 044
%	4 %	96 %	100%	

6.2. Other operating income

Figures expressed in euros	At 12/31/2021	At 12/31/2020
Production in stock	(76 918)	117 237
Fixed asset production		
Other management revenue and operating subsidies	203 889	
Reversals of depreciation and amortization, provisions, cost transfers and other revenue	536 843	204 034
Other income	105 747	154 598
TOTAL	769 561	475 869

The RI BPI grant (formerly OSEO) of €203,889 received in December 2021 is classified under “Other miscellaneous management income and operating subsidies.”

Former receivables now classified as bad debts were subject to a provision reversal of €400 thousand.

6.3. Compensation of the statutory auditors

Depending on their mission statements, the summary of fees of the statutory auditors for the current and previous financial years is as follows:

Amount in euros	FY 2021		FY 2020	
	EY	EXCO	EY	EXCO
Audit				
Statutory auditors, certification and review of the annual financial statements and the consolidated financial statements				
- Mauna Kea Technologies SA	52 011	51 752	50 991	50 737
- Fully consolidated subsidiaries	35 991		35 286	
- ESEF			12 000	
Subtotal	88 002	51 752	98 277	50 737

Company financial statements at December 31, 2021

Others services rendered by the network to the fully consolidated subsidiaries				
Services other than account certification (SACC)	35 991	18 500	31 000	7 000
Subtotal	35 991	18 500	31 000	7 000
Total	123 993	70 252	129 277	57 737

Services other than the certification of the financial statements performed in the financial year 2021 by the statutory auditors are related to the issuance of specific certificates, completion letters on the prospectus and the Universal Registration Document as well as the issuance of reports on capital transactions.

6.4. Net finance income (expense)

Net finance income (expense) for the financial year was €(9,421) thousand and breaks down as follows:

Accounts	FY 2021	FY 2020
FINANCIAL INCOME	513 334	514 721
Financial income from participating interests		
Revenue from other investments and long-term receivables		
Other interest and similar income	472 134	485 374
Reversals of provisions and cost transfers	7 448	7 203
Foreign exchange gains	33 752	22 144
Net proceeds from disposals of investment securities		
FINANCIAL EXPENSES	(9 850 882)	(1 031 547)
Depreciation, amortization and provisions – financial items	(8 568 330)	(5 353)
Interest and similar expenses	(1 241 7977)	(956 036)
Foreign exchange losses	(40 755)	(70 158)
Net expenses on disposals of investment securities		
NET FINANCIAL INCOME (EXPENSES)	(9 337 548)	(516 826)

Higher allowances to depreciation, amortization and provisions are mainly due to the higher impairment of the US subsidiary's current account advance in 2021 compared to 2020 (allowance of €8,568,330 in 2021 compared to €5,353 thousand in 2020).

Interest expense is mainly related to the EIB loan, Tranche 1 and 2 for €1,050 thousand.

6.5. Non-recurring profit (loss)

Non-recurring profit (loss) of €(238,813) for the financial year breaks down as follows:

Accounts	FY 2021	FY 2020
NON-RECURRING INCOME	27 101	143 518
Non-recurring income from non-capital transactions	24 531	142 613
Non-recurring income from capital transactions	2 570	905
Reversals of provisions and cost transfers		
NON-RECURRING EXPENSES	(265 914)	(382 135)
Non-recurring expenses on non-capital transactions	(7 282)	
Non-recurring expenses on capital transactions	(11)	(1 113)
Depreciation, amortization and provisions of exceptional items	(258 621)	(381 022)
NON RECURRING INCOME/(EXPENSE)	(238 813)	(238 617)

Company financial statements at December 31, 2021

At December 31, 2021, the expense related to the restructuring plan was recognized in non-recurring expenses for an amount of €258,621.

6.6. Income tax

6.6.1 Tax situation

At December 31, 2021, the Company has a tax loss carry forward of €105,181,127.

6.6.2 Deferred tax

BASES (in euros)	Opening balance	Changes in net income for the financial year	Closing balance
Differences between the tax regime and the accounting treatment of some revenues and expenses:			
Social security contribution			
Other provisions for risks	5 353	3 568	1 785
TOTAL	5 353	3 568	1 785

6.6.3 Tax credits

The Company benefits from the provisions of Articles 244 *quater* B and 49 *septies* F of the French General Tax Code relating to research tax credits. The research tax credit for the 2021 financial year was €635,110.

7 MISCELLANEOUS INFORMATION

7.1. Average number of salaried and temporary employees

Over the 2021 financial year, the average number of employees breaks down as follows:

FY 2021	Workforce
Managers	57
Supervisors, technicians and employees	9
Operators	1
TOTAL	67

7.2. List of subsidiaries and investments

Company name	Issued capital	Capital held	Equity including profit/(loss)	Profit/(loss)
Mauna Kea Technologies Inc (*)	30 000	100%	(64 633 579)	(5 112 113)

7.3. Information on related parties

There is no information on transactions between related parties as current transactions are excluded from the list of transactions with related parties.

7.4. Compensation of administrative bodies

The compensation of the management bodies is not provided as this would reveal individual compensation.

7.5. Financial commitments

7.5.1. Commitments given

- To the European Investment Bank (EIB)

Following the financing agreement with the European Investment Bank (EIB) signed on June 20, 2019 for €22.5 million, the Company received the first tranche of €11.5 million on July 3, 2019.

Tranche 1 included the issuance of share purchase warrants (BSAs) entitling the holder, in the event of exercise, to subscribe for a maximum of 1,450,000 shares of the Company (*i.e.* 5.75% of the share capital on a non-diluted basis) subject to the legal and contractual adjustments provided for in the documentation. These BSA warrants were issued on the basis of the fourth resolution (private placement) adopted by the Extraordinary General Meeting of October 5, 2018. The exercise price of the warrants is equal to the weighted average of the volumes of the last three trading days preceding their issue, less a 5% discount, *i.e.* €1.8856 per warrant. The BSA warrants may be exercised until the twentieth anniversary of their issuance, *i.e.* July 3, 2039.

As part of the discussions that led to the EIB's agreement to draw down the second tranche, the guarantees linked to this tranche were modified by an agreement on June 19, 2020.

The Company received the second tranche of €6 million on July 8, 2020.

Tranche 2 also included the issuance of share purchase warrants (BSAs) entitling the holder, in the event of exercise, to subscribe to a maximum of 500,000 Company shares (*i.e.* 1.6% of the share capital on a non-diluted basis). These BSA warrants were issued on the basis of the twenty-fourth resolution adopted by the Combined General Meeting of July 2, 2020. The exercise price of the BSA warrants is equal to the volume weighted average of the last three trading days preceding their issue, less a 5% discount. The BSA warrants may be exercised starting from their issuance and until July 3, 2039. The fixed interest rate includes an annual portion of 3% and a capitalized interest of 4% payable in five years with the principal.

Tranche 3 of €5 million will be available subject to achieving certain milestones, particularly related to commercial progress and the improvement of shareholders' equity. It is subject to €15 million of equity financing and the achievement, over a rolling 12-month period, of €24 million of cumulative income. The fixed interest rate includes a portion at 3% annually and a portion at 3% capitalized. Repayment of the principal and capitalized interest will be made in full after the fifth year from the date of drawdown.

Financial covenants are attached to this debt.

The guarantees, taken by the European Investment Bank, cover the Company's trade receivables and inventories.

In accordance with the financing agreement as amended on June 19, 2020, the Company granted the European Investment Bank a pledge on the intellectual property rights relating to three patents held by the Company. This pledge agreement will take effect on December 17, 2021 after the expiry of the rights of first negotiation and first refusal granted to JJDC under the strategic financing agreement signed on December 13, 2019.

- To partners

Commitments given	Total	Less than 1 year	From 1 to 5 years	+5 years
Related to leases	1 064 850	642 490	422 360	
Related to supply contracts	1 149 847	860 689	289 158	
	2 214 697	1 503 179	711 518	

7.5.2. Commitments received

The French government-backed loan (PGE) granted by the BPI and the BNP benefits from a State guarantee under the National Coronavirus State Guarantee Fund of up to 90%.

7.6. Commitments towards employees

7.6.1. Retirement commitments

For estimated retirement commitments, the following assumptions were used for all categories of employees (employees, ETAM [Employees, Technicians, and Supervisors], and managers):

- retirement age: 65 years old;
- terms of retirement: voluntary retirement;
- mortality table: INSEE 2021;
- collective agreement: metal industries;
- employee turnover:
 - 18-25 years old: 0%
 - 26-35 years old: 23%
 - 36-45 years old: 11%
 - 46-55 years old: 17%
 - >56 years old: 0%;
- employer contribution rate used: 47% (identical to 2020);
- salary increase rate: 2.5% (identical to 2020);
- discount rate: 1.38% (vs. 0.74% in 2020) equal to the iBoxx Corporate AA10+ rate plus 0.4 points.

Retirement benefits stand at €111 thousand at the end of the 2021 financial year and are not recorded in the Company's financial statements.

The Company does not finance its pension plan provision. No retirements took place over the last two financial year.

EXCO SOCODEC

ERNST & YOUNG et Autres

Mauna Kea Technologies
Exercice clos le 31 décembre 2021

Rapport des commissaires aux comptes sur les comptes annuels

EXCO SOCODEC
51, avenue Françoise Giroud
B.P. 16601
21000 Dijon
S.A.R.L. au capital de € 3 200 000
400 726 048 R.C.S. Dijon

Commissaire aux Comptes
Membre de la compagnie
régionale de Besançon-Dijon

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Mauna Kea Technologies

Exercice clos le 31 décembre 2021

Rapport des commissaires aux comptes sur les comptes annuels

A l'Assemblée Générale de la société Mauna Kea Technologies,

Opinion

En exécution de la mission qui nous a été confiée par vos assemblées générales, nous avons effectué l'audit des comptes annuels de la société Mauna Kea Technologies relatifs à l'exercice clos le 31 décembre 2021, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

Fondement de l'opinion

■ Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels » du présent rapport.

■ Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le Code de commerce et par le Code de déontologie de la profession de commissaire aux comptes sur la période du 1^{er} janvier 2021 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n° 537/2014.

Justification des appréciations - Points clés de l'audit

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'audit des comptes de cet exercice. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre des audits.

C'est dans ce contexte complexe et évolutif que, en application des dispositions des articles L. 823-9 et R. 823-7 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes annuels de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

■ Reconnaissance du chiffre d'affaires

Point clé de l'audit	Notre réponse
Le chiffre d'affaires s'élève à K€ 6 992 au 31 décembre 2021. Le chiffre d'affaires de votre société est reconnu selon les modalités décrites dans la note 3.9 de l'annexe aux comptes annuels. Ce chiffre d'affaires résulte essentiellement de la vente de systèmes, de la vente de consommables (sondes) et des prestations de services de maintenance et de réparation. Pour les ventes de systèmes et de consommables, le chiffre d'affaires est constaté dès lors que le transfert de propriété est réalisé. Les ventes de prestations de services de maintenance, couvrant une période dépassant l'exercice comptable, sont étalées dans le temps selon la durée des prestations contractuelles. Nous avons considéré que la reconnaissance du chiffre d'affaires constituait un point clé de l'audit compte tenu du poids du chiffre d'affaires en tant qu'indicateur financier de votre société et de l'importance des transactions qui se dénouent à l'approche de la clôture.	Nous avons pris connaissance des méthodes de reconnaissance du chiffre d'affaires et les contrôles mis en place par votre société. Nos travaux ont consisté à : ▶ étudier les clauses contractuelles sur un échantillon de contrats de l'exercice, afin d'analyser le traitement comptable applicable ; ▶ examiner un échantillon de transactions résultant de la vente de systèmes et de sondes en obtenant les bons de commandes, les factures, les bons de livraison ou les bons de mise à disposition ; ▶ analyser un échantillon de transactions résultant de la vente de prestations de services en obtenant les contrats et les preuves de réalisation des prestations afin de contrôler leur comptabilisation ; ▶ effectuer des tests, par sondages, sur une sélection de transactions comptabilisées avant et après la date de clôture afin de déterminer si ces produits sont rattachés à la bonne période et, le cas échéant, si l'étalement du chiffre d'affaires est réalisé sur une durée conforme au contrat.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

■ Informations données dans le rapport de gestion et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires.

Nous attestons de la sincérité et de la concordance avec les comptes annuels des informations relatives aux délais de paiement mentionnées à l'article D. 441-6 du Code de commerce.

■ Rapport sur le gouvernement d'entreprise

Nous attestons de l'existence, dans le rapport du conseil d'administration sur le gouvernement d'entreprise, des informations requises par les articles L. 225-37-4, L. 22-10-10 et L. 22-10-9 du Code de commerce.

Concernant les informations fournies en application des dispositions de l'article L. 22-10-9 du Code de commerce sur les rémunérations et avantages versés ou attribués aux mandataires sociaux ainsi que sur les engagements consentis en leur faveur, nous avons vérifié leur concordance avec les comptes ou avec les données ayant servi à l'établissement de ces comptes et, le cas échéant, avec les éléments recueillis par votre société auprès des entreprises contrôlées par elle qui sont comprises dans le périmètre de consolidation. Sur la base de ces travaux, nous attestons l'exactitude et la sincérité de ces informations.

■ Autres informations

En application de la loi, nous nous sommes assurés que les diverses informations relatives à l'identité des détenteurs du capital ou des droits de vote vous ont été communiquées dans le rapport de gestion.

Autres vérifications ou informations prévues par les textes légaux et réglementaires

■ Format de présentation des comptes annuels destinés à être inclus dans le rapport financier annuel

Nous avons également procédé, conformément à la norme d'exercice professionnel sur les diligences du commissaire aux comptes relatives aux comptes annuels et consolidés présentés selon le format d'information électronique unique européen, à la vérification du respect de ce format défini par le règlement européen délégué n° 2019/815 du 17 décembre 2018 dans la présentation des comptes annuels destinés à être inclus dans le rapport financier annuel mentionné au I de l'article L. 451-1-2 du Code monétaire et financier, établis sous la responsabilité du directeur général.

Sur la base de nos travaux, nous concluons que la présentation des comptes annuels destinés à être inclus dans le rapport financier annuel respecte, dans tous ses aspects significatifs, le format d'information électronique unique européen.

Il ne nous appartient pas de vérifier que les comptes annuels qui seront effectivement inclus par votre société dans le rapport financier annuel déposé auprès de l'AMF correspondent à ceux sur lesquels nous avons réalisé nos travaux.

■ Désignation des commissaires aux comptes

Nous avons été nommés commissaires aux comptes de la société Mauna Kea Technologies par votre assemblée générale du 13 juin 2018 pour le cabinet EXCO SOCODEC et du 25 mai 2011 pour le cabinet ERNST & YOUNG et Autres.

Au 31 décembre 2021, le cabinet EXCO SOCODEC était dans la quatrième année de sa mission sans interruption et le cabinet ERNST & YOUNG et Autres dans la onzième année.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes annuels

Il appartient à la direction d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes annuels ont été arrêtés par le conseil d'administration.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels

■ Objectif et démarche d'audit

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L. 823-10-1 du Code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes annuels ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle.

■ Rapport au comité d'audit

Nous remettons au comité d'audit un rapport qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives, que nous jugeons avoir été les plus importants pour l'audit des comptes annuels de l'exercice et qui constituent de ce fait les points clés de l'audit, qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537/2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L. 822-10 à L. 822-14 du Code de commerce et dans le Code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

Dijon et Paris-La Défense, le 29 avril 2022

Les Commissaires aux Comptes

EXCO SOCODEC

Signé électroniquement le 29/04/2022 par
Olivier Gallezot



Olivier Gallezot

ERNST & YOUNG et Autres



Franck Sebag

EXCO SOCODEC

ERNST & YOUNG et Autres

Mauna Kea Technologies

Assemblée générale d'approbation des comptes de l'exercice clos
le 31 décembre 2021

**Rapport spécial des commissaires aux comptes
sur les conventions réglementées**

EXCO SOCODEC
51, avenue Françoise Giroud
B.P. 16601
21000 Dijon
S.A.R.L. au capital de € 3 200 000
400 726 048 R.C.S. Dijon

Commissaire aux Comptes
Membre de la compagnie
régionale de Besançon-Dijon

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Mauna Kea Technologies

Assemblée générale d'approbation des comptes de l'exercice clos le 31 décembre 2021

Rapport spécial des commissaires aux comptes sur les conventions réglementées

A l'Assemblée Générale de la société Mauna Kea Technologies,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions réglementées.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques, les modalités essentielles ainsi que les motifs justifiant de l'intérêt pour la société des conventions dont nous avons été avisés ou que nous aurions découvertes à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions. Il vous appartient, selon les termes de l'article R. 225-31 du Code de commerce, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R. 225-31 du Code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions déjà approuvées par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission. Ces diligences ont consisté à vérifier la concordance des informations qui nous ont été données avec les documents de base dont elles sont issues.

Conventions soumises à l'approbation de l'assemblée générale

En application de l'article L. 225-40 du Code de commerce, nous avons été avisés de la convention suivante conclue au cours de l'exercice écoulé qui a fait l'objet de l'autorisation préalable de votre conseil d'administration.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537/2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L. 822-10 à L. 822-14 du Code de commerce et dans le Code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

Dijon et Paris-La Défense, le 29 avril 2022

Les Commissaires aux Comptes

EXCO SOCODEC

Signé électroniquement le 29/04/2022 par
Olivier Gallezot



Olivier Gallezot

ERNST & YOUNG et Autres



Franck Sebag

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

(Article 222-3-4 of the General Regulations of the French Financial Markets Authority [AMF – *Autorité des Marchés Financiers*])

“I certify that the information contained in this Annual Financial Report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.”

“To the best of my knowledge, I certify that the financial statements have been prepared in accordance with the applicable accounting standards (IFRS standards as adopted by the European Union for consolidated financial statements) and give a true and fair view of the assets, financial position and results of the Company and all its consolidated companies and that the attached management report presents a true and fair view of the development of the business, results and financial position of the Company and its consolidated companies and a description of the main risks and uncertainties to which they are exposed.”

Nicolas Bouvier
Interim Chief Executive Officer