

MAUNA KEA TECHNOLOGIES 2014 FULL-YEAR RESULTS AND Q1 2015 SALES

- **2014 Revenue growth 13% to €12.3M**
 - **2014 gross margin of 67%**
- **Q1 U.S. sales growth 36% (12% in USD)**
- **Q1 U.S. probe sales volume growth 83%**
- **Q1 global sales (-14%) negatively impacted by regulatory delay in China**

PARIS, April 14, 2015 – Mauna Kea Technologies (Euronext: MKEA, FR0010609263, PEA-PME eligible), inventor of Cellvizio®, the multidisciplinary confocal laser endomicroscopy platform, today announced its annual results for the financial year ended on December 31, 2014 and closed by the Board of Directors' meeting held on April 13, 2015, as well as its sales for the 1st quarter of the financial year, ended on March 31, 2015.

Sacha Loiseau, Founder and CEO of Mauna Kea Technologies, stated "In the first quarter, we have passed several important milestones *toward achieving wide-scale adoption of our proprietary technology. We are encouraged by better Q1 performance in the United States, in particular strong probe volume growth. However, our overall commercial performance is not consistent globally, including China where regulatory delays have deferred sales. We continue to focus on sales channel effectiveness to optimize the platform value of Cellvizio.*"

<i>€ thousands - IFRS standards</i>	2014 <i>(12/31/2014)</i>	2013 <i>(12/31/2013)</i>
Operating income		
Sales	11,016	9,977
Other revenue	1,267	939
Total revenue	12,282	10,915
Operating expenses		
<i>Of which Cost of goods sold</i>	<i>(3,675)</i>	<i>(3,042)</i>
<i>Rate of gross margin (%)</i>	<i>67%</i>	<i>70%</i>
<i>Of which Research & Development</i>	<i>(4,583)</i>	<i>(3,611)</i>
<i>Of which Sales & Marketing</i>	<i>(12,753)</i>	<i>(11,174)</i>
<i>Of which General & Administrative</i>	<i>(3,837)</i>	<i>(3,759)</i>
<i>Of which Share-based payments</i>	<i>(1,257)</i>	<i>(851)</i>
Total operating expenses	(26,106)	(22,437)
Operating result	(13,823)	(11,521)
Net profit / (loss)	(13,991)	(11,516)

2014 Full-Year Sales: Strong momentum in Asia-Pacific

In 2014, Mauna Kea Technologies posted sales growth of 10% over the financial year to €11,016 thousand compared with €9,977 thousand in FY 2013. Clinical and Pre-clinical sales saw growth of 7% (to €8,591 thousand) and 25% (to €2,425 thousand) respectively, compared with €8,036 thousand and €1,941 thousand, in the prior year. Sales to hospitals and clinics represented 78% of activity over the financial year (compared with 81% in 2013).



A breakdown of sales by product and type reveals an increase in sales of Systems by 5% to €7,175 thousand over the financial year, compared with €6,835 thousand in the previous year and a rise in sales of Consumables by 14% to €2,958 thousand, compared with €2,603 thousand in 2013. Sales of Associated Services also rose by 64%, to €882 thousand, compared with €538 thousand in 2013, as a result of the efforts undertaken to increase this important recurring revenue.

By volume over FY 2014, the company sold 88 Systems and 896 Probes (compared with 73 and 688 in 2013), demonstrating sales growth by volume of +21% for Equipment and +30% for Consumables.

At December 31, 2014, Mauna Kea Technologies had an installed base of 444 Cellvizio systems globally: 144 in the Americas (134 in the United States), 191 in the EMEA region, 94 in the APAC region and 15 in Latin America, divided between 315 clinical and 129 pre-clinical systems (23 of which are Cellvizio Dual Band).

Analysis of the geographical breakdown of 2014 sales confirms the strong momentum in Asia-Pacific, with 2014 sales growth in this region of 52% to €3,806 thousand, compared with €2,501 thousand in 2013. EMEA posted growth of 8% to €3,197 thousand, compared with €2,973 thousand last year, reflecting slower penetration than forecasted, particularly in Germany, Russia and Turkey. The Americas were the only region to post a decline over the prior year, at (11%) to €4,012 thousand, compared with €4,502 thousand in 2013.

Sales in the Americas represented 36% of total sales in FY 2014, compared with 29% and 35% for EMEA and APAC respectively.

2014 Consolidated Results: Impact of direct sales model reflected in operating expenses

"Other revenue" was €1,267K (compared with €939K), primarily due to a Research Tax Credit of €1,178K (compared with €732K in 2013).

Gross margin declined 3 percentage points to 67% (compared with 70% in 2013), primarily due to management's decision in Q1 2014 to reduce pricing for systems and consumables in the United-States to be more consistent with other regions.

In 2014, the charges pertaining to the Sales and Marketing costs, the Company's largest expense item, came to €12,753K, an increase of 14%; in part, reflecting the run-rate cost of a larger sales team in the US.

Expenditures pertaining to Research and Development increased to €4,583K (+27% compared with 2013). However, Research and Development expenses and activated development costs together grew by 11% as activated development costs were reduced in 2014 by 71%.

Total IFRS Operating Expenses rose to €26,106K over the period (compared with €22,437K in 2013). Mauna Kea Technologies' operating profit was -€13,823K (compared with -€11,521K in 2013).

Net profit/(loss) came to -€13,991K in 2014 compared with -€11,516K in 2013.

During 2014, Mauna Kea Technologies' cash usage was €12.8M (compared with €9.8M in 2013), and available cash at December 31, 2014 was €15.0 M

Mauna Kea Technologies' workforce totaled 120 employees at of December 31, 2014 (compared with 112 as of December 31, 2013).

Eric Cohen, Chief Financial Officer of Mauna Kea Technologies, declared: *"In 2014, we adjusted our selling price in the US to be more in line with other territories, thus reducing our gross margin by 3%. The presence of*



a full sales team in 2014 brought our sales & marketing expenses back to their 2012 level. In 2014, we continued to invest in research and development and increased our expenses in this field by 11 %. At the end of 2014, we had a cash position of €15 million and are confident in our capacity to reduce our operating loss in the future”.

Q1 2015 Sales: Improvements in the United States, regulatory delay in China, stable growth in EMEA

€ thousands IFRS	Q1 2015 March 31, 2015	Q12014 March 31,2014	Change (%)
Q1 Sales at March 31	1,855	2,164	-14%

2015 first-quarter sales came to €1,855K, a decline of 14% compared to €2,164K in 2014. Strong growth in the pre-clinical business to €581K (+160%) did not offset a downturn in the clinical business to €1,274K (-34%). Revenue generated by sales to hospitals and clinics accounted for 69% of activity during the quarter (compared with 90% in Q1 2014).

An analysis of sales per product and per type highlights a decline in Systems sales to €1,222K and Consumables to €479K (-12% and -19% respectively). Services also declined to €154K (-20%).

By volume, the company recorded the sale of 12 systems and 134 probes (compared with 16 and 157 respectively) in Q1 2014, representing a decrease of 25% for systems and 15% for probes. The net installed Cellvizio clinical base increased by 12 systems during the 1st quarter of 2015 and the total installed base, including pre-clinical systems, has reached 456 systems at March 31, 2015.

Sales in the United States grew by 36% (12% in USD) in the first quarter this year. Overall, the Americas region showed a slight decline to €934K (-6%) compared to the same period in 2014 as the growth in the US was offset by a decline in South America.

EMEA demonstrated sustained performance with a sales increasing of 16% to €699K. The APAC region declined to €222K (-61%), in part due to a delay in obtaining the regulatory agreement in China for the Cellvizio 100s and to a high volume of sales in Q4 2014 in Japan.

At March 31, 2015, the Americas, EMEA and APAC regions respectively represent 50%, 38% and 12% of sales.

2014 and Q1 2015: Significant commercialization breakthroughs and highlights

Authorizations and reimbursement:

- October 2014, a favorable opinion from the French Health Authorities for the reimbursement of endomicroscopy on patients suffering from Barrett's Esophagus;
- March 2015, a new CPT® reimbursement code (the 4th one secured by the company) obtained in the United States for the use of endomicroscopy in the biliary tract.

Clinical results and conferences - the medical value of optical biopsy:

- October 2014, CONTACT 1 trial published in Endoscopy, demonstrating the very high specificity of needle-based confocal laser endomicroscopy (nCLE) for the characterization of benign pancreatic cysts.



- March 2015, DETECT trial published in Gastrointestinal Endoscopy confirming the value of nCLE for the differentiation between mucinous cysts and non-mucinous cysts, safely and with a high degree of accuracy.
- January 2015, FOCUS pivotal trial published in Gastrointestinal Endoscopy confirms the very high accuracy of pCLE for the characterization of biliary cancer during endoscopic retrograde cholangiopancreatography (ERCP).
- January 2015, first clinical consensus report on the use of endomicroscopy in gastroenterology, developed by 26 international experts published in the United European Gastroenterology Journal;
- February 2015, positive results of two large Chinese clinical trials on the benefits of Cellvizio for diagnosing stomach and esophageal cancers and carried out on 356 and 240 patients respectively, published in Gastrointestinal Endoscopy and Journal of Clinical Gastroenterology;
- March 2015, the clinical value of Cellvizio was profiled during a live procedure for the first time in Japan during the 14th International Endoscopy Conference in Yokohama, Japan.

Commercial expansion and partnership:

- November 2014, signed a collaboration agreement with Siemens to evaluate the use of Cellvizio during interventional radiology procedures.

Next press release: sales during the first half of 2015 on July 15, 2015 (post-market closing)

About Mauna Kea Technologies

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 endoscopy procedures. The company's flagship product, Cellvizio®, a probe needle based Confocal Laser Endomicroscopy (pCLE/nCLE) system, provides physicians and researchers with high-resolution cellular imaging of internal tissues. 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 virtually any endoscope. Cellvizio has 510(k) clearance from the United States Food and Drug Administration and CE Marking in the European Union for use in the gastrointestinal tract and the urinary and respiratory systems, for endoscopic exploration of the biliary and pancreatic ducts and for fine-needle aspiration procedures. Cellvizio has also obtained SFDA regulatory approval in China and MHLW approval in Japan.

For further information on Mauna Kea Technologies, visit www.maunakeatech.com

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