

MAUNA KEA TECHNOLOGIES ANNOUNCES FIRST HALF 2015 FINANCIAL RESULTS

- **Renewed momentum in North America with 82% growth in H1 2015 sales**
 - **Gross margin for H1 2015 is stable at 68%**
 - **Operating expenses are stable**

Paris, September 9, 2015 – Mauna Kea Technologies (Euronext: MKEA, FR0010609263, PEA-SME eligible), inventor of Cellvizio®, the multidisciplinary confocal laser endomicroscopy platform, today announced its results for the first half of the current financial year, ended June 30, 2015.

Sacha Loiseau, Founder and Chief Executive Officer of Mauna Kea Technologies, said: *“The renewed growth seen in the US during the first half of 2015 has rewarded the efforts undertaken in this market. The first half-year was also marked by key milestones in the expansion of the Cellvizio platform into the surgery and interventional radiology markets with several important regulatory approvals, together with ground-breaking results in neurosurgery obtained in collaboration with Siemens. We are more confident than ever of the increasing importance of our unique technology for these new markets and are redoubling our efforts to improve our commercial efficiency, while at the same time studying opportunities for growth through partnerships.”*

<i>In €K - IFRS</i>	H1 2015 <i>(June 30, 2015)</i>	H1 2014 <i>(June 30, 2014)</i>
Operating Revenue		
<i>Sales</i>	4,025	4,569
<i>Other income</i>	713	537
Total of revenue	4,738	5,106
Operating Expenses		
<i>Cost of sales</i>	(1,272)	(1,461)
<i>Gross margin (%)</i>	68%	68%
<i>Research and Development</i>	(2,505)	(2,084)
<i>Sales & Marketing</i>	(6,494)	(6,113)
<i>Administrative expenses</i>	(1,766)	(1,919)
<i>Share-based payments</i>	(303)	(794)
Total operating expenses	(12,341)	(12,372)
Operating profit	(7,603)	(7,265)
Profit/(loss)	(7,493)	(7,332)

H1 2015 sales: confirmation of renewed momentum in the United States

In H1 2015, Mauna Kea Technologies recorded a decrease of 12% in its sales to €4,025K (versus €4,569K in H1 2014). As announced previously, sales in the first half of the year were supported by renewed strong momentum in the Americas with growth of 27% to €2,367K, and in particular by the performance of North America, which recorded growth of 82% (accounting for 98% of sales in the region). The upturn in the Americas was offset by a decline of 16% in sales in the EMEA region to €1,024K, and a decline of 58% in the APAC region to €634K, due to the time-lag in obtaining the regulatory agreement in China for Cellvizio 100s. Throughout the half-year period, revenue in the Americas represented 59% of total sales, compared with 25% and 16% for the EMEA and APAC regions.



At June 30, 2015, the company had an installed base of 471 Cellvizio systems. The net installed base of Cellvizio rose to 337 clinical systems and 134 pre-clinical systems, including 28 Cellvizio Dual Band.

H1 2015 consolidated results: maintaining a high gross margin

"Other income" amounted to €713K (vs. €537K), broken down primarily into Research Tax Credit for €658K (vs. €490K in H1 2014).

In H1 2015, the company maintained a high gross margin at 68%, stable compared with H1 2014, which reflected a return to a sales price for systems and consumables in the United States that is better suited to the price strategy in other markets.

Sales and Marketing costs, the largest overhead for the company, amounted to €6,494K in the first half of the year, an increase of 6% compared with H1 2014 and down 2% compared with H2 2014. In both the United States and Europe, the company achieved a reduction in Sales and Marketing expenses, which will continue in the coming periods. In H1 2015, the impact of this cost reduction was absorbed by the rise of the dollar, whose negative impact amounted to €563K.

Research and Development (R&D) costs, recorded in the income statement, increased by 20% to €2,505K. No R&D expense was recognized in the balance sheet for the first half of 2015, versus €207K in H1 2014, which brought overall growth in R&D costs to 9% in the half-year period compared with H1 2014. When Research Tax Credits are included, the net increase in R&D costs was 7% in H1 2015.

R&D expenses in the income statement remained unchanged from H2 2014 (€2,505K in H1 2015 vs. €2,499K in H2 2014) and no R&D expenses were capitalized in the balance sheet in either of these two periods.

Administrative expenses came to €1,766K, down 8% compared with H1 2014.

Due to a significant reduction in the "share-based payment transaction" expense, operating expenses under IFRS were stable in H1 2015 at €12,341K (vs. €12,372K in H1 2014) and down 10% compared with H2 2014. The company's operating loss amounted to €7,603K in H1 2015 (vs. a loss of €7,265K in H1 2014 and a loss of €6,558K in H2 2014).

The Group's net loss came to €7,493K at June 30, 2015 (vs. a loss of €7,332K at June 30, 2014 and a loss of €6,659K in H2 2014).

During the first half-year of 2015, the company utilized €2.8 million of cash versus €7.8 million in H1 2014 and of €5.0 million in H2 2014. At the end of the half-year period, available cash was €12.2 million.

At June 30, 2015, Mauna Kea Technologies had 109 employees vs. 120 employees at end-December 2014.

Eric Cohen, Vice-President Finance of Mauna Kea Technologies, said: *"In this first half of the year, we maintained operating expenses at a stable level compared with H1 2014, despite the negative impact of euro-dollar exchange rates (+€574K) and initiated a reduction in Sales and Marketing expenses, down by 2% compared with H2 2014, as well as in General overheads. This reduction will continue in the coming periods. The net Research & development effort rose by 7% compared with H1 2014 and was slightly higher (+2%) compared with H2 2014. The slowdown in activity in EMEA and APAC in the first half-year was not fully offset by the upturn in momentum in the Americas, which is reflected in the slight decrease of 5% in our operating profit."*



Regulatory approvals and reimbursement coverage

- March 2015: assignment by the American Medical Association (AMA) of a new CPT code for use in endoscopic retrograde cholangio-pancreatography (ERCP), allowing practitioners to diagnose biliary tract pathologies, notably strictures and cancers. More than 500,000 ERCPs are completed annually in the United States;
- April 2015: approval from COFEPRIS (*Comisión Federal Para la Protección contra Riesgos Sanitarios*), the Mexican health authority, to market Cellvizio;
- April 2015: CE Marking to use Cellvizio in minimally invasive laparoscopic surgery;
- June 2015: CE Marking for the use of Cellvizio in interventional radiology;
- July 2015: approval from the Japanese Ministry of Health, Labor and Welfare for the AQ-Flex 19™ confocal endomicroscopy miniprobe;
- July 2015: CE Marking for the Cellvizio 800 intra-operative platform, which provides infrared endomicroscopic imaging during minimally invasive surgical operations.

Clinical results and conferences: the medical value of optical biopsy

- April 2015: record attendance of the ICCU 2015 and of the related continuous training course on endomicroscopy;
- May 2015: presentation of confocal laser endomicroscopy applications at the conference of the Japan society for endoscopic surgery, the most significant conference dedicated to endoscopy worldwide;
- August 2015: publication of the results of a new study on the use of endomicroscopy with Cellvizio in the peer-reviewed journal *Neurosurgery* and partly financed by Siemens Corporate Technology. The data produced indicate that Cellvizio enables a histomorphologic diagnosis to be made in real time with similar results to those of traditional surgical biopsy.

Next press release: Q3 2015 sales on October 15, 2015 (after close of trading)

About Mauna Kea Technologies

Mauna Kea Technologies is a global medical device company focused on protecting patients' lives while enabling physicians and surgeons to make better decisions thanks to direct visualization at the cellular level. The Company's flagship product, Cellvizio, has received clearance to sell a wide range of applications in more than 40 countries, including the United States, Europe, Japan, China, Canada, Brazil and Mexico. For more information on Mauna Kea Technologies, visit www.maunakeatech.com

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