Final Results for Year Ended 31 December 2018

April 24, 2019

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MaxCyte, Inc.
24 April 2019

MaxCyte, Inc.
("MaxCyte" or the "Company")

MaxCyte Reports Final Results for Year Ended 31 December 2018

- *First CARMA™ cell therapeutic programme targeting treatment of solid tumours has advanced into clinical development*
- *Partner of choice for non-viral cell therapy demonstrated by recent commercial deals with CRISPR Therapeutics, Precision BioSciences, and Kite, a Gilead Company*
- *Gaining commercial momentum: more than 70 partnered programmes*

Gaithersburg, Maryland - 24 April 2019: MaxCyte (LSE: MXCT, MXCS), the global clinical-stage cell-based medicines and life sciences company, today announces its full-year audited results for the year ended 31 December 2018.

HIGHLIGHTS (including post-period-end highlights)
All financial amounts are in USD unless noted otherwise

- First patient treated in Phase I dose-escalation clinical trial with MCY-M11, a wholly-owned therapeutic candidate from MaxCyte's CARMA platform:
  - MaxCyte is one of a small number of companies with a cell therapy for solid tumours in the clinic
  - Successful dosing represents MaxCyte's unique approach to chimeric antigen receptor ("CAR") therapy, including its rapid manufacturing process
  - A poster on the Phase I trial in progress, highlighting key aspects of the study design, presented at the American Association for Cancer Research ("AACR") Annual Meeting in March 2019
  - An oral presentation on the CARMA manufacturing process to be presented by MaxCyte at the American Society of Gene and Cell Therapy 22nd Annual Meeting
- Acceleration of CARMA programme: second trial planned to commence in 2019
- Significant commercial momentum:
  - New commercial agreements signed with CRISPR Therapeutics and Precision BioSciences - taking cell therapy partnered programme licenses to more than 70 including more than 35 partnered programmes licensed for clinical development
  - Multi-drug clinical and commercial agreement with Kite, a Gilead Company,

announced in March 2019 to enable non-viral cell engineering for development of multiple CAR-T drug candidates for up to ten targets, expanding upon the research agreement entered into in November 2018

- Leadership position established in clinical non-viral cell engineering for off-the-shelf CAR-T oncology medicines and for inherited genetic diseases:
  - Aggregate potential milestone payments from the Company's commercial agreements signed to date could result in receipt of more than $250m; significant additional potential milestones from the recent Kite commercial agreement
- MaxCyte operates in the fastest growing segment of healthcare: funding for regenerative medicine increased 73% to US$13.3bn in 2018
- In April 2019, launched next generation of commercially-oriented instruments and consumables, under the ExPERT™ brand. Includes three instrument formats with enhanced design and functionality, coupled with a wider range of consumables that offer expanded utility from early research to clinical and commercial use

Financial Highlights

Information presented below is as of 31 December 2018 and 31 December 2017, respectively.

Key metrics	2018	2017
Revenue	$16.7m	$14.0m
Gross margin	89%	90%
CARMA investment	($6.5m)	($7.5m)
Total operating expenses	($23.3m)	($21.8m)
Adjusted EBITDA before CARMA*	($0.8m)	($1.2m)
Net profit (loss) before CARMA investment	($2.3m)	($2.4m)
Total assets (as of 31 December)	$24.3m	$31.4m
Cash and cash equivalents (as of 31 December)	$14.4m	$25.3m

* Excluding associated non-cash stock-based compensation of $0.4m and $0.8m in 2017 and 2018, respectively.

- 2018 revenues increased approximately 19% year over year:
  - Revenues driven by high-margin recurring annual fees from cell therapeutics business, complemented by recurring revenues from sale of proprietary single-use disposable processing assemblies
  - Significant medium-term and long-term upside from potential milestones from partnered therapeutic development programs: currently four commercial deals in place
- Revenue accelerated in the second half of 2018 increasing approximately 25% over the second half of 2017 ($9.7m compared to $7.8m)
- Four-year revenue compounded annual growth rate ("CAGR") now 24%
- Successful fundraise of £10.0m (before expenses) completed on 1 March 2019

Commenting on the 2018 Annual Results, Doug Doerfler, CEO of MaxCyte, said: *"Our core markets, cell therapy and immuno-oncology, continue to expand rapidly as do applications for gene-editing technologies in the development of various therapies for the treatment of inherited genetic diseases and a number of cancers. Our unique technology places MaxCyte at the forefront*

of a wide variety of programmes with leading global partners across this exciting and increasingly valuable area of healthcare. As a result of our targeted investment strategy, we've made strong progress with our CARMA programme during the last year. We advanced MCY-M11, our lead CARMA candidate, through to the filing of our investigational drug application ("IND") and the initiation of dosing of patients in our US-based Phase I clinical trial.

"MaxCyte has established itself as a world leader in non-viral cell engineering - offering a rapid and efficient means of delivering the future generation of cell-based therapies, which is underlined by the Company's recent commercial and research partnerships with leading biotech companies including Kite, a Gilead Company; CRISPR Therapeutics; and Precision BioSciences. This is a very exciting time for the Company and our team, and we expect 2019 to be a pivotal year for MaxCyte. We have launched our next generation of instruments and consumables under the newly branded ExPERT product line. We are also bringing a new generation of chimeric antigen receptor-based cancer treatments into the clinic for the first time. In addition, we continue to enable our partners to make important medical advancements. We look forward to the future with great confidence."

Conference call and Webcast for analysts
A briefing for analysts will be held at 11.00 am BST on Wednesday 24 April 2019 at the offices of Panmure Gordon & Co., One New Change, London, EC4M 9AF. There will be a simultaneous live webcast and conference call with Q&A, and the presentation will be available on MaxCyte's website at https://www.maxcyte.com/

Dial-in details:
Participant dial-in: 08003767922
International dial-in: +44 (0) 2071 928000
Participant code: 7273585

To register for the webcast visit: https://edge.media-server.com/m6/p/6dpova45

A replay file will be made available shortly afterwards via the Company website.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No. 596/2014.

About MaxCyte
MaxCyte is a clinical-stage global cell-based medicines and life sciences company applying its proprietary cell engineering platform to deliver the advances of cell-based medicine to patients with high unmet medical needs. MaxCyte is developing novel CARMA therapies for its own pipeline, with its first drug candidate in a Phase I clinical trial. CARMA is MaxCyte's mRNA-based proprietary therapeutic platform for autologous cell therapy for the treatment of solid cancers. In addition, through its life sciences business, MaxCyte leverages its Flow Electroporation Technology to enable its biopharmaceutical partners to advance the development of innovative medicines, particularly in cell therapy. MaxCyte has placed its flow electroporation instruments worldwide, with all of the top ten global biopharmaceutical companies. The Company now has more than 70 partnered programme licenses in cell therapy with more than 35 licensed for clinical use, including four announced commercial licenses covering potentially more than 30 products with aggregate potential milestones of more than $250m plus significant additional potential milestones from the multi-drug commercial agreement with Kite announced 1 March 2019. With its robust delivery technology platform, MaxCyte helps its partners to unlock the full potential of their products. For more information, visit www.maxcyte.com.

For further information, please contact:

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW

MaxCyte is at the forefront of a revolution in therapeutics offering a uniquely powerful, validated and differentiated approach to cell engineering that is enabling pioneers in the industry to develop a new class of groundbreaking treatments - from ultra-rare diseases affecting a handful of patients to some of the most common forms of cancer. Our team is using this same technology to power MaxCyte's own therapeutic development programmes through CARMA - our proprietary therapeutic platform for next-generation CAR-based cancer treatments.

MaxCyte has continued to focus on the needs of our customers and patients. We continually strive to understand how we can improve our products and deliver enhanced solutions that support expanded use and that allow us to anticipate our customer's needs, including as they advance their therapeutics into commercialisation. As a result, earlier this month, we proudly launched the ExPERT product family, our next generation of instruments and consumables. These industry leading offerings include the ExPERT ATx™, STx™ and GTx™ instruments, with enhanced design and functionality, coupled with a wider range of consumables that offer expanded utility from early research to clinical and commercial use. Effectively, we now offer a product range that enhances our customers' ability to consolidate onto a single, unifying technology. This provides a simplified and streamlined transition from early research to the clinic and opens new opportunities to accelerate the development of important medicines for patients.

We believe there is a significant opportunity for MaxCyte's proprietary technology to help overcome some of the main challenges presented by viral-based cell therapies, including CAR, and to advance the development of successful novel treatments. Through new partnerships and

expanded collaborations with leading partners across the fast-growing global cell therapy market, we will continue to enable important new medical advancements with the potential to make a significant impact on the lives of patients.

We have great belief in the potential of MCY-M11, now in Phase I clinical study, as a new, effective therapeutic in solid tumors, especially for individuals with limited treatment options. The clinical trial of MCY-M11 is designed to establish CARMA as a new autologous cell therapy platform for next-generation targeted cell-based immune therapies and demonstrates the feasibility of the Company's clinical manufacturing process. We are excited by the overall potential of the CARMA programme to address some of the most significant issues with current CAR-T therapies, including challenging side effects as well as the complex, expensive and time-consuming manufacturing processes found in viral-based CAR therapies.

Driving a new generation of cell therapies

MaxCyte's technology continues to help unlock the potential of cutting-edge product development programmes, enabling many of the leading gene editing tools in the field and demonstrating our leadership as the go-to technology for cell engineering. MaxCyte's cell therapy licenses now include more than 70 partnered programmes including new agreements with Kite (a Gilead Company), CRISPR Therapeutics and Precision BioSciences. MaxCyte also has more than 35 partnered programmes now licensed for clinical use. As our partners' programmes progress through the clinical stage, MaxCyte's technology becomes an intrinsic part of the drug, providing the Company with a share in the value of the drug, including license fees, milestones and sales-based payments. The aggregate potential milestone payments from the commercial agreements signed to date are currently in excess of $250m; the Company also anticipates significant additional potential milestones from the recent Kite commercial agreement.

Scientific leadership

Continuing to advance our technology and broaden our engagement with the wider scientific community, MaxCyte presented at several conferences worldwide, including a presentation of preclinical data at the annual meeting of the 2018 American Society of Gene and Cell Therapy, in which MaxCyte's non-viral cell engineering technology was used to correct a gene from a sickle cell disease patient at the National Institutes of Health showing potential therapeutic application.

MaxCyte has established itself as a world leader in non-viral cell engineering - offering a rapid, safe and clinically-focused means of engineering cells to enable the next generation of cell-based therapies. Our partners continue to use MaxCyte to gain the most from their therapeutic approaches, enabling the most effective use of their technology and ultimately enabling better drugs.

Outlook

We remain focused on the potential of our CARMA programme as we bring a new generation of CAR-based cancer treatments into the clinic for the first time. We are well positioned to continue growth and progress across all areas of our business with our team's broad expertise and our new

ExPERT family of instruments. The addition of exciting new instrument and consumable product offerings to our product portfolio will enhance the use of our products by our existing customers, while helping to expand our customer base in key global markets. Through new partnerships and expanded collaborations with leading partners across the fast-growing cell therapy market, as well as our own proprietary CARMA therapies, we will continue to enable important new medical advancements with the potential to make significant impact on the lives of patients. MaxCyte's Board anticipates continued progress and strong growth in the 2019 financial year in line with expectations.

Doug Doerfler
President and Chief Executive Officer

J. Stark Thompson, PhD
Non-Executive Chairman

24 April 2019

OPERATIONAL REVIEW

CARMA

CARMA is MaxCyte's proprietary therapeutic platform for autologous cell therapy for the treatment of solid cancers. CARMA utilises messenger RNA ("mRNA") transfected into freshly isolated peripheral blood mononuclear cells, allowing for rapid manufacture and treatment to the patient, without the need for a viral component or cell expansion. The CARMA platform provides a cell therapy with transient expression product, enabling repeat dosing and with the potential to decrease toxicities seen in viral-based CAR therapies.

Progress with our CARMA programme remained strong in 2018. We received IND clearance from the US Food & Drug Administration ("FDA") to begin a clinical study in the United States with the first wholly-owned CARMA candidate, MCY-M11, and initiated a Phase I multi-dose, dose-escalation clinical trial in solid tumors. The multi-center, non-randomised, open label trial is evaluating the safety and feasibility of intraperitoneal infusions of MCY-M11 in individuals with advanced ovarian cancer and peritoneal mesothelioma.

MaxCyte is also expanding its next-generation CARMA programme for potential use in further treating solid and haematological cancers, including an intravenous administration programme. This significantly broadens the opportunity and potential value of this advanced cancer therapy.

New product launch

Following extensive customer feedback from a global market research initiative, MaxCyte has launched the new ExPERT family of instruments. By introducing a sleek and modern design that

integrates important value-added features, the ExPERT product line delivers improved usability that will further solidify the Company's leading position in the cell therapy and gene editing markets. The ExPERT family includes three separate instruments: the ATx, STx and GTx. Each one addresses specific needs in cell therapy and protein production market segments, including new functionality of importance to both pre-clinical and clinical and commercial users, while enhancing the MaxCyte's market-leading performance. New updated software, a touch-screen user interface and other features deliver a significant improvement to the user experience. The combination of the new instruments, together with the launch of a new range of processing assemblies, will enable customers to standardise on a single, unifying technology from early research through to clinical and commercial use. The transition from preclinical research to clinical trials, when using different technologies, often creates a significant financial burden for customers and can lead to many months/years of delays due to re-optimisation requirements. With the expansion of the instrument and processing assembly product offerings, these bottlenecks can be eliminated, which in turn can provide significant cost and time savings for customers and accelerate delivery of new treatments to patients.

Cell therapeutics

MaxCyte has established itself as a world leader in non-viral cell engineering - offering a rapid, safe and clinically-focused means of delivering the next generation of cell-based therapies. The Company's leadership in this field has and continues to be demonstrated throughout the year with the announcement of collaborations, partnerships and research agreements with a number of leading biotech companies and research institutions.

In November 2018, MaxCyte and CRISPR Therapeutics announced the expansion of an existing relationship that allowed for the development of commercial therapeutics for haemoglobin-related diseases. The two companies entered into a non-exclusive commercial licence agreement that will allow CRISPR Therapeutics to deploy MaxCyte's Flow Electroporation Technology to develop CRISPR/Cas9-based immunotherapies. MaxCyte will supply its technology to CRISPR Therapeutics as part of the enabling technology licence agreement and will receive milestone and sales-based payments in addition to other licensing fees.

Also in November 2018, MaxCyte announced entry into a research agreement with Kite, a Gilead Company, to utilise MaxCyte's Flow Electroporation Technology platform to enable non-viral cell engineering. This agreement was expanded into a clinical and commercial agreement in March 2019 for the development of multiple CAR-T drug candidates for up to ten targets. The agreement includes development and approval milestones and sales-based payments in addition to other licensing fees. The Company also announced a clinical and commercial licence agreement with Precision BioSciences that will allow Precision to use MaxCyte's Flow Electroporation technologies to robustly deliver Precision's proprietary ARCUS genome-editing technology for use in next-generation gene edited allogeneic T-cell immunotherapies designed to treat a broad range of cancers.

MaxCyte presently participates in more than 70 partnered programme licenses in cell therapy (including now more than 35 programmes licensed for clinical use). MaxCyte's business model

provides not only a stable and growing recurring revenue stream from its annual instrument license fees and disposable sales, but also offers significant medium-term and long-term upside from potential milestone- and sales-based payments from its partners' therapeutic development programmes.

In June 2018, the Company also announced a Cooperative Research and Development Agreement ("CRADA") with the US National Institutes of Health's ("NIH's") Heart, Lung, and Blood Institute to develop treatments for individuals with sickle cell disease ("SCD") using next-generation CRISPR/Cas9-based single-nucleotide correction enabled by MaxCyte's cell engineering platform. During a presentation of preclinical data at the 2018 ASGCT Annual Meeting, MaxCyte scientists showed how the Company's non-viral cell engineering technology was used to correct a gene from a patient with SCD at the NIH, thereby highlighting the potential for this therapeutic application.

Drug discovery

MaxCyte's instruments and technology are sold in biopharmaceutical markets for discovery, development and manufacture of small molecule drugs, biologics and vaccines. The unique enabling capabilities of our technology in these applications are evidenced by our broad global customer base in drug discovery and development, which includes all of the top ten biopharmaceutical companies by revenue.

MaxCyte's success is based upon our ability to anticipate the needs of customers as they move through the drug development process, expanding our offerings to broaden the uses of our technology by customers across the drug discovery landscape.

Board and team

In February 2018, MaxCyte announced that Dr Richard Douglas**,** a 30-year life sciences industry veteran, was appointed as Independent Non-Executive Director. Dr Douglas formerly served as the Senior Vice President of Corporate Development and Corporate Officer at Genzyme Corporation from 1989 until Genzyme was acquired by Sanofi in 2011.

In April 2018, MaxCyte announced the appointment of Claudio Dansky Ullmann, MD, as its Chief Medical Officer ("CMO"). In this role, Dr Dansky Ullmann is responsible for overseeing clinical development of MaxCyte's CARMA drug development programme as the Company's first candidate, MCY-M11, progresses through the clinic.

FINANCIAL REVIEW

The Company reported revenues of $16.7m in 2018, representing a 19% increase over the previous year and including 25% growth in the second half of 2018 compared to H2 2017. That growth extended our run of double-digit revenue growth, yielding a compound average revenue growth of 24% since 2014.

Gross margins remained stable at approximately 89% and, EBITDA loss in 2018 remained in line with expectations at $6.8m ($0.8m before CARMA expenses and non-cash stock-based compensation).

Operating expenses increased to $23.3m reflecting the maturation of the CARMA programme, which accounted for $6.5m as the Company's first CARMA candidate MCY-M11 entered the clinic.

At year end 2018, total assets of the Company were $24.3m, compared to $31.4m in 2017, as well as cash and cash equivalents totalling $14.4m.

The Company successfully raised £10.0m (before expenses) through a placing of new shares which completed on 1 March 2019.

Ron Holtz
24 April 2019

Editor's Note: In the fall of 2018, MaxCyte transitioned to a new audit firm, engaging the US national audit firm, CohnReznick LLP to be the Company's auditor for 2018 and beyond, and concluding the ten years of excellent work performed for the Company by its prior auditors, Aronson LLC. Engaging CohnReznick LLP is an important part of the Company's on-going efforts to advance its internal operations and support the Company's future plans and growth. You will note that as part of this transition, the following pages include Independent Auditor's Reports from Aronson LLC for 2017 and from CohnReznick LLP for 2018.

Reports of Independent Registered Accounting Firms

Report of Independent Registered Accounting Firm for the 2018 Financial Statements
To the Board of Directors and Stockholders of MaxCyte, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of MaxCyte, Inc. (the "Company") as of 31 December 2018, and the related statement of operations, changes in stockholders' equity, and cash flows for the year then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/CohnReznick LLP

We have served as the Company's auditor since 2018.

Tysons, Virginia
23 April 2019

Report of Independent Registered Accounting Firm for the 2017 Financial Statements
To the Board of Directors and Stockholders of MaxCyte, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of MaxCyte, Inc. (the "Company") as of 31 December 2017, and the related statements of operations, stockholders' equity, and cash flows for the year ended 31 December 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2017, and the results of its operations and its cash flows for the year ended 31 December 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial

statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error of fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/Aronson LLC
Rockville, Maryland

We have served as the Company's auditor since 2008. In 2018 we became the predecessor auditor.

27 February 2019

MaxCyte, Inc.
Balance Sheets
(amounts in US dollars, except share amounts)

	31 December 2018	31 December 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 11,248,000	$ 25,341,700
Short-term investments, at amortised cost	3,191,000	-
Accounts receivable, net	4,904,500	3,195,600
Inventory	2,242,800	1,347,000
Other current assets	863,700	665,800
Total current assets	**22,450,000**	**30,550,100**
Property and equipment, net	1,817,900	847,600

Total assets	**$ 24,267,900**	**$ 31,397,700**
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of capital lease obligations	$ -	$ 3,200
Accounts payable and accrued expenses	4,123,300	4,331,000
Deferred revenue	2,449,300	2,055,100
Total current liabilities	**6,572,600**	**6,389,300**
Note payable, net of discount, deferred fees	5,056,300	5,027,200
Other liabilities	357,300	384,500
Total liabilities	**11,986,200**	**11,801,000**
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, $0.01 par; 200,000,000 shares authorised, 51,332,764 and 50,896,376 shares issued and outstanding at 31 December 2018 and 2017, respectively.	513,300	509,000
Additional paid-in capital	82,279,300	80,729,400
Accumulated deficit	(70,510,900)	(61,641,700)
Total stockholders' equity	**12,281,700**	**19,596,700**
Liabilities and stockholders' equity	**$ 24,267,900**	**$ 31,397,700**

See accompanying notes to the financial statements.

MaxCyte, Inc.
Statements of Operations
For the Years Ended 31 December
(amounts in US dollars, except share amounts)

	2018	**2017**
Revenue	**$ 16,667,000**	**$ 13,985,000**
Costs of goods sold	1,840,000	1,453,100
Gross profit	**14,827,000**	**12,531,900**
Operating expenses:		
Research and development	11,244,000	11,284,800

Sales and marketing	6,723,700	6,016,700
General and administrative	5,284,200	4,522,100
Total operating expenses	**23,251,900**	**21,823,600**
Operating loss	**(8,424,900)**	**(9,291,700)**
Other income (expense):		
Interest expense	(614,600)	(625,300)
Interest and other income	170,300	-
Total other income (expense)	**(444,300)**	**(625,300)**
Net loss	**$ (8,869,200)**	**$ (9,917,000)**
Basic and diluted net loss per common share	**$ (0.17)**	**$ (0.20)**
Weighted average common shares outstanding, basic and diluted	**51,182,402**	**48,642,926**

See accompanying notes to the financial statements.

MaxCyte, Inc.
Statement of Changes in Stockholders' Equity
For the Years Ended 31 December
(amounts in US dollars)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	**Amount**			
Balance 1 January 2017	**43,539,527**	**$ 435,400**	**$ 56,372,700**	**$ (51,724,700)**	**$ 5,083,400**
Issuance of common stock in public offering	7,275,000	72,800	23,826,800	-	23,899,600
Stock-based compensation expense	-	-	514,500	-	514,500
Exercise of stock options	81,849	800	15,400	-	16,200

Net loss	-	-	-	(9,917,000)	(9,917,000)
Balance 31 December 2017	**50,896,376**	**509,000**	**80,729,400**	**(61,641,700)**	**19,596,700**
Stock-based compensation expense	-	-	1,324,200	-	1,324,200
Exercise of stock options	436,388	4,300	225,700	-	230,000
Net loss	-	-	-	(8,869,200)	(8,869,200)
Balance 31 December 2018	**51,332,764**	**$ 513,300**	**$ 82,279,300**	**$ (70,510,900)**	**$ 12,281,700**

See accompanying notes to the financial statements.

MaxCyte, Inc.
Statements of Cash Flow
For the Years Ended 31 December
(amounts in US dollars)

	2018	2017
Cash flows from operating activities:		
Net loss	$ (8,869,200)	$ (9,917,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortisation	344,000	142,900
Net book value of consigned equipment sold	45,600	63,200
Stock-based compensation	1,324,200	514,500
Bad debt expense	164,000	-
Amortisation of discounts on short-term investments	(67,600)	-
Non-cash interest expense	29,100	38,100
Changes in operating assets and liabilities:		
Accounts receivable	(1,947,900)	(784,900)
Inventory	(1,289,700)	(174,900)
Other current assets	(197,900)	(347,400)
Accounts payable and accrued expenses	(464,000)	1,156,500
Deferred revenue	469,200	(408,000)
Other liabilities	(27,200)	39,900
Net cash used in operating activities	(10,487,400)	(9,677,100)
Cash flows from investing activities:		
Purchases of short-term investments	(12,673,400)	-
Maturities of short-term investments	9,550,000	-
Purchases of property and equipment	(709,700)	(609,700)

Net cash used in investing activities	(3,833,100)	(609,700)
Cash flows from financing activities:		
Borrowings under notes payable	283,700	-
Principal payments on notes payable	(283,700)	-
Proceeds from exercise of stock options	230,000	16,200
Principal payments on capital leases	(3,200)	(14,300)
Net proceeds from issuance of common stock	-	23,899,600
Net cash provided by financing activities	226,800	23,901,500
Net (decrease)increase in cash and cash equivalents	(14,093,700)	13,614,700
Cash and cash equivalents, beginning of year	25,341,700	11,727,000
Cash and cash equivalents, end of year	$ 11,248,000	$ 25,341,700
Supplemental cash flow information:		
Cash paid for interest	$ 784,400	$ 530,000
Supplemental non-cash information:		
Property and equipment purchases included in accounts payable	$ 256,300	$ -

See accompanying notes to the financial statements.

MaxCyte, Inc.

Notes to Financial Statements

1. Organization and Description of Business

MaxCyte, Inc. (the "Company" or "MaxCyte") was incorporated as a majority owned subsidiary of EntreMed, Inc. ("EntreMed") on 31 July 1998, under the laws and provisions of the state of Delaware, and commenced operations on 01 July 1999. In November 2002, MaxCyte was recapitalised and EntreMed was no longer deemed to control the Company.

MaxCyte is a global life sciences company utilizing its proprietary cell engineering technology to enable development of CARMA, MaxCyte's proprietary, mRNA-based immuno-oncology cell therapy, as well as the programmes of its biotechnology and pharmaceutical company customers who are engaged in cell therapy, including gene editing and immuno-oncology, and in drug discovery and development and biomanufacturing. The Company licenses and sells its instruments and technology and sells its consumables to developers of cell therapies and to pharmaceutical and biotechnology companies for use in drug discovery and development and biomanufacturing.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Company operates in a single business segment.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In the accompanying financial statements, estimates are used for, but not limited to, revenue recognition, stock-based compensation, allowance for doubtful accounts, allowance for inventory obsolescence, accruals for contingent liabilities, deferred taxes and valuation allowance, and the depreciable lives of fixed assets. Actual results could differ from those estimates.

Concentration
During the years ended 31 December 2018 and 2017, one customer represented 11% and 10% of revenue, respectively. As of 31 December 2018 and 2017, accounts receivable from this customer totalled 14% and 5% of net accounts receivable, respectively.

During the years ended 31 December 2018 and 2017, the Company purchased approximately 73% and 61%, respectively of its inventory from two suppliers. As of 31 December 2018 and 2017, amounts payable to these suppliers totalled 26% and 4% of total accounts payable, respectively.

Foreign Currency
The Company's functional currency is the US dollar; transactions denominated in foreign currencies are transacted at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in foreign currency is consummated and the date on which it is either settled or at the reporting date are recognised in the Statements of Operations as general and administrative expense. The foreign currency transaction gains (losses) were ($8,000) and $50,100 for the years ended 31 December 2018 and 2017, respectively.

Fair Value
Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. US GAAP establishes a hierarchical disclosure framework which prioritises and ranks the level of observability of inputs used in measuring fair value. These tiers include:

- Level 1-Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2-Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.

- Level 3-Unobservable inputs are used when little or no market data is available. The

fair value hierarchy gives the lowest priority to Level 3 inputs.

See Note 6 for additional information regarding fair value.

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents consist of financial instruments including money market funds and commercial paper with original maturities of less than 90 days. Short-term investments consist of commercial paper with original maturities greater than 90 days and less than 1 year. All money market funds and commercial paper are recorded at amortised cost unless they are deemed to be impaired on an other-than-temporary basis, at which time they are recorded at fair value using Level 2 inputs.

The following table summarizes the Company's investments at 31 December 2018:

Description	Classification	Amortised cost	Gross unrecognised holding gains	Gross unrecognised holding losses	Aggregate fair value
		$	$	$	
Money market funds	Cash equivalents	5,945,200	-	-	$ 5,945,200
Commercial Paper	Cash equivalents	3,455,700	500	-	3,456,200
Commercial Paper	Short-term investments	3,191,000	500	-	3,191,500
		$	$	$	$
Total Investments		12,591,900	1,000	-	12,592,900

The Company had no investments at 31 December 2017.

At times the Company's cash balances may exceed federally insured limits and cash may also be deposited in foreign bank accounts that are not covered by federal deposit insurance. The Company does not believe that this results in any significant credit risk.

Inventory

The Company sells or licenses products to customers. The Company uses the average cost method of accounting for its inventory, and adjustments resulting from periodic physical inventory counts are reflected in costs of goods sold in the period of the adjustment. Inventory consisted of the following at 31 December:

	2018	2017
	$	$
Raw materials inventory	884,200	371,100
Finished goods inventory	1,358,600	975,900
		$
Total Inventory	$ 2,242,800	1,347,000

The Company determined no allowance for obsolescence was necessary at 31 December 2018 or 2017.

Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The Company recorded an allowance of $239,000 and $0 at 31 December 2018 or 2017, respectively.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method. Office equipment (principally computers) is depreciated over an estimated useful life of three years. Laboratory equipment is depreciated over an estimated useful life of five years. Furniture is depreciated over a useful life of seven years. Leasehold improvements are amortised over the shorter of the estimated lease term or useful life. Instruments represent equipment held at a customer's site that is typically leased to customers on a short-term basis and is depreciated over an estimated useful life of five years.

Property and equipment includes capitalised costs to develop internal-use software. Applicable costs are capitalised during the development stage of the project and include direct internal costs, third-party costs and allocated interest expenses as appropriate.

Property and equipment consist of the following at 31 December:

	2018	2017
Furniture and equipment	$1,743,200	$ 1,497,000
Instruments	735,600	419,700
Leasehold improvements	280,600	265,400
Internal-use software under development	666,700	-
Purchased software	28,300	-
Accumulated depreciation and amortisation	(1,636,500)	(1,334,500)
Property and equipment, net	$1,817,900	$ 847,600

For the years ended 31 December 2018 and 2017, the Company transferred $393,900 and $162,500, respectively of instruments previously classified as inventory to property and equipment leased to customers.

For the years ended 31 December 2018 and 2017, the Company incurred depreciation and amortisation expense of $344,000 and $142,900, respectively. Maintenance and repairs are charged to expense as incurred.

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount

of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company recognised no impairment in either of the years ended 31 December 2018 or 2017.

Revenue Recognition

On 1 January 2018, the Company adopted guidance for revenue recognition for contracts as defined by the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"), using the modified retrospective method applied only to contracts that were not completed at the date of adoption. The modified retrospective method provides for recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of retained earnings. The implementation of the guidance had no material impact on the measurement or recognition of revenue from customer contracts recognised in prior periods. For the Company's revenue recognition policy prior to adopting the guidance for revenue recognition for contracts, please refer to the Company's financial statements for the year ended 31 December 2017 filed with the London Stock Exchange on 4 April 2018.

The Company analyzes contracts to determine the appropriate revenue recognition using the following steps: (i) identification of contracts with customers, (ii) identification of distinct performance obligations in the contract, (iii) determination of contract transaction price, (iv) allocation of contract transaction price to the performance obligations and (v) determination of revenue recognition based on timing of satisfaction of the performance obligations.

In some arrangements, product and services have been sold together representing distinct performance obligations. In such arrangements the Company allocates the sale price to the various performance obligations in the arrangement on a relative selling price basis. Under this basis, the Company determines the estimated selling price of each performance obligation in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

The Company recognises revenue upon the satisfaction of its performance obligation (generally upon transfer of control of promised goods or services to its customers) in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

The Company defers incremental costs of obtaining a customer contract and amortises the deferred costs over the period that the goods and services are transferred to the customer. The Company had no material incremental costs to obtain customer contracts in any period presented.

Deferred revenue results from amounts billed in advance to customers or cash received from customers in advance of services being provided.

Research and Development Costs

Research and development costs consist of independent proprietary research and development costs and the costs associated with work performed for fees from third parties. Research and development costs are expensed as incurred. Research costs performed for fees from customers are included in cost of goods sold.

Stock-Based Compensation

The Company grants stock-based awards in exchange for employee, consultant and non-employee director services. The value of the award is recognised as expense on a straight-line basis over the requisite service period.

The Company utilises the Black-Scholes option pricing model for estimating fair value of its stock options granted. Option valuation models, including the Black-Scholes model, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant-date fair value of an award. These assumptions include the expected volatility, expected dividend yield, risk-free rate of interest and the expected life of the award. A discussion of management's methodology for developing each of the assumptions used in the Black-Scholes model is as follows:

Expected volatility

Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not currently have sufficient history with its common stock subsequent to its 2016 initial public offering to determine its actual volatility. The Company has been able to identify several public entities of similar size, complexity and stage of development; accordingly, historical volatility has been calculated at between 47% and 48% for 2018 and 47% and 49% for 2017 using the volatility of these companies.

Expected dividend yield

The Company has never declared or paid common stock dividends and has no plans to do so in the foreseeable future. Additionally, the Company's long-term debt agreement restricts the payment of cash dividends.

Risk-free interest rate

This approximates the US Treasury rate for the day of each option grant during the year, having a term that closely resembles the expected term of the option. The risk-free interest rate was between 2.7% and 3.0% for 2018 and 1.8% and 2.4% for 2017.

Expected term

This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of ten years. The Company estimates the expected term of the options to be 6.25 years for options with a standard four-year vesting period, using the simplified method. Over time, management intends to track estimates of the expected term of the option term so that estimates will approximate actual behaviour for similar options.

Expected forfeiture rate

The Company records forfeitures as they occur.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that such tax rate changes are enacted. The measurement of a deferred tax asset is reduced, if necessary, by a valuation allowance if it is more-likely-than-not that all or a portion of the deferred tax asset will not be realised.

Management uses a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a

tax return, as well as guidance on derecognition, classification, interest and penalties and financial statement reporting disclosures. For those benefits to be recognised, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognises interest and penalties accrued on any unrecognised tax exposures as a component of income tax expense. The Company has not identified any uncertain income tax positions that could have a material impact to the financial statements.

The Company is subject to taxation in various jurisdictions in the United States and abroad and remains subject to examination by taxing jurisdictions for 2014 and all subsequent periods. The Company had a Federal Net Operating Loss ("NOL") carry forward of $40.5m as of 31 December 2018, which was generally available as a deduction against future income for US federal corporate income tax purposes, subject to applicable carryforward limitations. As a result of the March 2016 initial public offering, the Company's NOLs are limited on an annual basis, subject to certain carryforward provisions, pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, as a result of a greater than 50% change in ownership that occurred in the three-year period ending at the time of the March AIM IPO. The Company has calculated that for the period ending 31 December 2022, the cumulative limitation amount exceeds the NOLs subject to the limitation.

On 22 December 2017, the President of the United States signed into law the Tax Cuts and Jobs Act of 2017 (the "Tax Act") which included significant changes to the existing income tax laws for domestic corporations. Key features of the Tax Act effective in 2018 include:

- Reduction of the corporate tax rate from 35% to 21%;
- Elimination of the alternative minimum tax;
- Changes in the deductibility of certain aspects of executive compensation;
- Changes in the deductibility of certain entertainment and recreation expenses; and
- Changes in incentive tax breaks for US production activities.

Because of the Company's existing Federal net operating loss carryforwards and current expectations as to the recovery of its net deferred tax assets, the Company believes that the Tax Act will not have a significant impact on its financial results and financial position, including on its liquidity, for the foreseeable future.

Loss Per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares of common stock outstanding during the period.

For periods of net income, and when the effects are not anti-dilutive, diluted earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares outstanding plus the impact of all potential dilutive common shares, consisting primarily of common stock options and stock purchase warrants using the treasury stock method.

For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all dilutive potential common shares is anti-dilutive. The number of anti-dilutive shares, consisting of stock options and stock purchase warrants, which has been excluded from the computation of diluted loss per share, was 8.4m and 7.2m for the years ended 31 December 2018 and 31 December 2017, respectively.

Recent Accounting Pronouncements

Recently Adopted

In May 2017, the FASB issued guidance clarifying when changes in the terms or conditions of share-based payment awards should be accounted for as modifications. This guidance is effective for fiscal years beginning after 15 December 2017 and early adoption is permitted. This guidance must be applied prospectively to awards modified after the adoption date. The Company adopted this new guidance on 1 January 2018. The adoption of this new guidance did not have a material impact on the Company's financial statements.

Unadopted

In February 2016, the FASB issued guidance for the accounting for leases. The guidance requires lessees to recognise assets and liabilities related to long-term leases on the balance sheet and expands disclosure requirements regarding leasing arrangements. The guidance is effective for reporting periods beginning after 15 December 2018 and early adoption is permitted. The guidance must be adopted on a modified retrospective basis and provides for certain practical expedients. The Company is currently calculating the total amount of lease assets and liabilities to be recorded on in its financial statements as a result of the adoption.

In June 2016, the FASB issued guidance with respect to measuring credit losses on financial instruments, including trade receivables. The guidance eliminates the probable initial recognition threshold that was previously required prior to recognising a credit loss on financial instruments. The credit loss estimate can now reflect an entity's current estimate of all future expected credit losses. Under the previous guidance, an entity only considered past events and current conditions. The guidance is effective for fiscal years beginning after 15 December 2020, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after 15 December 2018, including interim periods within those fiscal years. The adoption of certain amendments of this guidance must be applied on a modified retrospective basis and the adoption of the remaining amendments must be applied on a prospective basis. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

In July 2017, the FASB issued guidance addressing several issues involving financial instruments. Part I of the guidance simplifies the accounting for certain equity-linked financial instruments and embedded features with down round features that reduce the exercise price when the pricing of a future round of financing is lower ("down round protection"). Current accounting guidance provides that instruments with down round protection be classified as derivative liabilities with changes in fair value recorded through earnings. The updated guidance provides that instruments with down round protection are no longer precluded from being classified as equity. This guidance is effective for fiscal years beginning after 15 December 2018 for public business entities and early adoption is permitted. This guidance must be applied retrospectively. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

In June 2018, the FASB issued guidance simplifying the accounting for non-employee stock-based compensation awards. The guidance aligns the measurement and classification for employee stock-based compensation awards to non-employee stock-based compensation awards. Under the guidance, non-employee awards will be measured at their grant date fair value. Upon transition, the existing non-employee awards will be measured at fair value as of the adoption date. The guidance is effective for reporting periods

beginning after 15 December 2018, including interim periods within that fiscal year. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact, if any, that the adoption of this guidance will have on its financial statements.

In August 2018, the FASB issued guidance addressing the accounting for implementation, setup and other upfront costs paid by a customer in a cloud computing or hosting arrangement. The guidance aligns the accounting treatment of these costs incurred in a hosting arrangement treated as a service contract with the requirements for capitalization and amortisation costs to develop or obtain internal-use software. The guidance is effective for fiscal years beginning after 15 December 2019. The guidance can be adopted either retrospectively or prospectively. Early adoption is permitted. The Company is currently evaluating the impact, if any, that this guidance will have on the financial statements.

In August 2018, the FASB issued guidance addressing the disclosure requirements for fair value measurements. The guidance intends to improve the effectiveness of the disclosures relating to recurring and nonrecurring fair value measurements. The guidance is effective for fiscal years beginning after 15 December 2019. Portions of the guidance are to be adopted prospectively while other portions are to be adopted retrospectively. Early adoption is permitted. The Company is currently evaluating the impact, if any, that this guidance will have on the financial statements.

The Company has evaluated all other issued and unadopted Accounting Standards Updates and believes the adoption of these standards will not have a material impact on its results of operations, financial position, or cash flows.

3. Revenue

Revenue is principally from the sale or lease of instruments and processing assemblies, as well as from extended warranties. In some arrangements, products and services have been sold together representing distinct performance obligations. In such arrangements the Company allocates the sale price to the various performance obligations in the arrangement on a relative selling price basis. Under this basis, the Company determines the estimated selling price of each performance obligation in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

Revenue is recognised at the time control is transferred to the customer and the performance obligation is satisfied. Revenue from the sale of instruments and processing assemblies is generally recognised at the time of shipment to the customer, provided no significant vendor obligations remain and collectability is reasonably assured. Revenue from equipment leases are recognised ratably over the contractual term of the lease agreement. Licensing fee revenue is recognised ratably over the licence period. Revenue from fees for research services is recognised when services have been provided.

Disaggregated revenue for the year ended 31 December 2018 is as follows:

	Revenue (ASC 606 Revenue)	Revenue (Non-ASC 606 Revenue)	Total Revenue
Product Sales	$ 10,459,200	$ -	$10,459,200

Leased Equipment	-	4,928,100	4,928,100
Other	264,500	1,015,200	1,279,700
Total	$ 10,723,700	$ 5,943,300	$ 16,667,000

Disaggregated revenue for the year ended 31 December 2017 is as follows:

	Revenue (ASC 606 Revenue)	**Revenue (Non-ASC 606 Revenue)**	**Total Revenue**
Product Sales	$ 8,134,500	$ -	$ 8,134,500
Leased Equipment	-	4,275,900	4,275,900
Other	359,500	1,215,100	1,574,600
Total	$ 8,494,000	$ 5,491,000	$ 13,985,000

Additional disclosures relating to Revenue from Contracts with Customers (ASC 606)
Changes in deferred revenue for the year ended 31 December 2018 were as follows:

Balance at 1 January 2018	$2,222,900
Revenue recognised in the current period from amounts included in the beginning balance	2,051,100
Current period deferrals, net of amounts recognised in the current period	2,598,200
Balance at 31 December 2018	$2,770,100

Remaining contract consideration for which revenue has not been recognised due to unsatisfied performance obligations with a duration greater than one year was approximately $428,100 at 31 December 2018, the majority of which the Company expects to recognise over the next four years.

In the year ended 31 December 2018, the Company did not incur, and therefore did not defer, any material incremental costs to obtain contracts or costs to fulfill contracts.

4. Debt

The Company originally entered into a credit facility with Midcap Financial SBIC, LP ("MidCap") in March 2014. The MidCap facility carries a variable interest rate equal to the greater of (i) 1.50% above the London Interbank Offered Rate ("LIBOR") then in effect, or (ii) 10.00% and is collateralized by substantially all tangible assets of the Company. The Company amended the MidCap facility multiple times through August 2018 to, among other things, (i) revise certain covenants, (ii) extend the maturity date to 1 June 2023, (iii) extend the interest only period to 1 July 2020 and change the exit fee to 4.75% and (iv) increase the principal amount to $5,105,400.

The Company accounted for all amendments as "modifications" to the facility. Accordingly, the Company has deferred additional fees incurred and paid to the lender in connection with the amendments and expensed all fees paid to third parties. The deferred

fees are being amortised using the effective interest method over the remaining term of the amended debt. Unamortised deferred financing costs were approximately $45,600 and $72,500 at 31 December 2018 and 31 December 2017, respectively, and are included as reductions to the note payable balance.

The total balance of the MidCap credit facility at both 31 December 2018 and 31 December 2017 was $5,105,400, with an interest rate of 10%; the balance of the unamortised debt discount at 31 December 2018 and 31 December 2017 was $3,600 and $5,700, respectively.

In February 2019, prior to its capital raise, the Company paid off the MidCap credit facility in full in accordance with its terms and conditions.

In the year ended December 31, 2018, the Company capitalised approximately $17,300 of interest expense related to capitalised software development projects.

5. Stockholders' Equity

Common Stock

On 21 April 2017, the Company completed an equity capital raise issuing 7,275,000 shares of Common Stock at a price of £2.75 per share (or approximately $3.51 per share). The transaction generated gross proceeds of approximately £20m (or approximately $25.5m). In conjunction with the transaction, the Company incurred costs of approximately $1.6m which resulted in the Company receiving net proceeds of approximately $23.9m.

During the year ended 31 December 2017, the Company issued 81,849 shares of common stock as a result of stock option exercises, receiving gross proceeds of $16,200. During the year ended 31 December 2018, the Company issued 436,388 shares of common stock as a result of stock option exercises, receiving gross proceeds of $230,000.

In March 2019, the Company completed an equity capital raise issuing approximately 5.9m shares of common stock at a price of £1.70 (or approximately $2.25). The transaction generated gross proceeds of approximately £10m (or approximately $13.3m). In conjunction with the transaction, the Company incurred costs of approximately $0.9m which resulted in the Company receiving net proceeds of approximately $12.4m.

Stock Options

The Company adopted the MaxCyte, Inc. Long-Term Incentive Plan (the "Plan") in January of 2016 to amend and restate the MaxCyte 2000 Long-Term Incentive Plan to provide for the awarding of (i) stock options, (ii) restricted stock, (iii) incentive shares, and (iv) performance awards to employees, officers, and directors of the Company and to other individuals as determined by the Board of Directors. Under the Plan, the maximum number of shares of common stock of the Company that the Company may issue is (a) 6,264,682 shares plus (b) ten percent (10%) of the shares that are issued and outstanding at the time awards are made under the Plan.

On 21 February 2018, the Company's Board resolved to increase the number of stock options under the Plan by 2,000,000 to provide sufficient shares to allow competitive equity compensation in its primary markets for staff and consistent with practices of comparable companies.

The Company has not issued any restricted stock, incentive shares, or performance awards under the Plan. Stock options granted under the Plan may be either incentive stock options as defined by the Internal Revenue Code or non-qualified stock options. The Board of Directors determines who will receive options under the Plan and determines the vesting period. The options can have a maximum term of no more than ten years. The exercise price of options granted under the Plan is determined by the Board of Directors and must be at least equal to the fair market value of the common stock of the Company on the date of grant.

A summary of stock option activity for the years ended 31 December 2018 and 2017 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at 1 January 2017	5,774,366	$ 0.39	8.3	$ 7,520,400
Granted	1,630,100	$ 3.18		
Exercised	(81,849)	$ 0.20		$ 256,400
Forfeited	(81,398)	$ 1.11		
Outstanding at 31 December 2017	7,241,219	$ 1.01	7.8	$ 16,266,800
Granted	1,983,200	$ 3.24		
Exercised	(436,388)	$ 0.52		$ 1,266,300
Forfeited	(399,531)	$ 2.49		
Outstanding at 31 December 2018	8,388,500	$ 1.49	7.4	$ 10,354,900
Exercisable at 31 December 2018	5,519,222	$ 0.76	6.6	$ 9,862,300

The weighted-average fair values of the options granted during 2018 and 2017 were estimated to be $1.60 and $1.53, respectively.

As of 31 December 2018, total unrecognised compensation expense was $5,060,200 which will be recognised over the following three years.

Stock-based compensation expense for the years ended 31 December was as follows:

	2018	2017
General and administrative	$ 458,200	$210,100
Sales and marketing	194,100	124,400

Research and development	671,900	180,000
Total	$1,324,200	$514,500

6. Fair Value

The Company's Balance Sheets include various financial instruments (primarily cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued expenses) that are carried at cost, which approximates fair value due to the short-term nature of the instruments. Notes payable and capital lease obligations are reflective of fair value based on market comparable instruments with similar terms.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company has no financial assets or liabilities measured at fair value on a recurring basis.

Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Money market funds and commercial paper classified as held-to-maturity are measured at fair value on a non-recurring basis when they are deemed to be impaired on an other-than-temporary basis. No such fair value impairment was recognised during the years ended 31 December, 2018 or 2017.

Non-Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company has no non-financial assets and liabilities that are measured at fair value on a recurring basis.

Non-Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The Company measures its long-lived assets, including property and equipment, at fair value on a non-recurring basis. These assets are recognised at fair value when they are deemed to be impaired. No such fair value impairment was recognised during the years ended 31 December, 2018 or 2017.

7. Retirement Plan

The Company sponsors a defined-contribution 401(k) retirement plan covering eligible employees. Participating employees may voluntarily contribute up to limits provided by the Internal Revenue Code. The Company matches employee contributions equal to 50% of the salary deferral contributions, with a maximum Company contribution of 3% of the employees' eligible compensation. In the years ended 31 December, 2018 and 2017, Company matching contributions amounted to $199,900 and $148,700, respectively.

8. Income Taxes

The Company did not recognise a provision (benefit) for income taxes in 2018 or 2017. Based on the Company's historical operating performance, the Company has provided a full valuation allowance against its net deferred tax assets.

In December 2017, the President of the United States signed into law the Tax Cuts and Jobs Act of 2017 (the "Tax Act") which included significant changes to the existing income tax laws for domestic corporations including a reduction of the corporate tax rate from 35% to 21%. The effects of the Tax Act are reflected in deferred tax assets and liabilities at both 31 December 2018 and 2017.

Net deferred tax assets as of 31 December are presented in the table below:

	2018	2017
Deferred tax assets:		
Net operating loss carryforwards	$ 10,431,600	$ 8,349,400
Research and development credits	875,400	620,000
Stock-based compensation	666,400	337,900
Deferred revenue	746,000	599,500
Accruals and other	124,200	57,600
Deferred tax liabilities:		
Depreciation		(59,000))
	(45,700)	
	12,797,900	9,905,400
Valuation allowance	(12,797,900)	(9,905,400))
Net deferred tax assets	$ -	$ -

The Federal NOL carryforwards of approximately $40.7m as of 31 December 2018 will begin to expire in various years beginning in 2025. The use of NOL carryforwards is limited on an annual basis under Internal Revenue Code Section 382 when there is a change in ownership (as defined by this code section). Based on changes in Company ownership in the past, the Company believes that the use of its NOL carryforwards generated prior to the date of the change is limited on an annual basis; NOL carryforwards generated subsequent to the date of change in ownership can be used without limitation. The use of the Company's net operating loss carryforwards may be restricted further if there are future changes in Company ownership. Additionally, despite the net operating loss carryforwards, the Company may have a future tax liability due to alternative minimum tax or state tax requirements.

Income tax expense reconciled to the tax computed at statutory rates for the years ended 31 December is as follows:

	2018	2017
Federal income taxes (benefit) at statutory rates	$ (1,862,500)	$ (3,359,000)
State income taxes (benefit), net of Federal benefit	(526,100)	(492,700)
Effect of 2017 Tax Act	-	
		4,468,600
Windfall tax benefits	(314,900)	
		(97,400)
Permanent differences, rate changes and other	(188,900)	439,700
Change in valuation allowance	2,892,400	(959,200)
	$	$
	-	-

9. Commitments and Contingencies

The Company entered into a five-year non-cancellable operating lease agreement for office and laboratory space in February 2009 with an initial expiration of 31 January 2014 which was subsequently extended to January 2020. In April 2017, the Company entered into leases for additional office and laboratory space. A member of the Company's Board of Directors is the CEO and Board member of the lessor in the April 2017 lease. Rent payments under the April 2017 lease totalled $371,600 and $221,300 in 2018 and 2017,

respectively.

All the Company's office and laboratory leases expire in January 2020 and provide for annual 3% increases to the base rent. The current monthly base lease payment for all leases is approximately $41,000. In addition to base rent, the Company pays a pro-rated share of common area maintenance ("CAM") costs for the entire building, which is adjusted annually based on actual expenses incurred.

Estimated future minimum payments under the operating leases are $520,700 and $43,700 in 2019 and 2020, respectively.

Total rent expense, including base rent and CAM for the years ended 31 December 2018 and 2017, was $692,300 and $585,600, respectively. Rent expense is recognised on a straight-line basis in the accompanying financial statements.

10. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 23 April 2019 the date the financial statements were available to be issued.

In February 2019, the Company paid off the MidCap credit facility in full (see Note 4). In March 2019, the Company sold approximately 5.9m shares of common stock for gross proceeds of approximately $13.3m (see Note 5).

END

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