Interim Results

September 19, 2017

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MaxCyte, Inc.
19 September 2017

MaxCyte, Inc.

("MaxCyte" or the "Company")

Results for the Six Months ended 30 June 2017

Maryland, USA - 19 September 2017 - MaxCyte (LSE: MXCT, MXCR), a US-based global company driving the acceleration of the discovery, development, manufacturing and commercialisation of next-generation, cell-based medicines, announces today its financial results for the six months ended 30 June 2017.

HIGHLIGHTS (including post-period end highlights)

Financial Highlights

- Revenues of $6.2 million for the six months ended 30 June 2017, a 13.6% increase over $5.5 million for the same period of 2016

- Gross margins remained stable over the six months ended 30 June 2017 and 2016 at approximately 90% for each period

- Operating expenses increased to $9.5 million compared to $5.9 million for the same period of 2016, including a $1.6 million increase in investments for CARMA (to $2.1 million for the current period) and increases in costs related to research and development (R&D) and expanding our global sales and marketing capabilities

- Net loss before the CARMA investment was $2.2 million for the six months ended 30 June 2017, compared to net loss before the CARMA investment of $0.8 million for the same period of 2016. Net loss including the CARMA investment was $4.3 million over the period, compared to $1.3 million for the same period of 2016

- Short-term and long-term deferred revenues increased from $2.7 million at 31

December 2016 to $3.7 million at 30 June 2017 due principally to growth in cell therapy licenses including the commercial license with CRISPR Therapeutics and Casebia Therapeutics signed in March 2017

- The cash balance for the Company increased to $30.2 million at 30 June 2017, compared to $11.7 million at 31 December 2016, largely driven by the Company's £20.0 million (before expenses) fund raise on the AIM market of the London Stock Exchange which completed on 24 April 2017

First Half Corporate and Operational Highlights

- Non-exclusive commercial license agreement signed March 2017 with CRISPR Therapeutics and Casebia Therapeutics to develop CRISPR/Cas9-based therapies for hemoglobin-related diseases and severe combined immunodeficiency (SCID). MaxCyte has received an initial upfront payment during the six months ended 30 June 2017 and under the terms of the license will also receive milestone and sales-based payments

- Expansion to more than 45 high-value cell therapy partnered programmes covering cutting-edge fields of immuno-oncology, gene editing and regenerative medicine, delivering high-value recurring licensing revenue, with more than 15 programmes licensed for clinical use

- Continued advancement of CARMA collaborations with Johns Hopkins Kimmel Cancer Center and the Washington University in St. Louis with the current intention being to submit the first investigational new drug (IND) application for the CARMA programme in the second half of 2017

- Presentation at the American Association for Cancer Research (AACR) Annual Meeting in Washington, DC of pre-clinical *in vivo* research results demonstrating the potential of the CARMA platform for use in developing immunotherapies for the treatment of solid tumours

- Cooperative Research and Development Agreement (CRADA) with the National Institutes of Health's (NIH) National Institute of Allergy and Infectious Diseases (NIAID) to develop treatments for X-linked chronic granulomatous disease (CGD) using next-generation gene correction, leveraging CRISPR/Cas9 and MaxCyte's Flow Electroporation™ Platform. *Science Translational Medicine* published results from a collaborative MaxCyte/NIAID study, which demonstrated gene repair in stem cells from patients with this rare immunodeficiency disorder

- Presentation at the American Society of Gene and Cell Therapy (ASGCT) Annual Meeting in May of new *in vitro* data demonstrating the potential of MaxCyte's cGMP-compliant proprietary delivery platform to enable CRISPR gene editing in the treatment of sickle cell disease (SCD)

- Continued investments in sales and marketing capabilities to grow our customer base, comprised of leading pharmaceutical and biotechnology companies, including nine of the top ten global biopharmaceutical companies by revenue

- Continued collaboration with world leaders in the CAR field in both solid cancers and haematological malignancies, with nine academic clinical trials using MaxCyte's technology

Commenting on MaxCyte's interim financial results, Doug Doerfler, Chief Executive Officer, said: "*We have continued to make significant progress across all areas of the business and have achieved another period of strong growth. For this year, given the timing of certain contracts, we expect an increase in the normal seasonal weighting of revenues towards the second half as compared to the prior year. In April, we bolstered our cash position by £20 million (before expenses) via a successful financing completed at a premium to the market price and will continue to apply prudent cash control to the business as we invest to drive growth. Other business highlights have included the signature of a commercial license agreement with CRISPR Therapeutics and Casebia Therapeutics, MaxCyte's CRADA with the NIH's NIAID, expansion of our cell therapy partnered programmes to more than 45, and advancement of our CARMA programme and recent presentation and publication of scientific data in gene correction.*

"MaxCyte's proprietary technology continues to enable cutting-edge treatments in immuno-oncology and gene editing with world-leading companies in these fields. Having implemented several key global sales and marketing initiatives in support of the instrument business in the first half of the year, and recently adding a new Executive Vice President of Global Marketing, the Company remains focused on building momentum and on continuing to deliver significant growth and long-term value for its stakeholders," he added.

Conference call for analysts
A briefing for analysts will be held at 11.00 am BST on Tuesday 19 September 2017 at the offices of Panmure Gordon & Co., One New Change, London, EC4M 9AF. There will be a simultaneous live conference call with Q&A, and the presentation will be available on MaxCyte's website at http://www.maxcyte.com/

Dial-in details:
Participant dial-in: 08006940257
International dial-in: +44 (0) 1452 555566
Participant code: 86361241

An audio replay file will be made available shortly afterwards via the Company website:
http://www.maxcyte.com/

About MaxCyte
MaxCyte (LSE: MXCT, MXCR) is a US-based global company driving the acceleration of the discovery, development, manufacturing and commercialisation of next-generation, cell-based medicines. The Company provides its patented, high-performance cell engineering platform to biopharmaceutical partners engaged in drug discovery and development, biomanufacturing, and cell therapy, including gene editing and immuno-oncology. With its robust delivery platform, MaxCyte's team of scientific experts helps its partners to unlock their product potential and solve problems. This platform allows for the engineering of nearly all cell types, including

human primary cells, with any molecule, at any scale. It also provides a high degree of consistency and minimal cell disturbance, thereby facilitating rapid, large-scale, clinical and commercial grade cell engineering in a non-viral system and with low-toxicity concerns. The Company's cell-engineering platform is FDA-accredited, providing MaxCyte's customers and partners with an established regulatory path to commercialise cell-based medicines. MaxCyte is also developing CARMA, its proprietary, breakthrough platform in immuno-oncology, to rapidly manufacture CAR therapies for a broad range of cancer indications, including solid tumours where existing CAR-T approaches face significant challenges. For more information, visit http://www.maxcyte.com/

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER

We are pleased to report to shareholders today on the Company's financial results for the six months to 30 June 2017, which we believe represents another strong period of growth and progress across all areas of the business. In April, MaxCyte bolstered its cash position by £20 million (before expenses) via a successful financing at a premium to the market price, which included shares of a new common stock (MXCR) admitted to trading on the AIM. The Company's ongoing strategy for use of the net proceeds includes the following activities:

- Accelerating its growth strategy and executing on the significant commercial opportunities available, including those related to the advancement and expansion of the CARMA platform;
- Increasing engagement in high-value research, clinical and commercial licenses in a diverse range of fields, including immuno-oncology, gene editing and regenerative medicine, through expansion of business development for the cell therapy market;
- Continuing collaboration with leaders in the CAR-based immuno-oncology field;
- Continuing investment in global sales and marketing efforts;
- Expanding the use of its platform in large-scale biopharmaceutical transient protein manufacturing; and
- Leveraging its Asian distribution network to meet growing market demand for its products and technology.

During the period, MaxCyte continued to work towards progressing its ambitious growth strategy. In March, the Company announced the signature of its second commercial license, this time with CRISPR Therapeutics and Casebia Therapeutics, to develop CRISPR/Cas9-based therapies for hemoglobin-related diseases and severe combined immunodeficiency (SCID). This agreement contributed to increased revenue during the six-month period and also includes provisions for milestone and sales-based payments going forward. The Company also continued to grow its client base and expanded to more than 45 high-value therapy partnered programs, more than 15 of which are now licensed for clinical use, providing the Company with strong recurring revenue.

MaxCyte has also continued to demonstrate its expertise and leadership across a diverse range of gene and cell therapies presenting pre-clinical *in vivo* results on the potential of CARMA, its breakthrough, proprietary platform in immuno-oncology, at the AACR Annual meeting, as well as presenting strong pre-clinical data demonstrating its ability to enable CRISPR gene editing in treating sickle cell disease at the ASGCT Annual Meeting. Furthermore, an R&D agreement signed with the NIH and NIAID as well as publication of results of a recent collaborative study between MaxCyte and the NIH published in *Science Translational Medicine*, demonstrating gene repair in certain stem cells, has further underlined the applicability of MaxCyte's technology in the exciting area of gene correction. These steps demonstrate the breadth of the Company's work and relationships, as well as the potential of its CARMA platform, Flow Electroporation™ Platform, and other capabilities.

The Company intends to build on this progress and we believe that the Company's performance, progress and investment during the six months ended 30 June 2017 provide us with the foundation for continued success going forward.

Financial Review

Revenues for the period totaled $6.2 million, representing a 13.6% increase over the same period of 2016 with gross margins remaining stable over the period. This growth in revenue reflects expansion of MaxCyte's customer base, and the CRISPR Therapeutics and Casebia Therapeutics commercial deal signed in March 2017. This contract, along with the growth in cell therapy licenses, drove the increase in deferred revenues to $3.7 million at period close.

The Company's operating expenses for the period increased to $9.5 million compared to $5.9 million for the same period of 2016 resulting principally from the $1.6 million increase in CARMA investments and increased investments in sales and marketing, other R&D activities and general and administrative expenses (including a full period of public company expenses) all focused on driving and supporting MaxCyte's growth.

MaxCyte's net loss before taking into consideration expenses from the CARMA programme was $2.2 million over the period compared to net loss of $0.8 million (also before taking into consideration expenses from CARMA) for the same period of 2016. The Company's investment in CARMA was $2.1 million for the current period compared to $0.5 million for the same period of 2016 yielding an overall net loss to the company of $4.3 million over the period (including growth in CARMA investments), compared to $1.3 million for the same period of 2016.

The Company completed a successful fund raise on the London AIM market on 24 April 2017, raising £20.0 million (before expenses). As of 30 June 2017, MaxCyte held cash and cash equivalents amounting to $30.2 million compared to $11.7 million as of 31 December 2016.

Events Post Period End and Outlook

In August, the Company announced the appointment of biopharmaceutical industry veteran Brad Calvin as Executive Vice President, Global Marketing, to drive further growth of the Company's drug discovery and cell therapy business.

Looking forward, the Company remains focused on progressing its CARMA programme to clinical development and expects to file the IND later this year leading to a clinical trial and first in human study using CARMA commencing during 2018. Developments in immuno-oncology CAR-T space continue apace with the rapid

evolution of the landscape both regulatory and corporate, resulting in Gilead's recent purchase of Kite Pharma demonstrating the value and opportunity in this area of cancer therapy. However, toxicity using the current CAR methods continues to be a well-publicised problem. CARMA, however, has exhibited in both animal models and *in vitro* cell studies anti-tumour activity without toxicity owing to the transient nature of MaxCyte's mRNA CAR platform. We remain focussed on delivering this novel and proprietary CAR platform and the resulting cell therapy drugs into the clinic.

MaxCyte's leadership team offers sincere thanks to the Company's original investors, Board members and collaborators who have helped the Company drive to its present level of success, and who shared the vision of a new way to engineer cells to treat disease, and to its investors who supported its original initial public offering (IPO) on AIM, and to the existing and new investors who participated in the financing in April. MaxCyte continues to look forward to new partnership and collaboration opportunities as the Company develops technologies and products that advance a new generation of cell-based medicines.

Doug Doerfler
President and Chief Executive Officer

J. Stark Thompson, Ph.D.
Non-executive Chairman

19 September 2017

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

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MaxCyte, Incorporated Unaudited Condensed Financial Statements

as of 30 June 30 2017 and 31 December 2016 and for the six months ended 30 June 2017 and 2016

MaxCyte, Inc.
Unaudited Condensed Balance Sheets
(amounts in U.S. dollars)

	30 June 2017	31 December 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 30,162,900	$ 11,727,000
Accounts receivable	3,742,000	2,410,700
Inventory	1,519,800	1,334,600
Prepaid expenses	1,194,600	318,400
Total current assets	**36,619,300**	**15,790,700**
Property and equipment, net	341,000	281,500
Total Assets	**$ 36,960,300**	**$ 16,072,200**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 3,234,400	$ 3,174,500
Deferred revenue	3,538,800	2,463,100
Current portion of capital lease obligations	10,500	14,400
Total current liabilities	**6,783,700**	**5,652,000**
Note payable, net of discount and deferred fees	5,008,100	4,989,100
Capital lease obligations, net of current portion	-	3,100
Other liabilities	361,500	344,600
Total liabilities	**12,153,300**	**10,988,800**
Commitments and contingencies (Note 6)		
Stockholders' equity		
Common stock, $0.01 par; 200,000,000 shares authorized, 50,836,962 and 43,539,527 shares issued and outstanding at 30 June 2017 and 31 December 2016, respectively.	508,400	435,400
Additional paid-in capital	80,323,900	56,372,700

Accumulated deficit	(56,025,300)	(51,724,700)
Total stockholders' equity	**24,807,000**	**5,083,400**
Total liabilities and stockholder's equity	**$ 36,960,300**	**$ 16,072,200**

See accompanying notes to the unaudited condensed financial statements.

MaxCyte, Inc.
Unaudited Condensed Statements of Operations
For the Six Months Ended 30 June,
(amounts in U.S. dollars)

	2017	2016
Revenue	**$ 6,210,100**	**$ 5,467,200**
Costs of goods sold	648,900	571,600
Gross profit	**5,561,200**	**4,895,600**
Operating expenses:		
Research and development	4,192,600	2,052,900
Sales and marketing	2,948,000	1,977,000
General and administrative	2,405,900	1,821,100
Total operating expenses	**9,546,500**	**5,851,000**
Operating loss	**(3,985,300)**	**(955,400)**
Other income (expense):		
Interest expense	(315,300)	(327,000)
Other income	-	15,700
Total other income (expense)	**(315,300)**	**(311,300)**
Net loss	**(4,300,600)**	**(1,266,700)**
Cumulative preferred stock dividends	-	(505,400)
Net loss attributable to common stock	**$ (4,300,600)**	**$ (1,772,100)**
Basic and diluted net loss per share	**$ (0.09)**	**$ (0.08)**
Weighted average shares outstanding, basic and diluted	**46,401,189**	**23,411,270**

See accompanying notes to the unaudited condensed financial statements.

MaxCyte, Inc.
Unaudited Condensed Statements of Cash Flows
For the Six Months Ended 30 June,
(amounts in U.S. dollars)

	2017	2016
Cash flows from operating activities:		
Net loss	$ (4,300,600)	$ (1,266,700)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	56,400	50,800
Net book value of consigned equipment sold		9,100
	27,000	
Stock-based compensation		65,500
	120,600	
Non-cash interest expense	19,000	23,400
Changes in operating assets and liabilities:		
Accounts receivable		(776,000)
	(1,331,300)	
Inventory		(184,000)
	(185,200)	
Prepaid expenses		(340,300)
	(876,200)	
Accounts payable and accrued expenses	59,900	(313,600)
Deferred revenue	1,075,700	634,500
Other liabilities	16,900	42,700
Net cash used in operating activities	(5,317,800)	(2,054,600)
Cash flows from investing activities:		
Purchases of property and equipment		
	(142,900)	(46,700)
Net cash used in investing activities		
	(142,900)	(46,700)
Cash flows from financing activities:		
Issuance costs related to debt amendment	-	(62,900)
Proceeds from exercise of stock options	4,000	6,800
Principal payments on capital leases	(7,000)	
		(10,100)
Net proceeds from issuance of common stock	23,899,600	11,936,200
Net cash provided by financing activities	23,896,600	11,870,000
Net increase in cash and cash equivalents		9,768,700
	18,435,900	

Cash and cash equivalents, beginning of period	11,727,000	2,411,900
Cash and cash equivalents, end of period	$ 30,162,900	$ 12,180,600
Supplemental cash flow information:		
Cash paid for interest	$ 268,200	$ 264,400
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of preferred stock in conjunction with IPO	$ -	$ 48,528,900
Exchange of stock warrants in conjunction with IPO	$ -	$ 85,400

See accompanying notes to the unaudited condensed 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 1 July 1999. In November 2002, MaxCyte was recapitalized and EntreMed was no longer deemed to control the Company.

MaxCyte is a developer and supplier of proprietary electroporation technology to biotechnology and pharmaceutical firms engaged in cell therapy, including gene editing and immuno-oncology and in drug discovery and development and biomanufacturing. The Company licenses its instruments and technology and sells its consumables to developers of cell therapies. The Company also sells and leases its instruments and sells its consumables to pharmaceutical and biotechnology companies for use in drug discovery and development and biomanufacturing.

On 29 March 2016, the Company completed its initial public offering ("IPO") of its Common Stock on the AIM sub-market of the London Stock Exchange ("AIM IPO"). The Company issued approximately 14.3 million shares of its Common Stock at an initial price of £0.70 per share (or approximately $1.01 per share), generating gross proceeds of approximately £10 million (or approximately $14.4 million). See Note 4.

In January 2016, the Board of Directors approved an amended Plan of Recapitalization (the "Plan of Recapitalization," which replaced the previous Plan of Conditional Recapitalization which had been approved in December 2014). The Plan of Recapitalization provided that, immediately prior to completion of an AIM IPO, (i) all Series A-1, B, C and D preferred stock shall be converted automatically into Common Stock based on a formula set out in and otherwise in accordance with the terms of the Recapitalization and (ii) the Series E preferred stock shall be converted automatically into Common Stock

at a discount from the AIM IPO placing price. Additionally, holders of the outstanding Series D Preferred Stock Warrants shall have confirmed that such warrants would be exchanged for Common Stock based on a formula as set out in, and otherwise in accordance with, the terms of the warrants and the Plan of Recapitalization. The Plan of Recapitalization was effective on 29 March 2016 upon the Company's completion of its AIM IPO.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These unaudited interim condensed financial statements do not include all the information and footnotes required by U.S. GAAP for complete audited financial statements. These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended 31 December 2016. In the opinion of management, the unaudited interim condensed financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of 30 June 2017 and the results of operations for the six months ended 30 June 2017 and 2016. The interim condensed results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The 31 December 2016 balance sheet included herein was derived from the audited financial statements, but do not include all disclosures including notes required by U.S. GAAP for complete audited financial statements.

The Company operates in a single business segment.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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, stock-based compensation, allowance for doubtful accounts, allowance for inventory obsolescence, valuation of derivative liabilities and other financial instruments, 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 six months ended 30 June 2016, one customer represented approximately 13% of net revenues. During the six months ended 30 June 2017, no single customer represented more than 10% of net revenues.

During each of the six months ended 30 June 2017 and 2016, the Company purchased approximately 42% and 56%, respectively of inventory from one

supplier. As of 30 June 2017, amounts payable to this supplier totaled approximately 12% of total accounts payable.

Foreign Currency

The Company's functional currency is the U.S. dollar; transactions denominated in foreign currencies are transacted at the exchange rate in effect at the date of each transaction. Effects of the 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 recognized in the Statement of Operations. The foreign currency transaction loss was $40,200 and $33,000 for the six months ended 30 June 2017 and 2016, 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. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes 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 5 for additional information regarding fair value.

Cash and Cash Equivalents

Cash and cash equivalents consist of financial instruments with original maturities of less than three months. At times the Company's cash balances may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Inventory

The Company sells or leases 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:

	30 June 2017	31 December 2016

	US$	US$
Raw materials inventory	$ 546,200	$ 426,000
Finished goods inventory	973,600	908,600
Total Inventory	$ 1,519,800	$ 1,334,600

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 determined that no allowance was necessary at 30 June 2017 or 31 December 2016.

Property and Equipment

Property and equipment are 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 amortized over the shorter of the estimated lease term or its useful life. Consigned 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 consist of the following:

	30 June 2017	31 December 2016
Furniture and equipment	$ 1,132,000	$ 1,084,100
Consigned instruments	419,700	443,900
Leasehold improvements	100,000	72,500
Accumulated depreciation and amortization	(1,310,700)	(1,319,000)
Property and equipment, net	$ 341,000	$ 281,500

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 recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets held for disposal are reportable at the lower of the carrying amount or fair value, less costs to sell. Management did not identify any such events or

changes in circumstances during the six months ended 30 June 2017 and 2016. No assets were held for disposal as of 30 June 2017.

Revenue Recognition

Revenue is recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the sales price is fixed and determinable, and collection is reasonably assured.

Revenue is principally from the sale or lease of instruments and processing assemblies, as well as from warranties, installation and maintenance. In some arrangements, product and services have been sold together in multiple element arrangements. In such arrangements, when the delivered elements have standalone value to the customer, the Company allocates the sale price to the various elements in the arrangement on a relative selling price basis. Under this basis, the Company determines the estimated selling price of each element in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

Revenue from the sale of instruments and disposables is generally recognized at the time of shipment to the customer, provided no significant vendor obligations remain and collectability is probable. Revenue from equipment leases are recognized ratably over the contractual term of the lease agreement. Licensing fee revenue is recognized ratably over the license period.

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. Costs for research projects performed in exchange for fees from third parties are included in cost of goods sold.

Stock-Based Compensation

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

The Company utilizes 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 risk-free rate of interest, expected dividend yield, expected volatility 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:

Fair value of common stock

Fair value of the Company's common stock subsequent to the IPO is based on quoted market prices. Prior to the IPO, the Company's Board

of Directors determined the fair value of the common stock. In the absence of a public market, the Company believed that it was appropriate to consider a range of factors to determine the fair value of the common stock at each grant date. The factors included, but were not limited to: (1) the achievement of operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science and medical diagnostic companies, particularly similarly situated, privately held, early-stage companies; (5) the Company's available cash, financial condition and results of operations; (6) the most recent sales of the Company's preferred stock; and (7) the preferential rights of the outstanding preferred stock.

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 enough history with its common stock post its 2016 IPO. 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 2017 and 35% and 48% for 2016 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.

Risk-free interest rate

This approximates the U.S. 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 1.8% and 2.1% for 2017 grants and 1.1% and 2.2% for 2016 grants.

Expected term

This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of 10 years. The Company estimates the expected term of the option 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 behavior for similar options.

Expected forfeiture rate

Prior to the adoption of new accounting guidance on 1 January 2017, the Company estimated forfeitures based on turnover data with further consideration given to the class of the employees to whom the options were granted. With the adoption of the new accounting guidance, the

Company no longer estimates forfeiture rates in calculating expense; all forfeitures are recognized as incurred. The cumulative effect of the adjustment for this change in accounting was immaterial to the Company's financial statements.

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 recognized 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 realized.

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 recognized, a tax position must be more-likely- than-not to be sustained upon examination by taxing authorities. The Company recognizes interest and penalties accrued on any unrecognized 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 2013 and all subsequent periods. The Company had a Net Operating Loss ("NOL") carry forward of $22.8 million as of 31 December 2016, 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 AIM IPO, 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 fifty percent change in ownership that occurred in the three-year period ending at the time of the March 2016 AIM IPO. The Company has calculated that for the period ending on 31 December 2022, the cumulative limitation amount is in excess of the NOLs subject to the limitation.

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, and convertible preferred stock using the if-converted 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 (i) Common Stock options, (ii) stock purchase warrants, and (iii) for periods prior to conversion, convertible preferred stock exchangeable into Common Stock, which has been excluded from the computation of diluted loss per share, was 5.9 million and 5.4 million for the six months ended 30 June 2017 and 2016, respectively.

The Company's convertible preferred stock, prior to its conversion, contains non-forfeitable rights to dividends, and therefore is considered to be a participating security; the calculation of basic and diluted income (loss) per share excludes net income (but not net loss) attributable to the convertible preferred stock from the numerator and excludes the impact of those shares from the denominator.

Recent Accounting Pronouncements

Recently Adopted

In July 2015, the FASB issued guidance for inventory requiring an entity to measure inventory at the lower of cost or net realizable value, except when inventory is measured using LIFO or the retail inventory method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. In addition, the FASB has amended some of the other inventory guidance to more clearly articulate the requirements for the measurement and disclosure of inventory. The guidance is effective for reporting periods beginning after 15 December 2016 and early adoption is permitted. The Company adopted this guidance on 1 January 2017. The adoption of this new guidance did not have a material impact on the Company's financial statements.

In March 2016, the FASB issued guidance to clarify the requirements for assessing whether contingent call or put options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The guidance is effective for reporting periods beginning after 15 December 2016, and early adoption is permitted. Entities are required to apply the guidance to existing debt instruments using a modified retrospective transition method as of the beginning of the fiscal year of adoption. The Company adopted this guidance on 1 January 2017. The adoption of this new guidance did not have a material impact on the Company's financial statements.

In March 2016, the FASB issued guidance simplifying the accounting for and financial statement disclosure of stock-based compensation awards. Under the guidance, all excess tax benefits and tax deficiencies related to stock-based compensation awards are to be recognized as income tax expenses or benefits in the income statement and excess tax benefits should be classified along with

other income tax cash flows in the operating activities section of the statement of cash flows. Under the guidance, companies can also elect to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. In addition, the guidance amends some of the other stock-based compensation awards guidance to more clearly articulate the requirements and cash flow presentation for withholding shares for tax-withholding purposes. The guidance is effective for reporting periods beginning after 15 December 2016 and early adoption is permitted, though all amendments of the guidance must be adopted in the same period. The adoption of certain amendments of the guidance must be applied prospectively, and adoption of the remaining amendments must be applied either on a modified retrospective basis or retrospectively to all periods presented. The Company adopted this guidance for the year ended 31 December 2017 and elected to account for forfeitures as they occur. The adoption of this new guidance did not have a material impact on the Company's financial statements.

Unadopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements, along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after 15 December 2017 for public business entities, with early adoption permitted only for reporting periods beginning after 15 December 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the identification of performance obligations and licensing arrangements. In May 2016, the FASB issued guidance addressing the presentation of sales and other similar taxes collected from customers, providing clarification of the collectability criterion assessment, as well as clarifying certain transition requirements. The Company is currently evaluating the impact, if any, that this guidance will have on its financial statements.

In February 2016, the FASB issued guidance for the accounting for leases. The guidance requires lessees to recognize 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 for public business entities 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 evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

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 for public business entities, 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 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 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.

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. Debt

The Company entered into a credit facility in March 2014 with Midcap Financial SBIC, LP ("MidCap") and subsequently amended the facility in 2015 and 2016; the facility now provides up to $5,105,400 in total borrowing capacity. All amendments have been accounted for as "debt modifications."

The facility carries a variable interest rate equal to the greater of (i) 1.50% above the LIBOR then in effect, or (ii) 10.00%. The facility is collateralized by substantially all tangible assets of the Company. The facility also provides the following terms: (i) maturity date of 1 June 2021 (ii) interest only payments through 1 July 2018 and (iii) an exit fee of 6.75%.

Deferred fees incurred in conjunction with the amendments are being amortized using the effective interest method over the remaining term of the amended debt. Unamortized deferred financing costs were approximately $90,100 and $107,700 at 30 June 2017 and 31 December 2016, respectively, and are included as reductions to the note payable balance.

In connection with this facility, in March 2014 and December 2014, the Company issued stock purchase warrants to MidCap to purchase shares of its series D perpetual preferred stock at an exercise price of $1.00 per share. The warrants were recorded as a liability with an offsetting debt discount at their estimated fair value and such discount was being amortized as interest expense over the term of the debt using the effective interest method (see Note 5). The warrants were exercised in whole in March 2016 in conjunction with the Company's AIM IPO (see Note 4).

The total balance of the MidCap credit facility at both 30 June 2017 and 31 December 2016 was $5,105,400, with an interest rate of 10%; the balance of the unamortized debt discount at 30 June 2017 and 31 December 2016 was $7,200 and $8,700, respectively. Future minimum principal payments under the MidCap credit facility are expected to be approximately $850,000 in 2018, approximately $1,702,000 in 2019 and 2020, and approximately $851,000 in 2021.

4. Stockholders' Equity

Common Stock

On 29 March 2016, the Company completed its initial public offering ("IPO") of its Common Stock on the AIM sub-market of the London Stock Exchange. The Company issued approximately 14.3 million shares of its Common Stock at an initial price of £0.70 per share (or approximately $1.01 per share), generating gross proceeds of approximately £10 million (or approximately $14.4 million). In conjunction with the transaction the Company incurred costs of approximately $3.1 million which resulted in the Company receiving net proceeds of approximately $11.3 million.

In conjunction with the AIM IPO and in accordance with the Plan of Recapitalization, the Company issued 27,151,531 shares of Common Stock upon the conversion of all of its outstanding shares of preferred stock. The Company also issued 85,914 shares of Common Stock upon the exchange of all outstanding stock purchase warrants.

On 21 April 2017, the Company completed an equity capital raise issuing 7,275,000 shares of Common Stock to new and existing investors at a price of

£2.75 per share (or approximately $3.51 per share). The transaction generated gross proceeds of approximately £20 million (or approximately $25.5 million). In conjunction with the transaction the Company incurred costs of approximately $1.6 million which resulted in the Company receiving net proceeds of approximately $23.9 million.

During the first six months of 2017, the Company issued 22,435 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of approximately $4,000.

Stock Options

The Company adopted the MaxCyte, Inc. Long-Term Incentive Plan (the "Plan") in January 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.

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 10 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.

In the six months ended 30 June 2017, the Company awarded 140,000 stock options with an average exercise price of $3.17 per share and a weighted average grant date fair value of $1.51 per share.

At 30 June 2017, there were 5,873,297 stock options outstanding with an average exercise price of $0.46 per share. As of 30 June 2017, total unrecognized compensation expense was $742,300, which will be recognized over the next 3.5 years.

Stock-based compensation expense for the six months ended 30 June was as follows:

	2017	**2016**
	US$	US$
General and administrative	$ 45,700	$ 1,000
Sales and marketing	32,700	63,800
Research and development		700
	42,200	

Total	$ 120,600	$ 65,500

Stock Purchase Warrants

Immediately prior to the Company's AIM IPO and pursuant to the Plan of Recapitalization, on 29 March 2016 all stock purchase warrants were exchanged for 85,914 shares of Common Stock. Prior to such exercise, the warrants were classified as liabilities. At 30 June 2017, the Company had no outstanding stock purchase warrants.

5. Fair Value

The Company's Balance Sheets include various financial instruments (primarily cash and cash equivalents, 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

After the adoption of the Plan of Conditional Recapitalization and prior to their exercise in March 2016, the Company's stock purchase warrants were exchangeable into Series D Preferred which could have been required to be settled by issuance of a variable number of shares; as such, the warrants were classified as liabilities, measured at fair value and marked to market each reporting period until settlement. The fair value of the warrants was measured using Level 3 inputs and was determined based on the value of the warrants relative to the value of the Company's other equity securities assuming an AIM IPO and effectiveness of the Plan of Conditional Recapitalization. The primary Level 3 unobservable inputs included various assumptions about the potential AIM IPO. The warrants were exchanged for 85,914 shares of Common Stock on 29 March 2016.

The Company had no financial assets or liabilities measured at fair value on a recurring basis at 30 June 2017 or 31 December 2016. The following table presents a summary of changes in the fair value of Level 3 warrant liabilities measured at fair value on a recurring basis for the six months ended 30 June 2016:

Description	Balance at 1 January 2016	Exchanged for Common Stock in 2016	Change in fair value in 2016	Balance at 30 June 2016
Warrant liabilities	$ 85,400	$ (85,400)	$ -	$ -

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

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

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 recognized at fair value when they are deemed to be impaired. No such fair value impairment was recognized in the six months ended 30 June 2017 or 2016.

6. Commitments and Contingencies

The Company entered into a five-year non-cancelable operating lease agreement for office and laboratory space in February 2009 with an initial expiration of 31 January 2014 which was subsequently extended in 2013. In April 2017, the Company entered into leases for additional office and laboratory space. All of the Company's office and laboratory leases expire in January 2020 and provide for annual 3% increases to the based 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.

Total rent expense, including base rent and CAM for the six months ended 30 June 2017 and 2016, was $222,600, and $166,600, respectively. Rent expense is recognized on a straight-line basis in the accompanying financial statements.

7. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 18 September 2017 the date the financial statements were available to be issued.