Final Results for Year Ended 31 December 2017

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

MaxCyte Reports Final Results for Year Ended 31 December 2017

Gaithersburg, Maryland - 04 April 2018: MaxCyte (LSE: MXCT, MXCR), the global cell-based medicines and life sciences company, today announces its full-year audited results for the year ended 31 December 2017.

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

Financial Highlights

- Revenues increased 14% to $14.0 million (2016: $12.3 million)
- Gross margins remained stable at 90%
- Investment in CARMA™ (chimeric antigen receptor "CAR" therapy) was $7.5 million (2016: $1.3 million) as the Company prepared and completed the filing of its first investigational new drug ("IND") application with the US Food and Drug Administration ("FDA")
- Operating expenses (including CARMA investment) increased to $21.8 million in 2017 (2016: $13.7 million)
- Net loss before CARMA investment was $2.4 million in 2017 (2016: $2.0 million)
- EBITDA before CARMA investment was a loss of $1.2 million for both 2016 and 2017, after adjusting for non-cash stock-based compensation
- Total assets were $31.4 million at 31 December 2017 (2016: $16.1 million)
- Cash and cash equivalents totalled $25.3 million at 31 December 2017 (2016: $11.7 million)
- Successful fund raise of $25.5 million (before expenses) in April 2017

Operational Highlights

- Filed an IND application with the FDA for the Company's lead CARMA candidate, MCY-M11
- Presented pre-clinical *in vivo* research results demonstrating the potential of the CARMA platform for use in developing immunotherapies for the treatment of solid tumours, which other CAR-T therapies are currently unable to treat, at the American Association for Cancer Research ("AACR") Annual Meeting
- Signed a non-exclusive commercial licence agreement in March 2017 with CRISPR Therapeutics and Casebia Therapeutics
- Expanded the Company's enabling technology business to more than 50 cell therapy partnered programmes covering cutting-edge fields
- Entered into a 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
- Presented new *in vitro* data demonstrating the potential of MaxCyte's cGMP-compliant proprietary delivery platform to enable single nucleotide correction utilising CRISPR gene editing in the treatment of sickle cell disease ("SCD") at the American Society of Gene and Cell Therapy ("ASGCT") Annual Meeting
- Continued investing in sales and marketing capabilities to grow the Company's customer base
- Ongoing collaboration with world leaders in the CAR field in both solid cancers and haematological malignancies, with nine academic clinical trials supported by MaxCyte's technology
- Appointed new Board member, Richard Douglas, PhD (in February 2018), and new executive vice president, Brad Calvin (in August 2017)

Commenting on the 2017 Annual Results, Doug Doerfler, CEO of MaxCyte, said: *"Our core markets, cell therapy and immuno-oncology, are growing very rapidly. With our unique technology, we remain at the forefront of a wide variety of programmes 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 IND application and are on course to dose patients in 2018 in our US-based Phase I clinical trial.*

"Throughout 2017, we have also continued to make significant advances across all areas of our core enabling technology business, particularly with regard to expanding our infrastructure for sales/marketing and applications of our products, as well as manufacturing and regulatory support, to enable our partners as they develop exciting new classes of medicines. This is a very exciting time for the Company and patients as we bring a new generation of CAR-based cancer treatments into the clinic for the first time, and continue to enable our partners to make important new medical advancements. We look forward to the future with great confidence."

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

About MaxCyte

MaxCyte is a global cell-based medicines and life sciences company applying its patented cell engineering technology to help patients with high unmet medical needs in a broad range of conditions. MaxCyte is developing novel CARMA therapies for its own pipeline. CARMA is MaxCyte's mRNA-based proprietary platform for autologous cell therapy. In addition, through its core business, the Company leverages its Flow Electroporation Technology to enable its partners across the biopharmaceutical industry to advance the development of innovative medicines, particularly in cell therapy, including gene editing and immuno-oncology. The Company has placed its cutting-edge flow electroporation instruments worldwide, including with nine of the top ten global biopharmaceutical companies, and has more than 50 partnered programme licences in cell therapy including more than 20 licensed for clinical use. With its robust delivery technology, MaxCyte helps its partners to unlock the full potential of their products.

For more information, visit www.maxcyte.com

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction
In 2017, MaxCyte made significant progress across the business: advancing our lead CARMA candidate, MCY-M11, to the filing of an IND application with the FDA; licensing and selling our unique cell engineering platform for use in cell therapy and drug discovery to advance the development of new therapies, including in immuno-oncology and gene editing; entering a non-exclusive commercial licence agreement in March 2017 with CRISPR Therapeutics and Casebia Therapeutics; investing in our own infrastructure to continue to lead the future of cell-based medicines for treatment of patients around the globe; and growing our sales and scientific field support teams.

CARMA programme
In 2017, we filed an IND application with the US FDA for MCY-M11, our lead CARMA candidate. We have announced that we expect to commence dosing in cancer patients in 2018. Specifically, active discussions with the FDA are ongoing to enable the start of our Phase I clinical trial for patients with advanced peritoneal cancers, including ovarian cancer. Utilising the combination of our proprietary Flow Electroporation Technology and fresh peripheral blood mononuclear cells ("PBMCs"), we believe the CARMA programme has the potential 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.

MaxCyte enabling technology: Driving a new generation of cell therapies
MaxCyte is enabling a new generation of cell therapies growing out of the convergence of recent medical advances, including emerging cell-based immunotherapy approaches and CRISPR-Cas9 and Zinc Finger Nuclease ("ZFN") gene editing, which allows deletion, addition, or alteration of specific sites in a gene, enabling precise control over gene function. Proof of concept for our technology's potential in gene editing was evidenced by publication in January 2017 of results in the peer-reviewed journal *Science Translational Medicine* from a collaborative study between MaxCyte and the NIH's NIAID demonstrating CRISPR-Cas9 repair in stem cells from patients with a rare immunodeficiency disorder. The data published in this study demonstrated proof of concept for the unique effectiveness of MaxCyte's technology for enabling CRISPR-based gene repair, which helped to form the basis for a CRADA with the NIH's NIAID. Under the terms of the agreement, NIAID researchers will advance potential treatments for X-linked CGD using next-generation gene correction, leveraging CRISPR/Cas9 and MaxCyte's Flow Electroporation Platform.

Our leading position in enabling gene-editing approaches was also demonstrated through successful CRISPR-induced corrections of the mutation behind SCD using MaxCyte's GT® System. In May 2017 at the ASGCT Annual Meeting, new *in vitro* data from our collaboration with the National Heart, Lung and Blood Institute ("NHLBI") and NIAID were presented, demonstrating the potential of MaxCyte's current Good Manufacturing Practice- ("cGMP") compliant proprietary delivery platform to enable single nucleotide correction using CRISPR gene editing in

SCD.

In March 2017, we entered a non-exclusive commercial licence agreement with CRISPR Therapeutics and Casebia Therapeutics to develop CRISPR/Cas9-based therapies for haemoglobin-related diseases and severe combined immunodeficiency ("SCID"). This agreement further supports our role as an enabler of advancements in gene editing.

Publications and scientific leadership
The Company's proprietary Flow Electroporation Technology, which is designed to safely and reproducibly modify any cell, including primary human cells, with high efficiency, low cytotoxicity, and at the scale required to treat patients, is increasingly being recognised as the industry standard for creating therapeutic drug candidates from cells.

Recognising the importance of validating any new technology, we continued our engagement with the wider scientific community, publishing our scientific findings in a peer-reviewed article in *Science Translational Medicin*e (as noted above) and *Human Gene Therapy*, and presenting additional findings at conferences worldwide, including the ASGCT Annual Meeting (also noted above), the AACR Annual Meeting, the Keystone Symposia on Precision Genome Engineering, the Phacilitate Cell & Gene Therapy World Conference, and the Phacilitate Cell & Gene Therapy Europe Conference.

Outlook
We remain focused on advancing our next-generation CAR therapy programme, CARMA, including with our US Phase I clinical trial, where we believe there is a very significant opportunity for MaxCyte's proprietary technology to help overcome some of the main challenges presented by viral-based CAR therapies. We anticipate further progress towards expanding our collaborations with leading partners across the fast-growing cell therapy market and maintain our passionate commitment towards facilitating the availability of important new medicines for patients. MaxCyte's Board anticipates continued progress and strong growth in the 2018 financial year in line with expectations.

Doug Doerfler
President and Chief Executive Officer

J. Stark Thompson, PhD
Non-Executive Chairman

04 April 2018

OPERATIONAL REVIEW

CARMA
MaxCyte has announced that its lead CARMA candidate, MCY-M11, is expected to commence dosing in cancer patients in 2018. Filing of an IND application with the US FDA for MCY-M11 has been completed, and the Company is in active discussions with the regulatory agency to enable the start of its Phase I clinical trial in 2018 for patients with advanced peritoneal cancers, including ovarian cancer. In addition to being able to target solid tumours, the Company believes the CARMA programme, and specifically its use of a non-viral approach, has the potential 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 traditional CAR therapies.

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.

Cell therapeutics
MaxCyte is currently partnering with commercial and academic cell therapy developers in more than 50 licensed programmes covering an increasingly diverse range of fields, including immuno-oncology, gene editing and regenerative medicine. More than 20 of these programmes are licensed for clinical-stage use with the goal of providing new therapies to individuals facing diseases including cancers (such as triple-negative breast cancer, Hodgkins lymphoma, pediatric leukaemia and other blood cancers), HIV and sickle cell disease. In March 2017, we also announced a non-exclusive commercial licence agreement with CRISPR Therapeutics and Casebia Therapeutics (a joint venture established by CRISPR Therapeutics and Bayer AG) to develop CRISPR/Cas9-based therapies for haemoglobin-related diseases and SCID. The terms of the licence provide for an initial upfront payment, received in 2017, and milestone and sales-based payments.

The technology licences provided to partners in MaxCyte's cell therapeutics business provide high-value recurring annual fees, which are complemented by an attractive recurring revenue stream from the sale of its proprietary single-use disposable processing assemblies. As these programmes continue to progress in the clinic and to commercialisation, we expect to benefit from further milestone and sales-based payments, thereby expanding the significant value they provide to our partners and for the Company and its shareholders.

Within the cell therapy business, we are collaborating with world leaders in the CAR field who increasingly utilise our uniquely enabling Flow Electroporation Technology, a non-viral, inherently low-risk approach that does not require the use of viruses or chemical transfection reagents. To date, nine clinical trials for indications that include solid tumours and haematological malignancies have been initiated by our academic research partners, and a subset of those nine have shown early indications of anti-tumour activity with no overt evidence of on-target off-tumour toxicity.

Drug discovery tools
MaxCyte's instruments and technology are sold in the biopharmaceutical markets for discovery and 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 nine of the top ten biopharmaceutical companies by revenue.

In 2017, MaxCyte continued to leverage its distribution network to support growing market demand for MaxCyte's STX® Scalable Transfection Systems and the MaxCyte VLX® Large Scale Transfection Systems in Asia and expanded the Company's investments in its presence in Europe.

Scientific focus
MaxCyte researchers and our partners have continued to present scientific findings, supported by use of MaxCyte's proprietary high-performance delivery platform, in CAR and other areas, via peer-reviewed publications and at conferences worldwide. Published results in *Science Translation Medicine*, from our collaboration with the NIH's NIAID, demonstrated proof of concept for the unique effectiveness of MaxCyte technology for enabling CRISPR-based gene repair. In January 2017, data presented via oral and poster presentations at the Keystone Symposia on Precision Genome Engineering summarised *in vitro* and long-term preclinical toxicity and engraftment studies targeting gene correction for individuals with the X-CGD disease. These studies aimed at reversing mutations to wild-type sequence at clinically relevant levels in CD34+ haematopoietic stem cells ("HSC") obtained from individuals with X-CGD. The data highlighted use of MaxCyte's proprietary, cGMP-compliant delivery platform in development of *ex vivo* gene-corrected cell therapies as a potential treatment for monogenic diseases.

During the ASGCT Annual Meeting in May 2017, new *in vitro* data demonstrating the potential of MaxCyte's cGMP-compliant proprietary delivery platform to enable CRISPR gene editing in the treatment of SCD was presented. Using MaxCyte's GT® System, MaxCyte and its collaborators at the NHLBI and NIAID demonstrated successful CRISPR-induced corrections of the mutation behind SCD in more than 30 percent of patient-derived B cells, which is believed to be clinically meaningful.

With regard to the Company's CARMA platform, pre-clinical *in vivo* research results were presented at the AACR Annual Meeting in Washington, DC, in April 2017, demonstrating the potential of the platform for use in developing immunotherapies for the treatment of solid tumours.

Board and team
In February 2018, MaxCyte announced that Dr. Richard Douglas**,** a 30-year life sciences industry veteran, was appointed an 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 August 2017, MaxCyte announced the appointment of 25-year biopharma industry veteran Brad Calvin as executive vice president, global sales commercial operations, to drive further growth of the Company's innovative high-performance cell engineering platform for use in commercial drug development. Mr. Calvin's broad biopharmaceutical industry experience has provided him with an in-depth understanding of working across global markets and supporting all phases of product life cycles.

During the year, the Company continued to expand its investments in marketing and sales to support its enabling technology sales and licensing business. These investments are designed to support the continued expansion of the Company's partnered programmes in the rapidly growing cell therapy business and sales of its delivery technology for drug development.

Summary
The Company remains focused on advancing its high value CARMA programme, including with the first clinical trial expected to commence in 2018, where the Board believes there is a very significant opportunity for MaxCyte to overcome many of the challenges associated with viral-based CAR-T therapies. In addition, there is a growing awareness of the enabling capabilities of our proprietary Flow Electroporation Technology in the fast-growing cell therapy market where we expect to continue to expand our operations to help facilitate the availability of important new medicines for patients. MaxCyte's Board anticipates continued progress and strong growth in the 2018 financial year.

Doug Doerfler
04 April 2018

FINANCIAL REVIEW

During the period the Company reported revenues of $14.0 million, representing a 14% increase over the previous year and extending double-digit revenue growth since 2014. Revenues from certain ex-US territories were impacted by the restructuring of the sales team and the non-conversion of certain expected sales. In response, the Company has taken steps to improve performance through targeted sales and marketing investments. As a result of these changes, along with on-going investments, we expect all territories to perform in line with our expectations for the current year.

Gross margins remained stable at 90% and, despite modestly lighter than anticipated revenue, EBITDA loss in 2017 remained in line with expectations at $9.2 million ($1.2 million before CARMA expenses and non-cash stock-based compensation), on operating expenses of $21.8 million including CARMA investment of $7.5 million. At year end, total assets of the company were $31.4 million, compared to $16.1 million in 2016, as well as cash and cash equivalents totalling $25.3 million.

During 2017, the Company continued to expand the value of its cell engineering technology, through CARMA and by expanding the use of its enabling technology throughout the biotech industry. The Company accelerated its efforts to advance CARMA, culminating in the filing of an IND application with the US FDA for the Company's lead CARMA candidate, MCY-M11 and positioning the CARMA programme to begin clinical work in 2018. Through the sale and license of its technology to partners, the Company expanded its enablement of cell therapy partnered programmes, grew its user base in drug discovery and development, and continued to support the progress of all of its customers.

During the year, the Company continued to expand its investments in marketing and sales to support its enabling technology sales and licensing business. These investments are designed to support the continued expansion of the Company's partnered programmes in the rapidly growing cell therapy business and sales of its delivery technology for drug development.

Ron Holtz
04 April 2018

Independent Auditor's Report

We have audited the accompanying financial statements of MaxCyte, Inc., which comprise the Balance Sheets as of 31 December 2017 and 2016, and the related Statements of Operations, Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit), and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MaxCyte, Inc. as of 31 December 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

03 April 2018

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

	31 December 2017	31 December 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 25,341,700	$ 11,727,000
Accounts receivable	3,195,600	2,410,700
Inventory	1,347,000	1,334,600
Other current assets	665,800	318,400
Total current assets	**30,550,100**	**15,790,700**
Property and equipment, net	847,600	281,500
Total Assets	**$ 31,397,700**	**$ 16,072,200**
Liabilities and stockholders' equity		

Current liabilities:		
Current portion of note payable, net of discount and deferred fees	$ 850,900	$ -
Current portion of capital lease obligations	3,200	14,400
Accounts payable and accrued expenses	4,331,000	3,174,500
Deferred revenue	2,055,100	2,463,100
Total current liabilities	**7,240,200**	**5,652,000**
Note payable, net of discount, deferred fees and current portion	4,176,300	4,989,100
Capital lease obligations, net of current portion	-	3,100
Other liabilities	384,500	344,600
Total liabilities	**11,801,000**	**10,988,800**
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, $0.01 par; 200,000,000 shares authorized, 50,896,376 and 43,539,527 shares issued and outstanding at 31 December 2017 and 2016, respectively.	509,000	435,400
Additional paid-in capital	80,729,400	56,372,700
Accumulated deficit	(61,641,700)	(51,724,700)
Total stockholders' equity	**19,596,700**	**5,083,400**
Liabilities and stockholders' equity	**$ 31,397,700**	**$ 16,072,200**

See accompanying notes to the financial statements.

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

	2017	2016
Revenue	**$ 13,985,000**	**$ 12,269,500**
Costs of goods sold	1,453,100	1,307,600
Gross profit	**12,531,900**	**10,961,900**
Operating expenses:		
Research and development	11,284,800	4,696,400
Sales and marketing	6,016,700	4,784,200
General and administrative	4,522,100	4,204,700
Total operating expenses	**21,823,600**	**13,685,300**
Operating loss	**(9,291,700)**	**(2,723,400)**
Other income (expense):		
Interest expense	(625,300)	(637,800)
Other income	-	15,700
Total other income (expense)	**(625,300)**	**(622,100)**
Net loss	**(9,917,000)**	**(3,345,500)**

Cumulative preferred stock dividends	-	(505,400)
Net loss attributable to common stock	**$ (9,917,000)**	**$ (3,850,900)**
Basic and diluted net loss per common share	**$ (0.20)**	**$ (0.11)**
Weighted average common shares outstanding, basic and diluted	**48,642,926**	**33,515,664**

See accompanying notes to the financial statements.

MaxCyte, Inc.
Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
For the Years Ended 31 December,
(amounts in U.S. dollars)

	Redeemable Convertible Preferred Stock					Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Series E	**Series D**	**Series C**	**Series B**	**Series A-1**	**Shares**	**Amount**			
Balance 1 January 2016	**$ 1,633,100**	**$3,339,500**	**$ 3,977,400**	**$ 35,299,100**	**$ 1,028,100**	**1,947,302**	**$ 19,500**	**$ -**	**$(48,379,200)**	**$ (48,359,700)**
Accretion of preferred stock	222,200	972,500	1,683,900	373,100	-	-	-	(3,251,700)	-	(3,251,700)
Conversion of preferred stock upon IPO	(1,855,300)	(4,312,000)	(5,661,300)	(35,672,200)	(1,028,100)	27,151,531	271,500	48,257,400	-	48,528,900
Exchange of warrant upon IPO	-	-	-	-	-	85,914	900	84,500	-	85,400
Issuance of common stock upon IPO	-	-	-	-	-	14,285,714	142,800	11,116,700	-	11,259,500
Stock-based compensation expense	-	-	-	-	-	-	-	154,100	-	154,100
Exercise of stock options	-	-	-	-	-	69,066	700	11,700	-	12,400
Net loss	-	-	-	-	-	-	-	-	(3,345,500)	(3,345,500)
Balance 31 December 2016	**-**	**-**	**-**	**-**	**-**	**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**

All outstanding preferred stock converted into common stock on 29 March 2016. See Financial Statement Note 1.

See accompanying notes to the financial statements.

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

	2017	**2016**
Cash flows from operating activities:		

Net loss	$ (9,917,000)	$ (3,345,500)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	142,900	105,700
Net book value of consigned equipment sold	63,200	38,900
Stock-based compensation	514,500	154,100
Non-cash interest expense	38,100	42,600
Changes in operating assets and liabilities:		
Accounts receivable	(784,900)	(959,400)
Inventory	(174,900)	(248,700)
Other current assets	(347,400)	(109,100)
Accounts payable and accrued expenses	1,156,500	1,276,100
Deferred revenue	(408,000)	638,300
Other liabilities	39,900	72,000
Net cash used in operating activities	(9,677,100)	(2,335,500)
Cash flows from investing activities:		
Purchases of property and equipment	(609,700)	(218,800)
Net cash used in investing activities	(609,700)	(218,800)
Cash flows from financing activities:		
Issuance costs related to debt amendment	-	(63,100)
Proceeds from exercise of stock options	16,200	12,400
Principal payments on capital leases	(14,300)	(16,600)
Net proceeds from issuance of common stock	23,899,600	11,936,200
Net cash provided by financing activities	23,901,500	11,868,900
Net increase in cash and cash equivalents	13,614,700	9,315,100
Cash and cash equivalents, beginning of period	11,727,000	2,411,900
Cash and cash equivalents, end of period	$ 25,341,700	$ 11,727,000
Supplemental cash flow information:		
Cash paid for interest	$ 530,000	$ 525,100
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 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 recapitalized 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.

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"). 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, (ii) the Series E preferred stock shall be converted automatically into Common Stock at a discount from the AIM IPO placing price, and (iii) 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 financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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 years ended 31 December 2017 and 2016, one customer represented 7.3% and 11% of net revenues, respectively. As of 31 December 2017, and 2016, accounts receivable from this customer totaled 0% and 3% of net accounts receivable, respectively.

During the years ended 31 December 2017 and 2016, the Company purchased approximately 52% and 63%, respectively of inventory from one supplier. As of 31 December 2017 and 2016, amounts payable to this supplier totaled 4% and 24% of total accounts payable, respectively.

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. 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 Statements of Operations as general and administrative expense. The foreign currency transaction gains (losses) were $50,100 and ($72,700) for the years ended 31 December 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 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:

	2017	2016
	$	$
Raw materials inventory	371,100	426,000

Finished goods inventory	975,900	908,600
Total Inventory	$ 1,347,000	$ 1,334,600

The Company determined no allowance for obsolescence was necessary at 31 December 2017 or 2016.

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 31 December 2017 or 2016.

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 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 at 31 December:

	2017	2016
Furniture and equipment	$1,497,000	$ 1,084,100
Consigned instruments	419,700	443,900
Leasehold improvements	265,400	72,500
Accumulated depreciation and amortization	(1,334,500)	(1,319,000)
Property and equipment, net	$ 847,600	$ 281,500

For the years ended 31 December 2017 and 2016, the Company incurred depreciation and amortization expense of $142,900 and $105,700, 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 recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Redeemable Convertible Preferred Stock

Upon the completion of the Company's AIM IPO, all shares of the Company's preferred stock were converted into shares of the Company's Common Stock in accordance with the Plan of Recapitalization. As a result, no shares of preferred stock were outstanding as of 31 December 2017 and 2016. See Note 1.

Prior to the AIM IPO the Company's preferred stock was accounted for as follows:

The Company's Series B redeemable convertible preferred stock was classified since issuance as temporary equity since it was redeemable in certain circumstances outside of the Company's control. The Series B redeemable convertible preferred stock was increased by the accretion of any related discounts and accrued but unpaid dividends so that the carrying amount equals the redemption amount at the estimated redemption date.

The Company's Series E convertible preferred stock issued in December 2014 was classified at issuance as temporary equity as a result of an embedded contingent conversion option that is potentially settleable by issuing a variable number of shares.

The Company's Series A-1 convertible preferred stock and the Series C perpetual preferred stock and Series D perpetual preferred stock were initially classified as permanent equity. As part of the adoption of the Plan of Conditional Recapitalization in December 2014, the Company's Series A-1, C and D preferred stock were modified to include an embedded contingent conversion option that is potentially settleable by issuing a variable number of shares; as a result, the Series A-1, C and D preferred stock were reclassified to temporary equity upon modification.

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 extended warranties, installation and maintenance. In some arrangements, product and services have been sold together in multiple element

arrangements. In such arrangements, when the 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 reasonably assured. 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. Revenue from fees for research services is recognized when services have been 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, 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 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 the AIM IPO in 2016 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 49% 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. Additionally, the Company's long-term debt agreement restricts the payment of cash dividends.

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 2.4% for 2017 and 1.1% and 2.2% for 2016.

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 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

The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or cancelled on an annual basis before becoming fully vested. Prior to the adoption of new accounting guidance in 2017, the Company estimated the forfeiture rate based on turnover data with further consideration given to the class of the employees to whom the options were granted. The Company estimated the annual forfeiture rate to be 10% for 2016. Beginning in 2017, the Company will record 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 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 2014 and all subsequent periods. The Company had a Net Operating Loss ("NOL") carry forward of $33.0 million as of 31 December 2017, 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 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 U.S. 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, 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) convertible preferred stock exchangeable into Common Stock, which has been excluded from the computation of diluted loss per share, was 7.2 million and 5.8 million for the years ended 31 December 2017 and 2016, respectively.

The Company's convertible preferred stock, prior to its conversion in March 2016, contained non-forfeitable rights to dividends, and therefore was 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 Financial Accounting Standards Board ("FASB") issued guidance for inventory requiring an entity to measure inventory within the scope of this guidance 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 01 January 2017. The adoption of this 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 01 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 on 01 January 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 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, 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 collectibility 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 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 recognizing 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 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 originally entered into a credit facility with Midcap Financial SBIC, LP ("MidCap") on March of 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 in February 2015 and in June 2015, to, among other things, (i) waive certain existing events of default, (ii) allow certain otherwise prohibited investments, (iii) extend the maturity date to 01 July 2019, (iv) revise principal amortization payments and other contingent payments, and (v) increase the principal amount to $5,105,400. Additionally, the Company amended the MidCap facility in June 2016, to, among other things, (i) revise certain covenants, (ii) extend the maturity date to 01 June 2021, and (iii) extend the interest only period to 01 July 2018 and increase the exit fee to 6.75%.

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 amortized using the effective interest method over the remaining term of the amended debt. Unamortized deferred financing costs were approximately $72,500 and $107,700 at 31 December 2017 and 2016, respectively, and are included as reductions to the note payable balance.

The total balance of the MidCap credit facility at both 31 December 2017 and 2016 was $5,105,400, with an interest rate of 10%; the balance of the unamortized debt discount at 31 December 2017 and 2016 was $5,700 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 the AIM IPO, and 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 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 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.

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 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.

A summary of stock option activity for the years ended 31 December 2017 and 2016 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at 1 January 2016	4,120,626	$ 0.05	8.5	$ 3,227,800
Granted	1,776,565	$ 1.17		
Exercised	(69,066)	$ nbsp; 0.18		$ 84,000
Forfeited	(53,759)	$ 0.14		
Outstanding at 31 December 2016	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
Exercisable at 31 December 2017	4,920,419	$ 0.34	7.2	$ 14,355,100

The weighted-average fair values of the options granted during 2017 and 2016 were estimated to be $1.53 and $0.46, respectively.

As 31 December 2017, total unrecognized compensation expense was $2,680,200 which will be recognized over the following three years.

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

	2017	2016
		$
General and administrative	$210,100	45,100
Sales and marketing	124,400	85,100

Research and development	180,000	23,900
Total	$514,500	$154,100

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 31 December 2017 and 2016, 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 31 December 2017 or 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 year ended 31 December 2016:

Description	Balance at 1 January 2016	Exchanged for Common Stock in 2016	Change in fair value in 2016	Balance at 31 December 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 during the years ended 31 December, 2017 or 2016.

6. 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. Beginning in 2017, 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 year ended 31 December, 2017, Company matching contributions amounted to $148,700.

7. Income Taxes
The Company did not recognize a provision (benefit) for income taxes in 2017 or 2016. Based on the Company's historical operating performance, the Company has provided a full valuation allowance against its net deferred tax assets.

Net deferred tax assets as of 31 December 2017 and 2016 are presented in the table below:

	2017	2016
Deferred tax assets:		
Net operating loss carryforwards	$ 8,349,400	$ 8,872,300
Research and development credits	620,000	492,200
Stock-based compensation	337,900	312,500
Deferred revenue	599,500	1,112,000
Accruals and other	57,600	76,800
Deferred tax liabilities:		

Depreciation	(59,000)	(1,200)
	9,905,400	10,864,600
Valuation allowance	(9,905,400)	(10,864,600)
Net deferred tax assets	$ -	$ -

The Federal net operating loss carryforwards of approximately $33.0 million as of 31 December 2017 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:

	2017	**2016**
Federal income taxes (benefit) at statutory rates	$ (3,359,000)	$ (1,137,400)
State income taxes (benefit), net of Federal benefit	(492,700)	(266,300)
Effect of 2017 Tax Act	4,468,600	
		-
Windfall tax benefits	(97,400)	
		-
Permanent differences, rate changes and other	439,700	770,600
Change in valuation allowance	(959,200)	633,100
	$ -	$
		-

8. 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 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 $503,500, $520,700 and $43,700 in 2018, 2019 and 2020, respectively.

Total rent expense, including base rent and CAM for the years ended 31 December 2017 and 2016, was $585,600 and $321,900, respectively. Rent expense is recognized on a straight-line basis in the accompanying financial statements.

The Company has several equipment leases accounted for as capital leases all of which expire in 2018.

9. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 3 April 2018 the date the financial statements were available to be issued.