Results for the Six Months ended 30 June 2019

September 18, 2019

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MaxCyte, Inc.
18 September 2019

MaxCyte, Inc.

("MaxCyte" or the "Company")

Results for the Six Months ended 30 June 2019

- ***Strong commercial execution and financial performance with 21% year-over-year revenue growth***
- ***Cell therapy licenses now exceeding 80 programmes***
- ***Significant clinical progress in CARMA™ programme***

Gaithersburg, Maryland - 18 September 2019 - MaxCyte (LSE: MXCT, MXCS), the global cell-based therapies and life sciences company, announces today its financial results, along with its key commercial and clinical highlights, for the six months ended 30 June 2019.

HIGHLIGHTS (including post-period-end highlights)

Operational

- Expanded the Company's Life Sciences business to more than 80 cell therapy programmes (including the recently announced agreement with Kite, a Gilead Company; CRISPR Therapeutics; and Precision BioSciences) of which more than 45 are now licensed for clinical use
- Aggregate potential milestone payments (excluding sales-based payments after partners' commercial launch) from its commercial cell therapy agreements nearly doubled year-to-date to in excess of $450m from five commercial licenses
- ExPERT™, MaxCyte's next generation family of instruments and disposables, launched with strong H1 2019 sales as well as positive feedback and interest from both existing and new customers
- Dosing underway in second cohort of MaxCyte's Phase I dose-escalation clinical trial with MCY-M11, the Company's lead, wholly-owned, non-viral mRNA-based cell therapy candidate from its CARMA platform, following the successful dosing of patients in trial's first patient cohort
- Presented at American Society of Gene and Cell Therapy (ASGCT) on the CARMA platform's unique manufacturing process that enables faster turnaround of autologous cell therapy to patients and its potential for reduced adverse events
- Appointed Dr Dhana Chinnasamy as Vice President, Non-Clinical and Translational Studies, to support advancement of programmes from CARMA platform (July 2019)

Financial

Key metrics	H1 2019	H1 2018
Revenue	$8.4m	$6.9m
Gross margin	88%	89%
CARMA investment	($6.6m)	($2.6m)
Total operating expenses*	($16.3m)	($10.7m)
Adjusted EBITDA before CARMA**	($1.4m)	($1.4m)
Net profit (loss) before CARMA expenses	($2.9m)	($2.2m)
Total assets (as of 30 June)	$24.8m	$26.8m
Cash, cash equivalents and short-term investments (as of 30 June)	$14.9m	$18.8m

* Including CARMA expenses

** Excluding associated non-cash stock-based compensation of $0.3m and $0.7m in H1 2018 and H1 2019, respectively.

Note: All financial amounts are in USD unless noted otherwise

- Revenue accelerated in the first half of 2019, increasing approximately 21% over the first half of 2018 ($8.4m compared to $6.9m, respectively) and in-line with the Company's customary first half/second half weighting
- Revenues currently driven by high-margin recurring annual fees from cell therapeutics business, sale of proprietary single-use disposable processing assemblies, expansion of products as well as sales and marketing staff, and clinical milestones
- Management is exploring independent investment to drive the CARMA opportunity, following recent positive progress

Commenting on MaxCyte's half-year financial results, Doug Doerfler, Chief Executive Officer, said*: "We have seen a strong start to 2019 during which we have continued to drive substantial growth and progress across all aspects of our business. Our revenue-generating Life Sciences business has performed strongly during the period delivering revenue growth of 21% and approximately 90% margins. We are also particularly encouraged by the customer response to the recent launch of our industry leading ExPERT platform and the extension of our relationship with Kite through a multi-drug clinical and commercial agreement, which built upon our existing research agreement. We continue to be very excited for the commercial prospects of our high-growth Life Sciences business.*

"We continue to be encouraged by activity in the cell therapy sector, including the growing market for our technology arising from the substantial capital investment, company creation and clinical investments in the space. We retain the premier position as the cell engineering technology of choice, particularly in gene editing and immune-oncology. And our successful research, clinical and commercial licensing business in this market to date reinforces our confidence in continuing our focused marketing and sales efforts in cell therapy.

"We are pleased with the clinical progress of our CARMA platform's lead candidate, MCY-M11, which has

advanced into the second cohort of its Phase I study, validating our streamlined manufacturing platform for chimeric antigen receptor (CAR) therapies in patients with solid cancers. In the coming months we look forward to reporting further progress in establishing CARMA as an autologous cell therapy platform for targeted cell-based immune therapies. We anticipate this will include the expansion into additional cancer indications, which we believe will significantly broaden the opportunity and value for our stakeholders, especially patients.

"CARMA continues to make positive progress, in particular with the active ovarian cancer/mesothelioma trial with MCY-M11, the Company's continued efforts in new product candidate development, and the recent key hire of our vice president, non-clinical and translational studies. Based on this progress as well as the strength and maturity of our Life Sciences business -- and in order to build momentum and grow the CARMA opportunity appropriately, the management team is evaluating independent sources of financing for CARMA along with the timing and level of clinical and pipeline investments beyond the current trial."

Conference call for analysts

A briefing for analysts will be held at 11.00 am BST on Wednesday, 18 September 2019 at 1 Cornhill, London, EC3V 3NR. 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: 0800 279 6547
International dial-in: +44 (0) 2071 928011
Participant code: 3859806

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER

We are pleased to report MaxCyte's financial and operational results for the six months ended 30 June 2019, during which the Company had another period of strong growth and made progress across all areas of the business in-line with its strategic objectives.

Our industry is experiencing the emergence of exciting new modalities for treating patients, both cellular therapy and gene editing in particular, and MaxCyte is exceptionally well positioned to support and benefit from the unprecedented growth of these therapeutic areas. MaxCyte offers a highly differentiated approach to cell engineering that is enabling leaders in the field to develop new and groundbreaking treatments for diseases ranging from ultra-rare indications affecting a handful of patients, to some of the most common forms of cancer. Our team is using this core technology to power MaxCyte's own therapeutic development programmes through CARMA - our proprietary therapeutic platform for next-generation CAR-based cancer treatments, specifically in solid tumours.

April 2019 saw the launch of ExPERT, MaxCyte's next generation of instruments and disposables, delivering clinically validated, Flow Electroporation® technology for complex cellular engineering. The ExPERT range of products builds on the solid technology foundation at the core of MaxCyte's instrument platforms, which are already used by a broad client base, including all of the top ten biopharmaceutical companies by revenue, who are developing increasingly sophisticated biological and cellular-based therapeutics. MaxCyte's ExPERT instruments and disposables allow its partners to develop therapeutics

through the continuum from research to commercial launch on a single, versatile platform. We believe the ExPERT platform and our on-going investment in our technology will help further solidify MaxCyte's leading position in the cell therapy and gene editing markets.

80+ Partnered Programmes

MaxCyte's technology continues to help unlock the potential of cutting-edge product development programmes, enabling many of the leading gene editing companies in the field and demonstrating our leadership as the go-to technology for cell engineering. MaxCyte has signed licenses with partners covering more than 80 cell therapy programmes. This includes the recently announced agreement with Kite, a Gilead Company, an expansion of an existing research agreement signed November 2018 that allows Kite to use MaxCyte's Flow Electroporation Technology to enable non-viral cell engineering for development of multiple CAR-T drug candidates. Partners with clinical and commercial, multi-target licenses also include CRISPR Therapeutics and Precision BioScience. A further undisclosed commercial agreement was recently entered into, taking the number of commercial licences to five.

More than 45 of our cell therapy programmes are licensed for clinical use. In particular, MaxCyte is the industry's "go-to partner" for the development of next-generation off-the-shelf and allogeneic CAR-T therapies. The aggregate potential milestone payments from commercial agreements signed to date are currently in excess of $450m.

Clinical Progress and CARMA Strategy

During the period we reported important clinical progress with MaxCyte's lead, wholly-owned programme, MCY-M11, a non-viral mRNA-based cell therapy candidate from its CARMA platform. MCY-M11 is a mesothelin-targeting CAR therapy being tested in individuals with relapsed/refractory ovarian cancer and peritoneal mesothelioma. Following successful dosing of patients in the first cohort of a Phase I dose-escalation clinical trial with MCY-M11 with no safety issues or serious adverse events observed, the Company began dosing patients in the second cohort of its trial in May 2019.

The successful completion of patient dosing in the first cohort, and the initiation of dosing in the second higher-dose cohort, represent important milestones for MaxCyte as we aim to establish our proprietary CARMA autologous cell therapy platform. CARMA's offering of a streamlined, uniquely rapid manufacturing process for autologous cell therapies is an important differentiator from other CAR technologies. In addition, the CARMA platform's utilization of Flow Electroporation rather than viral vectors enables repeat dosing of patients, a feature that may be key for the successful treatment of solid tumours with a cell therapy. A further distinguishing feature of MaxCyte's CARMA platform is its use of mRNA to deliver the CAR into cells rather than DNA. The transient nature of mRNA may help alleviate some of the safety limitations seen with other CAR treatment approaches.

Based on the positive progress of our CARMA platform and programme, the management team is presently evaluating independent sources of financing for CARMA, along with the timing and level of clinical and pipeline investments beyond the current trial in order to maximise the potential of CARMA.

Financial Review

Revenues for the period totaled $8.4m, representing a 21% increase over the same period of

2018 ($6.9m), reflecting continued expansion of the Company's Life Sciences customer base. Gross margins remained strong over the period at 88%, and the Company continues to have good visibility on future revenues due to its instrument-licensing and consumables revenue streams.

In February 2019, the Company raised £10.0 million through the placing of a total of 5,908,319 shares of New Common Stock. We thank our new and existing investors for their support.

The Company's operating expenses for the 2019 period (including CARMA investment) were $16.3m compared to $10.7m for the same period in 2018, resulting principally from the $4.1m increase in CARMA investments associated with clinical progress as well as increased investments in sales and marketing, product development and other non-CARMA R&D activities focused on driving and supporting MaxCyte's revenue growth. Investment in CARMA was $6.6m in 2019 (first half 2018: $2.6m) as the Company observed continued progress from its in-human clinical trial of MCY-M11 as it moved into the second dose cohort.

MaxCyte's net loss before taking into consideration expenses from the CARMA programme was $2.9m for the 2019 period compared to net loss of $2.2m (also before taking into consideration expenses from CARMA) for the same period of 2018. The net loss, including the CARMA investment, was $9.5m for the 2019 period compared to $4.8m in the same period last year.

EBITDA before CARMA investment and non-cash stock-based compensation was a loss of $1.4m for the current period (first half 2018: $1.4m).

As of 30 June 2019, MaxCyte held cash and cash equivalents, including short-term investments, amounting to $14.9m compared to $14.4m as of 31 December 2018. The 30 June 2019 cash balance reflects the repayment of the Company's $5m debt facility, which was repaid in full in February, prior to the £10m equity raise. Management expects to have a $5m debt facility in place by year end.

Outlook

MaxCyte's Board anticipates continued progress for the remainder of the 2019 financial year and the Company is trading in line with expectations. MaxCyte will continue investing in the expansion of its Life Sciences instrument business, including developing new applications for its technology and new product enhancements to support the expansion of our customer base. We expect our ExPERT platform to continue to drive revenue growth from our instruments business and from expanding our cell therapy partner licenses. In addition, the Company will continue to develop opportunities to expand its cell therapy pipeline and is actively seeking to accelerate a number of high-value clinical and commercial partnerships based on the Company's enabling cell-technology business in a diverse range of fields, including immuno-oncology, gene editing and regenerative medicine.

The Company also remains focused on creating value from the advancement of MCY-M11 through the clinic as well as the CARMA pipeline and opportunity in general, for the treatment of additional solid and liquid tumour indications that will significantly broaden the opportunity for the platform. We look forward to providing additional updates with regard to the exciting CARMA business.

Doug Doerfler
President and Chief Executive Officer

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

17 September 2019

About MaxCyte
MaxCyte is a clinical-stage global cell-based therapies and life sciences company applying its proprietary cell engineering platform to deliver the advances of cell-based medicine to patients with high unmet medical needs. MaxCyte is developing novel CARMA therapies for its own pipeline, with its first drug candidate in a Phase I clinical trial. CARMA is MaxCyte's mRNA-based proprietary therapeutic platform for autologous cell therapy for the treatment of solid cancers. In addition, through its life sciences business, MaxCyte leverages its Flow Electroporation® Technology to enable its biopharmaceutical partners to advance the development of innovative medicines, particularly in cell therapy. MaxCyte has placed its flow electroporation instruments worldwide, including with all of the top ten global biopharmaceutical companies. The Company now has more than 80 partnered programme licenses in cell therapy with more than 45 licensed for clinical use, including, five commercial licenses (four of which have been previously announced). Aggregate potential pre-commercial milestones from all license deals total more than $450m. With its robust delivery technology platform, MaxCyte helps its partners to unlock the full potential of their products. For more information, visit www.maxcyte.com.

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

MaxCyte Inc.	+1 301 944 1660
Doug Doerfler, Chief Executive Officer	
Ron Holtz, Chief Financial Officer	
Nominated Adviser and Joint Corporate Broker	
Panmure Gordon	+44 (0)20 7886 2500
Emma Earl	
Freddy Crossley	
Corporate Broking	
James Stearns	
Joint Corporate Broker	
Numis Securities Limited	+44 (0)20 7260 1000
James Black	
Duncan Monteith	
Financial PR Adviser	
Consilium Strategic Communications	+44 (0)203 709 5700
Mary-Jane Elliott	maxcyte@consilium-comms.com
Chris Welsh	
Sukaina Virji	

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as ''believe'', ''could'', "should", "expect", ''envisage'', ''estimate'', ''intend'', ''may'', ''plan'', ''potentially'', ''will'' or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results and expectations discussed in the forward-looking statements, many of which are beyond the control of the Company. In particular, the outcome of clinical trials (including, but not limited to the Company's CARMA trial) may not be favourable, potential milestone payments associated with the Company's licensed programmes may not be received or the ability to enter into future partnered programmes may be limited. In addition, other factors which could cause actual results to differ materially include risks associated with vulnerability to general economic and business conditions, competition, regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, ability to attract new talent, uninsured and underinsured losses, any future litigation and other factors. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

MaxCyte, Incorporated
Unaudited Condensed Financial Statements

as of 30 June 2019 and 31 December 2018
and for the six months ended
30 June 2019 and 2018

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

	30 June 2019	31 December 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 11,468,500	$ 11,248,000
Short-term investments, at amortized cost	3,439,900	3,191,000
Accounts receivable, net	2,791,900	4,904,500
Inventory	3,494,500	2,242,800
Other current assets	915,700	863,700
Total current assets	**22,110,500**	**22,450,000**
Property and equipment, net	2,370,800	1,817,900
Other assets	291,600	-
Total assets	**$ 24,772,900**	**$ 24,267,900**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,291,500	$ 4,123,300
Other current liabilities	318,900	-
Deferred revenue	3,768,100	2,449,300
Total current liabilities	**8,378,500**	**6,572,600**
Note payable, net of discount, deferred fees	-	5,056,300
Other liabilities	315,100	357,300
Total liabilities	**8,693,600**	**11,986,200**
Commitments and contingencies (Note 8)		
Stockholders' equity		

Common stock, $0.01 par; 200,000,000 shares authorized, 57,388,583 and 51,332,764 shares issued and outstanding at 30 June 2019 and 31 December 2018, respectively.	573,900	513,300
Additional paid-in capital	95,490,500	82,279,300
Accumulated deficit	(79,985,100)	(70,510,900)
Total stockholders' equity	**16,079,300**	**12,281,700**
Liabilities and stockholders' equity	**$ 24,772,900**	**$ 24,267,900**

See accompanying notes to the financial statements.

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

	2019	2018
Revenue	**$ 8,373,300**	**$ 6,930,000**
Costs of goods sold	1,043,200	753,500
Gross profit	**7,330,100**	**6,176,500**
Operating expenses:		
Research and development	9,695,000	4,912,700
Sales and marketing	3,824,200	3,255,500
General and administrative	2,769,600	2,493,500
Total operating expenses	**16,288,800**	**10,661,700**
Operating loss	**(8,958,700)**	**(4,485,200)**
Other income (expense):		
Interest expense	(609,800)	(308,800)
Interest and other income	94,300	7,600
Total other income (expense)	**(515,500)**	**(301,200)**

Net loss	**$ (9,474,200)**	**$ (4,786,400)**
&nnbsp;		
Basic and diluted net loss per common share	**$ (0.17)**	**$ (0.09)**
Weighted average common shares outstanding, basic and diluted	**55,376,683**	**51,077,283**

See accompanying notes to the financial statements.

MaxCyte, Inc.

Unaudited Condensed Statements of Changes in Stockholders' Equity

For the Six Months Ended 30 June,

(amounts in U.S. dollars)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	**Amount**			
Balance 1 January 2018	**50,896,376**	**$ 509,000**	**$80,729,400**	**$ (61,641,700)**	**$ 19,596,700**
Stock-based compensation expense	-	-	377,700	-	377,700
Exercise of stock options	375,638	3,800	161,400	-	165,200
Net loss	-	-	-	(4,786,400)	(4,786,400)
Balance 30 June 2018	**51,272,014**	**$ 512,800**	**$ 81,268,500**	**$ (66,428,100)**	**$ 15,353,200**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	**Amount**			
Balance 1 January 2019	**51,332,764**	**$ 513,300**	**$ 82,279,300**	**$ (70,510,900)**	**$ 12,281,700**
Issuance of stock in public offering	5,908,319	59,100	12,271,200	-	12,330,300
Stock-based compensation expense	-	-	823,900	-	823,900
Exercise of stock options	147,500	1,500	116,100	-	117,600
Net loss	-	-	-	(9,474,200)	(9,474,200)
Balance 30 June 2019	**57,388,583**	**$ 573,900**	**$ 95,490,500**	**$ (79,985,100)**	**$ 16,079,300**

See accompanying notes to the financial statements.

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

	2019	2018
Cash flows from operating activities:		
Net loss	$ (9,474,200)	$ (4,786,400)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	256,600	165,800
Net book value of consigned equipment sold	-	20,900
Loss on disposal of fixed assets	2,300	-
Stock-based compensation	823,900	377,700
Bad debt expense	5,000	-
Amortization of discounts on short-term investments	(12,500)	(400)
Non-cash interest expense	49,200	19,200
Changes in operating assets and liabilities:		
Accounts receivable	1,957,600	(567,000)
Inventory	(1,521,800)	(856,200)
Other current assets	(52,000)	(433,900)
Other assets	227,100	-
Accounts payable and accrued expenses	201,600	(1,293,800)
Deferred revenue	1,468,800	744,900
Other liabilities	(284,400)	150,900
Net cash used in operating activities	(6,352,800)	(6,458,300)
Cash flows from investing activities:		
Purchases of short-term investments	(3,436,400)	(2,732,700)
Maturities of short-term investments	3,200,000	-
Purchases of property and equipment	(532,700)	(290,500)
Net cash used in investing activities	(769,100)	(3,023,200)
Cash flows from financing activities:		
Net proceeds from sale of common stock	12,330,300	-
Principal payments on notes payable	(5,105,500)	-
Proceeds from exercise of stock options	117,600	165,200
Principal payments on capital leases	-	(3,200)

Net cash provided by financing activities	7,342,400	162,000
Net (decrease)increase in cash and cash equivalents	220,500	(9,319,500)
Cash and cash equivalents, beginning of period	11,248,000	25,341,700
Cash and cash equivalents, end of period	$ 11,468,500	$ 16,022,200
Supplemental cash flow information:		
Cash paid for interest	$ 650,100	$ 262,900
Supplemental non-cash information:		
Property and equipment purchases included in accounts payable	$ 9,000	$ -

See accompanying notes to the financial statements.

Notes to Financial Statements

1. Organization and Description of Business

MaxCyte, Inc. (the "Company" or "MaxCyte") was incorporated on 31 July 1998, under the laws and provisions of the state of Delaware, and commenced operations on 01 July 1999.

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

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("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 2018. 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 2019 and the results of operations for the six months ended 30 June 2019 and 2018. The interim condensed results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The 31 December 2018 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, revenue recognition, stock-based compensation, allowance for doubtful accounts, allowance for inventory obsolescence, accruals for contingent liabilities, deferred taxes and valuation allowance, and the depreciable lives of fixed assets. Actual results could differ from those estimates.

Concentration

During the six months ended 30 June 2019 and 2018, no single customer represented more than 10% of net revenues.

During the six months ended 30 June 2019, the Company purchased approximately 57% of its inventory from a single supplier. During the six months ended 30 June 2018, the Company purchased approximately 65% of its inventory from two suppliers. As of 30 June 2019 and 2018, amounts payable to these suppliers totaled 22% and 23% 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 ($21,100) and $7,200 for the six months ended 30 June 2019 and 2018, 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 6 for additional information regarding fair value.

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents consist of financial instruments including money market funds and commercial paper with original maturities of less than 90 days. Short-term investments consist of commercial paper with original maturities greater than 90 days and less than one year. All money market funds and commercial paper are recorded at amortized cost unless they are deemed to be

impaired on an other-than-temporary basis, at which time they are recorded at fair value using Level 2 inputs.

The following table summarizes the Company's investments at 30 June, 2019:

Description	Classification	Amortized cost	Gross unrecognized holding gains	Gross unrecognized holding losses	Aggregate fair value
Money market funds	Cash equivalents	$ 6,697,900	$ -	$ -	$ 6,697,900
Commercial Paper	Cash equivalents	2,876,700	500	-	2,877,200
Commercial Paper	Short-term investments	3,439,900	3,200	-	3,433,100
Total Investments		$ 13,014,500	$ 3,700	$ -	$ 13,018,200

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

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

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:

	30 June 2019	31 December 2018
Raw materials inventory	$ 1,711,600	$ 884,200
Finished goods inventory	1,782,900	1,358,600

		$
Total Inventory	$ 3,494,500	2,242,800

The Company determined no allowance for obsolescence was necessary at 30 June 2019 or 31 December 2018.

Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The Company recorded an allowance for doubtful accounts of $84,000 and $239,000 at 30 June 2019 and 31 December 2018, respectively.

Property and Equipment

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

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

Property and equipment consist of the following:

	30 June 2019	31 December 2018
Furniture and equipment	$1,874,200	$ 1,743,200
Instruments	982,500	735,600
Leasehold improvements	280,600	280,600
Internal-use software under development	200,300	666,700
Purchased software	902,200	28,300
Accumulated depreciation and amortisation	(1,869,000)	(1,636,500)
Property and equipment, net	$2,370,800	$ 1,817,900

For the six months ended 30 June 2019 and 2018, the Company transferred $270,100 and $164,600, respectively of instruments previously classified as inventory to property and equipment leased to customers.

For the six months ended 30 June 2019 and 2018, the Company incurred depreciation and amortization expense of $256,600 and $165,800 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. The Company recognized no impairment in either of the six months ended 30 June 2019 or 2018.

Revenue Recognition

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

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

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

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

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

Research and Development Costs

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

Stock-Based Compensation

The Company grants stock-based awards in exchange for employee, consultant and non-employee director services. The value of the award is 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 its 2016 initial public offering to determine its actual volatility. The Company has been able to identify several public entities of similar size, complexity and stage of development;

accordingly, historical volatility has been calculated at 49% for the six months ended 30 June 2019 and 47% for the six months ended 30 June 2018 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 2.3% and 2.6% for the six months ended 30 June 2019 and 2.7% and 2.9% for the six months ended 30 June 2018.

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

Expected forfeiture rate
The Company records forfeitures as they occur.

Income Taxes
The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is 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 2015 and all subsequent periods. The Company had a Federal Net Operating Loss ("NOL") carry forward of $40.5 million as of 31 December 2018, which was generally available as a deduction against future income for US federal corporate income tax purposes, subject to applicable carryforward limitations. As a result of the March 2016 initial public offering, the Company's NOLs are limited on an annual basis, subject to certain carryforward provisions, pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, as a result of a greater than 50% change in ownership that occurred in the three-year period ending at the time of the March AIM IPO. The Company has calculated that for the period ending 31 December 2022, the cumulative limitation amount exceeds the NOLs subject to the limitation.

Leases

In transactions where the Company is the lessee, at the inception of a contract, the Company determines if the arrangement is, or contains, a lease. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Rent expense is recognized on a straight-line basis over the lease term.

The Company has made certain accounting policy elections for leases where it is the lessee whereby the Company (i) does not recognize ROU assets or lease liabilities for short-term leases (those with original terms of 12-months or less) and (ii) combines lease and non-lease elements of its operating leases. Operating lease ROU assets are included in leased assets and operating lease liabilities are included in other current and non-current liabilities in the Company's consolidated balance sheets. As of 30 June, 2019, the Company did not have any finance leases. See Note 8 for further discussion.

All transactions where the Company is the lessor are short-term (one year or less) and have been classified as operating leases. The Company's leases to third parties generally require upfront payments and thus, there are no material future payments expected to be received from existing leases. See Note 3 for details over revenue recognition related to lease agreements.

Loss Per Share

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

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

For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all dilutive potential common shares is anti-dilutive. The number of anti-dilutive shares, consisting of stock options and stock purchase warrants, which has been excluded from the computation of diluted loss per share, was 9.9 million and 7.2 million for the six months ended 30 June 2019 and 2018, respectively.

Recent Accounting Pronouncements

Recently Adopted

On 1 January, 2019, the Company adopted new guidance addressing the accounting for leases. The Company adopted this guidance using a modified retrospective method. The Company elected certain practical expedients including retaining the original lease classification and historical accounting for initial direct costs for leases existing prior to the adoption date. Additionally, the Company made ongoing accounting policy elections whereby the Company does not recognize ROU assets or lease liabilities for short-term leases (those with original terms of 12-months or less) and combines lease and non-lease elements of its operating leases. As a result of the adoption, the Company recognized ROU assets of $518,700 and lease liabilities of $565,500. The adoption did not have any effect on the Company's equipment leases where it is the lessor.

On 1 January, 2019, the Company adopted new guidance simplifying the accounting for nonemployee stock-based compensation awards. The guidance aligned the measurement and classification for employee stock-based compensation awards to nonemployee stock-based

compensation awards. Under the guidance, nonemployee awards will be measured at their grant date fair value. Upon transition, the existing nonemployee awards were measured at fair value as of the adoption date. The adoption did not have a material effect on the Company's financial statements.

Unadopted

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

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

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

3. Revenue

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

Revenue is recognized at the time control is transferred to the customer and the performance obligation is satisfied. Revenue from the sale of instruments and processing assemblies is generally 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.

Disaggregated revenue for the six months ended 30 June 2019 is as follows:

	Revenue (ASC 606 Revenue)	Revenue (Non-ASC 606 Revenue)	Total Revenue
Product Sales	$ 4,828,900	$ -	$ 4,828,900
Leased Equipment	-	2,702,300	2,702,300
Other	163,500	678,600	842,100
Total	$ 4,992,400	$ 3,380,900	$ 8,373,300

Disaggregated revenue for the six months ended 30 June 2018 is as follows:

	Revenue (ASC 606 Revenue)	Revenue (Non-ASC 606 Revenue)	Total Revenue
Product Sales	$ 4,239,100	$ -	$ 4,239,100
Leased Equipment	-	2,361,200	2,361,200
Other	118,100	211,600	329,700
Total	$ 4,357,200	$ 2,572,800	$ 6,930,000

Additional disclosures relating to Revenue from Contracts with Customers (ASC 606)

Changes in short and long term deferred revenue for the six months ended 30 June 2019 were as follows:

Balance at 1 January 2019	$2,770,100
Revenue recognized in the current period from amounts included in the beginning balance	1,849,400
Current period deferrals, net of amounts recognized in the current period	3,162,600
Balance at 30 June 2019	$4,083,300

Changes in short- and long-term deferred revenue for the six months ended 30 June 2018 were as follows:

Balance at 1 January 2018	$2,223,000
Revenue recognized in the current period from amounts included in the beginning balance	1,655,300

Current period deferrals, net of amounts recognized in the current period	2,493,600
Balance at 30 June 2018	$3,061,300

Remaining contract consideration for which revenue has not been recognized due to unsatisfied performance obligations with a duration greater than one year was approximately $424,400 at 30 June 2019, the majority of which the Company expects to recognize over the next four years.

In the six months ended 30 June 2019, the Company did not incur, and therefore did not defer, any material incremental costs to obtain contracts or costs to fulfill contracts.

4. Debt

The Company originally entered into a credit facility with Midcap Financial SBIC, LP ("MidCap") in March 2014. The Company amended the MidCap facility multiple times through August 2018 to, among other things, (i) revise certain covenants, (ii) extend the maturity date to 1 June 2023, (iii) extend the interest only period to 1 July 2020 and change the exit fee to 4.75% and (iv) increase the principal amount to $5,105,400.

In February 2019, the Company paid off the MidCap credit facility in full in accordance with its terms and conditions. As a result of the payoff the Company recognized a loss of $515,000 included as interest expense in its statement of operations.

In the six months ended 30 June 2019 and 2018, the Company capitalized approximately $9,800 and $3,700 of interest expense related to capitalized software development projects.

5. Stockholders' Equity

Common Stock

In March 2019, the Company completed an equity capital raise issuing approximately 5.9 million shares of Common Stock at a price of £1.70 (or approximately $2.25). The transaction generated gross proceeds of approximately £10 million (or approximately $13.3 million). In conjunction with the transaction, the Company incurred costs of approximately $1.0 million which resulted in the Company receiving net proceeds of approximately $12.3 million.

During the year ended 31 December 2018, the Company issued 436,388 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $230,000. During the six months ended 30 June 2019, the Company issued 147,500 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $117,600.

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.

In the six months ended 30 June 2019, the Company granted 1,993,500 stock options with a weighted-average exercise price of $2.34 per share. The weighted-average fair value of the options granted during the six months ended 30 June 2019 and 2018 was estimated to be $1.17 and $1.68, respectively.

At 30 June 2019, there were 9,924,508 stock options outstanding with a weighted-average exercise price of $1.65 per share. As of 30 June 2019, total unrecognized compensation expense was $5,202,000 which will be recognized over the next 3.0 years.

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

	2019	2018
	$	
General and administrative	385,800	$174,200
Sales and marketing	146,300	74,300
Research and development	291,800	129,200
	$	
Total	823,900	$377,700

6. Fair Value

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

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

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

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

Money market funds and commercial paper classified as held-to-maturity are measured at fair value on a non-recurring basis when they are deemed to be impaired on an other-than-temporary basis. No such fair value impairment was recognized during the six months ended 30 June, 2019 or 2018.

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 six months ended 30 June, 2019 or 2018.

7. Retirement Plan

The Company sponsors a defined-contribution 401(k) retirement plan covering eligible employees. Participating employees may voluntarily contribute up to limits provided by the Internal Revenue Code. The Company matches employee contributions equal to 50% of the salary deferral contributions, with a maximum Company contribution of 3% of the employees' eligible compensation. In the six months ended 30 June, 2019 and 2018, Company matching contributions amounted to $111,400 and $104,200, respectively.

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 to January 2020. In April 2017, the Company entered into leases for additional office and laboratory space. A member of the Company's Board of Directors is the CEO and Board member of the lessor in the April 2017 lease. Rent payments under the April 2017 lease totaled $157,900 and $153,500 in the six months ended 30 June 2019 and 2018, respectively.

All the Company's office and laboratory leases expire in January 2020 and provide for annual 3% increases to the base rent. The current monthly base lease payment for all leases is approximately $258,400. 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. Two of the Company's office leases each contain a one 5-year renewal option, none of which have been assumed to be certain of being exercised.

As of 30 June 2019, all the Company's existing leases are classified as operating leases. The Company used a discount rate of 10% in calculating its lease liability under its operating leases.

Total rent expense, including base rent and CAM for the six months ended 30 June, 2019 and 2018, was $341,900 and $344,700, respectively. Rent expense is recognized on a straight-line basis in the accompanying financial statements.

Lease costs for the six months ended 30 June 2019, consisted of the following:

Operating lease cost	$ 268,500
Variable lease costs	99,000
Total	$ 367,500

Estimated future minimum payments, all due within 12 months, under the operating leases are as follows:

Total	$ 330,100
Discount factor	(11,200)
Lease liability	318,900

Current lease liability	(318,900)
Non-current lease liability	$ -

9. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 16 September 2019, the date the financial statements were available to be issued.