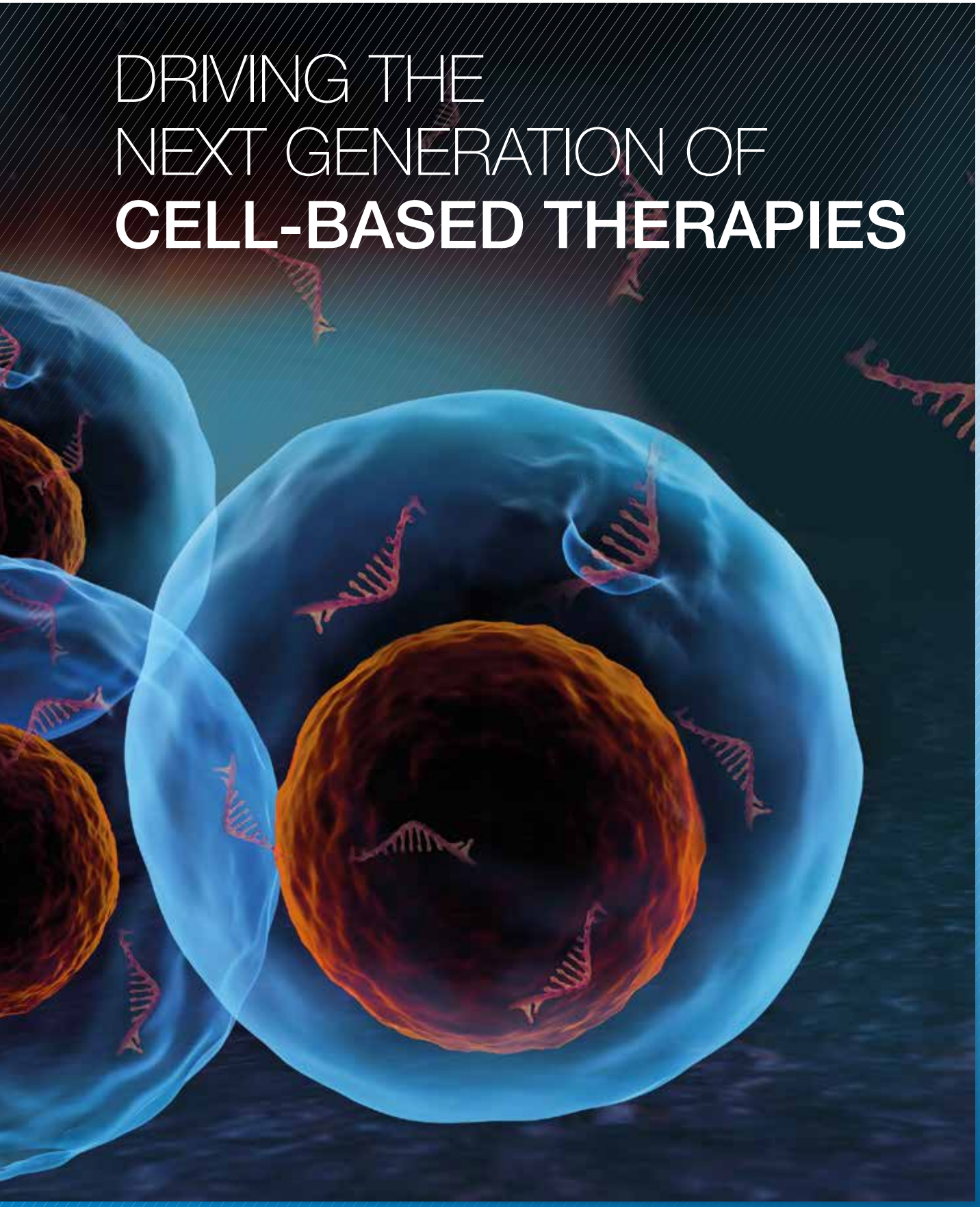
MaxCyte®

DRIVING THE NEXT GENERATION OF **CELL-BASED THERAPIES**



ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

INTRODUCTION

WHO WE ARE...

A GLOBAL CLINICAL-STAGE, CELL-BASED THERAPIES AND LIFE SCIENCES COMPANY APPLYING PATENTED CELL ENGINEERING TECHNOLOGY AND DEVELOPING THERAPEUTIC CANDIDATES TO HELP PATIENTS WITH HIGH UNMET MEDICAL NEEDS ACROSS A BROAD RANGE OF CONDITIONS.

Contents

All financial amounts are in USD unless noted otherwise.

HIGHLIGHTS

Financial highlights

Revenue
$16.7m

Gross margins
89%+

Organic revenue growth 2014 to 2018
24% Four-year CAGR

Funds raised in March 2019
£10m

Aggregate potential milestone payments from commercial agreements signed through 2018
$250m+

Cell therapy partnered programme licences
70+

Operational highlights

➔ First patient treated in Phase I multi-dose, dose-escalation clinical trial with MCY-M11, a wholly-owned therapeutic candidate from MaxCyte's CARMA platform:
- MaxCyte is one of a small number of companies with a cell therapy for solid tumours in the clinic
- Successful dosing represents MaxCyte's unique approach to chimeric antigen receptor ("CAR") therapy, including its rapid manufacturing process
- A poster on the Phase I "trial in progress" highlighting key aspects of the study design presented at the American Association for Cancer Research ("AACR") Annual Meeting in March 2019
- An oral presentation on the CARMA manufacturing process given by MaxCyte at the American Society of Gene and Cell Therapy ("ASGCT") 22nd Annual Meeting

➔ Acceleration of CARMA programme: second trial planned to commence in 2019

➔ Significant commercial momentum:
- New commercial agreements signed with CRISPR Therapeutics and Precision BioSciences – taking cell therapy partnered programme licences to more than 70 including more than 35 partnered programmes licenced for clinical development
- Multi-drug clinical and commercial agreement with Kite, a Gilead Company, announced in March 2019 to enable non-viral cell engineering for development of multiple CAR-T drug candidates for up to ten targets, expanding upon the research agreement entered into in November 2018

➔ Leadership position established in clinical non-viral cell engineering enabling off-the-shelf CAR-T oncology therapies and for inherited genetic diseases:
- Aggregate potential milestone payments from the Company's commercial agreements signed through 2018 could result in receipt of more than $250m; significant additional potential milestones from the 2019 Kite commercial agreement

➔ MaxCyte operates in the fastest growing segment of healthcare: funding for regenerative medicine increased 73% to US$13.3bn in 2018

➔ In April 2019, launched next generation of commercially-oriented instruments and disposables, under the ExPERT™ brand. Includes three instrument formats with enhanced design and functionality, coupled with a wider range of processing assemblies that offer expanded utility from early research to clinical and commercial use

AT A GLANCE

DELIVERING **REAL VALUE**

Pharma customers

All top 10

Instruments placed

250+

Delivering real value across diverse markets for the next generation of cell-based therapies.

Our technology

Our Flow Electroporation® Technology provides a high degree of consistency, unparalleled scalability and minimal cell disturbance, thereby facilitating rapid, large-scale clinical- and commercial-grade cell engineering in a non-viral system and with low toxicity concerns.

Our mission

To enable the engineering of nearly all cell types, including human primary cells and cells for biomanufacturing, with any molecule, at any scale to create better medicines and therapies.

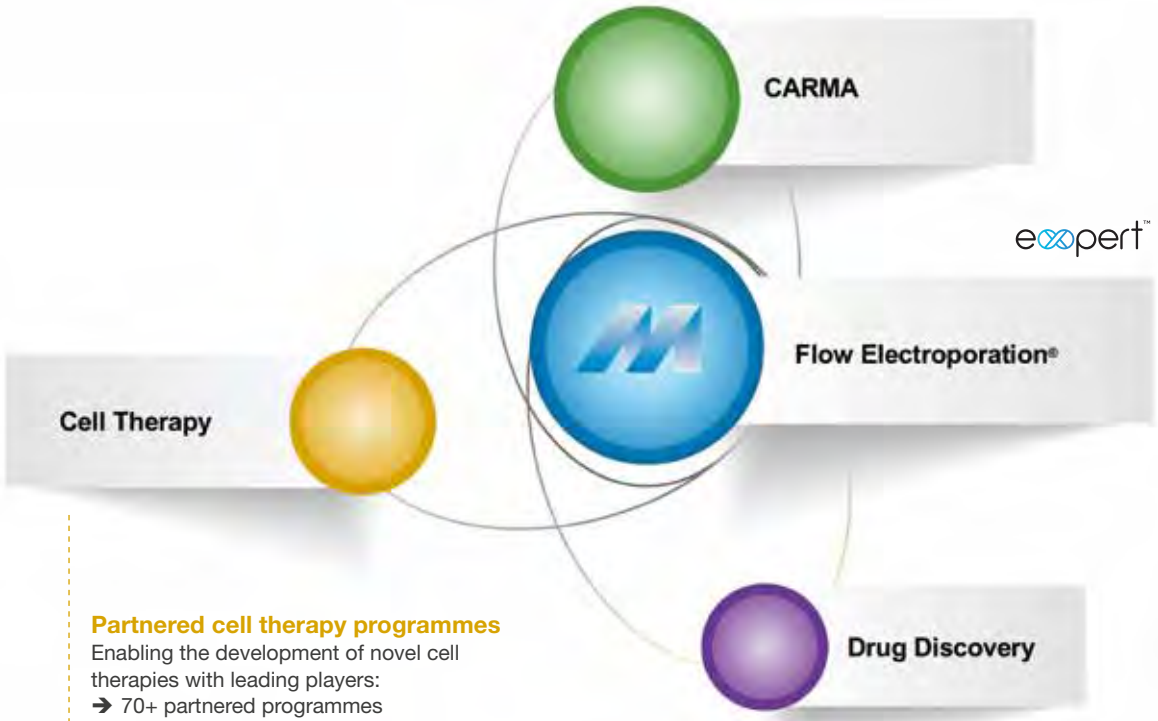
CARMA platform

MaxCyte's proprietary platform for autologous cell therapy for the treatment of solid cancer:

- ➔ Wholly-owned next generation messenger ribonucleic acid ("mRNA") CAR-based product
- ➔ IND submitted to Food and Drug Administration ("FDA") in 2017 with first-in-human trial initiated in 2018
- ➔ Leverages MaxCyte's extensive experience at the cutting edge of CAR-T
- ➔ Significant potential patient benefits
- ➔ Investment in novel science

MCY-M11

Phase I trial underway



Partnered cell therapy programmes

Enabling the development of novel cell therapies with leading players:

- ➔ 70+ partnered programmes
  - 35+ licensed for clinical use
  - Applications in immuno-oncology, gene editing and regenerative medicine
- ➔ Annual licensing fees and processing assembly (PA) sales provide recurring revenue stream
- ➔ Validated multi-million $ commercial license/milestone opportunities

Partnered programmes

70+

Patient-focused drug discovery and biomanufacturing

Instruments, PAs and technology sold to pharma and biotech companies worldwide:

- ➔ Provide recurring revenue stream
- ➔ Global footprint field sales team
- ➔ Consistent high margins
- ➔ MaxCyte technology provides higher productivity and shortened timelines

Growing recurring revenue stream

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S JOINT REVIEW

FOCUSED ON CELL-BASED THERAPIES

Doug Doerfler
Chief Executive Officer

J. Stark Thompson, PhD
Non-Executive Chairman

Our unique technology places MaxCyte at the forefront of a wide variety of programmes with leading global partners across an exciting and increasingly valuable area of healthcare.

Offering a uniquely powerful, validated and differentiated approach to cell engineering: enabling pioneers in the industry to develop a new class of groundbreaking treatments – from ultra-rare diseases affecting a handful of patients to some of the most common forms of cancer.

Introduction

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

"Our core markets, cell therapy and immuno-oncology, continue to expand rapidly as do applications for gene-editing technologies in the development of various therapies for the treatment of inherited genetic diseases and a number of cancers. Our unique technology places MaxCyte at the forefront of a wide variety of programmes with leading global partners across this exciting and increasingly valuable area of healthcare. As a result of our targeted investment strategy, we've made strong progress with our CARMA programme during the last year. We advanced MCY-M11, our lead CARMA candidate, through to the filing of our investigational drug application ("IND") application and the initiation of dosing of patients in our US-based Phase I clinical trial."

Doug Doerfler
Chief Executive Officer

MaxCyte has continued to focus on the needs of our customers and patients. We continually strive to understand how we can improve our products and deliver enhanced solutions that support expanded use and that allow us to anticipate our customer's needs, including as they advance their therapeutics into commercialisation. As a result, in April 2019, we proudly launched the ExPERT product family, our next generation of instruments and disposable PAs. These industry leading offerings include the ExPERT ATx™, STx™ and GTx™ instruments, with enhanced design and functionality, coupled with a wider range of disposables that offer expanded utility from early research to clinical and commercial use. Effectively, we now offer a product range that enhances our customers' ability to consolidate onto a single, unifying technology. This provides a simplified and streamlined transition from early research to the clinic and opens new opportunities to accelerate the development of important medicines for patients.

We believe there is a significant opportunity for MaxCyte's proprietary technology to help overcome some of the main challenges presented by viral-based cell therapies, including CAR, and to advance the development of successful novel treatments. Through new partnerships and expanded collaborations with leading partners across the fast-growing global cell therapy market, we will continue to enable important new medical advancements with the potential to make a significant impact on the lives of patients.

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

Driving a new generation of cell therapies

MaxCyte's technology continues to help unlock the potential of cutting-edge product development programmes, enabling many of the leading gene editing tools in the field and demonstrating our leadership as the go-to technology for cell engineering. MaxCyte's cell therapy licenses now include more than 70 partnered programmes including new agreements with Kite (a Gilead Company), CRISPR Therapeutics and Precision BioSciences. MaxCyte also has more than 35 partnered programmes now licensed for clinical use. As our partners' programmes progress through the clinical stage, MaxCyte's technology becomes an intrinsic part of the drug, providing the Company with a share in the value of the drug, including license fees, milestones and sales-based payments. The aggregate potential milestone payments from the commercial agreements signed through 2018 are currently in excess of $250m; the Company also anticipates significant additional potential milestones from the recent Kite commercial agreement.

Scientific leadership

Continuing to advance our technology and broaden our engagement with the wider scientific community, MaxCyte presented at several conferences worldwide, including a presentation of preclinical data at the American Society of Gene and Cell Therapy 21st Annual Meeting, in which MaxCyte's non-viral cell engineering technology was used to correct a gene from a sickle cell disease patient at the National Institutes of Health showing potential therapeutic application.

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

Outlook

We remain focused on the potential of our CARMA programme as we bring a new generation of CAR-based cancer treatments into the clinic for the first time. We are well positioned to continue growth and progress across all areas of our business with our team's broad expertise and our new ExPERT family of instruments. The addition of exciting new instrument and consumable product offerings to our product portfolio will enhance the use of our products by our existing customers, while helping to expand our customer base in key global markets. Through new partnerships and expanded collaborations with leading partners across the fast-growing cell therapy market, as well as our own proprietary CARMA therapies, we will continue to enable important new medical advancements with the potential to make significant impact on the lives of patients. MaxCyte's Board anticipates continued progress and strong growth in the 2019 financial year in line with expectations.

J. Stark Thompson, PhD
Non-Executive Chairman

Doug Doerfler
Chief Executive Officer

CARMA PLATFORM

Progress with our CARMA programme remained strong in 2018. We received IND clearance from the FDA to begin a clinical study in the United States with MCY-M11, and initiated a Phase I dose-escalation clinical trial in solid tumours.

Claudio Dansky Ullmann, MD
Chief Medical Officer

Overview

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

Progress with our CARMA programme remained strong in 2018. The Company received IND clearance from the FDA to begin a clinical study in the United States with the first wholly-owned CARMA candidate, MCY-M11, and initiated a Phase I dose-escalation clinical trial in solid tumours. The multi-centre, non-randomised, open label trial is evaluating the safety and feasibility of intraperitoneal infusions of MCY-M11 in individuals with advanced ovarian cancer and peritoneal mesothelioma. The Company announced that dosing of the second cohort of patients began in May 2019.

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.

Transfection of mRNA into fresh (i.e., unexpanded, unselected) cells provides a simple, patented, rapid to manufacture, dose controllable product:

- ➔ Permits the treatment of a broad range of cancers including solid tumours
- ➔ Reduced complexity, low cost, highly scalable; potential for increased safety
- ➔ Pre-clinical CARMA *in vivo* studies progressing
- ➔ Foundation work: transfection of mRNA into expanded cells at leading institutions
  - Nine independent clinical trials using MaxCyte transfected mRNA involving more than 20 patients; showing evidence of anti-tumour activity in certain patients

MaxCyte CARMA versus other autologous CAR therapies

CARMA	OTHER CARs
✓ Potential for low off-target toxicity due to shortened persistence	Uncontrolled toxicity
✓ Rapid turnaround of cell therapy to patient (reduced CMC complexity)	Much longer turnaround time to patient
✓ Virus free	Often employ viral components increasing risk of toxicities
✓ Simple, rapid manufacture	Potential delays due to manufacturing capacity and reliance on viruses
✓ Multi-dose allows greater potential control of safety	Single dose
✓ Solid and liquid tumours	Typically liquid tumours

MCY-M11

- ➔ First MaxCyte cell therapy drug entered the clinic in 2018
- ➔ Novel CAR construct employing mRNA as the CAR and without use of viruses
- ➔ Engineered to control persistence via multi-dose regime
- ➔ Efficacy in solid tumours shown in preclinical studies

RAPID, NON-VIRAL, COMMERCIAL APPROACH TO CANCER THERAPIES

LIFE SCIENCES

ExPERT: New product launch

Following extensive customer feedback from a global market research initiative, MaxCyte has launched the new ExPERT family of instruments. By introducing a sleek and modern design that integrates important value-added features, the ExPERT product line delivers improved usability that will further solidify the Company's leading position in the cell therapy and gene editing markets. The ExPERT family includes three separate instruments: the ATx, STx and GTx. Each one addresses specific needs in cell therapy and protein production market segments, including new functionality of importance to both pre-clinical and clinical and commercial users, while enhancing the MaxCyte's market-leading performance. New updated software, a touch-screen user interface and other features deliver a significant improvement to the user experience.

The combination of the new instruments, together with the launch of a new range of processing assemblies, will enable customers to standardise on a single, unifying technology from early research through to clinical and commercial use. The transition from preclinical research to clinical trials, when using different technologies, often creates a significant financial burden for customers and can lead to many months/years of delays due to re-optimisation requirements. With the expansion of the instrument and processing assembly product offerings, these bottlenecks can be eliminated, which in turn can provide significant cost and time savings for customers and accelerate delivery of new treatments to patients.

Instruments placed for cell therapy and drug discovery

250+

Enabling cell therapy

Overview

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

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

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

MaxCyte presently participates in more than 70 partnered programme licenses in cell therapy (including now more than 35 programmes licensed for clinical use). MaxCyte's business model provides not only a stable and growing recurring revenue stream from its annual instrument license fees and disposable sales but also offers significant medium-term and long-term upside from potential milestone- and sales-based payments from its partners' therapeutic development programmes.

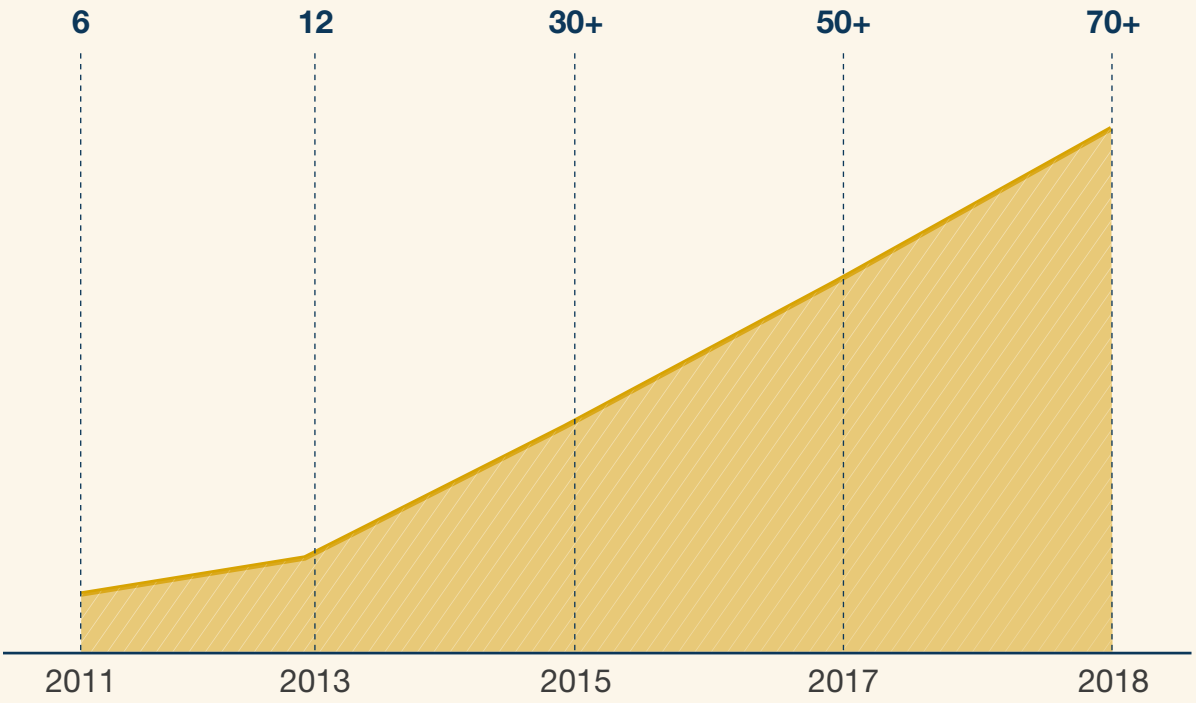
In June 2018, the Company also announced a Cooperative Research and Development Agreement ("CRADA") with the US National Institutes of Health's ("NIH's") Heart, Lung, and Blood Institute to develop treatments for individuals with sickle cell disease ("SCD") using next-generation CRISPR/Cas9-based single-nucleotide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

MaxCyte is continuing its work under the CRADA entered into on 5 June 2017 with the NIH's National Institute of Allergy and Infectious Diseases ("NIAID") to develop treatments for X-linked chronic granulomatous disease ("CGD") using next-generation gene correction leveraging CRISPR/Cas9 and MaxCyte's Flow Electroporation Platform.

WELL-POSITIONED TO ADDRESS RAPIDLY GROWING OPPORTUNITY **OVER 800 COMPANIES DEVELOPING CELL- AND GENE-BASED THERAPIES**

Enabling cell therapy continued

Growth in partnered programmes



Diversified exposure to the leading developments in cell therapy enabling immuno-oncology, gene editing and regenerative medicine

Indications include:

- HIV
- Paediatric leukaemia
- Hodgkin's lymphoma
- Triple negative breast cancer
- Pancreatic cancer
- Neuroblastoma
- AML
- Blood cancers`
- CGD
- Pulmonary arterial hypertension

Validated multi-million $ commercial license/milestone opportunities

- MaxCyte commercial licenses in gene editing with CRISPR/Casebia, CRISPR (oncology), Precision Biosciences, Kite (A Gilead Company):
  - Commercial licenses announced through 2018 could bring $250m+ in milestone payments prior to product launches

Total financing in cell therapy market in 2018

$7.6bn

Source: Alliance for Regenerative Medicine

Drug discovery and biomanufacturing

Overview

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

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

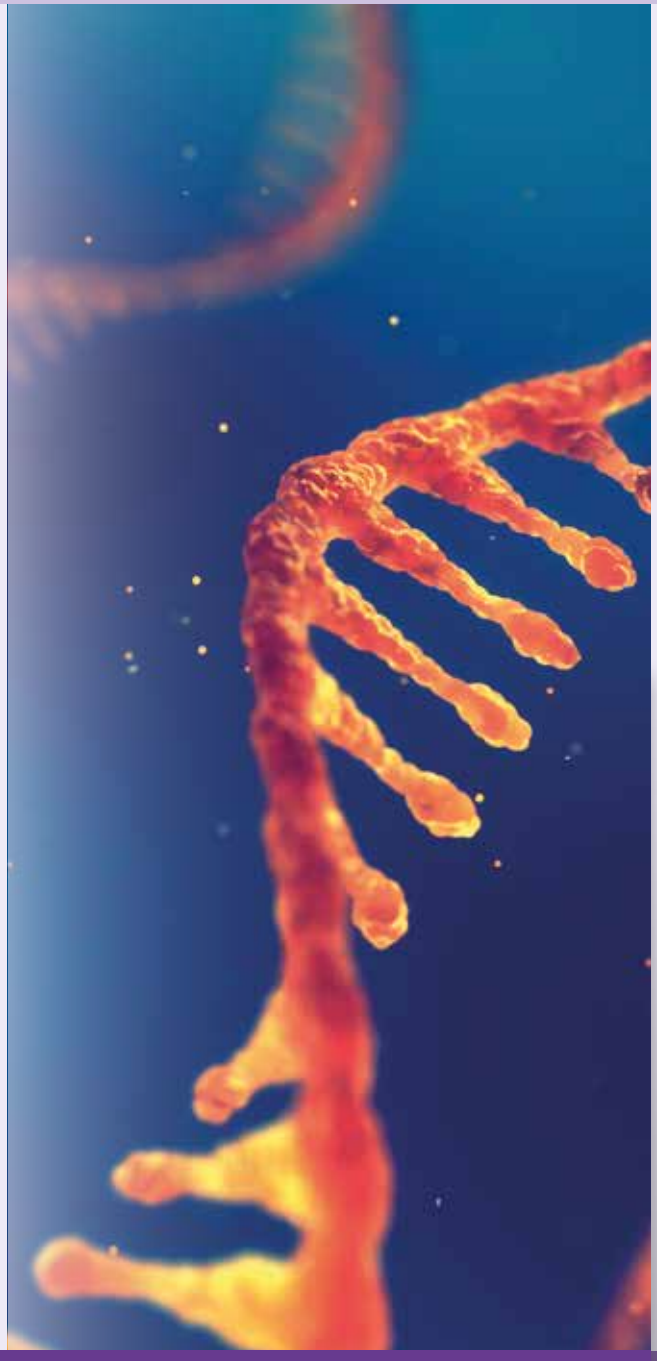
Drug discovery and development market

- Significant untapped market
- Growing recurring revenue element
- Consistent high margins

Projected global transfection market (in 2020)

$958m

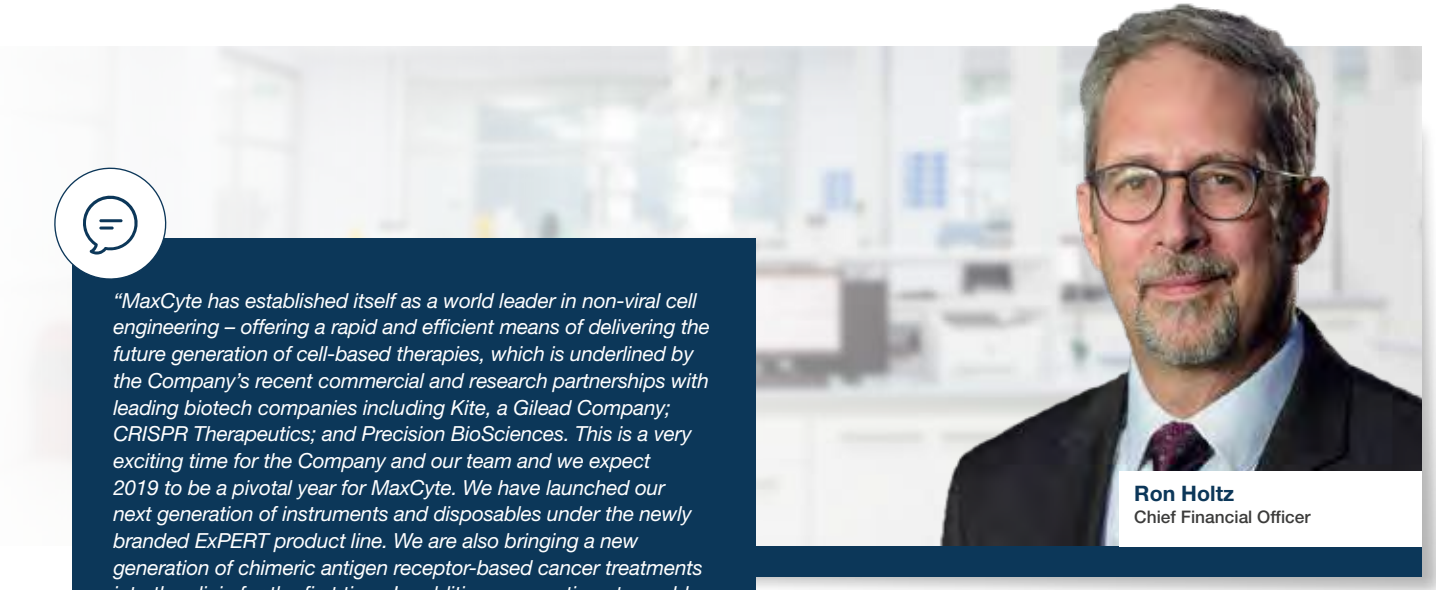
(reagents and equipment only)



SOLVING PROBLEMS **FOR THE WORLD'S LARGEST PHARMA AND BIOTECH COMPANIES**

FINANCIAL REVIEW

SUCCESSFUL GROWTH



Ron Holtz
Chief Financial Officer

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

The Company reported revenues of $16.7m in 2018, representing a 19% increase over the previous year and including 25% growth in the second half of 2018 compared to H2 2017.

That growth extended our run of double-digit revenue growth, yielding a compound average revenue growth of 24% since 2014.

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

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

At year end 2018, total assets of the Company were $24.3m. Cash and cash equivalents, including short-term investments, totalled $14.4m.

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

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

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

- ➔ Revenues driven by high-margin recurring annual fees from cell therapeutics business, complemented by recurring revenues from sale of proprietary single-use disposable processing assemblies
- ➔ Significant medium-term and long-term upside from potential milestones from partnered therapeutic development programmes: currently four commercial deals in place

Ron Holtz
Chief Financial Officer

23 April 2019

Funds raised in March 2019
£10m

RISKS AND UNCERTAINTIES

The risks discussed below are (i) the principal risks and uncertainties relevant to our business, financial condition and results of operations that may affect our performance and ability to achieve our objectives; and (ii) those that we believe could cause our actual results to differ materially from expected and historical results.

Legal, regulatory and litigation	We must adapt to and comply with a range of laws and regulations. These requirements apply to research and development, manufacturing, testing, approval, distribution, sales and marketing of various products, including potential biopharmaceutical products and affect the value of such products. The requirements impact the value of such products, the time required to reach the market or clinic and the likelihood of doing so successfully.	Similarly, our business exposes us to litigation and government investigations, including but not limited to product liability litigation, patent and antitrust litigation and sales and marketing litigation. Litigation and government investigations, including related provisions we may make for potential unfavourable outcomes and/or increased related costs, could materially and adversely affect our financial results. Further, the Company faces uncertainties related to the outcome of Brexit. Access to capital in the European markets could be affected and the Company could have exposure to changes in laws and regulations in the United Kingdom and other parts of Europe in which it generates revenue and maintains employees.
Competition and technological change	The Company's business faces competition from a range of pharmaceutical, biotechnology and transfection technology companies, many of which are large, multinational companies with extensive resources. In addition, technological advancements and changes could overtake products being offered or developed by the Company.	The results of such competition and change may have a material adverse effect on the Company's financial results. Furthermore, research and discoveries by others may result in medical insights or breakthroughs that render the Company's products less competitive or even obsolete.
Intellectual property	The Company's success and ability to compete effectively are in large part dependent on its ability to protect, enforce, maintain and leverage its proprietary technologies and products and associated intellectual property rights. There can be no assurance that the scope of the Company's patents provides or will continue to provide the Company with a sufficiently strong competitive advantage covering all its products and technologies, or potentially competing technologies. The Company may incur substantial costs as a result of disputes with third parties relating to the infringement or protection of intellectual property.	To date, the Company has also relied on copyright, trademark and trade secret laws, regulatory laws regarding its FDA Master File, as well as confidentiality procedures, non-compete and/or work for hire invention assignment agreements and licensing arrangements with its employees, consultants, customers and vendors to establish and protect its rights to its technology and to control the access to and distribution of its technology. Despite these precautions, it may be possible for a third party to copy, replicate or otherwise obtain and use for the benefit of third parties its technology or confidential information without authorisation. The Company's patents cover a limited set of countries. There can be no assurance that all patent rights material to the Company's success are, or will be, in place in all jurisdictions necessary to the successful conduct of the Company's business.
Product development risk	Developing drugs and technologies is subject to numerous external influences including economic and regulatory environments that are outside of the Company's control. The impacts of the risks from the Company's current and future preclinical research and clinical research trials involving patients may include harm to human subject, reputational damage, government investigation, legal proceedings brought by governmental and private plaintiffs (product liability suits and claims for damages), and regulatory action such as fines, penalties or loss of product authorisation. Any of these consequences could materially and adversely affect our financial results. The Company cannot be certain that its current or future drug development efforts, including those within the Company's CARMA platform, will result in drug candidates that progress into human trials and subsequently into validated products that are safe and effective or that are commercially viable for the Company to license.	The Company's products and/or the products of others who use the Company's technology also may not develop into validated products that are safe and effective or that are commercially viable. Expenses associated with drug development efforts, including preclinical research and human clinical trials, are inherently difficult to predict and may be materially different than the Company's budgets or expectations. Clinical and therapeutic products resulting from the Company's research and development efforts, whether developed in-house or through partnered programmes, may not receive or continue to maintain regulatory approvals. Even if the products developed by the Company, its customers or through partnered programmes are approved, they may still face subsequent regulatory or commercialisation difficulties.
Revenue risk	MaxCyte relies on sales and licenses of its ATx, GTx, STx and VLX instruments, as well as sales of single-use disposable processing assemblies, for nearly all of its revenue. The Company may be unable to sell or license its instruments to new customers and existing customers may cease or reduce their utilisation of the Company's instruments or fail to renew licenses of the Company's instruments. The Company is generally dependent on third parties for the development and commercialisation of cell-based therapeutics programmes and the Company has little, if any, control over their partners' strategies to develop and commercialise those cell-based therapies. In addition, there can be no assurance that any company that enters into agreements with the Company will not pursue alternative technologies.	The Company's success is, in part, dependent on future commercial licensing or collaboration arrangements and on similar arrangements for future therapeutic products and platforms in development that have not yet been partnered. There can be no assurance that any of the therapeutic products or platforms that the Company intends to develop or the therapeutics that are being or might be developed by its partners using MaxCyte technology will continue to advance through development or be successfully developed into any commercially viable products.
Operational risks	The Company is at an early stage of operations, has consistently incurred net losses and faces operating risks that include: • Ability to achieve its business strategy. • Ability to recruit and retain skilled personnel and dependence on key personnel. • Ability to adequately manage rapid growth in personnel and operations. • Unexpected facility shutdowns or inadequate disaster recovery procedures.	• Dependency on a limited number of customers, suppliers, collaborators and partners. • Failure of information systems. • External economic conditions. • Dependency on third-party suppliers for the products or components of the products that it sells.

BOARD OF DIRECTORS

J. Stark Thompson, PhD
Non-Executive Chairman

Dr. Thompson has nearly five decades of corporate leadership and business management experience, dating back to when he joined the DuPont Company in 1967 where he spent more than 20 years. From 1988 until 2000, Dr. Thompson served as President, CEO and board member of Life Technologies, Inc. (LTI; NASDAQ: LTEK). Dr. Thompson has served on and led various boards of Directors, including for companies such as Gene Logic, Inc. and Luminex Corporation (NASDAQ: LMNX). He received his BS degree from Muskingum University, and his MSc and PhD in physiological chemistry from Ohio State University.

Will Brooke
Non-Executive Director

Mr. Brooke is a Limited Partner of Harbert Management Corporation ("HMC"), which he co-founded in 1993. With approximately $6bn under management, HMC sponsors and co-invests in alternative asset strategies worldwide. Mr. Brooke organised and led one of HMC's investment strategies, Harbert Venture Partners, for over a decade. He has been advising and investing in early-stage and growth companies for more than 20 years, and served on the boards of numerous pharmaceutical and medical equipment companies such as nContact, Inc., NovaMin Technology, Inc., and Emageon Corporation. Mr. Brooke has also served as HMC's General Counsel, its Chief Operating Officer, and as Chairman of its Real Estate Services subsidiary. Prior to joining HMC, Mr. Brooke practised law for a decade. He holds a JD and a BS, both from the University of Alabama.

Doug Doerfler
President and Chief Executive Officer

Mr. Doerfler has more than 35 years of experience in the discovery, development, commercialisation and international financing of biotechnology products and companies. He was a founder of MaxCyte in July 1998. Previously, Mr. Doerfler was President, Chief Executive Officer and a Director of Immunicon Corporation, a cell-based therapy and diagnostics company. He also held various executive positions with Life Technologies, Inc. that included leading its global businesses, mergers and acquisitions and its initial public offering ("IPO"). Mr. Doerfler plays an active role as a life sciences industry advocate, serving as Chair Emeritus of the Maryland Tech Council and on the executive committee of the Biotechnology Innovation Organization. Mr. Doerfler received his BS in finance from the University of Baltimore School of Business, and holds a certificate in Industrial Relations.

Doug Doerfler is also part of the corporate senior management, see page 16

Ron Holtz
Chief Financial Officer

Mr. Holtz serves as MaxCyte's Chief Financial Officer ("CFO"), having joined the Company in 2005. Previously, he has been CFO of both public and private companies and has raised more than $150m in debt and equity capital. He also had previous experience with Ernst & Young LLP's Financial Advisory Services Group. He earned an MBA in finance from the University of Maryland, a BS in mathematics from the University of Wisconsin and is a Certified Public Accountant.

Ron Holtz is also part of the corporate senior management, see page 16

Richard Douglas, PhD
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. During this period, Dr. Douglas led numerous acquisitions, licenses, financings, joint ventures, and strategic alliances. He had previously served in science and corporate development capacities at Integrated Genetics prior to its acquisition by Genzyme. He currently serves as an adviser to RedSky Partners, a Biotechnology-focused advisory firm. He is Chairman of the Board of Aldeyra Therapeutics and on the Board of Novavax Inc. Dr. Douglas received a PhD in Biochemistry from the University of California, Berkeley, and was a Post-Doctoral Fellow at California Institute of Technology in Leroy Hood's laboratory. He has a degree in Chemistry from the University of Michigan, where he now serves as chair of the National Advisory Board for the Office of Technology Transfer and also on two translational research oversight committees for the University's Medical School.

Art Mandell
Non-Executive Director

Mr. Mandell is a senior executive in the healthcare industry with more than 30 years of experience running companies, executing large corporate and business development deals in both the pharmaceutical and biotechnology sectors, and developing and commercialising a number of products. Mr. Mandell served as President and Chief Operating Officer of Prestwick Pharmaceuticals, Inc. Prior to Prestwick, Mr. Mandell was President, Chief Executive Officer, and a Director of Cellective Therapeutics, Inc., which was acquired by Astra Zeneca/MedImmune under his leadership. Before Cellective, Mr. Mandell served as President, Chief Executive Officer, and Director of Stemron Corporation, and as Senior Vice President and Chief Business Officer of Human Genome Sciences, Inc. Mr. Mandell began his healthcare career at Syntex Pharmaceutical Corporation.

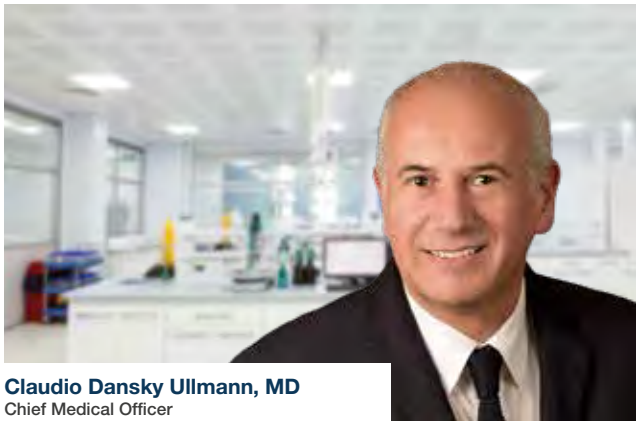
Stan Erck
Non-Executive Director

Mr. Erck is President and CEO, and Director of Novavax Corporation. His 35 years of management experience in the healthcare and biotechnology industry include positions at Baxter International and Integrated Genetics, and as CEO and Director of Procept and Iomai. In addition to successfully negotiating major alliances with pharmaceutical and biotechnology companies and bringing products into clinical trials, he has managed the process of developing companies from private funding through to IPO. Mr. Erck received his BS from the University of Illinois and an MBA from the University of Chicago.

John Johnston
Non-Executive Director

After a career spanning some 30 years in the city of London, Mr. Johnston went on to hold non-executive positions in a wide range of industries including pharmaceutical, medical, energy and international hospitality. Immediately prior to this he was Managing Director of Institutional Sales at Nomura Code and from 2008 to 2011 he was Director of Sales and Trading at Seymour Pierce. In 2003, Mr. Johnston founded Revera Asset Management, where he oversaw an investment trust, a unit trust and a hedge fund, which he ran until 2007. He joined Legg Mason Investors for three years as Director of Small Companies Technology and Venture Capital Trusts, from 2000 to 2003, having previously spent two years as Head of Small Companies with Murray Johnston. From 1992 to 1997, Mr. Johnston was Head of Small Companies at Scottish Amicable, before spending a year at Ivory and Sime. He began his investment career at the Royal Bank of Scotland.

CORPORATE SENIOR MANAGEMENT



Claudio Dansky Ullmann, MD
Chief Medical Officer

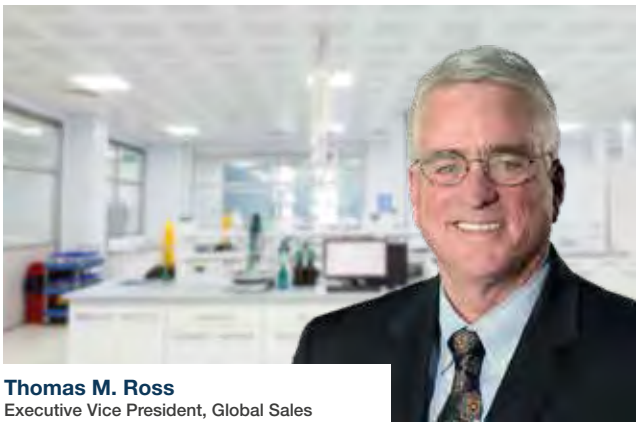
Dr. Dansky Ullmann has more than 25 years of experience as an expert in clinical oncology and pharmaceutical research and is responsible for overseeing clinical development of MaxCyte's CARMA drug development programme. Dr. Dansky Ullmann was most recently the Senior Vice President and Head of Clinical Development at Infinity Pharmaceuticals, where, as part of the executive leadership team, he oversaw all clinical development and operations, shaped corporate strategy, and was directly involved in business development activities as well as investor and analyst interactions. Previously, he was a Senior Medical Director and Global Clinical Lead for oncology clinical research in the Oncology Therapy Area Unit at Takeda Pharmaceuticals. Before joining Takeda, Dr. Dansky Ullmann worked at the Cancer Therapy Evaluation Program of the National Cancer Institute ("NCI") as a senior investigator participating in numerous early-phase and late-phase clinical trials. During his career, he also held research roles at the National Institute of Health and held postdoctoral fellowship positions in tumour immunotherapy and drug resistance at the NCI. He also was involved in the development of cell therapies and other immunotherapies at Biomira, Inc. Dr. Dansky Ullmann is a native of Argentina and earned his MD at the School of Medicine, University of Buenos Aires. He completed his medical oncology training at Guemes Private Hospital, Buenos Aires.

Brad Calvin
Executive Vice President, Global Commercial Operations

Mr. Calvin is a 25-year veteran within the diagnostics, devices, drug discovery and life sciences industries. In his role as MaxCyte's EVP of Global Commercial Operations, he is responsible for leading the Company's sales, marketing and business development functions to define product strategy, deliver new products and drive growth of its drug discovery and cell therapy businesses. Mr. Calvin was most recently Co-founder and President of AsedaSciences, a company with an integrated technology platform to predict in vivo toxicity risk in early-stage drug discovery. Previously, he has held various global and regional leadership positions at companies ranging from large corporations to start-ups, such as Accuvein, Beckman Coulter, Qiagen, Digene, AGENIX, and Abbott Laboratories. He has a bachelor's degree in Applied Science from Curtin Institute of Technology in Perth, Western Australia.

Debra K. Bowes
Chief Business Officer, CARMA Cell Therapy

Ms. Bowes has more than 25 years of experience in corporate strategy, licensing and in the creation of partnerships to advance the development and commercialisation of biopharmaceutical products, with a main emphasis in oncology. Before joining MaxCyte in 2016, Ms. Bowes was Interim President and Chief Executive Officer of CapGenesis Pharma, in Bethesda, MD. Previously, she served as President and Founder of Chevy Chase BioPartners, LLC, a strategic planning consultancy, as well as in leadership positions at CBLI Pharmaceuticals, MedImmune, Amylin Pharmaceuticals, Pfizer, Ligand Pharmaceuticals, Centocor and Hybritech. She has also served as national president of Women In Bio. Ms. Bowes holds a master's degree from Johns Hopkins University, and has a BS in cell biology from the University of Cincinnati.



Thomas M. Ross
Executive Vice President, Global Sales

Mr. Ross serves as MaxCyte's Executive Vice President of Global Sales, having joined the Company in 2014. Mr. Ross has extensive experience in all elements of commercial operations and has more than 25 years of successful sales and marketing leadership in the Life Science and Clinical Diagnostics markets. Most recently, Mr. Ross was Senior Vice President of Commercial Operations at OpGen®. Mr. Ross also served as Chief Commercial Officer at Predictive BioScience and Vice President of North America Medical Diagnostics Sales at Qiagen/Digene Corporation. Prior to working at Digene Corporation, he held several senior leadership roles in Manufacturing Operations at Life Technologies, Inc. and Cambrex. Mr. Ross holds a BA in Business Administration from The Citadel.

Doug Doerfler
President and Chief Executive Officer

For a biography, see page 14

Ron Holtz
Chief Financial Officer

For a biography, see page 14

DIRECTORS' REPORT

The Directors of the Company present their Report and audited Financial Statements for the year ended 31 December 2018.

Principal activity

MaxCyte (LSE: MXCT, MXCS) is a global cell-based therapies 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. In addition, through its life sciences 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.

CARMA is MaxCyte's proprietary, mRNA-based autologous platform for immuno-oncology. This platform enables the rapid manufacture and controllable delivery of next-generation chimeric antigen receptor ("CAR")-engineered T/NK-cell therapies utilising fresh cells for a broad range of cancer indications, including solid tumours, where existing CAR-T approaches face significant challenges.

The Company has placed its cutting-edge Flow Electroporation Technology instruments worldwide, including with all of the top ten global biopharmaceutical companies, and has more than 70 partnered programme licenses including more than 35 licensed for clinical use in such leading areas as immuno-oncology and gene editing. With its robust technology, MaxCyte enables its partners to unlock the full potential of their products.

MaxCyte's unique technology enables the engineering of nearly all cell types, including human primary cells and cells for biomanufacturing, with any molecule, at any scale. It also provides for a high degree of consistency, unparalleled scalability and minimal cell disturbance, thereby facilitating rapid, large-scale, clinical- and commercial-grade cell engineering in a non-viral system and with low toxicity concerns.

The Company's cell-engineering technology has an established regulatory path for supporting cell-based therapies, having been referenced in regulatory submissions by cell therapy companies around the world.

Dividends

The Directors do not recommend the payment of a dividend currently.

Employee involvement

The Company's policy is to encourage employee involvement at all levels, as it believes that this is essential for the success of the business.

Directors and their interests

The Directors as of the date of this report are as follows:

Executive

- Doug Doerfler, President and Chief Executive Officer
- Ron Holtz, Chief Financial Officer

Non-Executive

- J. Stark Thompson, PhD, Chairman
- Will Brooke
- Stan Erck
- John Johnston
- Art Mandell
- Richard Douglas, PhD

Directors' interests in shares are shown in the Compensation Committee report. Directors' attendance at Board and Committee meetings in 2018 was as follows:

Board Member	Board & Committee Meetings Held During 2018	Board & Committee Meetings Attended in 2018	Number of External Corporate Appointments Held During 2018
J. Stark Thompson	11	11	0
Will Brooke	13	13	1
Doug Doerfler	13*	13*	0
Richard Douglas	6	6	3
Stan Erck	11	11	1
Ron Holtz	13*	13*	0
John Johnston	8	8	2
Art Mandell	8	8	0

* 7 as non-committee members

Advisers

Nominated adviser and broker

Panmure Gordon (UK) Limited, One New Change, London EC4M 9AF

Auditors

CohnReznick LLP, Tysons, Virginia
CohnReznick has expressed willingness to continue in office as auditor.

Aronson LLC, Rockville, Maryland
Aronson served as the Company's auditor since 2008. In 2018, Aronson became the predecessor auditor.

Registrars

Link Asset Services, Mont Crevelt House, Bulwer Avenue, St. Sampson, Guernsey
GY2 4LH.

Counsel

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Doug Doerfler
Executive Director, President and Chief Executive Officer

This report was approved by the Board on 23 April 2019.

GOVERNANCE REPORT

MaxCyte is committed to high standards of corporate governance.

Principles of good corporate governance

The Directors recognise the importance of good corporate governance and, as an AIM-listed Company, MaxCyte adopts the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as set forth on www.maxcyte.com. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". Our corporate governance is based on the leadership of our Board for the entire Company, and we believe it is essential to our ability to deliver our business strategy.

As the Company grows, it will regularly review the extent and appropriateness of its corporate governance practices and procedures.

Application of principles of the QCA Code

Board of Directors

Since immediately before the IPO, the Board consisted of a Non-Executive Chairman, two Executive Directors and four Non-Executive Directors. With the appointment of a Non-Executive Director on 12 February 2018, there are now six Non-Executive Directors. All of the Non-Executive Directors are considered to be independent.

The Board is responsible for overall Company strategy, acquisition and divestment policy, approval of the budget, approval of significant borrowing and major capital expenditure projects, and consideration of significant operational and financial matters. The Board monitors the exposure to key business risks and reviews the progress of the Company towards achievement of its strategic goals, budgets and forecasts. The Board oversees compliance with relevant legislation and regulations, including European Economic Area Market Abuse Regulations and the QCA Code. The Board also considers employee issues and key appointments. This is achieved by the close involvement of the Executive Directors in the day-to-day running of the business and by regular reports submitted to and considered at meetings of the Board and its committees.

The Board has an Audit Committee, a Compensation Committee and a Nominations Committee. Details of the composition and activities of the Audit Committee and Compensation Committee are found in their respective reports on pages 22 and 19 of this Annual Report.

The members of the Nominations Committee are Doug Doerfler, Stan Erck and Art Mandell, who is the Chair of the committee. The responsibilities of the committee include:

- ➔ reviewing the structure, size and composition of the Board, and recommending changes to the Board;
- ➔ identifying individuals qualified to become members of the Board; and
- ➔ recommending Directors to be appointed to the committees.

All Directors are able to take independent professional advice in relation to their duties, as necessary, at the Company's expense. The Board evaluates its performance on an on-going basis. The Board does not currently undertake a formal annual evaluation process.

The Nominations Committee met once during the year.

The Directors are divided into three classes, as nearly equal in number as possible, designated: Class I, Class II and Class III. Each Director initially appointed to Class I served for an initial term that expired on the Company's 2016 Annual General Meeting, at which meeting the Class I Directors Doug Doerfler and Ron Holtz were reappointed for a three-year term, expiring on the Company's 2019 Annual General Meeting, at which meeting the Class I Directors will be considered for reappointed for a three-year term. Each Director initially appointed to Class II served for an initial term that expired on the Company's 2017 Annual General Meeting, at which meeting the Class II Directors were reappointed for a three-year term. Each Director initially appointed to Class III served for an initial term that expired on the Company's 2018 Annual General Meeting, at which meeting the Class III Directors were reappointed for a three-year term. The Class II Directors are Art Mandell and Stan Erck, and the Class III Directors are Will Brooke, John Johnston, J. Stark Thompson and Richard Douglas.

Relationship with stockholders

The Board attaches high importance to maintaining good relationships with all stockholders. The Executive Directors intend to continue to hold regular meetings with institutional stockholders to keep them updated on the Company's performance, strategy, management and Board membership. The Executive Directors give regular briefings to analysts who cover the industry and actively encourage more analysts to follow the Company.

On behalf of the Board

J. Stark Thompson, PhD
Chairman

23 April 2019

COMPENSATION REPORT

The Compensation Committee is responsible for overseeing key elements of the compensation policies, plans and practices of the Company.

Compensation Committee

Along with the Board, the Compensation Committee is responsible for:

- monitoring and providing advice on the framework and broad policy for compensation of executive management;
- taking into account all factors it deems appropriate;
- determining the compensation of Executive Directors including compensation benefits and payments;
- reviewing the design of all share incentive plans and all share incentive grants for approval by the Board and stockholders; and
- ensuring that all provisions regarding disclosure of compensation are clear and transparent.

The Compensation Committee comprises J. Stark Thompson, who acts as the Chairman of the Compensation Committee, Will Brooke and Stan Erck. The Compensation Committee meets at least twice a year. The Compensation Committee's terms of reference specify its authority and duties.

Compensation policy

The Company's policy on executive compensation is intended to attract and retain high-quality executives by paying competitive compensation packages appropriate to each executive's role, experience and the external market. The packages include a basic salary, an incentive bonus, benefits and stock options.

Severance agreements

Executive Directors Doug Doerfler and Ron Holtz have severance agreements that provide certain benefits detailed below. Messrs. Doerfler and Holtz were re-elected as Directors by the stockholders in 2016 to terms ending in 2019. The Non-Executive Directors were elected by the stockholders to terms ending in 2020 (Messrs. Erck and Mandell), in 2021 (Messrs. Brooke, Douglas, Johnston and Thompson). Non-Executive Director Johnston has a contract. The other Non-Executive Directors do not.

Directors' compensation

The Non-Executive Directors are compensated for their services as Directors at $35,000 p.a. as approved by the Board, plus $23,000 p.a. for the Non-Executive Chairman, $11,000 p.a. for the Chairman of the Audit Committee, $5,500 p.a. for the other Non-Executive members of the Audit Committee, $10,000 p.a. for the Chairman of the Compensation Committee, and $5,000 p.a. for the other Non-Executive members of the Compensation Committee. In addition, each Non-Executive Director, except for Richard Douglas, following publication of the Company's 2017 Annual Report, received in 2018 a grant of stock options for 23,900 shares of common stock of the Company vesting monthly over three years beginning on the date of grant. Richard Douglas, upon his appointment as a Non-Executive Director on 12 February 2018, received a grant of stock options for 40,900 of common stock of the Company vesting monthly over three years beginning on the date of grant.

Mr. Doerfler earned an annual salary of $435,000 in 2018, and Mr. Holtz earned an annual salary of $310,000. Mr. Doerfler has a target bonus equal to 50% of his base salary, and Mr. Holtz has a target bonus equal to 35% of his base salary, payable in each case as determined by the Board. In addition, Mr. Doerfler and Mr. Holtz received in 2018 grants of stock options, following publication of the Company's 2017 Annual Report, for 296,000 and 134,800 shares of common stock of the Company, respectively, vesting monthly over the 48 months following grant.

Mr. Doerfler's severance agreement provides that on termination of his employment by the Company without cause, termination by Mr. Doerfler for good reason, or termination by virtue of Mr. Doerfler's death or disability, the Company will pay Mr. Doerfler 100% of his annual base salary over a 12-month period, provided, however, that if any of such terminations occurs within 24 months following a change of control, the Company will accelerate the vesting of all options granted to Mr. Doerfler and will pay Mr. Doerfler the sum of 150% of his annual base salary plus the greater of (i) the actual bonus amount earned by Mr. Doerfler under the Company's bonus plan with respect to the calendar year prior to the calendar year in which termination occurs, (ii) the actual bonus amount earned by Mr. Doerfler under the Company's bonus plan for the calendar year in which termination occurs, or (iii) Mr. Doerfler's target bonus amount under the Company's bonus plan for the calendar year in which termination occurs, in each case less any amounts paid under the Company's disability plans during the 12-month severance period. During such severance period, the Company will reimburse Mr. Doerfler for payments made by him under the Consolidated Omnibus Budget Reconciliation Act and continue his coverage under the Company's insurance benefit programmes. Any voluntary termination by Mr. Doerfler requires three months' notice.

Mr. Holtz's severance agreement provides that on termination of his employment by the Company without cause, termination by Mr. Holtz for good reason, or termination by virtue of Mr. Holtz's death or disability, the Company will pay Mr. Holtz 75% of his annual base salary over a nine-month period, provided, however, that if any of such terminations occurs within 24 months following a change of control, the Company will accelerate the vesting of all options granted to Mr. Holtz and will pay Mr. Holtz the sum of 75% of his annual base salary plus the greater of (i) the actual bonus amount earned by Mr. Holtz under the Company's bonus plan with respect to the calendar year prior to the calendar year in which termination occurs, (ii) the actual bonus amount earned by Mr. Holtz under the Company's bonus plan for the calendar year in which termination occurs, or (iii) Mr. Holtz's target bonus amount under the Company's bonus plan for the calendar year in which termination occurs, in each case less any amounts paid under the Company's disability plans during the nine-month severance period. During such severance period, the Company will also reimburse Mr. Holtz for payments made by him under the Consolidated Omnibus Budget Reconciliation Act and continue his coverage under the Company's insurance benefit programmes. Any voluntary termination by Mr. Holtz requires three months' notice.

Other equity compensation

During the period beginning 1 January 2018 and ending 31 December 2018, the Company issued a total of 1,983,200 stock options to Directors, employees and consultants including 591,200 options previously announced to Directors and Officers of the Company. For the period beginning 1 January 2018 and ending on 31 December 2018, 436,388 options were exercised and 399,531 were expired/forfeited. Total stock options outstanding at the beginning of the period 1 January 2018 were 7,241,219 and were 8,388,500 at the end of the period 31 December 2018. In addition, the Directors received in 2019, through the date of this report, an additional 729,200 options.

COMPENSATION REPORT CONTINUED

Directors' interests and compensation

The Directors who held office at the date of this Report had the following beneficial interests in the common stock of the Company at the date of this Report:

Name	Common stock	Stock options	Total
J. Stark Thompson	110,918	239,433	350,351
Will Brooke	50,302	115,600	165,902
Doug Doerfler	433,197	2,823,280	3,256,477
Stan Erck	247,751	238,167	485,918
Ron Holtz	150,251	1,237,292	1,387,543
John Johnston	120,583	81,517	202,100
Art Mandell	374,484	95,100	469,584
Richard Douglas	–	67,800	67,800

Compensation for Directors for 2018 was as follows:

	Base salary/ Non-Executive Director Fees US$	2018 bonus US$*	Total compensation US$**	Stock options granted 2018
Executive Director				
Doug Doerfler	435,000	209,375	644,375	296,000
Ron Holtz	310,000	104,475	414,475	134,800
Non-Executive Director				
J. Stark Thompson	68,000	–	68,000	23,900
Will Brooke	51,000	–	51,000	23,900
Stan Erck	40,000	–	40,000	23,900
Art Mandell	45,500	–	45,500	23,900
John Johnston	40,500	–	40,500	23,900
Richard Douglas	39,507	–	40,500	40,900

* Bonuses shown include compensation attributable to 2018 but not paid until 2019 and excludes bonuses paid in 2018 attributable to 2017.

** In addition to the compensation noted above, the Executive Directors receive standard Company health and other customary benefits. Non-Executive Directors did not receive any such benefits.

The Compensation Committee met five times during the year.

On behalf of the Compensation Committee

J. Stark Thompson, PhD
Chairman, Compensation Committee

23 April 2019

DIRECTORS' RESPONSIBILITIES

The Directors, in addition to being responsible for defining and overseeing the corporate governance of the Company in accordance with the QCA Code, are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The AIM Rules require the Directors to prepare financial statements for each financial year. Under those rules, the Directors have elected to prepare the financial statements in accordance with US GAAP.

The Directors believe that the accounts should not be approved unless the Directors are satisfied that the accounts give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period presented. In preparing financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in US GAAP are insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Company's financial position and financial performance.

The Directors are responsible for ensuring the Company maintains adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with US GAAP and the AIM Rules. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge the financial statements, prepared in accordance with US GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

AUDIT COMMITTEE REPORT

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly monitored and reported.

Role and responsibilities

The Audit Committee reviews the independence and objectivity of the external auditor each year. The Audit Committee also reviews the adequacy of the Company's internal controls, accounting policies and financial reporting and provides a forum through which the Company's external auditor reports to the Non-Executive Directors.

Membership and meetings

The Audit Committee was reconstituted with revised terms of reference immediately prior to the IPO and comprises Will Brooke who acts as the Audit Committee Chairman, Art Mandell and John Johnston. The Audit Committee's terms of reference specify its authority and duties. It meets at least two times a year, with the Executive Directors and the external auditor attending by invitation.

The Board has decided that the size of the Company does not currently justify a dedicated internal audit function. This position will be reviewed as the Company's activities increase.

Financial reporting

The Audit Committee monitors the integrity of the financial statements of the Company, including its Annual and Interim Reports, interim management statements, preliminary results announcements, and any other formal announcement relating to the Company's financial performance. It also reviews significant financial reporting issues and judgements they may contain. The Audit Committee also reviews summary financial statements and any financial information contained in certain other documents, such as announcements of a price-sensitive nature.

The Audit Committee reviews and challenges where necessary:

- the Company's accounting standards and the consistency of, and any changes to, accounting policies both on a year-to-year basis and across the Company;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- the appropriateness of any estimates and judgements in the Company's financial reporting, while taking into account the views of the independent auditor;
- the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as they relate to the audit and risk management).

Internal control and risk management

The Board has overall responsibility for ensuring that the Company has processes to identify, evaluate and manage key risks. These processes are designed to manage and minimise risk of failure to achieve the Company's strategic objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Directors consider that the present system of internal controls is sufficient for the needs of the Company and adequately addresses the risks to which the Company is perceived to be exposed. The Audit Committee met twice during the year.

On behalf of the Audit Committee

Will Brooke
Chairman, Audit Committee

23 April 2019

REPORTS OF INDEPENDENT ACCOUNTING FIRMS

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

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

Opinion on the financial statements

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

Basis for opinion

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

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

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

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

CohnReznick LLP
Tysons, Virginia

23 April 2019

REPORTS OF INDEPENDENT ACCOUNTING FIRMS CONTINUED

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

Opinion on the financial statements

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

Basis for opinion

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

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

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

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

Aronson LLC
Rockville, Maryland

27 February 2019

BALANCE SHEETS
AS OF 31 DECEMBER
(AMOUNTS IN US DOLLARS, EXCEPT SHARE AMOUNTS)

	31 December 2018 US$	31 December 2017 US$
Assets		
Current assets:		
Cash and cash equivalents	**11,248,000**	25,341,700
Short-term investments, at amortised cost	**3,191,000**	–
Accounts receivable, net	**4,904,500**	3,195,600
Inventory	**2,242,800**	1,347,000
Other current assets	**863,700**	665,800
Total current assets	**22,450,000**	30,550,100
Property and equipment, net	**1,817,900**	847,600
Total assets	**24,267,900**	31,397,700
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of capital lease obligations	**–**	3,200
Accounts payable and accrued expenses	**4,123,300**	4,331,000
Deferred revenue	**2,449,300**	2,055,100
Total current liabilities	**6,572,600**	6,389,300
Note payable, net of discount, deferred fees	**5,056,300**	5,027,200
Other liabilities	**357,300**	384,500
Total liabilities	**11,986,200**	11,801,000
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, $0.01 par; 200,000,000 shares authorised, 51,332,764 and 50,896,376 shares issued and outstanding at 31 December 2018 and 2017, respectively.	**513,300**	509,000
Additional paid-in capital	**82,279,300**	80,729,400
Accumulated deficit	**(70,510,900)**	(61,641,700)
Total stockholders' equity	**12,281,700**	19,596,700
Liabilities and stockholders' equity	**24,267,900**	31,397,700

See accompanying notes to the financial statements.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED 31 DECEMBER
(AMOUNTS IN US DOLLARS, EXCEPT SHARE AMOUNTS)

	2018 US$	2017 US$
Revenue	**16,667,000**	13,985,000
Costs of goods sold	**1,840,000**	1,453,100
Gross profit	**14,827,000**	12,531,900
Operating expenses:		
Research and development	**11,244,000**	11,284,800
Sales and marketing	**6,723,700**	6,016,700
General and administrative	**5,284,200**	4,522,100
Total operating expenses	**23,251,900**	21,823,600
Operating loss	**(8,424,900)**	(9,291,700)
Other income (expense):		
Interest expense	**(614,600)**	(625,300)
Interest and other income	**170,300**	–
Total other income (expense)	**(444,300)**	(625,300)
Net loss	**(8,869,200)**	(9,917,000)
Basic and diluted net loss per common share	**(0.17)**	(0.20)
Weighted average common shares outstanding, basic and diluted	**51,182,402**	48,642,926

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER
(AMOUNTS IN US DOLLARS)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares US$	Amount US$	US$	US$	US$
Balance 1 January 2017	43,539,527	435,400	56,372,700	(51,724,700)	5,083,400
Issuance of common stock in public offering	7,275,000	72,800	23,826,800	–	23,899,600
Stock-based compensation expense	–	–	514,500	–	514,500
Exercise of stock options	81,849	800	15,400	–	16,200
Net loss	–	–	–	(9,917,000)	(9,917,000)
Balance 31 December 2017	**50,896,376**	**509,000**	**80,729,400**	**(61,641,700)**	**19,596,700**
Stock-based compensation expense	–	–	1,324,200	–	1,324,200
Exercise of stock options	436,388	4,300	225,700	–	230,000
Net loss	–	–	–	(8,869,200)	(8,869,200)
Balance 31 December 2018	**51,332,764**	**513,300**	**82,279,300**	**(70,510,900)**	**12,281,700**

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER
(AMOUNTS IN US DOLLARS)

	2018 US$	2017 US$
Cash flows from operating activities:		
Net loss	**(8,869,200)**	(9,917,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortisation	**344,000**	142,900
Net book value of consigned equipment sold	**45,600**	63,200
Stock-based compensation	**1,324,200**	514,500
Bad debt expense	**164,000**	–
Amortisation of discounts on short-term investments	**(67,600)**	–
Non-cash interest expense	**29,100**	38,100
Changes in operating assets and liabilities:		
Accounts receivable	**(1,947,900)**	(784,900)
Inventory	**(1,289,700)**	(174,900)
Other current assets	**(197,900)**	(347,400)
Accounts payable and accrued expenses	**(464,000)**	1,156,500
Deferred revenue	**469,200**	(408,000)
Other liabilities	**(27,200)**	39,900
Net cash used in operating activities	**(10,487,400)**	(9,677,100)
Cash flows from investing activities:		
Purchases of short-term investments	**(12,673,400)**	–
Maturities of short-term investments	**9,550,000**	–
Purchases of property and equipment	**(709,700)**	(609,700)
Net cash used in investing activities	**(3,833,100)**	(609,700)
Cash flows from financing activities:		
Borrowings under notes payable	**283,700**	–
Principal payments on notes payable	**(283,700)**	–
Proceeds from exercise of stock options	**230,000**	16,200
Principal payments on capital leases	**(3,200)**	(14,300)
Net proceeds from issuance of common stock	**–**	23,899,600
Net cash provided by financing activities	**226,800**	23,901,500
Net (decrease)increase in cash and cash equivalents	**(14,093,700)**	13,614,700
Cash and cash equivalents, beginning of year	**25,341,700**	11,727,000
Cash and cash equivalents, end of year	**11,248,000**	25,341,700
Supplemental cash flow information:		
Cash paid for interest	**784,400**	530,000
Supplemental non-cash information:		
Property and equipment purchases included in accounts payable	**256,300**	–

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organisation and description of business

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

MaxCyte is a global life sciences company utilising 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 disposable processing assemblies to developers of cell therapies and to pharmaceutical and biotechnology companies for use in drug discovery and development and biomanufacturing.

2. Summary of significant accounting policies

Basis of presentation

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

The Company operates in a single business segment.

Use of estimates

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

Concentration

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

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

Foreign currency

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

Fair value

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

- Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2—Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.
- Level 3—Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

See Note 6 for additional information regarding fair value.

Cash, cash equivalents and short-term investments

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

NOTES TO FINANCIAL STATEMENTS CONTINUED

2. Summary of significant accounting policies continued

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

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

The Company had no investments at 31 December 2017.

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

Inventory

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

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

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

Accounts receivable

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

Property and equipment

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

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

Property and equipment consist of the following at 31 December:

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

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

2. Summary of significant accounting policies continued

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

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company recognised no impairment in either of the years ended 31 December 2018 or 2017.

Revenue recognition

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

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

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

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

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

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

Research and development costs

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

Stock-based compensation

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

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

Expected volatility

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

Expected dividend yield

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

NOTES TO FINANCIAL STATEMENTS CONTINUED

2. Summary of significant accounting policies continued

Risk-free interest rate

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

Expected term

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

Expected forfeiture rate

The Company records forfeitures as they occur.

Income taxes

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

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

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

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

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

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

Loss per share

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

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

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

2. Summary of significant accounting policies continued

Recent accounting pronouncements

Recently adopted

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

Unadopted

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

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

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

In June 2018, the FASB issued guidance simplifying the accounting for non-employee stock-based compensation awards. The guidance aligns the measurement and classification for employee stock-based compensation awards to non-employee stock-based compensation awards. Under the guidance, non-employee awards will be measured at their grant date fair value. Upon transition, the existing non-employee awards will be measured at fair value as of the adoption date. The guidance is effective for reporting periods beginning after 15 December 2018, including interim periods within that fiscal year. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact, if any, that the adoption of this guidance will have on its financial statements.

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

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

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

NOTES TO FINANCIAL STATEMENTS CONTINUED

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

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

	Revenue (ASC 606 Revenue) US$	**Revenue (Non-ASC 606 Revenue) US$**	**Total Revenue US$**
Product Sales	**10,459,200**	**–**	**10,459,200**
Leased Equipment	**–**	**4,928,100**	**4,928,100**
Other	**264,500**	**1,015,200**	**1,279,700**
Total	**10,723,700**	**5,943,300**	**16,667,000**

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

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

Additional disclosures relating to revenue from contracts with customers (ASC 606)

Changes in deferred revenue for the year ended 31 December 2018 were as follows:

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

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

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

4. Debt

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

The Company accounted for all amendments as “modifications” to the facility. Accordingly, the Company has deferred additional fees incurred and paid to the lender in connection with the amendments and expensed all fees paid to third parties. The deferred fees are being amortised using the effective interest method over the remaining term of the amended debt. Unamortised deferred financing costs were approximately $45,600 and $72,500 at 31 December 2018 and 31 December 2017, respectively, and are included as reductions to the note payable balance.

4. Debt continued

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

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

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

5. Stockholders' equity

Common stock

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

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

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

Stock options

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS CONTINUED

5. Stockholders' equity continued

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

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

	2018 US$	2017 US$
General and administrative	**458,200**	210,100
Sales and marketing	**194,100**	124,400
Research and development	**671,900**	180,000
Total	**1,324,200**	514,500

6. Fair value

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

Financial assets and liabilities measured at fair value on a recurring basis

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

Financial assets and liabilities measured at fair value on a non-recurring basis

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

Non-financial assets and liabilities measured at fair value on a recurring basis

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

Non-financial assets and liabilities measured at fair value on a non-recurring basis

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

7. Retirement plan

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

8. Income taxes

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

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

8. Income taxes continued

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

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

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

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

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

9. Commitments and contingencies

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

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

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

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

10. Subsequent events

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

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

AGM NOTICE

MaxCyte, Inc.
22 Firstfield Road, Suite 110, Gaithersburg, MD 20878, USA

NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS

An Annual General Meeting of stockholders of MaxCyte, Inc. (the "Meeting") is planned to be held on 31 October 2019 to consider and act upon: (i) the re-election of Doug Doerfler as a Class I Director to serve for three years, beginning on the date of the Meeting; (ii) the re-election of Ron Holtz as a Class I Director to serve for three years, beginning on the date of the Meeting;; (iii) the appointment of CohnReznick, LLP as auditors and to authorise the Audit Committee to fix their remuneration; and (iv) any other business that the Board of Directors may duly elect to present to the shareholders for consideration.

Formal notice and resolutions, along with the Annual Meeting Proxy Card and Form of Direction, will be circulated on or about 10 September 2019 to shareholders of record on or about that date.

Ron Holtz
Company Secretary and Chief Financial Officer
MaxCyte, Inc., Gaithersburg, MD, USA

23 April 2019

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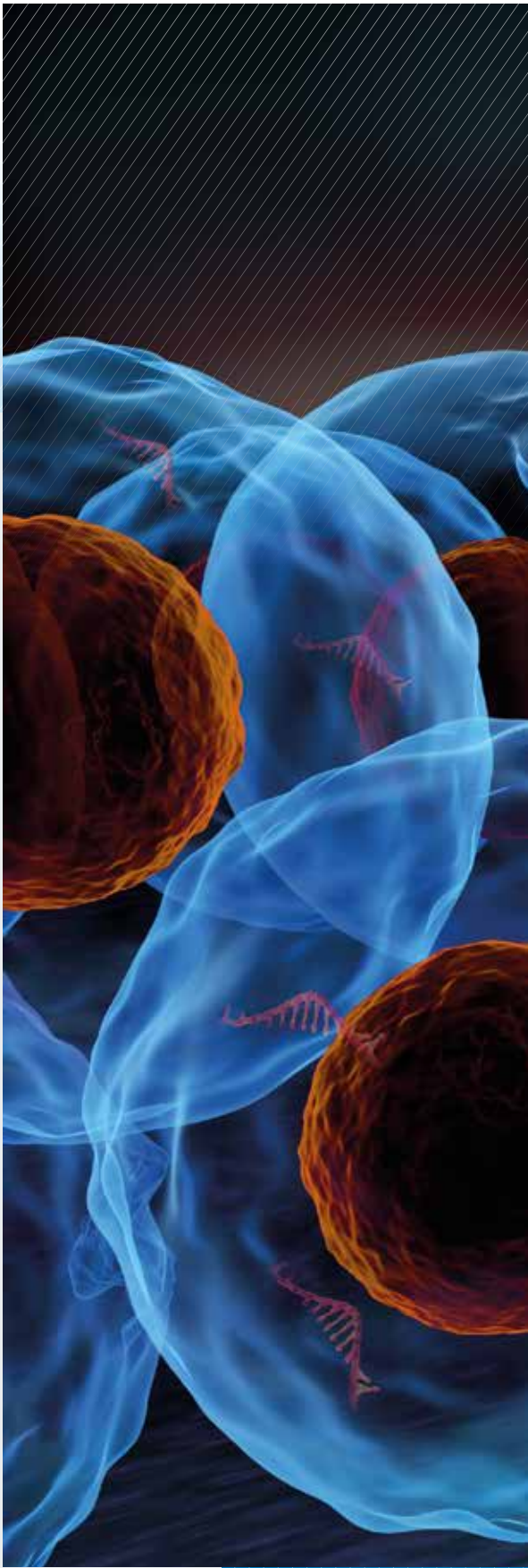

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