Results for the Six Months ended 30 June 2020

September 21, 2020

Released : September 21, 2020 07:00

RNS Number : 5084Z
MaxCyte, Inc.
21 September 2020

MaxCyte, Inc.

("MaxCyte" or the "Company")

Results for the Six Months ended 30 June 2020

- *Strong revenue growth of 30%, generating positive EBITDA (before CARMA investment)*
- *Significant momentum in transformative therapies: three new commercial partnerships, growing the potential pre-commercial milestones to over $800m*
- *$30.5m fundraise backed by specialist life science investors supports further development of MaxCyte*

Gaithersburg, Maryland - 21 September 2020: MaxCyte (LSE: MXCT, MXCL), a global cell-based therapies and life sciences company, today announces its financial results, along with its key commercial and clinical highlights, for the six months ended 30 June 2020.

HIGHLIGHTS (including post-period-end highlights)

Operational

- Significant commercial momentum in transformative therapies:
    - Three new clinical/commercial licences signed in 2020 with leading cell therapy developers Allogene Therapeutics and Caribou Biosciences, and with novel immunotherapy company APEIRON Biologics
    - Aggregate potential pre-commercial milestone payments from these relationships along with MaxCyte's previously signed commercial agreements are in excess of $800m
    - Licensed partnered programs now exceed 120+ with more than 90 licensed for clinical use.
- MaxCyte wholly-owned subsidiary CARMA Cell Therapies™ expanded its Phase I trial of

anti-mesothelin mRNA CAR-PBMC cell therapy MCY-M11

- New parallel trial cohort will broaden evaluation of MCY-M11 in patients through inclusion of a preconditioning regimen and multiple dosing cycles

- Clinicians at Massachusetts General Hospital and Hackensack University Medical Center will join those at National Cancer Institute and Washington University at St. Louis to evaluate MCY-M11 in the ongoing Phase I clinical trial

- To date, ongoing first-in-human study has demonstrated promising tolerability of MCY-M11 and feasibility of rapid, one-day autologous manufacturing
- Completion of enrolment and dosing of the existing no-preconditioning MCY-M11 trial is anticipated in H2 2020 following which additional preliminary clinical data is expected to be announced
- Company retained Locust Walk, a global life science strategic advisory and transaction firm, to assist with the capital acquisition process for the CARMA Cell Therapies subsidiary, which is expected to be self-funded by end of 2020

Financial

Key metrics[1]	**H1 2020**	**H1 2019**	**% change**
Revenue	$10.9m	$8.4m	30.1%
Gross margin	89.7%	87.5%	2.4%
CARMA investment[2]	($5.2m)	($6.6m)	(21.7%)
Total operating expenses	($15.6m)	($16.3m)	(4.2%)
EBITDA before CARMA[3]	$0.6m	($1.4m)	N/A
Net (loss) before CARMA investment	($0.9m)	($2.9m)	(69.2%)
Total assets	$53.4m	$24.8m	115.5%
Cash and cash equivalents, including short-term investments	$38.2m	$14.9m	156.0%

- Revenue grew substantially in the first half of 2020, increasing 30.1% to $10.9m compared to $8.4m in H1 2019, an acceleration of the year-on-year growth rate seen in H1 2019
- Revenues currently driven by high-margin recurring annual fees from cell therapeutics business, instrument sales and strong growth in clinical milestones
- Increase in clinical milestone revenues drove significant (2.4%) improvement in gross margin to 89.7%
- Total operating expenses decreased from the prior year due to in part to the impact of the COVID-19 pandemic on marketing and travel expenditures, leading to EBITDA before CARMA of $0.6m ($1.4m loss in H1 2019)
- The Company closed a successful $30.5m financing in May 2020, led by premier life science specialist, Nasdaq crossover investors, Casdin Capital, LLC and Sofinnova Partners
- FY 2020 revenues on track to be at least modestly ahead of prior market expectations

Commenting on the half-year results, Doug Doerfler, CEO of MaxCyte, said: *"MaxCyte has delivered strong positive momentum during the first half of 2020, building on the growth reported in 2019, reflecting its position as a leader in the field of advanced therapies and a trusted partner-of-choice for cell therapy developers. We remain mindful of the impact of the COVID-19 global pandemic and will continue to work diligently to protect our team, their families, our customers and patients and mitigate any potential restrictions and delays in our operations. Our full-year 2020 revenue outlook has improved from the initial*

uncertainty outlined in April, although the ongoing COVID pandemic still limits visibility. As a result, we now expect to report revenues for the full-year 2020 at least modestly ahead of prior market expectations. In addition, the outlook for 2021 continues to strengthen significantly, due to our current progress and our partners' on-going advancement towards milestone events in the coming year. We remain highly confident in the strength and resilience of our business model, and in the prospects for continued growth, particularly as our growing number of partners advance their clinical programs."

Conference call and webcast for analysts
A conference call for analysts and investors with Q&A will be held at 13:00 p.m. BST on Monday, 21 September 2020. The presentation will be available on the Investors section of MaxCyte's website at https://www.maxcyte.com/investors/.

Dial-in details:
UK Participant dial-in: +44 (0) 203 107 0289
International dial-in: 0800 028 8438
Participant code: 6413899

Webcast: https://www.lsegissuerservices.com/spark/MaxCyteInc/events/a33e5171-8933-4cc8-b31d-b980169049c5

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW

We are pleased to report on another strong half-year period for MaxCyte, both financially and operationally. During these unprecedented times, our priority has naturally been to ensure the health and safety of our employees and customers in light of the COVID-19 pandemic. The business continuity plans and adaptive working protocols we have successfully implemented at our facilities since February have enabled us to do this while delivering uniquely enabling technology to support the programs of our customers and partners, many of whom are at the forefront of the effort to address COVID-19.

As a Company, we remain uniquely positioned to capitalise on the rapidly growing cell therapy market, into which a total of $5.1 billion was invested over the course of 2019, according to the Alliance of Regenerative Medicine. Our flow electroporation technology offers our customers the effective and broadly applicable cell engineering capability that is critical to clinical success in cell therapy. We see our platform as more than just a technology, but rather as a unique means of enabling our partners to achieve their therapeutic development goals.

Our broad global customer base includes all ten of the top ten pharma companies by revenue, and 20 of the top 25. MaxCyte has become the partner of choice for leading cellular therapy and gene-editing companies and is the industry standard non-viral approach to cell and gene therapy. Our technology, with the ExPERT™ brand series of commercially oriented instruments and consumables at its core, continues to enable new therapies, which have the potential to transform the treatment of many challenging diseases.

Successful financing during the period
The Company's cash position was bolstered by the successful completion of a $30.5m financing in May 2020, led by Casdin Capital, LLC with Sofinnova Partners, two premier life science specialist Nasdaq crossover investors, and our UK investor base. This additional financing provides the Company with the capital to accelerate and strengthen its market position as an enabler of next-generation cell-based therapies and supports its intended plan to pursue a dual-listing on Nasdaq. This process remains on track and we anticipate filing for registration to

take place during 2021 as previously announced.

Robust growth in cell therapy business

With proven ability to scale from early research to the clinic, MaxCyte continues to cement its position as a partner of choice for companies undertaking complex cellular engineering. During the first half of the year and into the post-reporting period, we continued the expansion of our cell therapy partnerships with leading industry innovators as evidenced by new agreements with Allogene Therapeutics, Caribou Biosciences, and novel immunotherapy company APEIRON Biologics. These relationships bring the total number of commercial agreements up to eleven. The aggregate potential pre-commercial milestone payments from these relationships along with MaxCyte's previously signed commercial agreements are in excess of $800m. With the addition of these commercial licenses, the Company now has in excess of 120 partnered program licenses with more than 90 licensed for clinical use. Under the terms of our enabling-technology license agreements, the cellular therapies our partners are developing deliver a series of milestone payments as those programmes enter the clinic and continue through clinical development and into the commercialisation of the therapy. MaxCyte is set to receive significant milestone payments as anticipated clinical progress is made by the programmes of MaxCyte partners. These milestone payments are our fastest-growing revenue stream. We are extremely proud of our partnerships that are advancing new therapeutic drugs, including cell-based and gene-edited therapies for patients with significant unmet medical needs.

Operational and technology progress

MaxCyte is focused on continually improving and expanding our product offerings to provide scalable, high performance solutions reflecting the breadth and variety of our customer base and the applications for which our technology is utilised. That focus includes current and planned investment in the advancement of our instruments and the range of available disposables. In June, we launched the first product in the new and expanded range of ExPERT disposables. The new R-1000 cuvette expands the range covered by the Company's disposables with a processing volume of up to 1 mL, or up to 200 million cells, and provides increased versatility for companies developing cell therapy drugs as well as those advancing early drug discovery. This expansion in the range of disposables provides additional growth opportunities by addressing a processing volume frequently requested by customers.

Update on CARMA Cell Therapies

CARMA Cell Therapies has now been established as a wholly-owned subsidiary of MaxCyte with a view to facilitating independent investment that will position CARMA Cell Therapies as an independent therapeutics company. This will allow MaxCyte to retain its focus on its core cell-engineering business. MaxCyte is working closely with Locust Walk, a global life science strategic advisory and transaction firm that is assisting with the capital acquisition process of CARMA Cell Therapies. MaxCyte expects CARMA Cell Therapies to be self-funded by the end of 2020.

During the period, the Company has continued to progress its Phase I dose-escalation trial with MCY-M11, CARMA Cell Therapies' non-viral, mRNA-based cell therapy candidate manufactured using un-manipulated peripheral blood mononuclear cells, which is being investigated for the initial treatment of relapsed/refractory ovarian cancer and malignant peritoneal mesothelioma. There have been no dose-limiting toxicities or related serious adverse events observed in the three completed cohorts. A fourth dosing cohort commenced in March 2020 as planned.

In August 2020, MaxCyte announced the expansion of the ongoing Phase I dose-escalation trial to include a new parallel cohort of patients and the initiation of two additional clinical sites. The new parallel Phase I cohort will evaluate intraperitoneal delivery of MCY-M11 at escalating doses in additional patients with relapsed/refractory ovarian cancer and malignant peritoneal mesothelioma, with the addition of a preconditioning regimen of cyclophosphamide prior to MCY-M11 infusion. This parallel Phase I cohort with preconditioning will progress independently from the ongoing evaluation of MCY-M11 in the existing no-preconditioning Phase I cohort. The

MCY-M11 Phase I trial will also allow for multiple treatment cycles where indicated for both future preconditioning and no-preconditioning patients. New clinical sites for the study at Massachusetts General Hospital/Harvard Medical School and Hackensack University Medical Center are joining existing sites at the National Cancer Institute at the National Institutes of Health and Washington University in St. Louis. Completion of enrolment and dosing of the existing no-preconditioning MCY-M11 trial is anticipated in H2 2020 following which additional preliminary clinical data is expected to be announced.

In May 2020, encouraging preliminary results for MCY-M11, which had supported this study expansion and the pursuit of new strategies with the therapy (such as the addition of a preconditioning regimen and delivering multiple cycles of treatment to further enhance efficacy), were presented in a poster discussion at the virtual American Society of Clinical Oncology (ASCO) annual meeting. Results to-date support the continued validation of MaxCyte's proprietary CARMA's proprietary mRNA cell therapy platform.

Outlook

Our Board anticipates continued progress for the remainder of the 2020 fiscal year and expects trading for the full-year 2020 at least modestly ahead of prior market expectations, notwithstanding the general uncertainty created by the ongoing COVID-19 pandemic.

We will continue to pursue opportunities to grow the number of high-value clinical and commercial partnerships as we strive to maintain our position as the non-viral transfection delivery platform of choice for the world's leading cell therapy companies in their development and commercialisation of drug treatments.

We will also remain focused on delivering the potential of our CARMA programme as we continue advancing our next-generation CAR-based cancer treatment through the clinic. We anticipate that independent funding for the CARMA platform will be secured during FY2020.

We remain optimistic for the remainder of 2020 and beyond, including as the number of milestone events expected in the mid-term accelerates, and confident in our prospects for long-term growth.

Doug Doerfler

President and Chief Executive Officer

J. Stark Thompson, PhD

Non-Executive Chairman

21 September 2020

FINANCIAL REVIEW

Financial performance in the first half of the year remained strong, with first-half revenues increasing significantly, approximately 30% year-on-year, to $10.9m (2019: $8.4m). This performance, demonstrating the resilience of our business model in times of economic stress, has been driven by high-margin recurring annual fees from the cell therapeutics business, instrument sales and strong growth in clinical milestones, which continued to be the fastest growing component of revenues.

Operating expenses fell by 4.2% during the period as a result of the COVID-19 pandemic restricting life sciences spending to $15.6m compared to $16.4m in 2019. Combined with the increase in revenue, this resulted in EBITDA before CARMA of $0.6m, continuing the momentum

from the second half of 2019. CARMA expenses during the period were $5.2m and EBITDA after CARMA expenses was ($4.3m).

Total assets of the Company at the end of the period were $53.4m, compared to $24.8m in 2019. This substantial increase in total assets was principally associated with a) proceeds from the capital raise in May 2020, b) the adoption of accounting guidance that requires the fair value of leases be presented on the balance sheet as offsetting Right-of-Use Asset and Lease Liability accounts, c) capital investments including those related to development of the ExPERT branded instruments and consumables, and d) the associated increase in inventory for those new offerings.

Cash and cash equivalents, including short-term investments, totalled $38.2m, compared to $14.9m in 2019. In May 2020 the Company's cash position was bolstered by the successful completion of a $30.5m financing, led by premier life science specialist Nasdaq crossover investors, Casdin Capital, LLC and Sofinnova Partners, and supported by our existing investors.

Amanda Murphy
Chief Financial Officer
Ron Holtz
Chief Accounting Officer

21 September 2020

About MaxCyte

MaxCyte is a clinical-stage global cell-based therapies and life sciences company. As the inventors of the premier cell-engineering enabling technology, the Company helps bring the promise of next-generation cell and gene-editing therapies to life. The Company's technology is currently being deployed by leading drug developers worldwide, including all of the top ten global biopharmaceutical companies. MaxCyte licences have been granted for more than 120 cell therapy programmes, with more than 90 licensed for clinical use, and the Company has now entered into eleven clinical/commercial license partnerships with leading cell therapy and gene editing developers. MaxCyte was founded in 1998, is listed on the London Stock Exchange (LSE: MXCT, MXCL) and is headquartered in Gaithersburg, Maryland, US. For more information, visit www.maxcyte.com.

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

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Caution regarding forward looking statements

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

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

Unaudited Consolidated Condensed Financial Statements

as of 30 June 2020 and 31 December 2019
and for the six months ended
30 June 2020 and 2019

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

	30 June 2020	31 December 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 38,171,700	$ 15,210,800
Short-term investments, at amortised cost	-	1,497,800
Accounts receivable, net	3,747,300	3,244,500
Inventory	4,156,700	3,701,800
Other current assets	787,400	797,100
Total current assets	**46,863,100**	**24,452,000**
Property and equipment, net	4,152,800	3,280,100
Right of use asset - operating leases	1,995,100	2,253,300
Right of use asset - finance leases	266,000	-
Other assets	100,000	-
Total assets	**$ 53,377,000**	**$ 29,985,400**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 704,100	$ 2,089,400
Accrued expenses and other	2,849,900	3,551,600
Operating lease liability, current	539,300	508,900
Deferred revenue	5,072,200	3,193,200
Total current liabilities	**9,165,500**	**9,343,100**
Note payable, net of discount and deferred fees	4,906,100	4,895,300
Operating lease liability, net of current portion	1,527,900	1,807,100
Other liabilities	567,900	338,100
Total liabilities	**16,167,400**	**16,383,600**
Commitments and contingencies (Note 8)		
Stockholders' equity		

Common stock, $0.01 par; 200,000,000 shares authorised, 76,585,006 and 57,403,583 shares issued and outstanding at 30 June 2020 and 31 December 2019, respectively.	765,900	574,000
Additional paid-in capital	125,915,600	96,433,700
Accumulated deficit	(89,471,900)	(83,405,900)
Total stockholders' equity	**37,209,600**	**13,601,800**
Liabilities and stockholders' equity	**$ 53,377,000**	**$ 29,985,400**

See accompanying notes to the consolidated financial statements.

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

	2020	2019
Revenue	**$ 10,892,400**	**$ 8,373,300**
Costs of goods sold	1,125,300	1,043,200
Gross profit	**9,767,100**	**7,330,100**
Operating expenses:		
Research and development	8,335,100	9,695,000
Sales and marketing	3,894,000	3,824,200
General and administrative	3,370,900	2,769,600
Total operating expenses	**15,600,000**	**16,288,800**
Operating loss	**(5,832,900)**	**(8,958,700)**
Other income (expense):		
Interest and other expense	(281,800)	(609,800)
Interest and other income	48,700	94,300
Total other income (expense)	**(233,100)**	**(515,500)**
Net loss	**$ (6,066,000)**	**$ (9,474,200)**
Basic and diluted net loss per common share	**$ (0.10)**	**$ (0.17)**
Weighted average common shares outstanding, basic and diluted	**61,619,280**	**55,376,683**

See accompanying notes to the consolidated financial statements.

MaxCyte, Inc.

Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity

For the Six Months Ended 30 June,

(amounts in U.S. dollars)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	**Amount**			
Balance 1 January 2019	**51,332,764**	**$ 513,300**	**$82,729,300**	**$ (70,510,900)**	**$ 12,281,700**
Issuance of stock in public offering	5,908,319	59,100	12,271,200	-	12,330,300
Stock-based compensation expense	-	-	823,900	-	823,900
Exercise of stock options	147,500	1,500	116,100	-	117,600
Net loss	-	-	-	(9,474,200)	(9,474,200)
Balance 30 June 2019	**57,388,583**	**$ 573,900**	**$ 95,490,500**	**$ (79,985,100)**	**$ 16,079,300**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	**Amount**			
Balance 1 January 2020	**57,403,583**	**$ 574,000**	**$ 96,433,700**	**$ (83,405,900)**	**$ 13,601,800**
Issuance of stock in public offering	19,181,423	191,900	28,375,300	-	28,567,200
Stock-based compensation expense	-	-	1,106,600	-	1,106,600
Net loss	-	-	-	(6,066,000)	(6,066,000)
Balance 30 June 2020	**76,585,006**	**$ 765,900**	**$125,915,600**	**$ (89,471,900)**	**$ 37,209,600**

See accompanying notes to the consolidated financial statements.

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

	2020	2019
Cash flows from operating activities:		
Net loss	$ (6,066,000)	$ (9,474,200)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortisation on property and equipment, net	478,200	256,600
Net book value of consigned equipment sold	12,000	-
Loss on disposal of fixed assets	-	2,300
Fair value adjustment of liability classified warrant	51,300	-
Stock-based compensation	1,106,600	823,900
Bad debt (recovery) expense	(117,200)	5,000
Amortisation of discounts on short-term investments	(1,100)	(12,500)
Non-cash interest expense	10,800	49,200
Changes in operating assets and liabilities:		
Accounts receivable	(385,600)	1,957,600
Inventory	(608,900)	(1,521,800)
Other current assets	9,700	(52,000)
Right of use asset - operating leases	258,200	227,100
Right of use asset - finance lease	35,700	-
Other assets	(100,000)	-
Accounts payable, accrued expenses and other	(2,339,200)	201,600
Operating lease liability	(248,800)	-
Deferred revenue	1,879,000	1,468,800
Other liabilities	(14,300)	(284,400)
Net cash used in operating activities	(6,039,600)	(6,352,800)
Cash flows from investing activities:		
Purchases of short-term investments	(1,001,100)	(3,436,400)
Maturities of short-term investments	2,500,000	3,200,000
Purchases of property and equipment	(1,049,900)	(532,700)
Net cash provided by (used in) investing activities	449,000	(769,100)
Cash flows from financing activities:		
Net proceeds from sale of common stock	28,567,200	12,330,300
Borrowings under notes payable	1,440,000	-
Principal payments on notes payable	(1,440,000)	(5,105,500)
Procced from exercise of stock options	-	117,600
Principal payments on finance leases	(15,700)	-
Net cash provided by financing activities	28,551,500	7,342,400
Net increase in cash and cash equivalents	22,960,900	220,500

Cash and cash equivalents, beginning of period	15,210,800	11,248,000
Cash and cash equivalents, end of period	$ 38,171,700	$ 11,468,500
Supplemental cash flow information:		
Cash paid for interest	$ 210,700	$ 650,100
Supplemental non-cash information:		
Property and equipment purchases included in accounts payable	$ 159,000	$ 9,000

See accompanying notes to the consolidated financial statements.

1. Organization and Description of Business

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

MaxCyte is a global life sciences company utilizing its proprietary cell engineering technology to enable the programmes of its biotechnology and pharmaceutical company customers who are engaged in cell therapy, including gene editing and immuno-oncology, and in drug discovery and development and biomanufacturing. The Company licenses and sells its instruments and technology and sells its consumables to developers of cell therapies and to pharmaceutical and biotechnology companies for use in drug discovery and development and biomanufacturing. In early 2020, the Company established a wholly owned subsidiary, CARMA Cell Therapies, Inc. ("CCTI"), as part of its continued development of CARMA, MaxCyte's proprietary, mRNA-based, clinical-stage, immuno-oncology cell therapy.

The COVID-19 pandemic has disrupted economic markets and the economic impact, duration and spread of related effects is uncertain at this time and difficult to predict. As a result, it is not possible to ascertain the overall future impact of COVID-19 on the Company's business and, depending upon the extent and severity of such effects, including, but not limited to potential slowdowns in customer operations, extension of sales cycles, shrinkage in customer capital budgets or delays in customers' clinical trials, the pandemic could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These unaudited interim condensed financial statements do not include all the information and footnotes required by U.S. GAAP for complete audited financial statements. These unaudited interim condensed financial statements should be read in

conjunction with the audited financial statements and accompanying notes for the year ended 31 December 2019. In the opinion of management, the unaudited interim condensed financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of 30 June 2020 and the results of operations for the six months ended 30 June 2020 and 2019. The interim condensed results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The 31 December 2019 balance sheet included herein was derived from the audited financial statements, but do not include all disclosures including notes required by U.S. GAAP for complete audited financial statements.

Use of Estimates

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, CCTI. All significant intercompany balances have been eliminated in consolidation.

Concentration

During the six months ended 30 June 2020, two customers represented 28% of revenue, in part due to certain one-time milestone events. During the six months ended 30 June 2019, no single customer represented more than 10% of net revenues. No customer represented over 10% of net accounts receivable at 30 June 2020 or 2019.

During the six months ended 30 June 2020, the Company purchased approximately 57% of its inventory from two suppliers. During the six months ended 30 June 2019, the Company purchased approximately 57% of its inventory from a single supplier. For the six months ended 30 June 2020 and 2019, amounts payable to these suppliers totalled 10% and 22% of total accounts payable, respectively.

Foreign Currency

The Company's functional currency is the U.S. dollar; transactions denominated in foreign currencies are transacted at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in foreign currency is consummated and the date on which it is either settled or at the reporting date are recognised in the Consolidated Statements of Operations as general and administrative expense. The Company recognised $16,700 and $21,100 of foreign currency transaction losses for the six months ended 30 June 2020 and 2019, respectively.

Fair Value

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which

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.

At 30 June 2020, the Company's investments consisted solely of $7,241,500 of money market funds classified as cash equivalents.

The following table summarizes the Company's investments at 31 December 2019:

Description	Classification	Amortised cost	Gross unrecognised holding gains	Gross unrecognised holding losses	Aggregate fair value
			$	$	
Money market funds	Cash equivalents	$ 10,037,000	-	-	$ 10,037,000
Commercial Paper	Cash equivalents	1,399,700	-	-	1,399,700
Commercial Paper	Short-term investments	1,497,800	400	-	1,498,200
			$	$	
Total Investments		$ 12,934,500	400	-	$ 12,934,900

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

Inventory

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

	30 June 2020	31 December 2019
Raw materials inventory	$ 2,029,900	$ 1,318,600
Finished goods inventory	2,126,800	2,383,200
Total Inventory	$ 4,156,700	$ 3,701,800

The Company determined no allowance for obsolescence was necessary at 30 June 2020 or December 2019.

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 $117,200 at 31 December 2019. This amount was subsequently collected and the allowance was reversed in the six months ended 30 June 2020. The Company determined no allowance was necessary at 30 June 2020.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method. Office equipment (principally computers) is depreciated over an estimated useful life of three years. Laboratory equipment is depreciated over an estimated useful life of five years. Furniture is depreciated over a useful life of seven years. Leasehold improvements are 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 include 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:

	30 June 2020	31 December 2019
Furniture and equipment	$ 2,923,300	$ 2,311,800
Instruments	1,364,400	1,223,700
Leasehold improvements	640,100	635,100
Internal-use software under development	63,200	30,300
Internal-use software	1,628,600	1,277,300
Accumulated depreciation and amortisation	(2,466,800)	(2,198,100)
Property and equipment, net	$ 4,152,800	$ 3,280,100

For the six months ended 30 June 2020 and 2019, the Company transferred $154,000 and

$270,100, respectively of instruments previously classified as inventory to property and equipment leased to customers.

For the six months ended 30 June 2020 and 2019, the Company incurred depreciation and amortisation expense of $478,200 and $256,600 respectively. Maintenance and repairs are charged to expense as incurred.

In the six months ended 30 June 2020 and 2019, the Company capitalised approximately $8,200 and $9,800 of interest expense related to capitalised software development projects.

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 six months ended 30 June 2020 or 2019.

Revenue Recognition

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

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

The Company 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 paid by 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 49% and 52% for the six months ended 30 June 2020 and at 49% for the six months ended 30 June 2019 using the volatility of these companies.

Expected dividend yield

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

Risk-free interest rate

This approximates the U.S. Treasury rate for the day of each option grant during the year, having a term that closely resembles the expected term of the option. The risk-free interest rate was between 0.4% and 1.7% for the six months ended 30 June 2020 and 2.3% and 2.6% for the six months ended 30 June 2019.

Expected term

This is the period 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 approximately 6 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 consolidated financial statements.

The Company is subject to taxation in various jurisdictions in the United States and abroad and remains subject to examination by taxing jurisdictions for 2015 and all subsequent periods. The Company had a Federal Net Operating Loss ("NOL") carry forward of $48.9 million as of 31 December 2019, which was generally available as a deduction against future income for US federal corporate income tax purposes, subject to applicable carryforward limitations. As a result of the March 2016 initial public offering, the Company's NOLs are limited on an annual basis, subject to certain carryforward provisions, pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, as a result of a greater than 50% change in ownership that occurred in the three-year period ending at the time of the March AIM IPO. The Company has calculated that for the period ending 31 December 2022, the cumulative limitation amount exceeds the NOLs subject to the limitation.

Leases

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

The Company has made certain accounting policy elections for leases where it is the lessee whereby the Company (i) does not recognise ROU assets or lease liabilities for short-term leases (those with original terms of 12-months or less) and (ii) combines lease and non-lease elements of its operating leases. See Note 9 for additional details over leases where the Company is the lessee.

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

Loss Per Share

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

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

For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all dilutive potential common shares is anti-dilutive. The number of anti-dilutive shares, consisting of stock options and stock purchase warrants, which has been excluded from the computation of diluted loss per share, was 12.4 million and 9.9 million for the six months ended 30 June 2020 and 2019, respectively.

Recent Accounting Pronouncements

Recently Adopted

On January 1, 2020, the Company adopted new 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 adoption did not have a material effect on the Company's consolidated financial statements.

Unadopted

In June 2016, the FASB issued guidance with respect to measuring credit losses on financial instruments, including trade receivables. The guidance eliminates the probable initial recognition threshold that was previously required prior to 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 2022, 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 consolidated financial statements.

In August 2020, the FASB issued guidance with respect to (i) accounting for convertible instruments, (ii) accounting for contracts in an entity's own equity as derivatives and (iii) earnings per share calculations. The guidance attempts to simplify the accounting for convertible instruments by eliminating the requirement to separate embedded conversion options in certain circumstances. The guidance also provides for updated disclosure requirements for convertible instruments. The guidance further updates the criteria for determining whether a contract in an entity's own equity can be classified as equity. Lastly, the guidance specifically addresses how to account for the effect of convertible instruments and potential cash settled instruments in calculating diluted earnings per share. The guidance is effective for fiscal years beginning after 15 December 2021, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after 15 December 2020, including interim periods within those fiscal years. The adoption of this guidance may be applied on a modified retrospective basis or a full retrospective basis. The Company is currently evaluating the impact, if any, that

this new accounting pronouncement will have on its consolidated financial statements.

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

3. Revenue

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

Revenue is 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 and when specific milestones are achieved by a customer. 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 six months ended 30 June 2020 is as follows:

	Revenue from Contracts with Customers	Revenue from Lease Elements	Total Revenue
Product Sales	$ 5,439,500	$ -	$ 5,439,500
Leased Elements	-	5,252,100	5,252,100
Other	200,800	-	200,800
Total	$ 5,640,300	$ 5,252,100	$ 10,892,400

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

	Revenue from Contracts with Customers	Revenue from Lease Elements	Total Revenue
Product Sales	$ 4,828,900	$ -	$ 4,828,900
Leased Elements	-	3,380,900	3,380,900
Other	163,500	-	163,500

Total	$ 4,992,400	$ 3,380,900	$8,373,300

Additional disclosures relating to Revenue from Contracts with Customers

Changes in deferred revenue for the six months ended 30 June 2020 were as follows:

Balance at 1 January 2020	$3,452,800
Revenue recognised in the current period from amounts included in the beginning balance	2,527,400
Current period deferrals, net of amounts recognised in the current period	4,377,000
Balance at 30 June 2020	$ 5,302,400

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

Balance at 1 January 2019	$2,770,100
Revenue recognised in the current period from amounts included in the beginning balance	1,849,500
Current period deferrals, net of amounts recognised in the current period	3,162,600
Balance at 30 June 2019	$4,083,200

Remaining contract consideration for which revenue has not been recognised due to unsatisfied performance obligations with a duration greater than one year was approximately $316,800 at 30 June 2020 of which the Company expects to recognise approximately $86,600 in 2021, $86,600 in 2022, $51,400 in 2023 $37,400 in 2024 and $54,800 thereafter.

In the six months ended 30 June 2020 and 2019, the Company did not incur, and therefore did not defer, any material incremental costs to obtain contracts or costs to fulfill contracts.

4. Debt

The Company originally entered into a credit facility with Midcap Financial SBIC, LP ("MidCap") in March 2014. In February 2019, the Company paid off the MidCap credit facility in full in accordance with its terms and conditions.

In November 2019, the Company entered into a new credit facility with MidCap. The credit facility provided for a $5 million term loan maturing on 01 November 2024. The term loan provides for (i) an interest rate of one-month Libor plus 6.5% with a 1.5% Libor floor, (ii) monthly interest payments, (iii) 30 monthly principal payments of approximately $166,700 beginning June 2022 and (iv) a 3% final payment fee. The Company used the proceeds from the credit facility for general operating purposes. The debt is collateralized by substantially all assets of the Company.

In conjunction with the credit facility the Company issued the lender a warrant to purchase 71,168 shares of common stock at a price of £1.09081. The warrant is exercisable at any time through the tenth anniversary of issuance (see Note 5). In connection with the credit facility, the Company also incurred expenses of approximately $47,300. The warrant and expenses resulted in recording a debt discount which is amortised as interest expense over the term of the loan. At 30 June 2020, the term loan had an outstanding principal balance of $5 million and $93,900 of unamortised debt discount.

In April 2020, the Company received a loan from Silicon Valley Bank in the amount of $1,440,000 under the US Small Business Administration's Paycheck Protection Program ("PPP"). The PPP was established as part of the US Coronavirus Aid, Relief, and Economic Security ("CARES") Act and provides for potential forgiveness of the loan upon the Company meeting certain conditions as to the use of the proceeds. The loan provided for interest at 1% and a maturity date of April 2022. In May 2020, subsequent to the Company's equity raise, the Company repaid the loan in full.

5. Stockholders' Equity

Common Stock

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

In May 2020, the Company completed an equity capital raise issuing 19,181,423 shares of its common stock at a price of £1.31 (or approximately $1.60) per share in an unregistered offering. The transaction generated gross proceeds of approximately £25.1 million (or $30.5 million). In conjunction with the transaction, the Company incurred costs of approximately $1.9 million which resulted in the Company receiving net proceeds of approximately $28.6 million.

During the year six months ended 31 June 2019, the Company issued 147,500 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $117,600. There were no options exercises in the six months ended 30 June 2020.

Warrant

In connection with the November 2019 credit facility the Company issued the lender a warrant to purchase 71,168 shares of common stock at an exercise price of £1.09081. The warrant is exercisable at any time through the tenth anniversary of issuance. The warrant is classified as a liability as its strike price is in a currency other than the Company's functional currency. The warrant is recorded at fair value each reporting period with changes going through the statement of operations (see Note 6).

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, as amended, 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 and 10 December 2019, the Company's Board resolved to increase the number of stock options under the Plan by 2,000,000 and 3,000,000, respectively to provide sufficient shares to allow competitive equity compensation in its primary markets for staff and consistent with practices of comparable companies.

The Company has not issued any restricted stock, incentive shares, or performance awards under the Plan. Stock options granted under the Plan may be either incentive stock options as defined by the Internal Revenue Code or non-qualified stock options. The Board of Directors determines who will receive options under the Plan and determines the vesting period. The options can have a maximum term of no more than 10 years. The exercise price of options granted under the Plan is determined by the Board of Directors and must be at least equal to the fair market value of the Common Stock of the Company on the date of grant.

In the six months ended 30 June 2020, the Company granted 2,292,400 stock options with a weighted-average exercise price of $1.73 per share. The weighted-average fair value of the options granted during the six months ended 30 June 2020 and 2019 was estimated to be $0.87 and $1.60, respectively.

At 30 June 2020, there were 12,308,400 stock options outstanding with a weighted-average exercise price of $1.54 per share. As of 30 June 2020, total unrecognised compensation expense was $5,267,700 which will be recognized over the next 4.0 years.

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

	2020	2019
General and administrative	$ 519,900	$ 85,800
Sales and marketing	218,000	146,300
Research and development	368,700	291,800
Total	$ 1,106,600	$823,900

6. Fair Value

The Company's Consolidated Balance Sheets include various financial instruments (primarily cash and cash equivalents, short-term investments, accounts receivable and accounts payable) that are carried at cost, which approximates fair value due to the short-term nature of the instruments. Notes payable 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 an outstanding warrant originally issued in connection with the November 2019 debt financing (see Note 4) that is accounted for as a liability whose fair value is determined using Level 3 inputs. The following table identifies the carrying amounts of this warrant at 30 June 2020:

	Level 1	Level 2	Level 3	Total
Liabilities				
Liability classified warrant	$ -	$ -	$ 126,000	$ 126,000

Total at 30 June 2020	$ -	$ -	$ 126,000	$ 126,000

The following table identifies the carrying amounts of this warrant at 31 December 2019:

	Level 1	Level 2	Level 3	Total
Liabilities				
Liability classified warrant	$ -	$ -	$ 74,700	$ 74,700
Total at 31 December 2019	$ -	$ -	$ 74,700	$ 74,700

The following table presents the activity for those items measured at fair value on a recurring basis using Level 3 inputs for the six months ended 30 June 2020:

	Mark-to-market liabilities - warrant
Balance at 31 December 2019	$ 74,700
Issuance	-
Change in fair value	51,300
Balance at 30 June 2020	$ 126,000

The Company had no recurring Level 3 liabilities in the six months ended 30 June 2019.

The gains and losses resulting from the changes in the fair value of the liability classified warrant are classified as other income or expense in the accompanying statements of operations. The fair value of the common stock purchase warrants is determined based on the Black-Scholes option pricing model or other option pricing models as appropriate and includes the use of unobservable inputs such as the expected term, anticipated volatility and expected dividends. Changes in any of the assumptions related to such unobservable inputs identified above may change the embedded conversion options' fair value; increases in expected term, anticipated volatility and expected dividends generally result in increases in fair value, while decreases in these unobservable inputs generally result in decreases in fair value.

The Company has no other 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 six months ended 30 June 2020 or 2019.

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 six months ended 30 June 2020 or 2019.

7. Retirement Plan

The Company sponsors a defined-contribution 401(k) retirement plan covering eligible employees. Participating employees may voluntarily contribute up to limits provided by the Internal Revenue Code. The Company matches employee contributions equal to 50% of the salary deferral contributions, with a maximum Company contribution of 3% of the employees' eligible compensation. In the six months ended 30 June 2020 and 2019, Company matching contributions amounted to $142,700 and $111,400, respectively.

8. Commitments and Contingencies

Operating Leases

From 2009 through September 2019 the Company entered into various new and amended leases for office and laboratory space. A member of the Company's Board of Directors is the CEO and Board member of the lessor of certain of these leases for which the rent payments totaled $310,500 and $157,900 in the six months ended 30 June 2020 and 2019, respectively.

All the Company's office and laboratory leases expire in October 2023 and provide for annual increases to the base rent of between 3% and 5%. The current monthly base lease payment for all office and laboratory leases is approximately $55,800. 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. None of the Company's current operating leases contain any renewal provisions.

All the Company's office and laboratory leases are classified as operating leases. The Company used a discount rate of 8% in calculating its lease liability under its operating leases. The September 2019 lease agreements and modifications resulted in the Company establishing approximately $2,209,200 of ROU assets and $2,247,400 of lease liabilities.

At 30 June 2020, the Company had a $1,995,100 ROU asset, a $539,300 short-term lease liability and $1,527,900 long-term lease liability related to its operating leases.

Finance Leases

In 2020, the Company entered into a three-year laboratory equipment lease that expires in April 2023. The lease provides for monthly payments of approximately $9,200 per month and includes an end of lease bargain purchase option. The lease is classified as a finance lease. The Company used a discount rate of 5.5% in calculating its lease liability under this finance lease resulting in the establishment of approximately a $301,700 ROU asset and offsetting lease liabilities.

At 30 June 2020, the Company had a $266,000 ROU asset, a $97,300 short-term lease liability included in "Accrued expenses and other" and $192,800 long-term lease liability included in "Other liabilities" related to its finance lease.

9. Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 21 September 2020 the date the consolidated financial statements were available to be issued.

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[1] *Information in table is as of 30 June 2020 and 30 June 2019, respectively.*

[2] *CARMA investment includes stock-based compensation of $0.1m and $0.2m in H1 2019 and 2020, respectively.*

3 *Excluding associated non-cash stock-based compensation of $0.7m and $0.9m in H1 2019 and H1 2020, respectively.*

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