Full Year Results

March 20, 2017

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MaxCyte, Inc.
20 March 2017

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

MaxCyte Reports Final Results for Year Ended 31 December 2016

Consistent top-line growth with 32% increase in revenues and gross margins approaching 90%

Maryland, USA - 20 March 2017: MaxCyte (LSE: MXCT), a US-based global company driving the acceleration of the discovery, development, manufacturing and commercialization of next-generation, cell-based medicines, today announces its full-year audited results for the year ended 31 December 2016, a pivotal year as it became a publicly traded company.

HIGHLIGHTS (including post-period-end highlights)

Financial Highlights

- Successful initial public offering (IPO) on the AIM market of the London Stock Exchange on 29 March 2016 raising £10.0 million (before expenses)
- Revenues of $12.3 million (32% increase over $9.3 million in 2015)
- Gross margins remained stable at 89%
- CARMA investment totalled $1.3 million for 2016, compared to $0.3 million for 2015
- Operating expenses (including CARMA investment) increased to $13.7 million in 2016, compared to $9.0 million in 2015
- Net loss before CARMA investment was $2.0 million including $0.9 million in PLC expenses post-IPO (net loss before CARMA expenses of $1.1 million in 2015)
- Total assets were $16.1 million at the end of 2016, compared to $6.4 million at the end of 2015
- Cash and cash equivalents totalled $11.7 million at the end of 2016, compared to $2.4 million at the end of 2015

Operational and Corporate Highlights

- Non-exclusive commercial license agreement signed March 2017 with CRISPR Therapeutics and Casebia Therapeutics (a joint venture established by CRISPR Therapeutics and Bayer AG) to develop CRISPR/Cas9-based therapies for hemoglobin-related diseases and severe combined immunodeficiency (SCID). Under the terms of the license, MaxCyte will receive upfront, milestone, and sales-based payments
- Strategic research collaboration established with the Washington University in St. Louis to develop MaxCyte's proprietary CARMA platform in blood cancers and related pipeline of next-generation cell therapies
- Advancement of collaboration with Johns Hopkins Kimmel Cancer Center with the goal of entering the clinic with a CARMA drug candidate in 2017 pending appropriate regulatory clearances
- Continued growth of customer base, comprising leading pharmaceutical and biotechnology companies, including nine of the top ten global biopharmaceutical companies by revenue
- Expansion to more than 40 high-value cell therapy partnered programmes covering cutting-edge fields of immuno-oncology, gene editing and regenerative medicine, delivering high-value recurring licensing revenue, with more than 15 programmes licensed for clinical-stage use
- Continued collaboration with world leaders in the CAR field in both solid cancers and haematological malignancies, with eight academic clinical trials initiated that use MaxCyte's technology

- Publication of results in *Science Translational Medicine* from a collaborative study with the National Institutes of Health's (NIH) National Institute of Allergy and Infectious Diseases (NIAID) demonstrating CRISPR-Cas9 repair in stem cells from patients with a rare immunodeficiency disorder, enabled by MaxCyte's technology
- Expansion of Asian distribution network, adding distributors in Japan and Singapore to support growing market demand for MaxCyte STX® Scalable Transfection System and MaxCyte VLX® Large Scale Transfection System
- Appointment of Debra K. Bowes as executive vice president, business and strategic development, to lead alliance-building efforts for CARMA

Commenting on the 2016 Annual Results, Doug Doerfler, CEO of MaxCyte, said: *"We are pleased to have carried the strong momentum from the first half of 2016 through to the end of the calendar year, continuing to make significant progress across all areas of the business. We delivered strong financial results in 2016, including more than 30% year-on-year revenue growth for the second consecutive year. Throughout the year, we have demonstrated our unique position as an enabler for the clinical application of cutting-edge treatments in fields such as immuno-oncology and gene editing. Our collaborations with leading institutions such as the Johns Hopkins Kimmel Cancer Center and the recently announced strategic collaboration with Washington University in St. Louis continue to progress well, with a first IND for a candidate from our CARMA programme anticipated in 2017, and advancing the platform in extended therapeutics areas. Most recently, we announced that we had signed a non-exclusive commercial license agreement with CRISPR Therapeutics and Casebia Therapeutics (a joint venture established by CRISPR Therapeutics and Bayer AG) to develop CRISPR/Cas9-based therapies for hemoglobin-related diseases and SCID. We look forward to continuing this progress through 2017 and beyond and have significant confidence in our growth plans as our partners and customers utilise our unique platform and technologies."*

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About MaxCyte

MaxCyte (LSE: MXCT), is a US-based global company driving acceleration of the discovery, development, manufacturing and commercialization of next-generation, cell-based medicines. The Company provides its patented, high-performance cell engineering platform to biopharmaceutical partners engaged in drug discovery and development, biomanufacturing, and cell therapy, including gene editing and immuno-oncology. With its robust delivery platform, MaxCyte's team of scientific experts helps its partners unlock the potential of their products and solve development and commercialization challenges. This platform allows for the engineering of nearly all cell types, including human primary cells, with any molecule, at any scale. It also provides a high degree of consistency with minimal cell disturbance, thereby facilitating rapid, large-scale, clinical and commercial grade high-performance cell engineering in a non-viral system and with low-toxicity concerns. The Company's cell-engineering platform is CE-marked and FDA-accredited, providing MaxCyte's customers and partners with an established regulatory path to commercialize cell-based medicines.

MaxCyte is also developing CARMA, its proprietary, breakthrough platform in immuno-oncology, to rapidly manufacture CAR therapies for a broad range of cancer indications, including solid tumours where existing CAR-T approaches face significant challenges.

For more information, visit http://www.maxcyte.com/

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S JOINT REVIEW

Dear Shareholders,

Introduction

In 2016, our first year as a publicly traded company, MaxCyte made significant progress across the entire business: in selling and licensing our unique cell engineering platform for use in drug discovery and cell therapy, including immuno-oncology and gene editing; in investing in our own infrastructure, to continue to lead the future of cell-based medicines for treatment of patients around the globe; and in growing our sales and technical support teams.

CARMA immuno-oncology platform

The Company has made many advances in developing CARMA, its breakthrough, proprietary platform in immuno-oncology that seeks and destroys cancer cells. The CARMA platform is used to rapidly manufacture CAR therapies for a broad range of cancer indications, including solid tumours where existing CAR-T approaches face significant challenges. CARMA offers the potential to deliver precise therapies for patients against a range of cancers, significantly faster and without the cost and complexity of centralized manufacturing and adverse effects seen in first generation, viral-based CAR therapies. MaxCyte's first CARMA drug candidate is advancing towards clinical development via a strategic collaboration with the Johns Hopkins Kimmel Cancer Center in Baltimore, Maryland. Our goal, given the promising preclinical results to date from our collaboration with Johns Hopkins, along with further study, is that our work will result in an investigational new drug (IND) filing with the US Food and Drug Administration in 2017. In addition, in 2016, we entered into a second collaboration for CARMA with the Siteman Cancer Center at Washington University in St. Louis, Missouri, to develop CAR therapy drug candidates for blood cancers.

MaxCyte is also enabling a new generation of cell therapies growing out of the convergence of technological advances, such as emerging immunotherapy approaches and CRISPR-Cas9 gene editing, which allows deletion, addition, or alteration of specific sites in a gene, enabling precise control over gene function. Proof of concept for our technology's potential in gene editing was evidenced by publication of results in the peer-reviewed journal *Science Translational Medicine* from a collaborative study between MaxCyte and the NIH's NIAID in January 2017 demonstrating CRISPR-Cas9 repair in stem cells from patients with a rare immunodeficiency disorder. The data published in this study of a potential treatment for X-linked chronic granulomatous disease (CGD) demonstrates proof of concept for the unique effectiveness of MaxCyte technology for enabling CRISPR-based gene repair.

Publications and scientific integrity

The Company's proprietary Flow Electroporation™ Technology, a cell-engineering platform designed to safely and reproducibly modify any cell, including primary human cells with high efficiency, low cytotoxicity, and at the scale required to treat patients, is increasingly being recognized as the industry standard for creating therapeutics from cells.

We understand the importance of validation for any new technology, and throughout the year we continued our engagement with the wider scientific community, publishing our scientific findings in a peer-reviewed article in *Science Translational Medicine*, and presenting additional findings at conferences worldwide, including the American Society of Gene and Cell Therapy Annual Meeting, the Keystone Symposia on Precision Genome Engineering, the Annual Biophysical Society Meeting, the BioProcess International Conference & Exposition, and CHI's Cancer Biotherapeutics Conference.

Outlook

The Company remains focused on progressing its CARMA programme and driving top-line growth from expanding licensing and sales of its technology with new and existing customers. We see our technology becoming more widely adopted in drug discovery/development and cell therapy because of the power of our proprietary cell-engineering platform to advance drug discovery and cell-based therapeutics, including through expansion in the geographies we serve and advances into new therapeutic areas to broaden our overall addressable market. The MaxCyte team remains firmly dedicated to making possible key advancements for human healthcare in the revolutionary fields of immuno-oncology and gene editing based on the Company's technology, and management is confident in delivering continued strong growth for 2017.

Summary

We offer sincere thanks to our investors, Board of Directors, partners and collaborators, and employees who have shared our vision of the critical importance of cell engineering in the development of treatments for human health, and who have helped us drive to our present success. We look forward to forming new partnerships and collaborations in 2017 as we continue to remain on the cutting edge of science, advancing a new generation of cell-based medicines.

Doug Doerfler
President and Chief Executive Officer

J. Stark Thompson, PhD
Non-Executive Chairman

20 March 2017

OPERATIONAL REVIEW

CARMA

MaxCyte is developing CARMA, its breakthrough, proprietary platform in immuno-oncology, to rapidly manufacture CAR therapies for a broad range of cancer indications, including solid tumours where existing CAR-T approaches face significant challenges. During the second half of the year, MaxCyte continued its focus on the progression of its CARMA programme through its strategic research collaboration with the Johns Hopkins Kimmel Cancer Center, entered in 2015, and a recently announced collaboration with Washington University in St. Louis. The Company has a goal of entering the clinic with a CARMA drug candidate in 2017, pending appropriate regulatory clearances.

Cell therapeutics

MaxCyte is currently partnering with commercial and academic cell therapy developers in more than 40 licensed programmes covering an increasingly diverse range of fields, including immuno-oncology, gene editing and regenerative medicine. More than 15 of these programmes are licensed for clinical-stage use with the goal of providing new therapies to individuals facing diseases including cancers (such as triple- negative breast cancer, Hodgkins lymphoma, pediatric leukaemia and other blood cancers), HIV and sickle cell disease. Recently, we also announced a non-exclusive commercial license agreement with CRISPR Therapeutics and Casebia Therapeutics (a joint venture established by CRISPR Therapeutics and Bayer AG) to develop CRISPR/Cas9-based therapies for hemoglobin-related diseases and SCID. Under the terms of the license, MaxCyte will receive upfront, milestone, and sales-based payments.

The technology licenses provided to partners in MaxCyte's cell therapeutics business provide high-value recurring annual fees, which are complemented by an attractive recurring revenue stream from the sale of its proprietary single-use disposable processing assemblies. As these programmes continue to progress in the clinic and to commercialization, we believe they will expand the significant value they provide to our partners and for the Company and its shareholders.

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

Drug discovery tools

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

In 2016, MaxCyte bolstered its distribution network by appointing distribution partners to serve customers in Japan and Singapore. This move supports growing market demand for MaxCyte STX® Scalable Transfection Systems and MaxCyte VLX® Large Scale Transfection Systems in Asia.

Scientific focus

MaxCyte researchers and our partners have continued to present scientific findings, supported by use of MaxCyte's proprietary high-performance delivery platform, in CAR and other areas, via peer-reviewed publications and at conferences worldwide. Published results in *Science Translation Medicine*, from our collaboration with the NIH's NIAID, demonstrated proof of concept for the unique effectiveness of MaxCyte technology for enabling CRISPR-based gene repair. In October 2016, at the BioProcess International Conference & Exposition, two scientific posters were presented on use of MaxCyte's platform for streamlining production of biologics, vaccines and cell-based medicines and for producing consistent antibody quality and glycosylation patterns. In March 2016, data resulting from a collaboration with Dr. Matthias Peipp, PhD, of Christian-Albrechts-University in Kiel, Germany was presented at CHI's Cancer Biotherapeutics Conference in London, showing that the MaxCyte platform can produce biologically active bispecific antibodies via transient expression in CHO cells.

Team

In November 2016, MaxCyte announced the appointment of Debra K. Bowes as executive vice president, business and strategic development, to lead alliance-building efforts for MaxCyte's proprietary CARMA platform. Ms. Bowes has more than 25 years' experience in

corporate strategy, licensing and in the creation of partnerships to advance the development and commercialization of biopharmaceutical products, with a main emphasis in oncology.

Outlook

The Company remains focused on progressing its CARMA programme and driving top-line growth from expanding licensing and sales of its technology. We see our technology becoming more widely adopted in drug discovery/development and cell therapy because of the unique power of our proprietary cell-engineering platform to advance drug discovery and cell-based therapeutics. The MaxCyte team remains firmly dedicated to making possible key advancements for human healthcare in the revolutionary fields of immuno-oncology and gene editing based on the Company's technology. We are confident in our technology platform and look forward to strong growth for the year.

Doug Doerfler
20 March 2016

FINANCIAL REVIEW

During 2016, the Company focused on expanding its partnered programmes supporting cell therapy product developers, growing its user base in drug discovery and development, and supporting the progress of its current customers. The Company also advanced its collaboration with the Johns Hopkins Kimmel Cancer Center and entered a collaboration with Washington University in St. Louis for preclinical animal studies of its CARMA immunotherapy in solid tumours and haematological malignancies, respectively. CARMA investment principally included research studies at Johns Hopkins and in MaxCyte's laboratories, as well as regulatory and planning work.

During the year, the Company also significantly expanded its investment in marketing to support sales in all its markets and invested in the hiring of field application scientists and sales professionals for Europe and North America. These investments will support the advancement of its cell therapy business, business development activities around its CARMA programme, and sales and licensing of its delivery platform globally.

Results for the year ended 31 December 2016

The Company maintains its accounts under US GAAP and the following information is provided on that basis:

Income statement and operations

- Revenues were $12.3 million in 2016, compared to $9.3 million in 2016.
- Gross margins remained stable at 89%.
- CARMA investment totalled $1.3 million for 2016, compared to $0.3 million for 2015.
- Operating expenses (including CARMA) increased to $13.7 million in 2016, compared to $9.0 million in 2015.
- Net loss before CARMA investment was $2.0 million for 2016, (including $0.9 million in PLC expenses post IPO (net loss before CARMA expenses of $1.1 million in 2015).
- Following its March 2016 IPO, the Company made important progress towards planned growth in its marketing efforts and in its investments in the Company's sales, field applications, customer support and platform teams to support its focus on technology adoption and revenue growth.
- During the year, the Company increased its global sales force by 50% and doubled the number of field support application scientists. The Company employed a worldwide staff of 32 employees as of 31 December 2016.

Balance sheet and capital structure:

- Total assets on the balance sheet were $16.1 million at the end of 2016, compared to $6.4 million at the end of 2015.
- Cash and cash equivalents totalled $11.7 million at 2016 year end, compared to $2.4 million at the end of 2015
- Deferred revenues increased from $2.0 million in 2015 to $2.7 million in 2016 due principally to growth in instrument licenses.
- The principal balance of the Company's credit facility at 31 December 2016 was $5.1 million.

- As of 31 December 2015, the Company had five classes of preferred stock and one class of common stock. Upon the occurrence of the March 2016 initial public offering (IPO), all preferred classes of stock were converted into the Company's single class of common stock. Immediately following the IPO, 43,470,461 shares of common stock were outstanding. As of 31 December 2016, 43,539,527 shares of common stock were outstanding.

Ron Holtz
17 March 2017

Independent Auditor's Report

We have audited the accompanying financial statements of **MaxCyte, Inc.**, which comprise the Balance Sheets as of 31 December 2016 and 2015, and the related Statements of Operations, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit), and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **MaxCyte, Inc.** as of 31 December 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aronson LLC
805 King Farm Blvd
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Rockville, Maryland 20850

Audited 2016 Financial Statements and Notes

MaxCyte, Inc.

Balance Sheets

(amounts in US dollars, except share amounts)

	31 December 2016	31 December 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 11,727,000	$ 2,411,900
Accounts receivable	2,410,700	1,451,300
		&nbnbsp;
Inventory	1,334,600	1,085,900
Other current assets	318,400	1,244,600
Total current assets	**15,790,700**	**6,193,700**
Property and equipment, net	281,500	207,300
Total Assets	**$ 16,072,200**	**$ 6,401,000**
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)		
Current liabilities:		
Current portion of note payable, net of discount and fees	$ -	$ 805,700
Current portion of capital lease obligations	14,400	16,600
Accounts payable and accrued expenses	3,174,500	2,257,000
Deferred revenue	2,463,100	2,011,800
Total current liabilities	**5,652,000**	**5,091,100**
Note payable, net of discount and fees, and net of current portion	4,989,100	4,203,900
Preferred stock purchase warrant liabilities	-	85,400
Capital lease obligations, net of current portion	3,100	17,500
Other liabilities	344,600	85,600
Total liabilities	**10,988,800**	**9,483,500**
Commitments and contingencies (Note 9)		
Redeemable convertible preferred stock:		
Redeemable Convertible Series E Preferred Stock, $0.01 par, 1,700,000 shares authorized, issued and outstanding at 31 December 2015; aggregate liquidation preference $2,730,700 at 31 December 2015. No shares authorized or issued and outstanding at 31 December 2016.	-	1,633,100
Redeemable Convertible Series D Preferred Stock, $0.01 par, 1,602,500 shares authorized, 1,500,000 shares issued and outstanding at 31 December 2015; aggregate liquidation preference $6,935,900 at 31 December 2015. No shares authorized or issued and outstanding at 31 December 2016.	-	3,339,500
Redeemable Convertible Series C Preferred Stock, $0.01 par, 2,500,000 shares authorized, 2,225,968 shares issued and outstanding at 31 December 2015; aggregate liquidation preference $8,307,500 at 31 December 2015. No shares authorized or issued and outstanding at 31 December 2016.	-	3,977,400
Redeemable Convertible Series B Preferred Stock, $0.01 par, 22,000,000 shares authorized, 19,125,475 shares issued and outstanding at 31 December 2015; carrying amount approximates liquidation preference. No shares authorized or issued and outstanding at 31 December 2016.	-	35,299,100
Redeemable Convertible Series A-1 Preferred Stock, $0.01 par, 4,000,000 shares authorized, 3,129,406 shares issued and outstanding at 31 December 2015. No shares authorized or issued and outstanding at 31 December 2016.	-	1,028,100
Total redeemable convertible preferred stock	**-**	**45,277,200**
Stockholders' equity (deficit)		

Common stock, $0.01 par; 200,000,000 and 34,000,000 shares authorized, 43,539,527 and 1,947,302 shares issued and outstanding at 31 December 2016 and 2015, respectively.	435,400	19,500
Additional paid-in capital	56,372,700	-
Accumulated deficit	(51,724,700)	(48,379,200)
Total stockholders' equity (deficit)	**5,083,400**	**(48,359,700)**
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	**$ 16,072,200**	**$ 6,401,000**

See accompanying notes to the financial statements.

MaxCyte, Inc.

Statements of Operations

For the Years Ended 31 December,

(amounts in US dollars, except share amounts)

	2016	2015
Revenue	**$ 12,269,500**	**$ 9,290,300**
Costs of goods sold	1,307,600	1,031,800
Gross profit	**10,961,900**	**8,258,500**
Operating expenses:		
Research and development	4,696,400	3,008,100
Sales and marketing	4,784,200	3,344,400
General and administrative	4,204,700	2,667,100
Total operating expenses	**13,685,300**	**9,019,600**
Operating loss	**(2,723,400)**	**(761,100)**
Other income (expense):		
Interest expense	(637,800)	(704,400)
Other income	15,700	20,000
Total other income (expense)	**(622,100)**	**(684,400)**
Net loss	**(3,345,500)**	**(1,445,500)**
Cumulative preferred stock dividends	(505,400)	(2,072,600)
Net loss attributable to common stock	**$ (3,850,900)**	**$ (3,518,100)**
Basic and diluted net loss per common share	**$ (0.11)**	**$ (1.86)**
Weighted average common shares outstanding, basic and diluted	**33,515,664**	**1,887,765**

See accompanying notes to the financial statements.

Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

For the Years Ended 31 December

(amounts in US dollars)

	Redeemable Convertible Preferred Stock					Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Series E	Series D	Series C	Series B	Series A-1	Shares	Amount			
Balance 1 January 2015	**$ 1,633,100**	**$ 3,339,500**	**$3,977,400**	**$33,769,100**	**$ 1,028,100**	**1,879,980**	**$ 18,800**	**$ -**	**$ (45,413,200)**	**$ (45,394,400)**
Stock-based compensation expense	-	-	-	-	-	-	-	1,200	-	1,200
Exercise of stock options	-	-	-	-	-	67,322	700	8,300	-	9,000
Accretion of redeemable preferred stock	-	-	-	1,530,000	-	-	-	(9,500)	(1,520,500)	(1,530,000)
Net loss	-	-	-	-	-	-	-	-	(1,445,500)	(1,445,500)
Balance 1 January 2016	**1,633,100**	**3,339,500**	**3,977,400**	**35,299,100**	**1,028,100**	**1,947,302**	**19,500**	**-**	**(48,379,200)**	**(48,359,700)**
Accretion of preferred stock	222,200	972,500	1,683,900	373,100	-	-	-	(3,251,700)	-	(3,251,700)
Conversion of preferred stock upon IPO	(1,855,300)	(4,312,000)	(5,661,300)	(35,672,200)	(1,028,100)	27,151,531	271,500	48,257,400	-	48,528,900
Exchange of warrant upon IPO	-	-	-	-	-	85,914	900	84,500	-	85,400
Issuance of common stock upon IPO	-	-	-	-	-	14,285,714	142,800	11,116,700	-	11,259,500
Stock-based compensation expense	-	-	-	-	-	-	-	154,100	-	154,100
Exercise of stock		&nbsnbsp;								
options	-	-	-	-	-	69,066	700	11,700	-	12,400
Net loss	-	-	-	-	-	-	-	-	(3,345,500)	(3,345,500)
Balance 31 December 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**43,539,527**	**$ 435,400**	**$ 56,372,700**	**$ (51,724,700)**	**$ 5,083,400**

See accompanying notes to the financial statements.

MaxCyte, Inc.

Statements of Cash Flow

For the Years Ended 31 December,

(amounts in US dollars)

	2016	2015
Cash flows from operating activities:		
Net loss	$ (3,345,500)	$ (1,445,500)

Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	105,700	93,300
Net book value of consigned equipment sold	38,900	30,100
Stock-based compensation	154,100	1,200
Change in fair value of derivative liability	-	(20,000)
Non-cash interest expense	42,600	79,000
Changes in operating assets and liabilities:		
Accounts receivable	(959,400)	(49,400)
Inventory	(248,700)	(144,800)
Other current assets	(109,100)	(15,300)
Accounts payable and accrued expenses	1,276,100	525,800
Deferred revenue	638,300	657,400
Other liabilities	72,000	107,700
Net cash used in operating activities	(2,335,000)	(180,500)
Cash flows from investing activities:		
Purchases of property and equipment	(218,800)	(94,500)
Net cash used in investing activities	(218,800)	(94,500)
Cash flows from financing activities:		
Proceeds from issuance of notes payable and warrants, net of issuance costs	-	121,800
Issuance costs related to debt amendment	(63,100)	-
Proceeds from exercise of stock options	12,400	9,000
Principal payments on notes payable	-	(150,000)
Principal payments on capital leases	(16,600)	(26,200)
Costs of anticipated offering paid in advance	-	(676,700)
Net proceeds from issuance of common stock in IPO	11,936,200	-
Net cash provided by (used in) financing activities	11,868,900	(722,100)
Net increase (decrease) in cash and cash equivalents	9,315,100	(997,100)
Cash and cash equivalents, beginning of period	2,411,900	3,409,000
Cash and cash equivalents, end of period	$ 11,727,000	$ 2,411,900
Supplemental cash flow information:		
Cash paid for interest	$ 525,100	$ 518,200
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of preferred stock in conjunction with IPO	$ 48,528,900	$ -
Exchange of stock warrants in conjunction with IPO	$ 85,400	$ -

See accompanying notes to the financial statements.

1. Organization and Description of Business

MaxCyte, Inc. (the "Company" or "MaxCyte") was incorporated as a majority owned subsidiary of EntreMed, Inc. ("EntreMed") on 31 July 1998, under the laws and provisions of the state of Delaware, and commenced operations on 1 July 1999. In November 2002, MaxCyte was recapitalized and EntreMed was no longer deemed to control the Company.

MaxCyte is a developer and supplier of proprietary electroporation technology to biotechnology and pharmaceutical firms engaged in cell

therapy, including gene editing and immuno-oncology and in drug discovery and development and biomanufacturing. The Company licenses its instruments and technology and sells its consumables to developers of cell therapies. The Company also sells and licenses its instruments and sells its consumables to pharmaceutical and biotechnology companies for use in drug discovery and development and biomanufacturing. MaxCyte is also developing CARMA, a chimeric antigen receptor (CAR) based cell therapy targeting solid and liquid cancers, through internal research and collaborations with academic institutions.

In January 2016, the Board of Directors approved an amended Plan of Recapitalization (the "Plan of Recapitalization," which replaced the previous Plan of Conditional Recapitalization which had been approved in December 2014). The Plan of Recapitalization provided that, immediately prior to completion of an AIM IPO, (i) all Series A-1, B, C and D preferred stock shall be converted automatically into Common Stock based on a formula set out in and otherwise in accordance with the terms of the Recapitalization and (ii) the Series E preferred stock shall be converted automatically into Common Stock at a discount from the AIM IPO placing price. Additionally, holders of the outstanding Series D Preferred Stock Warrants shall have confirmed that such warrants would be exchanged for Common Stock based on a formula as set out in, and otherwise in accordance with, the terms of the warrants and the Plan of Recapitalization. The Plan of Recapitalization was effective on March 29, 2016 upon the Company's completion of its AIM IPO.

On March 29, 2016, the Company completed its initial public offering ("IPO") of its Common Stock on the Alternative Investments Market ("AIM") of the London Stock Exchange ("AIM IPO"). The Company issued approximately 14.3 million shares of its Common Stock at an initial price of £0.70 per share (or approximately $1.01 per share), generating gross proceeds of approximately £10 million (or approximately $14.4 million). See Note 5.

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"). Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications related to certain work-in-process inventory disclosed in the inventory footnote being reclassified to finished goods to more accurately reflect the status of such inventory for which manufacturing has been completed.

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, stock-based compensation, allowance for doubtful accounts, allowance for inventory obsolescence, valuation of derivative liabilities and other financial instruments, accruals for contingent liabilities, deferred taxes and valuation allowance, and the depreciable lives of fixed assets. Actual results could differ from those estimates.

Concentration

During the years ended 31 December 2016 and 2015, one customer represented 11% and 17% of net revenues, respectively. As of 31 December 2016 and 2015, accounts receivable from this customer totalled 3% and 2% of net accounts receivable, respectively.

During the years ended 31 December 2016 and 2015, the Company purchased approximately 63% and 65%, respectively of inventory from one supplier. As of 31 December 2016 and 2015, amounts payable to this supplier totalled 24% and 27% 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 recognized in the Statement of Operations as general and administrative expenses. The foreign currency transaction losses were $72,700 and $50,100 for the years ended 31 December 2016 and 2015, 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 prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include:

- Level 1-Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2-Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.

- Level 3-Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

See Note 6 for additional information regarding fair value.

Cash and Cash Equivalents

Cash and cash equivalents consist of financial instruments with original maturities of less than three months. At times the Company's cash balances may exceed federally insured limits and cash may also be deposited in foreign bank accounts that are not covered by federal deposit insurance. The Company does not believe that this results in any significant credit risk.

Inventory

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

	2016	2015
Raw materials inventory	$ 426,000	$ 192,300
Finished goods inventory	908,600	893,600
Total Inventory	$ 1,334,600	$ 1,085,900

The Company determined no allowance for obsolescence was necessary at 31 December 2016 or 2015.

Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The Company determined that no allowance was necessary at 31 December 2016 or 2015.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method. Office equipment (principally computers) is depreciated over an estimated useful life of three years. Laboratory equipment is depreciated over an estimated useful life of five years. Furniture is depreciated over a useful life of seven years. Leasehold improvements are amortized over the shorter of the estimated lease term or its useful life. Consigned instruments represent equipment held at a customer's site that is typically leased to customers on a short-term basis and is depreciated over an estimated useful life of five years. Property and equipment consist of the following at 31 December:

	2016	2015
Furniture and equipment	$1,084,100	$ 1,012,700
Consigned instruments	443,900	339,900
Leasehold improvements	72,500	72,500
Accumulated depreciation and amortization	(1,319,000)	(1,217,800)
Property and equipment, net	$ 281,500	$ 207,300

For the years ended 31 December 2016 and 2015, the Company incurred depreciation and amortization expense of $105,700 and $93,300, respectively. Maintenance and repairs are charged to expense as incurred.

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets held for disposal are reportable at the lower of the carrying amount or fair value, less costs to sell. Management did not identify any such events or changes in circumstances in 2016 or 2015, and no assets were held for disposal as of 31 December 2016 or 2015.

Redeemable Convertible Preferred Stock

Prior to the completion of the Company's AIM IPO and in accordance with the Plan of Recapitalization, all shares of the Company's preferred stock were converted into shares of the Company's Common Stock. See Note 1. Prior to its conversion, the Company's preferred stock was accounted for as follows:

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

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

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

Revenue Recognition

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

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

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

Research and Development Costs

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

Stock-Based Compensation

The Company grants stock-based awards in exchange for employee, consultants and non-employee director services. The value of the award that is ultimately expected to vest is recognized 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 risk-free rate of interest, expected dividend yield, expected volatility and the expected life of the award. A discussion of management's methodology for developing each of the assumptions used in the Black-Scholes model is as follows:

Fair value of common stock

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

Expected volatility

Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not currently have enough history with its common stock post its 2016 IPO. The Company has been able to identify several public entities of similar size, complexity and stage of development; accordingly, historical volatility has been calculated at between 35% and 48% for 2016 and 40% for 2015 using the volatility of these companies.

Expected dividend yield

The Company has never declared or paid common stock dividends and has no plans to do so in the foreseeable future.

Risk-free interest rate

This approximates the 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 1.1% and 2.2% for 2016 grants and 1.9% 2015 grants.

Expected term

This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of 10 years. The Company estimates the expected term of the option to be 6.25 years for options with a standard four-year vesting period, using the simplified method. Over time, management intends to track estimates of the expected term of the option term so that estimates will approximate actual behavior for similar options.

Expected forfeiture rate

The forfeiture rate is the estimated percentage of options granted that is expected to be forfeited or canceled on an annual basis before becoming fully vested. The Company estimates the forfeiture rate based on turnover data with further consideration given to the class of the employees to whom the options were granted. The Company estimated the annual forfeiture rate to be 10% for both 2016 and 2015.

Income Taxes

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

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

The Company is subject to taxation in various jurisdictions in the United States and abroad and remains subject to examination by taxing jurisdictions for 2013 and all subsequent periods. The Company had a Net Operating Loss ("NOL") carry forward of $22.8 million as of 31 December 2016, which was generally available as a deduction against future income for US federal corporate income tax purposes, subject to applicable carryforward limitations. As a result of the March AIM IPO, the Company's NOLs are limited on an annual basis, subject to certain carryforward provisions, pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, as a result of a greater than fifty percent change in ownership that occurred in the three-year period ending at the time of the March AIM IPO. The Company has calculated that for the period ending on 31 December 2022, the cumulative limitation amount is in excess of the NOLs subject to the limitation.

Loss Per Share

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

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

For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all dilutive potential common shares is anti-dilutive. The number of anti-dilutive shares, consisting of (i) Common Stock options, (ii) stock purchase warrants, and (iii) convertible preferred stock exchangeable into Common Stock, which has been excluded from the computation of diluted loss per share, was 5.8 million and 31.9 million for the years ended 31 December 2016 and 2015, respectively.

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements, along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after 15 December 2017, with early adoption permitted only for reporting periods beginning after 15 December 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the implementation guidance on identifying performance obligations and the accounting for licenses of intellectual property, with the same deferred effective date. In May 2016, the FASB issued guidance rescinding SEC paragraphs related to revenue recognition, pursuant to two SEC Staff Announcements at the 3 March 2016 Emerging Issues Task Force meeting. In May 2016, the FASB also issued guidance to clarify the implementation guidance on assessing collectability, presentation of sales tax, noncash consideration, and contracts and contract modifications at transition, with the same effective date. The Company does not intend to adopt the guidance early. The Company has not yet begun to evaluate the specific impacts of this guidance nor has it determined the manner in which it will adopt this guidance.

In August 2014, the FASB issued guidance requiring management to evaluate on a regular basis whether any conditions or events have arisen that could raise substantial doubt about the entity's ability to continue as a going concern. The guidance 1) provides a definition for the term ''substantial doubt,'' 2) requires an evaluation every reporting period, interim periods included, 3) provides principles for considering the mitigating effect of management's plans to alleviate the substantial doubt, 4) requires certain disclosures if the substantial doubt is alleviated as a result of management's plans, 5) requires an express statement, as well as other disclosures, if the substantial doubt is not alleviated, and 6) requires an assessment period of one year from the date the financial statements are available to be issued. The standard is effective for the Company's reporting year beginning 1 January 2016 and early adoption is permitted. The Company adopted this guidance for the year ended 31 December 2016 and such adoption did not have a material impact on the Company's financial statements.

In April 2015, the FASB issued guidance as to whether a cloud computing arrangement (e.g., software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements) includes a software license and, based on that determination, how to account for such arrangements. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance is effective for reporting periods beginning after 15 December 2015, and can be adopted on either a prospective or retrospective basis. The Company adopted this guidance for the year ended 31 December 2016, on a prospective basis. The adoption of this new guidance did not have a material impact on the Company's financial statements.

In July 2015, the FASB issued guidance for inventory requiring an entity to measure inventory within the scope of this guidance at the lower of cost or net realizable value, except when inventory is measured using LIFO or the retail inventory method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. In addition, the FASB has amended some of the other inventory guidance to more clearly articulate the requirements for the measurement and disclosure of inventory. The guidance is effective for reporting periods beginning after 15 December 2016 and early

adoption is permitted. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

In February 2016, the FASB issued guidance for the accounting for leases. The guidance requires lessees to recognize assets and liabilities related to long-term leases on the balance sheet and expands disclosure requirements regarding leasing arrangements. The guidance is effective for reporting periods beginning after 15 December 2018 and early adoption is permitted. The guidance must be adopted on a modified retrospective basis and provides for certain practical expedients. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

In March 2016, the FASB issued guidance to clarify the requirements for assessing whether contingent call or put options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The guidance is effective for reporting periods beginning after 15 December 2016, and early adoption is permitted. Entities are required to apply the guidance to existing debt instruments using a modified retrospective transition method as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

In March 2016, the FASB issued guidance simplifying the accounting for and financial statement disclosure of stock-based compensation awards. Under the guidance, all excess tax benefits and tax deficiencies related to stock-based compensation awards are to be recognized as income tax expenses or benefits in the income statement and excess tax benefits should be classified along with other income tax cash flows in the operating activities section of the statement of cash flows. Under the guidance, companies can also elect to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. In addition, the guidance amends some of the other stock-based compensation awards guidance to more clearly articulate the requirements and cash flow presentation for withholding shares for tax-withholding purposes. The guidance is effective for reporting periods beginning after December 15, 2016 and early adoption is permitted, though all amendments of the guidance must be adopted in the same period. The adoption of certain amendments of the guidance must be applied prospectively, and adoption of the remaining amendments must be applied either on a modified retrospective basis or retrospectively to all periods presented. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its financial statements.

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

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

3. Debt

In March 2014, the Company entered into a credit facility with Midcap Financial SBIC, LP ("MidCap") which provided for a total facility of up to $4,000,000, plus an additional $1,000,000 subject to certain performance requirements. The facility carries a variable interest rate equal to the greater of (i) 1.50% above the LIBOR then in effect, or (ii) 10.00%. The credit facility is collateralized by substantially all tangible assets of the Company and was originally set to mature in March 2017. The Company borrowed the initial $4,000,000 in March 2014 (and used a portion of the proceeds to pay in full the outstanding balance on a prior facility). The facility was amended in December 2014, at which time the additional $1,000,000 was drawn.

In connection with this facility, in March 2014 and December 2014, the Company issued stock purchase warrants to MidCap to purchase shares of its series D perpetual preferred stock at an exercise price of $1.00 per share. The warrants were recorded as a liability with an offsetting debt discount at their estimated fair value and such discount was being amortized as interest expense over the term of the debt using the effective interest method (see Note 6). The warrants were exercised in whole in March 2016 in conjunction with the Company's AIM IPO (see Note 5).

The Company amended the MidCap facility in February 2015 and in June 2015, to, among other things, (i) waive certain existing events of default, (ii) allow certain otherwise prohibited investments, (iii) extend the maturity date to 1 July 2019, (iv) revise principal amortization payments and other contingent payments, and (v) increase the principal amount to $5,105,400. Additionally, the Company amended the MidCap facility in June 2016, to, among other things, (i) revise certain covenants, (ii) extend the maturity date to 1 June 2021, (iii) extend the interest only period to 1 July 2018 and increase the exit fee to 6.75%. The Company accounted for all amendments as "modifications"

to the facility.

The Company incurred fees and expenses in conjunction with the various amendments. Accordingly, the Company has deferred additional fees incurred and paid to the lender in connection with the amendments and expensed all fees paid to third parties. The deferred fees are being amortized using the effective interest method over the remaining term of the amended debt. Unamortized deferred financing costs were approximately $107,700 and $82,100 31 December 2016 and 2015, respectively, and are included as reductions to the note payable balance.

The total balance of the MidCap credit facility at both 31 December 2016 and 31 December 2015 was $5,105,400, with an interest rate of 10%; the balance of the unamortized debt discount at 31 December 2016 and 2015 was $8,700 and $13,800, respectively. Future minimum principal payments under the MidCap credit facility are expected to be approximately $850,000 in 2018, approximately $1,702,000 in 2019 and 2020, and approximately $851,000 in 2021.

4. Preferred Stock

All of the Company's outstanding preferred stock was converted to Common Stock in accordance with the Company's Plan of Recapitalization immediately prior to the Company's AIM IPO in March 2016 as follows:

- Series A-1 Preferred converted into 961,893 shares of common stock;
- Series B Preferred converted into 16,844,615 shares of common stock;
- Series C Preferred converted into 3,855,283 shares of common stock;
- Series D Preferred converted into 3,214,720 shares of common stock;
- Series E Preferred converted into 2,275,020 shares of common stock.

Prior to the conversion in March 2016, the Company had outstanding Series A-1 convertible preferred stock (the "Series A-1 Preferred"), Series B redeemable convertible preferred stock (the "Series B Preferred"), series C and D perpetual preferred stock (the "Series C Preferred" and "Series D Preferred") and Series E convertible preferred stock (the "Series E Preferred"), each with various rights and preferences, as discussed further below.

Rights to Nominate Directors

In accordance with the Company's restated certificate of incorporation, rights to elect members of the Board of Directors consists of eight directors designated as follows: (i) three individuals to be selected by the holders of the Series B Preferred, (ii) one individual to be selected by holders of the Series C Preferred, (iii) two individuals to be elected by the holders of Series B Preferred and Common Stock, voting together as a single class, and (iv) two individuals selected by the holders of the Common Stock.

Liquidation Preferences

In the event of any liquidation, dissolution or winding up of the Company, each share of Series E Preferred is entitled to receive, prior and in preference to all other capital stock of the Company, an amount equal to $1.50 (one and one-half times the Series E purchase price) plus all accrued and unpaid Series E accruing dividends. After paying the Series E preference, the remaining preferred stockholders are entitled to (in order of preference):

- each share of Series D Preferred is entitled to receive, prior and in preference to all other capital stock of the Company, an amount equal to $4.00 (four times the Series D purchase price) plus all accrued and unpaid Series D accruing dividends;
- each share of Series C Preferred is entitled to receive an amount equal to $3.00 (three times the Series C Purchase Price) plus all accrued and unpaid Series C accruing dividends;
- each share of Series B Preferred will be entitled to receive, prior and in preference to all other capital stock of the Company, an amount equal to $1.00 (the Series B Purchase Price) plus all accrued and unpaid Series B accruing dividends (the Series B Preferential Amount);
- the assets of the Company legally available for distribution in such liquidation event (or the consideration received in such transaction), if any, are to be distributed ratably to the holders of the Series E Preferred, the Series B Preferred, Series A-1 Preferred, and Common Stock at the time outstanding on an as-if-converted-to-common-stock basis until such time as such holders have received an aggregate amount of $100,000,000;
- the holders of the Series A-1 Preferred shall be entitled to share in the distribution of up to $6,000,000 of the remaining assets of the Company on a pro rata basis; and
- thereafter, all remaining assets of the Company will be distributed pro rata among the holders of the Series E Preferred, Series B Preferred, Series A-1 Preferred, and Common Stock on an as-converted-into-common-stock pro rata basis.

Specific Provisions of the Series A-1 Preferred

Prior to the effect of the Plan of Recapitalization, the Series A-1 Preferred had the following specific provisions:

Voting
Holders are entitled to vote on an as-converted basis with Series E Preferred, Series B Preferred and common holders.

Dividends
The holders of the Series A-1 Preferred shall be entitled to receive dividends each time the Company declares or pays any dividend in an amount equal to the amount of dividends that would have been received if the shares of Series A-1 Preferred had been converted to Common Stock. No dividends were declared during the periods presented.

Conversion
Each share of Series A-1 Preferred is convertible to one share of Common Stock at any time, subject to adjustments. If the Company consummates a public offering, which does not trigger the Plan of Recapitalization, from which the Company receives gross proceeds of at least $35,000,000 at a price not less than $6.00 per share, the conversion becomes mandatory. Also, the conversion becomes mandatory if the holders of at least two-thirds of the then outstanding shares of Series A-1 elect to covert.

Specific Provisions of the Series B Preferred
Prior to the effect of the Plan of Recapitalization, the Series B Preferred had the following specific provisions:

Voting
Holders are entitled to vote on an as-converted basis with Series E Preferred, Series A-1 Preferred and common holders, and have separate voting rights on specified matters.

Dividends
The holders of Series B Preferred will be entitled to receive cumulative dividends, when and as declared by the Board of Directors, payable in cash or in kind, and in preference to any dividend on any other capital stock other than the Series C Preferred, Series D Preferred and Series E Preferred at a rate of 8% per annum (as adjusted for stock splits, stock dividends, re-capitalizations, and re-combinations). In the event of certain defaults by the Company, the dividend for the Series B Preferred shall increase to 12% per annum until such default is corrected, at which point the dividend rate returns to 8%. The Board of Directors has not declared any dividends.

Redemption
The Series B Preferred may be redeemed upon the election of the holders of two-thirds of the then-outstanding Series B Preferred. However, no shares can be redeemed unless approved by a vote or written consent of the holders of at least a majority in interest of the outstanding Series E Preferred, Series D Preferred, the Series C Preferred, each voting as a separate class. The redemption price is the greater of original issue price plus accrued and unpaid dividends or the fair market value as determined by the Board of Directors.

Conversion
Each share of Series B Preferred (including any accrued and unpaid dividends) may be converted at the holder's option at any time into one share of Common Stock, subject to adjustments. If the Company consummates a public offering, which does not trigger the Plan of Recapitalization, from which the Company receives gross proceeds of at least $35,000,000 at a price not less than $6.00 per share, the conversion becomes mandatory. Also, the conversion becomes mandatory if the holders of at least two-thirds of the then outstanding shares of Series B elect to covert.

Anti-dilution Adjustments
The conversion price of the Series B Preferred is subject to adjustment to prevent dilution, on a weighted-average basis, in the event that the Company issues additional shares of capital stock (or the right to acquire shares of capital stock) at a price per share that is less than the then-applicable conversion price of the Series B Preferred.

Specific Provisions of the Series C Preferred
Prior to the effect of the Plan of Recapitalization, the Series C Preferred had the following specific provisions:

Voting
In addition to any other vote required by law, the vote or written consent of the holders of at least a majority of the outstanding Series C Preferred shares is necessary for effecting or validating (i) any action that alters or changes any of the powers, preferences, or other special rights, privileges or restrictions of the Series C Preferred, (ii) any authorization or any designation of any class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series C Preferred in right of redemption, liquidation preference, voting or dividends, or (iii) any action that results in the payment or declaration of a dividend or

distribution of property on any shares of Common Stock or Preferred Stock other than the Series C Preferred.

Dividends

The holders of Series C Preferred are entitled to receive cumulative dividends, when and as declared by the Board of Directors, payable in cash and in preference to any dividend on any other capital stock other than the Series E Preferred and Series D Preferred at a rate of 10% per annum (as adjusted for stock splits, stock dividends, re-capitalizations, and re-combinations). The Board of Directors has not declared any dividends.

Conversion

Prior to the Plan of Recapitalization, the Series C Preferred was not convertible. The Plan of Recapitalization provides that in the event that an AIM IPO closes before June 30, 2016, the Series C Preferred is automatically converted into Common Stock based on a formula of value (with multiples of existing liquidation preferences) and on a discount from the AIM IPO price.

Specific Provisions of the Series D Preferred

Prior to the effect of the Plan of Recapitalization, the Series D Preferred had the following specific provisions:

Voting

In addition to any other vote required by law, the vote or written consent of the holders of at least a majority in interest of the outstanding Series D Preferred, voting together as a separate class, shall be necessary for effecting or validating (i) any action that alters or changes any of the powers, preferences, or other special rights, privileges or restrictions of the Series D Preferred (whether by merger, consolidation, or the like), (ii) any authorization or any designation, whether by reclassification or otherwise, of any class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series D Preferred in right of redemption, liquidation preference, voting or dividends, or (iii) any action that results in the payment or declaration of a dividend or distribution of property.

Dividends

The holders of Series D Preferred are entitled to receive cumulative dividends, when and as declared by the Board of Directors, payable in cash, and in preference to any dividend on any other capital stock other than the Series E Preferred, at a rate of 10% per annum (as adjusted for stock splits, stock dividends, re-capitalizations, and re-combinations). The Board of Directors has not declared any dividends.

Conversion

Prior to the Plan of Recapitalization, the Series D Preferred was not convertible. The Plan of Recapitalization provides that in the event that an AIM IPO closes before June 30, 2016, the Series D Preferred is automatically converted into Common Stock based on a formula of value (with multiples of existing liquidation preferences) and on a discount from the AIM IPO price.

Specific Provisions of the Series E Preferred

Prior to the effect of the Plan of Recapitalization, the Series E Preferred had the following specific provisions:

Voting

Holders are entitled to vote on an as-converted basis with Series A-1 Preferred, Series B Preferred and common holders, and have separate voting rights on specified matters. Also, and in addition to any other vote required by law, the vote or written consent of the holders of at least a majority interest of the outstanding Series E Preferred, voting together as a separate class, shall be necessary for effecting or validating (i) any action that alters or changes any of the powers, preferences, or other special rights, privileges or restrictions of the Series E Preferred (whether by merger, consolidation, or the like), (ii) any authorization or any designation, whether by reclassification or otherwise, of any class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series E Preferred in right of redemption, liquidation preference, voting or dividends, or (iii) any action that results in the payment or declaration of a dividend or distribution of property.

Dividends

The holders of Series E Preferred are entitled to receive cumulative dividends, when and as declared by the Board of Directors, payable in cash, and in preference to any dividend on any other capital stock, at a rate of 10% per annum (as adjusted for stock splits, stock dividends, re-capitalizations, and re-combinations). The Board of Directors has not declared any dividends.

Conversion

Each share of Series E Preferred is convertible to one share of Common Stock at any time, subject to adjustments. If the Company consummates a public offering in any jurisdiction prior to 31 December 2016, the conversion becomes mandatory at a conversion price calculated at a 15% discount from the applicable offering price.

5. Stockholders' Equity

Common Stock

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

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

During the year ended 31 December 2016, the Company issued 69,066 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $12,400.

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.

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

A summary of stock option activity for the years ended 31 December 2016 and 2015 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at 1 January 2015	4,299,703	$ 0.05	9.3	$ -
Granted	15,000	$ 0.04		
Exercised	(67,322)	$ 0.13		$ 46,900
Forfeited	(126,755)	$ 0.15		
Outstanding at 31 December 2015	4,120,626	$ 0.05	8.5	$ 3,227,800
Granted	1,776,565	$ 1.17		
Exercised	(69,066)	$ 0.18		$ 84,000
Forfeited	(53,759)	$ 0.14		
Outstanding at 31 December 2016	5,774,366	$ 0.39	8.3	$ 7,520,400
Exercisable at 31 December 2016	4,424,978	$ 0.14	7.9	$ 6,866,600
Vested and expected to vest	5,262,322	$ 0.37	8.2	$ 7,461,000

The weighted-average fair values of the options granted during 2016 and 2015 were estimated to be $0.46 and $0.01, respectively.

As 31 December 2016, total unrecognized compensation expense was $595,600 which will be recognized over 3 years.

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

	2016	2015
General and administrative	$45,100	$ -
Sales and marketing	85,100	800
Research and development	23,900	400
Total	$154,100	$ 1,200

Stock Purchase Warrants

Immediately prior to the Company's AIM IPO and pursuant to the Plan of Recapitalization, on 29 March 2016 all stock purchase warrants were exchanged for 85,914 shares of Common Stock. Prior to such exercise, the warrants were classified as liabilities. At 31 December 2016, the Company had no outstanding stock purchase warrants.

6. Fair Value

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

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

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

The following table presents the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy at 31 December 2015:

	Fair Value	Level 1	Level 2	Level 3
At 31 December 2015				
Warrant liabilities	$ 85,400	$ -	$ -	$ 85,400

The Company had no financial assets or liabilities measured at fair value on a recurring basis at 31 December 2016.

The following table presents a summary of changes in the fair value of Level 3 warrant liabilities measured at fair value on a recurring basis for the years ended 31 December 2016 and 2015:

Description	Balance at 1 January 2015	Established in 2015	Change in fair value in 2015	Balance at 31 December 2015
Warrant liabilities	$ 105,400	$ -	$ (20,000)	$ 85,400

Description	Balance at 1 January 2016	Exchanged for Common Stock in 2016	Change in fair value in 2016	Balance at 31 December 2016
Warrant liabilities	$ 85,400	$ (85,400)	$ -	$ -

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

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

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

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

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

The Company measures its long-lived assets, including property and equipment, at fair value on a non-recurring basis. These assets are recognized at fair value when they are deemed to be impaired. No such fair value impairment was recognized during the years ended 31 December 2016 and 2015.

7. Income Taxes

The Company did not recognize a provision (benefit) for income taxes in 2016 or 2015. Based on the Company's historical operating performance, the Company has provided a full valuation allowance against its net deferred tax assets.

Net deferred tax assets as of 31 December 2016 and 2015 are presented in the table below:

	2016	2015
Deferred tax assets:		
Net operating loss carryforwards	$ 8,872,300	$ 8,358,100
Research and development credits	492,200	410,600
Stock-based compensation	312,500	249,800
Deferred revenue	1,112,000	844,200
Accruals and other	76,800	397,500
Deferred tax liabilities:		
Depreciation	(1,200)	(28,700)
	10,864,600	10,231,500
Valuation allowance	(10,864,600)	(10,231,500)
Net deferred tax assets	$ -	$ -

The Federal net operating loss carryforwards of approximately $22.8 million as of 31 December 2016 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:

	2016	2015
Federal income taxes (benefit) at statutory rates	$ (1,137,400)	$ (491,300)
State income taxes (benefit), net of Federal benefit	(266,300)	(115,000)
Permanent differences and rate changes	770,600	(105,000)
Change in valuation allowance	633,100	711,300
	$ -	$ -

8. Capital Leases

The Company leases computer and lab equipment under agreements that are classified as capital leases. The assets under capital leases are recorded at the lower of net present value of the related lease payments or the fair value of the asset. The assets are amortized over their economic useful life.

The following is a schedule of future minimum lease payments under the capital lease obligations together with the net present value of the minimum lease payments as of 31 December 2016:

2017	$ 15,500
2018	3,300
Total	18,800
Less: amount representing interest	(1,300)
Net present value of future minimum lease payments	$ 17,500

The net present value of the minimum lease payments related to the leased equipment is included in the balance sheet at 31 December 2016 as follows:

Current portion	$ 14,400
Long-term portion	3,100
Total Capital lease obligations	$ 17,500

The following is summary of property held under capital leases as of 31 December:

	2016	2015
Original asset value	$ 99,800	$ 99,800
Less: accumulated amortization	(91,500)	(72,900)
Net book value	$ 8,300	$ 26,900

The Company recognized $18,600 and $23,700 of related amortization expense in 2016 and 2015, respectively.

9. Commitments and Contingencies

The Company entered into a five-year non-cancelable operating lease agreement for office and laboratory space in February 2009 with an initial expiration of 31 January 2014. In 2013, the Company executed a five-year extension to the lease pursuant to which monthly rent starts at $16,129 and increases each year by 3%. 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. Following is a schedule by year of the estimated future minimum payments under the operating lease:

Year ending 31 December	
2017	$ 211,000
2018	217,300
2019	18,200
2020	-
2021	-
thereafter	-
	$ 446,500

Total rent expense, including base rent and CAM for the years ended 31 December 2016 and 2015, was $321,900 and $296,500, respectively. Rent expense is recognized on a straight-line basis in the accompanying financial statements.

In recognition of reduced salaries agreed to by certain executives during the period between 2007 and 2009, the Board approved the payment of $75,900 to such executives in the first half of 2016 and an additional $75,900 to be paid on or about 30 March 2017.

10. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 17 March 2017 the date the financial statements were available to be issued.