UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from___ to___

Commission file number: 001-40674

MaxCyte, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**52-2210438**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9713 Key West Avenue, Suite 400
Rockville, Maryland 20850
(Address of principal executive offices)

Registrant's telephone number, including area code: (301) 944-1700

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	MXCT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes☒ No☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒
Smaller reporting company	☐	Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2022, the registrant had 102,046,769 shares of common stock, $0.01 par value per share, issued and outstanding.

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Risk Factors Summary

Our business is subject to numerous risks that you should carefully consider. These risks are more fully described in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission, or SEC, on March 22, 2022. A summary of these risks that could materially and adversely affect our business, financial condition, operating results and prospects include the following:

- We are a cell engineering and life sciences company and have incurred significant losses since our inception, and we expect to incur losses for the foreseeable future. We have limited product offerings approved for commercial sale and may never achieve or maintain profitability.
- We are highly dependent on a limited number of product offerings. Our revenue has been primarily generated from the sale and licensing of our ATx, STx and GTx instruments that are part of our ExPERT platform, as well as sales of single-use disposable processing assemblies (PAs), which require a substantial sales cycle and are prone to quarterly fluctuations in revenue.
- Our business is dependent on adoption of our products by biopharmaceutical companies and academic institutions for their research and development activities focused on cell-based therapeutics. If biopharmaceutical companies and academic institutions are unwilling to change current practices to adopt our products, it will negatively affect our business, financial condition, prospects and results of operations.
- We may be unable to compete successfully against our existing or future competitors.
- If we cannot maintain and expand current partnerships and enter into new partnerships, that generate marketed licensed products, our business could be adversely affected.
- The failure of our partners to meet their contractual obligations to us could adversely affect our business.
- Our partners may not achieve projected development and regulatory milestones and other anticipated key events in the expected timelines or at all, or may discontinue some or all of their programs, which could have an adverse impact on our business and could cause the price of our common stock to decline.
- In recent periods, we have depended on a limited number of partners for our revenue, the loss of any of which could have an adverse impact on our business.
- We may engage in future acquisitions that could disrupt our business, cause dilution to our stockholders and harm our financial condition and operating results.
- We depend on continued supply of components and raw materials for our ExPERT instruments and PAs from third-party suppliers, and if shortages of these components or raw materials arise, we may not be able to secure enough components to build new products to meet customer demand or we may be forced to pay higher prices for these components.
- We have limited experience manufacturing our PAs in-house and if we are unable to manufacture our PAs in high-quality commercial quantities successfully and consistently to meet demand, our growth will be limited.
- Our results of operations will be harmed if we are unable to accurately forecast customer demand for our products and manage our inventory.
- If we are unable to successfully develop new products, adapt to rapid and significant technological change, respond to introductions of new products by competitors, make strategic and operational decisions to prioritize

certain markets, technology offerings or partnerships, and develop and capitalize on markets, technologies or partnerships, our business could suffer.

- New product development involves a lengthy and complex process and we may be unable to develop or commercialize products on a timely basis, or at all.

- Our systems are complex in design and may contain defects that are not detected until deployed by our customers, which could harm our reputation, increase our costs and reduce our sales. If our products do not perform as expected or the reliability of the technology on which our products are based is questioned, our operating results, reputation and business will suffer.

- Our FDA Master File, and equivalent Technical Files in foreign jurisdictions, are an important part of our strategic offering which allows our partners to expedite their cellular therapies into and through the clinic. Delays in filing or obtaining, or our inability to obtain or retain, acceptance of such filings in individual countries could negatively impact the progress of our partners if they intend to run clinical trials in such countries, and as a result, could negatively affect our reputation and revenues or require disclosure of confidential information to our partners. Further, changes that we are required to make from time to time, or changes to regulations or negative data or adverse events for our partners, could impact references to our FDA Master File and Technical Files by our partners.

- We may need additional funding and may be unable to raise capital when needed, which would force us to delay, reduce, eliminate or abandon our commercialization efforts or product development programs.

- Our common stock is traded on two separate stock markets and investors seeking to take advantage of price differences between such markets may create unexpected volatility in our share price; in addition, investors may not be able to easily move shares for trading between such markets.

Part I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

MaxCyte, Inc.
Condensed Consolidated Balance Sheets

	September 30, 2022	December 31, 2021
	(Unaudited)	(Note 2)
Assets		
Current assets:		
Cash and cash equivalents	$ 43,020,300	$ 47,782,400
Short-term investments, at amortized cost	189,865,300	207,261,400
Accounts receivable	7,433,800	6,877,000
Accounts receivable - TIA (Note 8)	775,000	—
Inventory	7,911,600	5,204,600
Prepaid expenses and other current assets	3,275,600	3,307,400
Total current assets	**252,281,600**	**270,432,800**
Property and equipment, net	22,988,200	7,681,200
Right of use asset - operating leases	9,952,300	5,689,300
Other assets	1,189,800	316,700
Total assets	**$ 286,411,900**	**$ 284,120,000**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 2,086,900	$ 1,820,300
Accrued expenses and other	8,232,400	6,523,500
Operating lease liability, current	152,200	527,200
Deferred revenue, current portion	6,291,800	6,746,800
Total current liabilities	**16,763,300**	**15,617,800**
Operating lease liability, net of current portion	14,871,800	5,154,900
Deferred revenue, net of current portion	344,600	450,200
Total liabilities	**31,979,700**	**21,222,900**
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, $0.01 par value; 5,000,000 shares authorized and no shares issued and outstanding at September 30, 2022 and December 31, 2021	—	—
Common stock, $0.01 par value; 400,000,000 shares authorized, 101,904,313 and 101,202,705 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	1,019,000	1,012,000
Additional paid-in capital	386,478,900	376,189,600
Accumulated deficit	(133,065,700)	(114,304,500)
Total stockholders' equity	**254,432,200**	**262,897,100**
Total liabilities and stockholders' equity	**$ 286,411,900**	**$ 284,120,000**

See accompanying notes to unaudited condensed consolidated financial statements.

MaxCyte, Inc.
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	**$ 10,642,800**	**$ 10,139,100**	**$ 31,837,900**	**$ 23,742,100**
Cost of goods sold	1,368,900	943,800	3,551,900	2,421,500
Gross profit	**9,273,900**	**9,195,300**	**28,286,000**	**21,320,600**
Operating expenses:				
Research and development	5,325,100	2,746,900	13,786,400	12,027,200
Sales and marketing	4,506,700	3,211,500	13,276,000	8,913,500
General and administrative	6,444,400	5,346,700	20,179,600	12,645,800
Depreciation and amortization	709,800	333,100	1,654,300	967,500
Total operating expenses	**16,986,000**	**11,638,200**	**48,896,300**	**34,554,000**
Operating loss	**(7,712,100)**	**(2,442,900)**	**(20,610,300)**	**(13,233,400)**
Other income (expense):				
Interest and other expense	(116,000)	(289,000)	(116,000)	(1,044,400)
Interest income	1,394,400	51,500	1,964,900	70,000
Total other income (expense)	**1,278,400**	**(237,500)**	**1,848,900**	**(974,400)**
Net loss	**$ (6,433,700)**	**$ (2,680,400)**	**$ (18,761,400)**	**$ (14,207,800)**
Basic and diluted net loss per share	**$ (0.06)**	**$ (0.03)**	**$ (0.18)**	**$ (0.16)**
Weighted average shares outstanding, basic and diluted	**101,806,173**	**95,662,968**	**101,555,065**	**87,178,217**

See accompanying notes to unaudited condensed consolidated financial statements.

MaxCyte, Inc.
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity

	Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance at January 1, 2021	**77,382,473**	**$ 773,800**	**$ 127,673,900**	**$ (95,222,300)**	**$ 33,225,400**
Issuance of common stock, net of issuance costs	5,740,000	57,400	51,751,500	—	51,808,900
Stock-based compensation expense	—	—	1,319,800	—	1,319,800
Exercise of stock options	1,567,086	15,700	2,021,400	—	2,037,100
Net loss	—	—	—	(7,105,600)	(7,105,600)
Balance at March 31, 2021	**84,689,559**	**846,900**	**182,766,600**	**(102,327,900)**	**81,285,600**
Stock-based compensation expense	—	—	1,905,200	—	1,905,200
Exercise of stock options	29,786	300	51,900	—	52,200
Net loss	—	—	—	(4,421,800)	(4,421,800)
Balance at June 30, 2021	**84,719,345**	**847,200**	**184,723,700**	**(106,749,700)**	**78,821,200**
Issuance of common stock, net of issuance costs	15,525,000	155,300	184,113,100	—	184,268,400
Stock-based compensation expense	—	—	2,285,400	—	2,285,400
Exercise of stock options	125,084	1,200	333,500	—	334,700
Cashless exercise of warrant	64,603	600	1,086,000	—	1,086,600
Net loss	—	—	—	(2,680,400)	(2,680,400)
Balance at September 30, 2021	**100,434,032**	**$ 1,004,300**	**$ 372,541,700**	**$ (109,430,100)**	**$ 264,115,900**

	Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance at January 1, 2022	**101,202,705**	**$ 1,012,000**	**$ 376,189,600**	**$ (114,304,500)**	**$ 262,897,100**
Stock-based compensation expense	—	—	2,462,400	—	2,462,400
Exercise of stock options	307,187	3,100	889,500	—	892,600
Net loss	—	—	—	(4,067,300)	(4,067,300)
Balance at March 31, 2022	**101,509,892**	**1,015,100**	**379,541,500**	**(118,371,800)**	**262,184,800**
Stock-based compensation expense	—	—	2,972,800	—	2,972,800
Exercise of stock options	151,396	1,500	324,000	—	325,500
Net loss	—	—	—	(8,260,200)	(8,260,200)
Balance at June 30, 2022	**101,661,288**	**1,016,600**	**382,838,300**	**(126,632,000)**	**257,222,900**
Stock-based compensation expense	—	—	3,198,600	—	3,198,600
Exercise of stock options	243,025	2,400	442,000	—	444,400
Net loss	—	—	—	(6,433,700)	(6,433,700)
Balance at September 30, 2022	**101,904,313**	**$ 1,019,000**	**$ 386,478,900**	**$ (133,065,700)**	**$ 254,432,200**

See accompanying notes to unaudited condensed consolidated financial statements.

MaxCyte, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (18,761,400)	$ (14,207,800)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,778,300	1,007,400
Net book value of consigned equipment sold	61,900	39,200
Loss on disposal of fixed assets	128,600	18,500
Fair value adjustment of liability classified warrant	—	645,400
Stock-based compensation	8,633,800	5,510,400
Amortization of discounts on short-term investments	(1,158,400)	(39,500)
Non-cash interest expense	—	5,400
Changes in operating assets and liabilities:		
Accounts receivable	(556,800)	(786,200)
Accounts receivable - TIA	(775,000)	—
Inventory	(2,880,700)	(300,200)
Prepaid expense and other current assets	31,800	(2,538,900)
Right of use asset – operating leases	(4,263,000)	858,000
Right of use asset – finance lease	—	63,500
Other assets	(873,100)	(284,200)
Accounts payable, accrued expenses and other	1,156,100	(431,350)
Operating lease liability	9,341,900	(734,700)
Deferred revenue	(455,000)	1,482,800
Other liabilities	(105,600)	(27,100)
Net cash used in operating activities	(8,696,600)	(9,719,350)
Cash flows from investing activities:		
Purchases of short-term investments	(213,541,400)	(202,867,700)
Maturities of short-term investments	232,096,000	22,000,000
Purchases of property and equipment	(16,282,600)	(2,712,050)
Proceeds from sale of equipment	—	4,600
Net cash provided by (used in) investing activities	2,272,000	(183,575,150)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	—	236,077,300
Principal payments on notes payable	—	(4,922,400)
Proceeds from exercise of stock options	1,662,500	2,424,000
Principal payments on finance leases	—	(66,100)
Net cash provided by financing activities	1,662,500	233,512,800
Net increase in cash and cash equivalents	(4,762,100)	40,218,300
Cash and cash equivalents, beginning of period	47,782,400	18,755,200
Cash and cash equivalents, end of period	$ 43,020,300	$ 58,973,500
Supplemental cash flow information:		
Cash paid for interest	$ —	$ 420,900
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment purchases included in accounts payable	$ 819,400	$ 153,950
Lease liability reduction due to operating lease modification and early termination	$ 540,000	$ 304,600
Other liability reduction due to exercise of warrant	$ —	$ 1,086,600

See accompanying notes to unaudited condensed consolidated financial statements.

MaxCyte, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization and Description of Business

MaxCyte, Inc. (the "Company") is a global life sciences company focused on advancing the discovery, development and commercialization of next-generation cell therapies. The Company leverages its proprietary cell engineering technology platform to enable the programs of its biotechnology and pharmaceutical company customers who are engaged in cell therapy, including gene editing and immuno-oncology, as well as 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 development of CARMA, the Company's proprietary, mRNA-based, clinical-stage, immuno-oncology cell therapy platform. CCTI ceased all material operations by the end of March 2021.

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. The Company has made adjustments to its operating, sales and marketing practices to mitigate the effects of COVID-19 restrictions which reduced planned spending, particularly on travel and marketing expenditures. In addition, COVID-19 restrictions may have delayed or slowed the research activities of some existing and prospective customers. It is not possible to quantify the impact of COVID-19 on the Company's revenues and expenses to date or its expected impact on future periods.

The Company's registration statement on Form S-1 related to its initial public offering of common stock in the United States (the "IPO") was declared effective on July 29, 2021, and the Company's common stock began trading on the Nasdaq Global Select Market on July 30, 2021. On August 3, 2021, the Company issued and sold 15,525,000 shares of common stock in the IPO at a price to the public of $13.00 per share, inclusive of 2,025,000 shares issued pursuant to the full exercise of the underwriters' option to purchase additional shares. The IPO generated gross proceeds to the Company of $201.8 million. The Company received aggregate net proceeds of $184.3 million from the IPO after deducting aggregate underwriting commissions and offering costs of $17.6 million.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X of the United States Securities and Exchange Commission (the "SEC"). In the Company's opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly the financial position, results of operations, and cash flows as of and for the periods presented. The condensed consolidated balance sheet at December 31, 2021 has been derived from audited consolidated financial statements as of that date. The unaudited condensed consolidated results of operations are not necessarily indicative of the results that may occur for the full fiscal year or any other future year or period. Certain information and footnotes disclosure normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to instructions, rules, and regulations prescribed by the SEC. The Company believes that the disclosures provided herein are adequate to make the information presented not misleading when these unaudited interim condensed consolidated financial statements are read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K filed with the SEC on March 22, 2022.

The prior year's depreciation and amortization expenses included in individual functional operating expense categories were reclassified on the condensed consolidated statement of operations to one functional expense category "Depreciation and Amortization Expense" to conform with current year presentation. For the three and nine months ended September 30, 2021, $333,100 and $967,500, respectively, was reclassified from other functional operating expenses to depreciation and amortization expense. This reclassification did not impact the Company's condensed consolidated balance sheets, statements of cash flows, or statements of changes in stockholders' equity.

Significant Accounting Policies

The Company's significant accounting policies are disclosed in the footnotes to its audited consolidated financial statements for the year ended December 31, 2021 included in its Annual Report on Form 10-K and have not materially changed during the three and nine months ended September 30, 2022.

Basis 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 of Significant Customers

Significant customers are those that accounted for 10% or more of the Company's total revenue for the period or accounts receivable as of the end of a reporting period. During the three and nine months ended September 30, 2022, one customer represented 26% and 28% of revenue, respectively. During the three and nine months ended September 30, 2021, one customer represented 28% and 22% of revenue, respectively. As of September 30, 2022, one customer accounted for 29% of accounts receivable. As of December 31, 2021, two customers accounted for 16% and 13% of accounts receivable, respectively.

Certain components included in the Company's products are obtained from a single source or a limited group of suppliers. During the three and nine months ended September 30, 2022, the Company purchased 44% and 33% of its inventory from two and one suppliers, respectively. During the three and nine months ended September 30, 2021, the Company purchased 60% and 39% of its inventory from two and one suppliers, respectively. As of September 30, 2022, none of the amounts payable to individual suppliers exceeded 10% of total accounts payable. At December 31, 2021, amounts payable to one supplier represented 14% of total accounts payable.

Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts, if needed. The Company determined that no allowance was necessary at September 30, 2022 or December 31, 2021.

Foreign Currency

The Company's functional currency is the US dollar; transactions denominated in foreign currencies are subject to currency risk. The Company recognized $21,600 in foreign currency transaction losses and $26,200 in foreign currency transaction gains for the three months ended September 30, 2022 and 2021, respectively. The Company recognized $93,800 in foreign currency transaction losses and $49,600 in foreign currency transaction gains for the nine months ended September 30, 2022 and 2021, respectively. Net gains or losses arising from foreign currency exchange rate fluctuations on transactions are included in general and administrative expense.

Stock-Based Compensation

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

The Company utilizes the Black-Scholes option pricing model for estimating fair value of its stock options granted. Option valuation models, including the Black-Scholes model, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant-date fair value of an award. These assumptions include the expected volatility, expected dividend yield, risk-free rate of interest and the expected life of the award. Historically, the Company has exclusively used identified comparable companies' stock price volatility to calculate expected volatility for the periods presented due to lack of history with its own common stock to determine its volatility. Beginning with the third quarter of 2022, the Company has observed sufficient historical information regarding its common stock to use the Company's common stock for the estimate of volatility in the Black-Scholes model. Management's methodology for developing other assumptions has not changed from prior periods.

The fair value of a restricted stock unit award granted is equal to the market price of the shares of the Company's common stock underlying the restricted stock unit award on the grant date.

Leases

For transactions in which the Company is the lessee, at the inception of a contract, the Company determines if the arrangement is, or contains, a lease. See Note 8 for additional details about leases under which the Company is the lessee.

All transactions in which 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 on revenue recognition related to lease agreements.

Loss Per Share

Basic loss per share is computed by dividing net loss available to common stockholders 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 stockholders by the weighted-average number of shares outstanding plus the impact of all potential dilutive common shares, consisting primarily of common stock options, and in the prior year periods 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 excluded from the computation of diluted loss per share, consisting of shares underlying stock options and restricted stock units and, in the prior year periods stock purchase warrants, was 16.1 million for the three and nine months ended September 30, 2022 and 13.0 million for the three and nine months ended September 30, 2021.

Recent Accounting Pronouncements

New Accounting Pronouncements Not Yet Adopted

In June 2016, the Financial Accounting Standards Board ("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 current guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. 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.

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 of instruments and processing assemblies, and extended warranties and the lease of instruments, which lease agreements also include customer-specific milestone payments. In some arrangements, products and services have been sold together representing distinct performance obligations. In these arrangements the Company allocates the sale price to the various performance obligations in the arrangement on a relative selling price basis. Under this basis, the Company determines the estimated selling price of each performance obligation in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

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

Disaggregation of Revenue

The following table depicts the disaggregation of revenue by type of contract:

	Three months ended September 30, 2022			Nine months ended September 30, 2022		
	Revenue from Contracts with Customers	Revenue from Lease Elements	Total Revenue	Revenue from Contracts with Customers	Revenue from Lease Elements	Total Revenue
Product sales	$ 6,925,100	$ —	$ 6,925,100	$ 20,304,200	$ —	$ 20,304,200
Lease elements	—	3,490,400	3,490,400	—	10,846,100	10,846,100
Other	227,300	—	227,300	687,600	—	687,600
Total	$ 7,152,400	$ 3,490,400	$ 10,642,800	$ 20,991,800	$ 10,846,100	$ 31,837,900

	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	Revenue from Contracts with Customers	Revenue from Lease Elements	Total Revenue	Revenue from Contracts with Customers	Revenue from Lease Elements	Total Revenue
Product sales	$ 5,443,400	$ —	$ 5,443,400	$ 13,560,700	$ —	$ 13,560,700
Lease elements	—	4,530,400	4,530,400	—	9,676,100	9,676,100
Other	165,300	—	165,300	505,300	—	505,300
Total	$ 5,608,700	$ 4,530,400	$ 10,139,100	$ 14,066,000	$ 9,676,100	$ 23,742,100

Additional Disclosures Relating to Revenue from Contracts with Customers

Deferred revenue represents payments received for performance obligations not yet satisfied and is presented as current or long-term in the accompanying condensed consolidated balance sheets based on the expected timing and satisfaction of the underlying goods or services. Deferred revenue was $6.6 million and $7.2 million as of September 30, 2022 and December 31, 2021, respectively. During the three and nine months ended September 30, 2022, the Company recognized

$2.8 million and $5.9 million, respectively, and during the three and nine months ended September 30, 2021, the Company recognized $2.6 million and $4.4 million, respectively, of revenue that was included in deferred revenue at the beginning of such periods.

Remaining contract consideration for which revenue has not been recognized due to unsatisfied performance obligations with a duration greater than one year at September 30, 2022 was $594,700, of which the Company expects to recognize $250,100 in one year or less, $135,500 in one to two years, $45,800 in two to three years, and $163,300 thereafter.

For the three and nine months ended September 30, 2022 and 2021, the Company did not incur, and therefore did not defer, any material incremental costs to obtain contracts or costs to fulfill contracts.

4. Debt

In November 2019, the Company entered into a new credit facility with MidCap Financial SBIC, LP (“MidCap”). The credit facility provided for a $5.0 million term loan maturing on November 1, 2024. The term loan provided 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 $166,700 beginning in June 2022 and (iv) a 3% final payment fee. The Company used the proceeds from the credit facility for general operating purposes. The debt was collateralized by substantially all assets of the Company. In March 2021, the Company repaid the MidCap loan in full. The Company incurred fees of $260,000 associated with early repayment of the loan. The unamortized debt discounts and fees were expensed and recorded as interest expense.

5. Stockholders’ Equity

Common Stock

In February 2021, the Company issued 5,740,000 shares of its common stock at a purchase price of £7.00 (or approximately $9.64) per share. The transaction generated gross proceeds of £40.2 million (or $55.3 million). In conjunction with the transaction, the Company incurred costs of $3.5 million which resulted in the Company receiving net proceeds of $51.8 million.

In August 2021, the Company completed the IPO and received aggregate net proceeds of $184.3 million (see Note 1).

Preferred Stock

The Company’s certificate of incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock, par value $0.01 per share. As of September 30, 2022 and December 31, 2021, no shares of preferred stock were issued or outstanding.

Warrant

In connection with the November 2019 credit facility (see Note 4), the Company issued the lender a warrant to purchase 71,168 shares of common stock at an exercise price of £1.09081 per share. The warrant was exercisable at any time through the tenth anniversary of issuance. The warrant was classified as a liability at issuance, as its strike price was in a currency other than the Company’s functional currency. The warrant was recorded at its fair value at the end of each reporting period, with changes at each subsequent balance sheet date recorded on the condensed consolidated statements of operations (see Note 7).

In a cashless settlement in August 2021, the lender fully exercised the warrant in exchange for 64,603 shares of common stock.

Equity Incentive Plans

The Company adopted the MaxCyte, Inc. Long-Term Incentive Plan (the “2016 Plan”) in January 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. On December 10, 2019 and October 27, 2020, the Company's Board resolved to increase the number of shares available for grant under the 2016 Plan by 3,000,000 and 1,500,000, respectively.

In December 2021, the Company adopted the MaxCyte, Inc. 2021 Inducement Plan (the "Inducement Plan") to provide for the awarding of (i) non-qualified stock options; (ii) stock appreciation rights; (iii) restricted stock awards; (iv) restricted stock unit awards; (v) performance awards; and (vi) other awards only to persons eligible to receive grants of awards who satisfy the standards for inducement grants under Nasdaq Marketplace Rule 5635(c)(4) or 5635(c)(3), if applicable, and the related guidance under Nasdaq IM 5635-1. The Company's board of directors reserved 2,500,000 shares for issuance under the Inducement Plan, and as of December 31, 2021 no awards had been granted. As of September 30, 2022, options to purchase 855,900 shares had been granted under the Inducement Plan. The Inducement Plan was retired on June 29, 2022.

In May 2022, the Company's board of directors adopted, and in June 2022 the Company's stockholders approved, the MaxCyte, Inc. 2022 Equity Incentive Plan (the "2022 Plan") to provide for the awarding of (i) incentive stock options, (ii) non-qualified stock options, (iii) stock appreciation rights, (iv) restricted stock awards; (v) restricted stock unit awards, (vi) performance awards, and (vii) other awards. Following the approval of the 2022 Plan, no additional awards will be granted under the 2016 Plan or the Inducement Plan, but all outstanding awards will continue to remain subject to the terms of the applicable plan.

Upon the effectiveness of the 2022 Plan, a total of 3,476,211 shares were initially reserved for issuance pursuant to future awards under the 2022 Plan, consisting of 1,928,000 new shares and 1,548,211 shares previously available under the 2016 Plan. If and to the extent that outstanding options under the 2016 Plan or the Inducement Plan are forfeited, the shares underlying such forfeited options will become available for issuance under the 2022 Plan.

In July 2022, the Company issued 544,300 restricted stock unit awards ("RSUs") under the 2022 Plan. Each RSU represents the contingent right to receive one share of common stock. Fifty percent of the shares underlying the RSUs will vest on the first anniversary of the RSU grant date, and the remaining 50% will vest on the second anniversary of the RSU grant date. The grant date fair value was $5.39 per RSU.

The weighted-average fair value of the options granted during the three months ended September 30, 2022 and 2021 was estimated to be $4.40 and $8.52, respectively per option share. The weighted-average fair value of the options granted during the nine months ended September 30, 2022 and 2021 was estimated to be $3.49 and $7.72, respectively, per option share.

The value of an equity award is recognized as expense on a straight-line basis over the requisite service period. At September 30, 2022, total unrecognized compensation expense was $33,408,400, which will be recognized over a weighted average period of 2.77 years.

The Company recorded stock-based compensation expense in the following expense categories of its condensed consolidated statements of operations:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
General and administrative	$ 1,571,600	$ 1,313,300	$ 4,309,200	$ 3,224,600
Research and development	988,600	527,300	2,559,100	1,219,400
Sales and marketing	638,400	444,800	1,765,500	1,066,400
Total	$ 3,198,600	$ 2,285,400	$ 8,633,800	$ 5,510,400

6. Consolidated Balance Sheet Components

Inventory

Inventory is carried at the lower of cost or net realizable value. The following tables show the components of inventory:

	September 30, 2022	December 31, 2021
Raw materials inventory	$ 5,237,700	$ 2,684,100
Finished goods inventory	2,673,900	2,520,500
Total inventory	$ 7,911,600	$ 5,204,600

The Company determined that no allowance for inventory obsolescence was necessary at September 30, 2022 or December 31, 2021.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated lease term or useful life.

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

Property and equipment consisted of the following:

	September 30, 2022	December 31, 2021
Leasehold improvements	$ 14,208,800	$ 641,400
Furniture and equipment	7,705,300	4,914,500
Instruments	3,312,300	3,208,900
Internal-use software	2,852,000	2,125,600
Construction and internal-use software in process	515,500	1,163,200
Accumulated depreciation and amortization	(5,605,700)	(4,372,400)
Property and equipment, net	$ 22,988,200	$ 7,681,200

During the nine months ended September 30, 2022 and 2021, the Company transferred $173,700 and $467,600, respectively, of instruments previously classified as inventory to property and equipment leased to customers.

For the three and nine months ended September 30, 2022, the Company incurred depreciation and amortization expense of $743,300 and $1,778,300, respectively. For the three and nine months ended September 30, 2021, the Company incurred depreciation and amortization expense of $366,000 and $1,007,400, respectively.

7. Fair Value

The Company’s condensed consolidated balance sheets include various financial instruments (primarily cash and cash equivalents, accounts receivable and accounts payable) that are carried at cost, which approximates fair value due to the short-term nature of the instruments.

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

The Company had an outstanding warrant accounted for as a liability and measured at fair value on a recurring basis, using Level 3 inputs. The lender exercised the warrant, in whole, in August 2021 (see Note 5). The Company did not have any outstanding warrants at September 30, 2022 and December 31, 2021.

The following table presents the activity for the warrant for the three and nine months ended September 30, 2021:

	Mark-to-market liabilities – warrant	
	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Balance, beginning of period	$ 799,400	$ 441,200
Change in fair value	287,200	645,400
Exercise of warrant	(1,086,600)	(1,086,600)
Balance, end of period	$ —	$ —

The gains and losses resulting from the changes in the fair value of the liability classified warrant were classified as other interest income or interest and other expense in the accompanying condensed consolidated statements of operations.

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, US Treasury securities and government agency bonds, commercial paper and corporate debt instruments 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. The Company periodically reviews investments to assess for credit impairment. Based on its assessment, all unrecognized holding losses were due to factors other than credit loss, such as changes in interest rates. Therefore, no impairment was recognized during the three and nine months ended September 30, 2022 or 2021.

The following table summarizes the Company's financial instruments that were measured at fair value on a non-recurring basis at September 30, 2022:

Description	Classification	Amortized cost	Gross unrecognized holding gains	Gross unrecognized holding losses	Aggregate fair value
Money market funds and cash equivalents	Cash equivalents	$ 28,703,000	$ —	$ —	$ 28,703,000
Commercial paper	Cash equivalents	12,958,100	4,000	—	12,962,100
Commercial paper	Short-term investments	161,193,400	—	(59,700)	161,133,700
Corporate debt	Short-term investments	5,771,300	—	(55,000)	5,716,300
US Treasury securities and government agency bonds	Short-term investments	22,900,600	—	(160,400)	22,740,200
Total cash equivalents and short-term investments		$ 231,526,400	$ 4,000	$ (275,100)	$ 231,255,300

The following table summarizes the Company's financial instruments that were measured at fair value on a non-recurring basis at December 31, 2021:

Description	Classification	Amortized cost	Gross unrecognized holding gains	Gross unrecognized holding losses	Aggregate fair value
Money market funds	Cash equivalents	$ 19,341,500	$ —	$ —	$ 19,341,500
Commercial paper	Cash equivalents	25,492,200	4,400	—	25,496,600
Corporate debt	Short-term investments	4,909,200	—	(1,800)	4,907,400
Commercial paper	Short-term investments	202,352,200	22,900	—	202,375,100
Total cash equivalents and short-term investments		$ 252,095,100	$ 27,300	$ (1,800)	$ 252,120,600

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.

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 fair value impairment was recognized during the nine months ended September 30, 2022 and 2021.

8. Commitments and Contingencies

Operating Leases

The Company is a party to various leases for office, laboratory and other space. One portion of leased space was a direct lease (the "Original Headquarters Lease") which was originally scheduled to expire in October 2023. The Company notified the landlord of its intent to early terminate the Original Headquarters Lease on June 9, 2022. The Company was also a sublessee of the certain additional space (the "Original Headquarters Subleases") that was originally scheduled to expire in October 2023 all of which was terminated on various dates between June and August 2022.

A member of the Company's Board of Directors is the Chief Executive Officer and a member of the board of directors of the sublandlord under the Original Headquarters Subleases, and the Company's Chairman is also a member of the sublandlord's board of directors. The Company's rent payments to the sublandlord totaled $31,600 and $159,600 in the three months ended September 30, 2022 and 2021, respectively, and $287,500 and $477,900 in the nine months ended September 30, 2022 and 2021, respectively.

In May 2021, the Company entered into a lease for its new headquarters (the "2021 New Headquarters Lease"), consisting of an operating lease agreement, as amended, for new office, laboratory, manufacturing and other space. The 2021 New Headquarters Lease consists of three phases, with Phase 1 having commenced in December 2021 and Phase 2 having commenced in the first quarter of 2022. Phase 3 will commence no later than June 30, 2023. The current lease term for all phases will expire on August 31, 2035. The Company designed and constructed the leasehold improvements with the approval of the landlord. The 2021 New Headquarters Lease agreement includes a landlord-provided tenant improvement allowance ("TIA") of $6.3 million to offset the cost of construction of leasehold improvements. As of September 30, 2022, the Company had received TIA reimbursements of $3.5 million, and had outstanding invoices for TIA reimbursement totaling $0.8 million. Under the 2021 New Headquarters Lease, the Company has three five-year options to extend the term of the lease. However, the Company is not reasonably certain to exercise any of these options. The total incremental non-cancellable lease payments under the 2021 New Headquarters Lease are $29.6 million over the lease term.

Finance Leases

In August 2021, the Company exercised its purchase option under a finance lease and acquired the associated leased laboratory equipment. At September 30, 2022 and December 31, 2021, the Company had no right-of-use finance asset or lease liability.

All Leases

The components of lease cost and supplemental balance sheet information for the Company's lease portfolio were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Finance lease cost				
Amortization of right-of-use asset	$ —	$ 7,900	$ —	$ 55,600
Interest expense	—	900	—	7,000
Operating lease cost	398,800	174,200	1,264,900	521,100
Short-term lease cost	12,100	12,200	36,300	31,100
Variable lease cost	141,500	75,600	356,500	226,800
Total lease cost	$ 552,400	$ 270,800	$ 1,657,700	$ 841,600

	As of September 30, 2022	As of December 31, 2021
Operating leases		
Assets:		
Operating lease right-of-use assets	$ 9,952,300	$ 5,689,300
Liabilities		
Current portion of operating lease liabilities	$ 152,200	$ 527,200
Operating lease liabilities, net of current portion	14,871,800	5,154,900
Total operating lease liabilities	$ 15,024,000	$ 5,682,100
Other information		
Weighted-average remaining lease term (in years)	12.9	11.7
Weighted-average discount rate	6.5%	6.6%

As of September 30, 2022, maturities of lease liabilities that had commenced prior to September 30, 2022 were as follows:

	Operating Leases
Remainder of 2022	$ 102,700
2023	1,226,700
2024	1,734,500
2025	1,777,700
2026 and thereafter	19,653,100
Total undiscounted lease payments	24,494,700
Discount factor	(8,556,900)
Present value of lease liabilities	$ 15,937,800

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our audited consolidated financial statements and related notes for the year ended December 31, 2021, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 22, 2022, as well as the information contained under Management's Discussion and Analysis of Financial Condition and Results of Operations and "Risk Factors" contained in the Annual Report on Form 10-K, and "Risk Factors Summary" and Part II, Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q, and other information provided from time to time in our other filings with the SEC.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements about us and our industry involve substantial risks, uncertainties, and assumptions, including those described in "Risk Factors Summary" and elsewhere in this report. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expected future growth and the success of our business model;
- the potential payments we may receive pursuant to our Strategic Platform Licenses ("SPLs");
- the size and growth potential of the markets for our products, and our ability to serve those markets, increase our market share and achieve and maintain industry leadership;
- the rate and degree of market acceptance of our products within the cell engineering market;
- the expected future growth of our manufacturing capabilities and sales, support and marketing capabilities;
- our ability to expand our customer base and enter into additional SPLs;
- our ability to accurately forecast and manufacture appropriate quantities of our products to meet commercial demand;
- our expectations regarding development of the cell therapy market, including projected growth in adoption of non-viral delivery approaches and gene editing manipulation technologies;
- our ability to maintain our FDA Master File and Master Files and Technical Files in other countries and expand Master and Technical Files into additional countries;
- our research and development for any future products, including our intention to introduce new instruments and processing assemblies and move into new applications;
- the development, regulatory approval, and commercialization of competing products and our ability to compete with the companies that develop and sell such products;
- our ability to retain and hire senior management and key personnel;

- regulatory developments in the United States and foreign countries;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act;
- our ability to develop and maintain our corporate infrastructure, including our internal controls;
- our financial performance and capital requirements;
- our expectations regarding our ability to obtain and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing the intellectual property rights of others; and
- our use of available capital resources.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors Summary” in this report and under the caption “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2021. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

You should read this Quarterly Report and the documents that we file with the SEC with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, all references to “we,” “our,” “us,” “MaxCyte” and the “Company” refer to MaxCyte, Inc.

Overview

We are a leading commercial cell engineering company focused on providing enabling platform technologies to advance innovative cell-based research as well as next-generation cell therapeutic discovery, development and commercialization. Over the past twenty years, we have developed and commercialized our proprietary Flow Electroporation platform, which facilitates complex engineering through the delivery of molecules into a wide variety of cells. Electroporation is a method of transfection, or the process of deliberately introducing molecules into cells, that involves applying an electric field to temporarily increase the permeability of the cell membrane. This precisely controlled increase in permeability allows the intracellular delivery of molecules, such as genetic material and proteins, that would not normally be able to cross the cell membrane as easily.

Our ExPERT platform, which is based on our Flow Electroporation technology, has been designed to address this rapidly expanding cell therapy market and can be utilized across the continuum of the high-growth cell therapy sector, from discovery and development through commercialization of next-generation, cell-based medicines. The ExPERT family of products includes three instruments, which we call the ATx, STx and GTx, respectively, as well as a portfolio of proprietary related disposables and consumables. We have also introduced the ExPERT VLx instrument for very large-scale cell engineering, which was made available for sale beginning in December 2021. Our disposables and consumables include processing assemblies, or PAs, designed for use with our instruments, as well as accessories supporting PAs such as electroporation buffer solution and software protocols. We have garnered meaningful expertise in cell engineering via our internal research and development efforts as well as our customer-focused commercial approach, which includes a growing application scientist team. The platform is also supported by a robust intellectual property portfolio with more than 145 granted U.S. and foreign patents and more than 90 pending patent applications worldwide.

From leading commercial cell therapy drug developers and top biopharmaceutical companies to top academic and government research institutions, including the U.S. National Institutes of Health, or NIH, our customers have extensively validated our technology. We believe the features and performance of our platform have led to sustained customer engagement. Our existing customer base ranges from large biopharmaceutical companies, including all of the top 10, and 20 of the top 25, pharmaceutical companies based on 2021 global revenue, to hundreds of biotechnology companies and academic centers focused on translational research.

Since our inception, we have incurred significant operating losses. Our ability to generate revenue sufficient to achieve profitability will depend on the successful further development and commercialization of our products. We generated revenue of $31.8 million and incurred a net loss of $18.7 million for the nine months ended September 30, 2022. As of September 30, 2022, we had an accumulated deficit of $133.0 million. We expect to continue to incur net losses as we focus on growing commercial sales of our products in both the United States and international markets, including growing our sales and field application scientist teams, scaling our manufacturing operations, and research and development efforts to develop new products and further enhance our existing products. Further, we expect to incur additional costs associated with operating as a public company in the United States.

Impact of COVID-19 and Geopolitical Issues on Our Business

We continue to closely monitor the impact of the novel coronavirus (“COVID-19”) pandemic on our business and the geographic regions where we operate. The impact of this pandemic has been and will likely continue to be extensive in many aspects of society, which has resulted in and will likely continue to result in significant disruptions to the global economy, as well as businesses and capital markets around the world.

Impacts to our business as a result of COVID-19 have included disruptions to our manufacturing operations and supply chain caused by facility closures, reductions in operating hours, staggered shifts and other social distancing efforts, decreased productivity and unavailability of materials or components, limitations on our employees’ and customers’ ability to travel, and delays in product installations, demonstrations, trainings or shipments to and from affected countries and within the United States. Disruptions in our customers’ operations have impacted and may continue to impact our business. In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, we have taken precautionary measures intended to minimize the risk of the virus to our employees, our customers and the communities in which we operate, including temporarily closing our offices to visitors and limiting the number of employees in our offices to those that are deemed essential for manufacturing and research purposes, as well as virtualizing, postponing or canceling customer, employee and industry events.

We cannot predict the overall future impact that the COVID-19 pandemic may have on our business and cannot guarantee that it will not be materially negative. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, the ongoing effects of the COVID-19 pandemic and/or the precautionary measures that we or our customers have implemented or may adopt may create operational and other challenges, any of which could harm our business and results of operations.

We continue to monitor the impact of geopolitical tensions, in particular the conflict between Russia and Ukraine, the potential for supply chain disruptions, and energy markets. In light of these risks, we have taken measures to increase our inventory levels to mitigate possible future supply disruptions. While we cannot predict the impact of these risks, we continue to monitor possible impacts on our operations and take precautionary measures to mitigate possible negative effects that we deem appropriate.

Recent Developments

We have continued to enter into SPL agreements with our cell therapy customers. These agreements are discussed in more detail in "Results of Operations" below and provide us with revenue from instrument sales and leases and disposables sales as well as downstream economics on our partners' programs (both pre- and post-commercial). In the first three months of 2022, we signed an SPL agreement with Intima Bioscience. In July 2022, we signed an SPL agreement with LG Chem, our first SPL with a South Korean company. In September 2022, we signed an SPL agreement with Vertex Pharmaceuticals ("Vertex") for the development of a therapeutic candidate that was previously the subject of our current SPL agreement with CRISPR Therapeutics ("CRISPR"). We continue to grow our SPL pipeline and, while the specific timing of any agreement is uncertain, we expect to sign additional SPL agreements in the future.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

The following table sets forth our results of operations for the periods presented:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
	(in thousands)	
Total revenue	$ 10,643	$ 10,139
Cost of goods sold	1,369	944
Gross profit	9,274	9,195
Operating expense		
Research and development	5,325	2,747
Sales and marketing	4,507	3,212
General and administrative	6,444	5,347
Depreciation and amortization	710	333
Total operating expense	16,986	11,638
Operating loss	(7,712)	(2,443)
Other income (expense)		
Interest and other expense	(116)	(289)
Interest and other income	1,394	52
Total other income (expense)	1,278	(238)
Net loss	$ (6,434)	$ (2,680)

Revenue

We generate revenue principally from the sale of instruments and single-use processing PAs and buffer, and from the lease of instruments to our customers. In addition, our SPLs include clinical progress milestones and sales-based payments to us which may also provide material revenues.

In order to evaluate how our sales are trending across key markets, as well as the contribution of program economics from our SPLs, we separately analyze revenue derived from our cell therapy customers and drug discovery customers, as well as the performance-based milestone revenues we recognize under our SPLs. Cell therapy revenues include primarily revenue from instruments sold, annual license fees for instruments under lease, and sales of our proprietary disposables. Drug discovery revenue includes primarily revenue from instruments sold, sales of our proprietary disposables and, occasionally, instruments leased. Program-related revenues include clinical progress milestone and sales-based revenues derived from SPL agreements. Milestone revenues are recognized when a customer achieves the associated milestone event. To date, all Program-related revenue has consisted entirely of pre-commercial milestone revenue.

The following table provides details regarding the sources of our revenue for the periods presented:

	Three Months Ended September 30,		**Change**	
(in thousands, except percentages)	**2022**	**2021**	**Amount**	**%**
Cell therapy	$ 7,898	$ 6,226	$ 1,672	27%
Drug discovery	1,991	1,909	82	4%
Program-related	754	2,004	(1,250)	(62%)
Total revenue	$ 10,643	$ 10,139	$ 504	5%

Total revenue for the three months ended September 30, 2022 was $10.6 million, an increase of $0.5 million, or 5%, compared to revenue of $10.1 million during the three months ended September 30, 2021.

Our overall increase in revenue was primarily driven by revenue growth in the cell therapy market, primarily from growing instrument sales and licenses and disposables sales, partially offset by a decrease in program-related revenue. In the cell therapy market, revenue from disposable sales increased by $1.3 million, while instrument sales and licenses increased by $0.4 million. Cell therapy revenue growth resulted primarily from new and existing customers and the continued progression of our cell therapy partners' therapeutic development programs. The $1.3 million decrease in program-related revenues resulted from expected variability of milestone revenues from period to period given the small number of individual triggering events which currently generate this portion of revenue. We expect program-related revenue to experience variability for some time, although we anticipate that this variability may moderate as the volume of SPLs and associated milestones grows.

We expect total revenue to increase over time as our customers' programs advance and our markets grow, resulting in additional instrument sales and leases and disposable sales and as the percentage of our installed base that are under cell therapy license agreements increases. We expect revenue from disposable and instrument sales and instrument licenses to cell therapy customers to continue to grow as those customers advance their preclinical pipeline programs into clinical development and move their existing drug development programs into later-stage clinical trials and, potentially, into commercialization. In addition, we expect new customers to continue to emerge and contribute to these revenues, based on the underlying growth in the cell therapy pipeline among companies in this market, the extent to which capital is available to support such companies, and in particular the switch by some cell therapy companies away from viral to non-viral approaches. We expect, however, that our revenue will fluctuate from period to period due to the timing of securing product sales and licenses, the inherently uncertain nature of the timing of our partners' achievements of clinical progress and our dependence on the program decisions of our partners.

Cost of Goods Sold and Gross Profit

Cost of goods sold primarily consists of costs for instrument and processing assembly components, contract manufacturer costs, salaries, overhead and other direct costs related to sales recognized as revenue in the period. Cost of goods sold associated with instrument lease revenue consists of leased equipment depreciation. Gross profit is calculated as revenue less cost of goods sold. Gross profit margin is gross profit expressed as a percentage of revenue.

Our gross profit in future periods will depend on a variety of factors, including sales mix among instruments, disposables and milestones, the specific mix among types of instruments or disposables, the proportion of revenues associated with instrument leases as opposed to sales, changes in the costs to produce our various products, the launch of new products or changes in existing products, our cost structure for manufacturing including changes in production volumes, and the pricing of our products which may be impacted by market conditions.

During the three months ended September 30, 2022, gross margin was 87%, compared to 91% in the same period of 2021. The decrease in gross margin was principally due to changes in the overall mix of product revenues (program-related revenues, processing assemblies, instrument sales and leases). Excluding program-related revenues, gross margin was 86%, compared to 88% in the same period of 2021. Our margins depend on the revenue mix from instruments, PAs and milestones under SPLs. We price our instruments at a premium given what we believe to be the broad benefits of our platform, and the limited availability of alternative, clinically validated non-viral delivery approaches. Instrument pricing also depends upon the customer's specific market. However, the market for non-viral delivery is highly competitive, and introduction of a GMP-grade platform by a competitor that delivers similar performance across a similar diversity of cell types could negatively impact our business and lead to increased price pressure that negatively impacts our gross margins.

	Three Months Ended September 30,		Change	
	2022	2021	Amount	%
(in thousands, except percentages)				
Cost of goods sold	$ 1,369	$ 944	$ 425	45%
Gross profit	$ 9,274	$ 9,195	$ 79	1%
Gross margin	87%	91%		

Cost of goods sold increased by $0.4 million, or 45%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increase was primarily driven by higher sales of instruments and disposables.

Gross profit increased slightly for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increase was primarily driven by increased revenue from instrument and disposable sales and licensed instruments, partially offset by decreased program-related revenue.

We expect that our cost of goods sold will generally increase or decrease as our instrument and disposables revenue increases or decreases. We expect our gross margin to benefit from realization of program-related revenue from our SPL agreements, to the extent that such revenue grows to be a significant proportion of overall revenues, as there is no cost of goods sold associated with such revenue. However, realization and timing of these potential milestone revenues is uncertain.

Operating Expenses

Research and Development

	Three Months Ended September 30,		Change	
	2022	2021	Amount	%
(in thousands, except percentages)				
Research and development	$ 5,325	$ 2,747	$2,578	94%

Research and development expenses consist primarily of costs incurred for our research activities related to advancing our technology and development of applications for our technology, including research into specific applications and associated data development, process development, product development (e.g., development of instruments and disposables, including hardware and software engineering) and design and other costs not directly charged to inventory or cost of goods sold.

These expenses principally include employee-related costs, such as salaries, benefits, incentive compensation, stock-based compensation, and travel, as well as consultant services, facilities, and laboratory supplies and materials. These expenses are exclusive of depreciation and amortization. We expense research and development costs as incurred in the period in which the underlying activity is undertaken.

Research and development expenses increased by $2.6 million, or 94%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increase was primarily driven by a $1.0 million increase in compensation expenses as a result of increases in headcount, a $0.6 million increase in lab expense and product development costs, a $0.5 million increase in stock-based compensation, and a $0.3 million increase in occupancy expense.

We believe that our continued investment in research and development is essential to our long-term competitive position. We expect to continue to incur substantial research and development expenses as we invest in research and development to support our customers, develop new uses for our existing technology and develop improved and/or new offerings for our customers and partners. As a result, we expect that our research and development expenses, will continue to increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Sales and Marketing

	Three Months Ended September 30,		Change	
(in thousands, except percentages)	2022	2021	Amount	%
Sales and marketing	$ 4,507	$ 3,212	$ 1,295	40%

Our sales and marketing expenses consist primarily of salaries, commissions and other variable compensation, benefits, stock-based compensation and travel costs for employees within our commercial sales and marketing functions, as well as third-party costs associated with our marketing activities. These expenses are exclusive of depreciation and amortization.

Sales and marketing expenses increased by $1.3 million, or 40%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increase was primarily driven by a $0.7 million increase in compensation expenses as a result of increases in headcount, a $0.5 million increase in marketing and travel expense, and a $0.2 million increase in stock-based compensation.

We expect our sales and marketing expenses to increase in future periods as we expand our commercial sales, marketing and business development teams, product offerings, expand our collaboration efforts, increase our presence globally, and increase marketing activities to drive awareness and adoption of our products.

General and Administrative

	Three Months Ended September 30,		Change	
(in thousands, except percentages)	2022	2021	Amount	%
General and administrative	$ 6,444	$ 5,347	$ 1,097	21%

General and administrative expenses primarily consist of salaries, benefits, stock-based compensation and travel costs for employees in our executive, accounting and finance, legal, corporate development, human resources, information systems and office administration functions as well as professional services fees, such as consulting, audit, tax and legal fees, general corporate costs, facilities and allocated overhead expenses and costs associated with being a Nasdaq and AIM listed public company such as director fees, U.K. NOMAD and broker fees, investor relations consultants and insurance costs. These expenses are exclusive of depreciation and amortization.

General and administrative expense increased by $1.1 million, or 21%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increase was primarily driven by a $0.5 million increase in compensation expense associated with headcount and salary increases, a $0.3 million increase in stock-based compensation and a $0.2 million increase in occupancy expenses.

We expect that our general and administrative expenses will continue to increase in absolute dollars in future periods, primarily due to increased headcount to support anticipated growth in the business and due to incremental costs associated with operating as a public company listed on a U.S. exchange, including insurance (particularly directors and officers insurance), costs to comply with the rules and regulations applicable to companies listed on a U.S. securities exchange and costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC and stock exchange listing standards, investor relations and professional services. We expect these expenses to vary from period to period as a percentage of revenue.

Depreciation and Amortization

Depreciation expense consists of the depreciation of property and equipment used actively in the business, primarily by research and development activities. Amortization expense includes the amortization of intangible assets over their respective useful lives.

	Three Months Ended September 30,		Change	
(in thousands, except percentages)	2022	2021	Amount	%
Depreciation and amortization	$ 710	$ 333	$ 377	113%

Depreciation and amortization expense increased by $0.4 million, or 113%, for the three months ended September 30, 2022, compared to the three months ended September 30, 2021. The increase was primarily driven by increases in leasehold improvements and investments in laboratory equipment.

Interest and Other Income (Expense)

	Three Months Ended September 30,		Change	
(in thousands, except percentages)	2022	2021	Amount	%
Interest and other expense	$ 116	$ 289	$ (173)	(60%)
Interest and other income	1,394	52	1,343	NM

Interest and other expense decreased by $0.2 million, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. We did not incur interest expense for the three months ended September 30, 2022 as we currently have no indebtedness. The other expense incurred during the three months ended September 30, 2022 was related to a write-off of leasehold improvements due to early termination of prior facility subleases. Interest and other expense for the three months ended September 30, 2021 consisted of MidCap warrant valuation adjustments.

Interest and other income represents interest on our cash balances and short-term investments, which increased by $1.3 million for the three months ended September 30, 2022. The increase was primarily driven by the significantly higher weighted average balance of short-term investments resulting from the IPO proceeds received in August 2021 and recent interest rate increases.

Comparison of the Nine Months Ended September 30, 2022 and 2021

The following table sets forth our results of operations for the periods presented:

	Nine Months Ended September 30,	
	2022	2021
	(in thousands)	
Total revenue	$ 31,838	$ 23,742
Cost of goods sold	3,552	2,422
Gross profit	28,286	21,321
Operating expense		
Research and development	13,786	12,027
Sales and marketing	13,276	8,914
General and administrative	20,180	12,646
Depreciation and amortization	1,654	968
Total operating expense	48,896	34,554
Operating loss	(20,610)	(13,233)
Other income (expense)		
Interest and other expense	(116)	(1,044)
Interest and other income	1,965	70
Total other income (expense)	1,849	(974)
Net loss	$ (18,761)	$ (14,208)

Revenue

The following table provides details regarding the sources of our revenue for the periods presented:

(in thousands, except percentages)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change Amount	Change %
Cell therapy	$ 23,002	$ 15,721	$ 7,281	46%
Drug discovery	6,074	5,510	564	10%
Program-related	2,762	2,512	250	10%
Total revenue	$ 31,838	$ 23,742	$ 8,096	34%

Total revenue for the nine months ended September 30, 2022 was $31.8 million, an increase of $8.1 million, or 34%, compared to revenue of $23.7 million during the nine months ended September 30, 2021.

Our overall increase in revenue for the nine months ended September 30, 2022 was driven by revenue growth in the cell therapy market, primarily from growing instrument sales and licenses and disposable sales, and increases in disposables sales to drug discovery customers. In the cell therapy market, revenue from instrument sales and licenses of instruments increased by $3.5 million, which was primarily due to continued high levels of capital invested or held in companies operating in our target markets, while disposables sales increased by $3.6 million as a result of the continued progression of our cell therapy partners' clinical development programs. In the drug discovery market, the $0.6 million revenue increase was primarily driven by sales of disposables. The $0.3 million increase in program-related revenues resulted from expected variability from period to period in the level of program-related revenue given the small number of individual triggering events which currently generate this portion of revenue. We expect program-related revenue to experience variability for some time, although we anticipate that this variability may moderate as the volume of SPLs and associated milestones grows.

Cost of Goods Sold and Gross Profit

(in thousands, except percentages)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change Amount	Change %
Cost of goods sold	$ 3,552	$ 2,422	$ 1,130	47%
Gross profit	$ 28,286	$ 21,321	$ 6,965	33%
Gross margin	89%	90%		

Cost of goods sold increased by $1.1 million, or 47%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily driven by higher sales of instruments and disposables.

Gross profit increased by $7.0 million, or 33%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily driven by increased revenue from instrument and disposables sales and licensed instruments.

During the nine months ended September 30, 2022, gross margin was 89%, compared to 90% in the same period of 2021. Excluding program-related revenues, gross margin was 88%, compared to 89% in the same period of 2021. The decrease in gross margin was principally due to changes in the overall mix of product revenues (processing assemblies, instrument sales and leases and program related revenues).

Operating Expenses

Research and Development

(in thousands, except percentages)	Nine Months Ended September 30, 2022	2021	Change Amount	%
Research and development	$ 13,786	$ 12,027	$ 1,759	15%

Research and development expenses increased by $1.8 million, or 15%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily driven by a $2.2 million increase in compensation expenses associated with headcount increases, a $1.4 million increase in stock-based compensation, a $1.1 million increase in lab supplies expenses and product development costs, a $0.4 million increase in travel expenses, a $0.4 million increase in occupancy expense, and a $0.2 million increase in professional service costs, partially offset by a $4.4 million decrease in CARMA expenses as a result of the wind-down of our CARMA operations in 2021.

Sales and Marketing

(in thousands, except percentages)	Nine Months Ended September 30, 2022	2021	Change Amount	%
Sales and marketing	$ 13,276	$ 8,914	$ 4,363	49%

Sales and marketing expenses increased by $4.4 million, or 49%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily driven by a $2.1 million increase in compensation expenses as a result of increases in headcount and commissions on sales, a $1.6 million increase in marketing and travel expenses, and a $0.7 million increase in stock-based compensation.

General and Administrative

(in thousands, except percentages)	Nine Months Ended September 30, 2022	2021	Change Amount	%
General and administrative	$ 20,180	$ 12,646	$ 7,534	60%

General and administrative expense increased by $7.5 million, or 60%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily driven by a $2.5 million increase in compensation expense associated with headcount and salary increases, a $2.3 million increase in expense associated with the costs of our common stock being listed on the Nasdaq stock exchange including insurance and related legal expenses, a $1.1 million increase in stock-based compensation and a $1.3 million increase in occupancy and general expenses.

Depreciation and Amortization

(in thousands, except percentages)	Nine Months Ended September 30, 2022	2021	Change Amount	%
Depreciation and amortization	$ 1,654	$ 968	$ 687	71%

Depreciation and amortization expense increased by $0.7 million, or 71%, for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021. The increase was primarily driven by increases in leasehold improvements and investments in laboratory equipment and instruments.

Interest and Other Income (Expense)

(in thousands, except percentages)	Nine Months Ended September 30, 2022	2021	Change Amount	%
Interest and other expense	$ 116	$ 1,044	$ (928)	(89%)
Interest and other income	1,965	70	1,895	NM

Interest and other expense decreased by $0.9 million, or 89%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The decrease was primarily driven by the repayment of the MidCap loan in March 2021 and the settlement of a warrant in August 2021, which resulted in us no longer incurring interest expense on indebtedness or warrant fair value adjustments. The increase of $1.9 million in interest and other income was primarily driven by significantly higher average balance of short-term investments resulting from the IPO proceeds received in August 2021 and increases in interest rates during 2022.

Liquidity and Capital Resources

Since our inception, we have experienced losses and negative cash flows from operations. For the nine months ended September 30, 2022, we incurred a net loss of $18.8 million. As of September 30, 2022, we had an accumulated deficit of $133.1 million. To date, we have funded our operations primarily with proceeds from sales of common stock, including our IPO in 2021, as well as borrowings under loan agreements and from revenues associated with sales and licenses of our products to customers. As of September 30, 2022, we had cash and cash equivalents and short-term investments of $232.9 million.

We expect to incur increased near-term operating losses as we continue to invest in expanding our business through growing our sales and marketing efforts, continued research and development, product development and expanding our product offerings. Based on our current business plan, we believe our existing cash and cash equivalents and short-term investments will enable us to fund our operating expenses and capital expenditure requirements for the foreseeable future.

We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect. Our future funding requirements will depend on many factors, including:

- transaction and capital expenditures necessitated by strategic activities;
- market acceptance of our products;
- the cost and timing of establishing additional sales, marketing and distribution capabilities;
- the cost of our research and development activities and successful development of data supporting use of our products for new applications, and timely launch of new features and products;
- sales to existing and new customers and the progress of our SPL partners in developing their pipelines of product candidates;
- our ability to enter into additional SPLs and licenses for clinical use of our platform in the future;
- changes in the amount of capital available to existing and emerging customers in our target markets;
- the effect of competing technological and market developments; and
- the level of our selling, general and administrative expenses.

If we are unable to execute on our business plan and adequately fund operations, or if our business plans require a level of spending in excess of cash resources, we will have to seek additional equity or debt financing. If additional financings are required from outside sources, we may not be able to raise such capital on terms acceptable to us or at all. To the extent that we raise additional capital through the sale of equity or debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing, if available, may involve agreements that include covenants restricting our ability to take specific actions, such as incurring additional debt, selling or licensing our assets, making product acquisitions, making capital expenditures or declaring dividends. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish some rights to our technologies or our products, or grant licenses on terms that are not favorable to us. If we are unable to raise additional capital when desired, we may have to delay development or commercialization of future products. We also may have to reduce marketing, customer support or other resources devoted to our existing products.

Cash Flows

The following table summarizes our uses and sources of cash for the periods presented:

	Nine Months Ended September 30,	
(in thousands)	2022	2021
Net cash provided by (used in):		
Operating activities	$ (8,697)	$ (9,719)
Investing activities	2,272	(183,575)
Financing activities	1,663	233,513
Net (decrease) increase in cash and cash equivalents	$ (4,762)	$ 40,218

Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2022 was $8.7 million, and consisted primarily of our net loss of $18.8 million, offset in part by net non-cash expenses of $9.4 million, including stock-based compensation of $8.6 million, depreciation and amortization expenses of $1.8 million and amortization of discounts on investments of $1.2 million. We also had net cash inflows of $0.6 million due to changes in our operating assets and liabilities. Net changes in our operating assets and liabilities consisted primarily of an increase in the net effect of our right-of-use assets and lease liabilities of $5.1 million and an increase in accounts payable and accrued expenses of $1.2 million, partially offset by a $2.9 million increase in inventory, a $0.9 million increase in other assets, a $0.8 million increase in TIA receivable, a $0.6 million increase in accounts receivable, and a $0.6 million decrease in deferred revenue.

Net cash used in operating activities for the nine months ended September 30, 2021 was $9.7 million, and consisted primarily of our net loss of $14.2 million, offset in part by net non-cash expenses of $7.2 million, including stock-based compensation of $5.5 million, warrant liability fair value adjustments of $0.6 million, and depreciation and amortization expenses of $1.0 million. We also had net cash outflows of $2.7 million due to changes in our operating assets and liabilities. Net changes in our operating assets and liabilities consisted primarily of an increase in deferred revenue (consisting primarily of unrecognized instrument license revenue) of $1.5 million and a decrease in the net effect of our right-of-use assets and lease liabilities of $0.2 million, partially offset by a $2.5 million increase in prepaid expenses (other current assets), a $0.4 million decrease in accounts payable and accrued expenses, a $0.8 million increase in accounts receivable, a $0.3 million increase in inventory and a $0.3 million increase in other non-current assets.

Investing Activities

Net cash provided by investing activities during the nine months ended September 30, 2022 was $2.3 million, which was primarily attributable to maturities of short-term marketable securities of $232.1 million, partially offset by purchases of short-term marketable securities of $213.5 million, capitalized lease-related construction expenses of $13.4 million, purchases of equipment of $1.9 million and capitalized construction-in-process of $1.0 million. Purchases and sales of short-term marketable securities are made as part of ordinary course investing activities in compliance with our investment policy which has as its primary objective preservation of principal.

Net cash used in investing activities during the nine months ended September 30, 2021 was $183.6 million, which was primarily attributable to net purchases of short-term marketable securities of $180.9 million, as well as purchases of property and equipment of $0.9 million, capitalized new product development costs of $1.5 million and capitalized lease-related expenses of $0.3 million. Purchases of short-term marketable securities are made as part of ordinary course investing activities in compliance with our investment policy for which preservation of principal is its primary objective.

Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2022 was $1.7 million, which was attributable to the exercise of stock options.

Net cash provided by financing activities during the nine months ended September 30, 2021 was $233.5 million, which was primarily attributable to net proceeds of $236.1 million, including $51.8 million from the issuance of common stock in the first quarter and $184.3 million from our Nasdaq IPO in the third quarter of 2021, and proceeds of $2.4 million from the exercise of stock options, partially offset by the repayment of the MidCap loan of $4.9 million.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of September 30, 2022 consisted exclusively of operating lease obligations. In May 2021, we entered into an operating lease for new office, lab and warehouse/manufacturing space. The lease for the new facility consists of three phases, with Phase 1 having commenced in December 2021 and Phase 2 having commenced in the first quarter of 2022, and the lease term expires on August 31, 2035. We designed and constructed the leasehold improvements with the approval of the landlord. The landlord will reimburse us for costs of property improvements up to amounts specified in the lease. The total incremental non-cancellable lease payments under the lease agreement are $29.6 million through the lease term. We expect to be able to fund our obligations under the new lease, both in the short term and in the long term, from cash on hand and operating cash flows.

In June 2021, we exercised our option to early terminate one of our office space lease arrangements, which occurred in June 2022.

In August 2021, we terminated a finance lease and as of September 30, 2022, we do not have any finance lease obligations.

In June 2022, we exercised our option to early terminate our remaining subleased office, laboratory, manufacturing and other spaces, which became effective in July and August 2022. These subleases previously had expiration dates in October 2023.

Purchase orders or contracts for the purchase of supplies and other goods and services are based on our current procurement or development needs and are generally fulfilled by our vendors within short time horizons.

Critical Accounting Policies and Significant Judgments and Estimates

We have prepared our condensed consolidated financial statements in accordance with U.S. GAAP. Our preparation of these condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results could therefore differ materially from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies and estimates from those disclosed in our consolidated financial statements and the related notes and other financial information included in the Annual Report on Form 10-K filed with SEC on March 22, 2022.

JOBS Act Accounting Election

We are an "emerging growth company," or EGC, under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Section 107 of the JOBS Act provides that an EGC can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of the delayed adoption of new and revised accounting standards and, therefore, we will be subject to the same requirements to adopt new or revised accounting standards as private entities. We also intend to rely on other exemptions provided by the JOBS Act, including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

We will remain an EGC until the earliest of (i) December 31, 2026, (ii) the last day of the fiscal year in which we have total annual gross revenues of $1.235 billion or more, (iii) the date on which we have issued more than $1 billion in non-convertible debt during the previous rolling three-year period, or (iv) the date on which we are deemed to be a "large accelerated filer" under SEC rules.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position, results of operations or cash flows is disclosed in Note 2 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to market risk for changes in interest rates related primarily to balances of our financial instruments including cash and cash equivalents and short-term investments. The primary objectives of our investment approach are to preserve principal and provide liquidity. As of September 30, 2022, we held money market fund securities and cash equivalents of $28.7 million, cash equivalent commercial paper of $13.0 million, short-term commercial paper of $161.1 million, U.S. Treasury securities and government agency bonds of $22.7 million and short-term corporate debt of $5.7 million. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of interest rates in the United States. A hypothetical 10% change in the level of market interest rates would not have a material effect on our business, financial condition or results of operations because of the short-term nature of these instruments.

Foreign Currency Risk

We are exposed to financial risks as a result of exchange rate fluctuations between the U.S. Dollar and certain foreign currencies and the volatility of these rates. In the normal course of business, we earn revenue primarily denominated in U.S. Dollars as well as in Euros and British Pounds. We incur expenses primarily in U.S. Dollars as well as in Euros, British Pounds and other currencies. Our reporting currency is the U.S. Dollar. We hold our cash primarily in U.S. Dollars as well as in Euros and British Pounds. We do not expect that foreign currency gains or losses will have a material effect on our financial position or results of operations in the foreseeable future. We have not entered into any hedging arrangements with respect to foreign currency risk. As our international operations grow, we will continue to reassess our approach to managing risks relating to fluctuations in currency exchange rates.

Inflation Risk

We do not believe that inflation and changing prices have had a significant impact on our results of operations for any periods presented herein. We will continue to monitor the impacts of inflation on our cost of inventory.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of September 30, 2022 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems' objectives are being met. Further, the design of any system of controls must reflect the fact that there are resource constraints, and the benefits of all controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of error or mistake. Control systems can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently a party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have an adverse effect on our business, operating results or financial condition.

Item 1A. Risk Factors.

Our business is subject to numerous risks. You should carefully consider the risks and uncertainties described in this report under the caption “Risk Factors Summary,” in addition to other information contained in this report as well as our other public filings with the SEC from time to time.

There have been no material changes to the risk factors set forth in the Annual Report on Form 10-K filed with the SEC on March 22, 2022. However, the risk factors described in this report and in the Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any such risks materialize, it could have a material adverse effect on our business, financial condition, results of operations and growth prospects and cause the trading price of our common stock to decline.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Sale of Unregistered Securities

None.

(b) Use of Proceeds

On August 3, 2021, we closed our IPO, in which we issued and sold 15,525,000 shares of common stock at a price to the public of $13.00 per share, inclusive of 2,025,000 shares sold pursuant to the full exercise of the underwriters’ option to purchase additional shares. The IPO generated gross proceeds to us of $201.8 million. We received net proceeds of $184.3 million after deducting aggregate underwriting commissions and offering expenses of $17.6 million. All of the shares of common stock issued and sold in the offering were registered under the Securities Act of 1933, as amended (“Securities Act”) pursuant to a registration statement on Form S-1 (File No. 333-257810), which was declared effective by the SEC on July 29, 2021. The joint book-running managers of the offering were Cowen and Company, LLC, Stifel, Nicolaus & Company, Incorporated and William Blair & Company, L.L.C.

In connection with our IPO, no payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates or to our affiliates.

Cash used since the IPO is described in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this report and our other periodic reports filed with the SEC. As of the date of this report, there has been no material change in the planned use of proceeds from the IPO as described in the final prospectus for our IPO.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The following exhibits are filed with this Quarterly Report on Form 10-Q:

		Incorporated by Reference			
Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Bylaws of the Registrant.	8-K	001-40674	3.1	August 4, 2021
3.2	Fifteenth Amended and Restated Certificate of Incorporation.	S-1	333-25781	3.1	July 26, 2021
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	Inline XBRL Instance Document.				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.SCH, 101.CAL, 101.DEF, 101.LAB and 101.PRE).				

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	MaxCyte, Inc.	
Date: November 9, 2022	By:	/s/ Douglas Doerfler
	Name:	Douglas Doerfler
	Title:	President and Chief Executive Officer (On Behalf of the Registrant)
Date: November 9, 2022	By:	/s/ Ron Holtz
	Name:	Ron Holtz
	Title:	Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas Doerfler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MaxCyte, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By:	/s/ Douglas Doerfler
Name:	Douglas Doerfler
Title:	President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ron Holtz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MaxCyte, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022	By:	/s/ Ron Holtz
	Name:	Ron Holtz
	Title:	Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MaxCyte, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 9, 2022	By:	/s/ Douglas Doerfler
	Name:	Douglas Doerfler
	Title:	President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MaxCyte, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 9, 2022	By:	/s/ Ron Holtz
	Name:	Ron Holtz
	Title:	Chief Financial Officer (Principal Financial Officer)