Financial Results for Six Months ended 30 June 16

September 27, 2016

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MaxCyte, Inc.
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MaxCyte, Inc.

("MaxCyte" or the "Company")

Financial Results for the Six Months ended 30 June 2016

Maryland, USA - 27 September - MaxCyte, Inc. (LSE: MXCT), an established and revenue generating US-based developer and supplier of cell engineering products and services to biopharmaceutical firms engaged in cell therapy, drug discovery and development, biomanufacturing, gene editing and immuno-oncology, announced today its financial results for the six months ended 30 June 2016.

HIGHLIGHTS (including post-period end highlights)

Financial Highlights

- Revenues of $5.5 million for the six months ended 30 June 2016, a 30.3% increase over $4.2 million for the same period of 2015
- Gross margins remained stable over the six months ended 30 June 2016 and 2015 at 89.5% and 89.0%, respectively
- Operating expenses increased to $5.9 million compared to $4.3 million for the same period of 2015
- CARMA investment totaled $0.5 million for the six months ended 30 June 2016, compared to $0.1 million for the same period of 2015
- Net loss before CARMA expenses was $0.8 million for the six months ended 30 June 2016, (including $0.3 million in expenses newly arising from the Company's position as a public company), compared to net loss before CARMA expenses of $0.9 million for the same period of 2015
- Deferred revenues increased from $2.0 million at the end of 2015 to $2.6 million at 30 June 2016 due principally to growth in technology licenses
- Cash balance of $12.2 million at 30 June 2016, compared to $2.4 million at the end of 2015
- Completed restructuring of Company's existing $5.1 million debt facility in June 2016 to extend it by approximately two years, increasing the interest-only period to July 2018 and maturity to June 2021, providing

additional financial flexibility

- Successful Initial Public Offering on the AIM market of the London Stock Exchange on 29 March 2016 ("IPO"), raising £10.0 million (before expenses) for the Company

Corporate/Operational Highlights

- MaxCyte's strategic research collaboration with the Johns Hopkins Kimmel Cancer Center progresses, generating preclinical data to support the Company's CARMA platform and related pipeline of next-generation cell therapies

- High-value cell therapy partnered programs accelerated, covering a diverse range of fields, including immuno-oncology, gene editing and regenerative medicine
  - 35+ partnered programs; 10+ of these programs licensed for clinical-stage use
  - 7 clinical trials (which include solid tumour targets) have been initiated in CAR-based therapies, to date, using MaxCyte's technology
- As the convergence between gene editing technologies and immuno-oncology therapeutic advances, MaxCyte is poised to foster the next-generation of therapies
- Expanded investment in sales and field scientist teams in US and Europe
- Global distribution network continued to expand through appointment of distribution partners to serve customers in Singapore and Japan, adding to established distribution partners in China, South Korea, and India
- John Johnston appointed as Non-Executive Director
- Scientific findings presented at a number of conferences worldwide, including the American Society of Gene and Cell Therapy (ASGCT) 18th Annual Meeting

Commenting on MaxCyte's interim financial results, Doug Doerfler, Chief Executive Officer, said: *"Our successful IPO in March of 2016 has provided MaxCyte with the fuel for accelerating our growth in the engineered cell products and services market - where the world's top companies leveraging cells for drug discovery, cells for biologics/vaccine development and manufacture, and cells as drugs (in immuno-oncology and gene editing) use MaxCyte's cell engineering technology.*

"Our IPO has also allowed us to advance CARMA, our exciting, new generation of immuno-oncology treatments, from incubation to pre-clinical work that is laying the foundation for an initial U.S. regulatory submission that is expected to allow clinical trials to begin in 2017. Based on our proprietary non-viral cell engineering technology, CARMA rapidly and effectively delivers cancer treatments that utilize a patient's own immune system combined with Chimeric Antigen Receptor (CAR) technology.

"With consistently increasing revenue performance and the careful management of investments in sales, marketing and operations to drive growth, as well as a high degree of revenue visibility, we are trading in-line with expectations for the full year as both our partnered cell therapy and CARMA programs progress. We continue to look forward to the future with great confidence and to building value for our shareholders."

Conference call for analysts

A briefing for analysts will be held at 11.00am BST on 27 September 2016 at the offices of Panmure Gordon & Co., One New Change, London, EC4M 9AF. There will be

a simultaneous live conference call with Q&A and the presentation will be available on MaxCyte's website at http://www.maxcyte.com/

Dial-in details:
Participant dial-in: 08006940257
International dial-in: +44 (0) 1452 555566
Participant code: 86595211

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

About MaxCyte

MaxCyte is an established and revenue generating US-based developer and supplier of cell engineering products and services to biopharmaceutical firms engaged in cell therapy, drug discovery and development, biomanufacturing, gene editing and immuno-oncology markets, which independent market analyses estimate to be, in aggregate, in excess of $35 billion in 2015. The Company's patented flow electroporation technology enables its products to deliver fast, reliable and scalable cell engineering to drive the research and clinical development of a new generation of medicines.

MaxCyte's high performance platform allows transfection with any molecule or multiple molecules and is compatible with nearly all cell types, including hard-to-transfect human primary cells. It also provides a high degree of consistency and minimal cell disturbance, thereby facilitating rapid, large scale, clinical and commercial grade cell engineering in a non-viral system and with low toxicity concerns. The Company's cell engineering technology platform is CE-marked and FDA-accredited, providing MaxCyte's customers and partners with an established regulatory path.

Using the unique capabilities of its technology, MaxCyte is developing CARMA, its proprietary platform in immuno-oncology, to deliver a validated non-viral approach to CAR therapies across a broad range of cancer indications, including solid tumors where existing CAR-T approaches face significant challenges.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER

We are pleased to report to shareholders today on the Company's financial results for the six months to 30 June 2016.

Progress to date

In the first half of 2016, MaxCyte successfully completed an IPO of common stock on the London Stock Exchange's AIM market, raising £10.0 million before expenses, which has provided the Company the means to fund further advances in its technology and research.

As the convergence between gene editing technologies and immuno-oncology therapeutic advances occurs, MaxCyte is poised to foster the next-generation of more potent and differentiated therapies.

MaxCyte is currently partnering with commercial and academic cell therapy developers in more than 35 licensed programs covering a diverse range of fields, including immuno-oncology, gene editing and regenerative medicine. More than ten of these programs are licensed for clinical-stage use with the goal of providing new therapies to individuals facing diseases including cancers and HIV. Technology licenses and instrument leases provide high-value recurring annual fees, complemented by an attractive and growing recurring revenue stream from the sale of its proprietary disposable processing assemblies. As these programs progress in the clinic and to commercialization, MaxCyte believes they will create significant value for the Company.

MaxCyte's instruments and technology are sold in the biopharmaceutical markets for discovery and development of small molecule drugs, biologics and vaccines. To date, the Company has sold or leased more than 100 instruments for drug discovery globally, and its customer base includes nine of the top ten biopharmaceutical companies.

MaxCyte advanced its ground-breaking CARMA platform (which uses proprietary flow electroporation technology) from incubation to preclinical research via a strategic collaboration with the Johns Hopkins Kimmel Cancer Center in Baltimore, Maryland. Researchers are investigating the use of CARMA, the Company's patented approach to CAR, to generate the next class of immunotherapy for cancer, aiming to improve on existing CAR therapy in T-cells ("CAR-T"), especially in solid tumour cancers. CARMA-engineered immune cells seek and destroy cancer cells with the potential to deliver precise therapies for patients against a range of cancers, without the cost and complexity of centralized manufacturing and adverse effects seen in first-generation, viral-based CAR therapies. The Company believes that the promising preclinical results obtained from the collaboration with the Johns Hopkins Kimmel Cancer Center, along with further studies, will result in an investigational new drug ("IND") filing with the US Food and Drug Administration ("FDA") in 2017. The Company continues to explore new targets and additional collaborators to advance the CARMA platform.

Financial Review

Revenues for the period totaled $5.5 million, representing a 30.3% increase over the same period of 2015 with gross margins remaining stable over the period. This strong growth in sales reflects the increasing use of MaxCyte's technology in both drug discovery and development and cell therapy. Deferred revenues increased to $2.6 million at period close due principally to growth in technology licenses.

The Company's operating expenses for the period increased to $5.9 million compared to $4.3 million for the same period of 2015 with increased spending on research and development including CARMA, sales and marketing, and general and administrative expenses focused on driving and supporting MaxCyte's growth.

MaxCyte's net loss before taking into consideration expenses from the CARMA programme was $0.8 million over the period, including $0.3 million in expenses arising from the Company's public listing, compared to net loss of $0.9 million (also before taking into consideration expenses from the CARMA period) for the same period of 2015. The Company's investment in CARMA was $0.5 million for the current period. The net loss to the Company was $1.3 million over the period, an increase from $1.0 million for the same period of 2015.

The Company completed the restructuring of its existing $5.1 million debt facility in June 2016 to extend it by approximately two years, increasing the interest-only period to July 2018 and maturity to June 2021, providing additional financial flexibility. Interest expense for the facility was $0.3 million for the first six months of 2016. As of 30 June 2016, MaxCyte held cash and cash equivalents amounting to $12.2 million (31 December 2015: $2.4 million).

Strategy

The Company continues to pursue the following key strategies to drive its future revenue growth:

- Expanding the Company's established customer base through growing sales and leasing of its existing and new instruments and its technologies;
- Expanding the Company's direct sales teams in the US and Europe, and expanding its network of distributors in Asia and globally;
- Extending the applications of its STX and VLX instruments to transient large-scale biopharmaceutical protein manufacturing;
- Expanding the reach of the Company's cell therapy business to Europe, Asia and other markets;
- Entering into high value clinical and commercial partnerships as its existing and new cell therapy partners progress their programs from research and early-stage clinical development towards therapeutic product approval and commercialization; and
- Licensing its CARMA-based therapeutic products and/or platforms as the Company develops data for individual therapeutic applications through its pre-clinical and clinical development programs with key collaborators.

The Company's focus on these strategies, as well as investing in CARMA and in sales and marketing across broad markets and geographies, continues to deliver consistent high margins and strong revenue growth.

Events Post Period End and Outlook

Earlier this month, the Company announced the appointment of distributors in Japan and Singapore, and the hiring of additional staff, to support growing market demand for the MaxCyte STX® Scalable Transfection System and MaxCyte VLX® Large Scale Transfection System in Asia. Kiko Tech Co., Ltd., a leading biotech instrument distributor in Japan, will serve throughout Japan as the authorized distributor for MaxCyte transfection systems. In addition, Bio Laboratories Pte Ltd will serve as the authorized distributor of MaxCyte transfection systems in Singapore.

Looking forward, the Company remains focused on progressing its CARMA program in preclinical development and driving top-line growth from expanding licensing and sales of its technology in particular as cell therapy partnered programs progress through clinical development. We see the technology becoming more widely adopted in drug discovery/development and cell therapy including advances into new therapeutic areas. The MaxCyte team remains firmly dedicated to making possible key advancements for patients in the revolutionary fields of immuno-oncology and gene editing based on the Company's technology. As the Company continues to increase its revenue visibility and performance, it is trading in-line with expectations for the full year as both of the Company's partnered cell therapy and sales of instruments for drug discovery progress.

MaxCyte's leadership team offers sincere thanks to the Company's original investors, Board members and collaborators who have helped the Company drive to its present level of success, and who shared the vision of a new way to engineer cells to treat

disease, and to its new investors who supported its IPO on AIM. MaxCyte continues to look forward to new partnership and collaboration opportunities as the Company develops technologies and products that advance a new generation of cell-based medicines.

Doug Doerfler
President and Chief Executive Officer

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

27 September 2016

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

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Unaudited Condensed Financial Statements as and for the six months ended June 30, 2016 and 2015

The Company prepares its accounts under U.S. GAAP. Information is provided on that basis.

MaxCyte, Inc.
Unaudited Condensed Balance Sheets

	June 30, 2016	Dec 31, 2015
	US$	US$
Assets		
Current assets:		
Cash and cash equivalents	$ 12,180,600	$ 2,411,900
Accounts receivable	2,227,300	1,451,300

Inventory	1,237,100	1,085,900
Other current assets	549,600	1,244,600
Total current assets	**16,194,600**	**6,193,700**
Property and equipment, net	226,900	207,300
Total Assets	**$ 16,421,500**	**$ 6,401,000**
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Current portion of note payable	$ -	$ 805,700
Current portion of capital lease obligations	13,400	16,600
Accounts payable and accrued expenses	1,584,800	2,257,000
Deferred revenue	2,646,300	2,011,800
Total current liabilities	**4,244,500**	**5,091,100**
Note payable, net of current portion, discount and deferred fees	4,970,100	4,203,900
Preferred stock warrant liabilities	-	85,400
Capital lease obligations, net of current portion	10,600	17,500
Other liabilities	128,300	85,600
Total liabilities	**9,353,500**	**9,483,500**
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock:		
Redeemable Convertible Series E Preferred Stock, $0.01 par, 1,700,000 shares authorized, issued and outstanding at December 31, 2015; aggregate liquidation preference $2,730,700 at December 31, 2015. No shares authorized or issued and outstanding at June 30, 2016.	-	1,633,100
Redeemable Convertible Series D Preferred Stock, $0.01 par, 1,602,500 shares authorized, 1,500,000 shares issued and outstanding at December 31, 2015; aggregate liquidation preference $6,935,900 at December 31, 2015. No shares authorized or issued and outstanding at June 30, 2016.	-	3,339,500
Redeemable Convertible Series C Preferred Stock, $0.01 par, 2,500,000 shares authorized, 2,225,968 shares issued and outstanding at December 31, 2015; aggregate liquidation preference $8,307,500 at December 31, 2015. No shares authorized or issued and outstanding at June 30, 2016.	-	3,977,400
Redeemable Convertible Series B Preferred Stock, $0.01 par, 22,000,000 shares authorized, 19,125,475 shares issued and outstanding at December 31, 2015; carrying amount approximates liquidation preference. No shares authorized or issued and outstanding at June 30, 2016.	-	35,299,100
Redeemable Convertible Series A-1 Preferred Stock, $0.01 par, 4,000,000 shares authorized, 3,129,406 shares issued and outstanding at December 31, 2015. No shares authorized or issued and outstanding at June 30, 2016.	-	1,028,100
Total redeemable convertible preferred stock	**-**	**45,277,200**
Stockholders' equity (deficit)		
Common stock, $0.01 par; 200,000,000 and 34,000,000 shares authorized, 43,508,429 and 1,947,302 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively.	435,100	19,500
Additional paid-in capital	56,278,800	-
Accumulated deficit	(49,645,900)	(48,379,200)
Total stockholders' equity (deficit)	**7,068,000**	**(48,359,700)**
Total liabilities and stockholder's equity (deficit)	**$ 16,421,500**	**$ 6,401,000**

See accompanying notes to the unaudited condensed financial statements.

MaxCyte, Inc.
Unaudited Condensed Statements of Operations
For the Six Months Ended June 30,

	2016	2015
	US$	US$
Revenue	**$ 5,467,200**	**$ 4,197,100**
Costs of goods sold	571,600	462,300
Gross profit	**4,895,600**	**3,734,800**
Operating expenses:		
Research and development	2,052,900	1,439,700
Sales and marketing	1,977,000	1,519,500
General and administrative	1,821,100	1,364,200
Total operating expenses	**5,851,000**	**4,323,400**
Operating loss	**(955,400)**	**(588,600)**
Other income (expense):		
Interest expense	(327,000)	(373,000)
Other income	15,700	-
Total other income (expense)	**(311,300)**	**(373,000)**
Net loss	**(1,266,700)**	**(961,600)**
Cumulative preferred stock dividends	(505,400)	(1,027,800)
Net loss attributable to common stock	**$ (1,772,100)**	**$ (1,989,400)**
Basic and diluted net loss per share	**$ (0.08)**	**$ (1.06)**
Weighted average shares outstanding, basic and diluted	**23,411,270**	**1,879,980**

See accompanying notes to the unaudited condensed financial statements.

Unaudited Condensed Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
For the Six Months Ended June 30, 2016

Redeemable Convertible Preferred Stock					Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Series E	Series D	Series C	Series B	Series A-1	Shares	Amount			
US$	US$	US$	US$	US$		US$	US$	US$	US$

Balance January 1, 2016	**$ 1,633,100**	**$3,339,500**	**$3,977,400**	**$35,299,100**	**$ 1,028,100**	**1,947,302**	**$ 19,500**	**$ -**	**$(48,379,200)**	**$(48,359,700)**
Stock-based compensation expense	-	-	-	-	-	-	-	65,500	-	65,500
Exercise of stock options	-	-	-	-	-	37,968	400	6,400	-	6,800
Issuance of common stock upon IPO	-	-	-	-	-	14,285,714	142,800	11,116,700	-	11,259,500
Accretion of preferred stock	222,200	972,500	1,683,900	373,100	-	-	-	(3,251,700)	-	(3,251,700)
Conversion of preferred stock upon IPO	(1,855,300)	(4,312,000)	(5,661,300)	(35,672,200)	(1,028,100)	27,151,531	271,500	48,257,400	-	48,528,900
Exchange of warrant upon IPO	-	-	-	-	-	85,914	900	84,500	-	85,400
Net loss	-	-	-	-	-	-	-	-	(1,266,700)	(1,266,700)
Balance June 30, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**43,508,429**	**$ 435,100**	**$ 56,278,800**	**$(49,645,900)**	**$ 7,068,000**

See accompanying notes to the unaudited condensed financial statements.

MaxCyte, Inc.
Unaudited Condensed Statements of Cash Flows
For the Six Months Ended June 30,

	2016	2015
	US$	US$
Cash flows from operating activities:		
Net loss	$ (1,266,700)	$ (961,600)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	50,800	46,000
Net book value of consigned equipment sold	9,100	26,400
Stock-based compensation	65,500	600
Non-cash interest expense	23,400	120,700
Changes in operating assets and liabilities:		
Accounts receivable	(776,000)	169,000
Inventory	(184,000)	(35,900)
Other current assets	(340,300)	(72,000)

Accounts payable and accrued expenses	(313,600)	12,600
Deferred revenue	634,500	502,000
Other liabilities	42,700	-
Net cash used in operating activities	(2,054,600)	(192,200)
Cash flows from investing activities:		
Purchases of property and equipment	(46,700)	(38,600)
Net cash used in investing activities	(46,700)	(38,600)
Cash flows from financing activities:		
Proceeds from issuance of notes payable and warrants, net of issuance costs	-	121,800
Issuance costs related to debt amendment	(62,900)	-
Proceeds from exercise of stock options	6,800	-
Principal payments on notes payable	-	(150,000)
Principal payments on capital leases	(10,100)	(13,900)
Costs of anticipated offering paid in advance	-	(122,600)
Net proceeds from issuance of common stock in IPO	11,936,200	-
Net cash provided by (used in) financing activities	11,870,000	(164,700)
Net increase (decrease) in cash and cash equivalents	9,768,700	(395,500)
Cash and cash equivalents, beginning of period	2,411,900	3,409,000
Cash and cash equivalents, end of period	$ 12,180,600	$ 3,013,500
Supplemental cash flow information:		
Cash paid for interest	$ 264,020	$ 252,000
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of preferred stock in conjunction with IPO	$ 48,528,900	$ -
Exchange of stock warrants in conjunction with IPO	$ 85,400	$ -

See accompanying notes to the unaudited condensed financial statements.

1. Organization and Description of Business

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

MaxCyte is a developer and supplier of proprietary electroporation technology to biotechnology and pharmaceutical firms engaged in cell therapy, including gene editing and immuno-oncology and in drug discovery and development and biomanufacturing. The Company licenses its instruments and technology and sells its consumables to developers of cell therapies. The Company also sells and leases its

instruments and sells its consumables to pharmaceutical and biotechnology companies for use in drug discovery and development and biomanufacturing.

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These unaudited interim condensed financial statements do not include all the information and footnotes required by U.S. GAAP for complete audited financial statements. These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2015. In the opinion of management, the unaudited interim condensed financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of June 30, 2016 and the results of operations for the six months ended June 30, 2016 and 2015. The interim condensed results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The December 31, 2015 balance sheet included herein was derived from the audited financial statements, but do not include all disclosures including notes required by U.S. GAAP for complete audited financial statements.

The Company operates in a single business segment.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of

assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In the accompanying financial statements, estimates are used for, but not limited to, stock-based compensation, allowance for doubtful accounts, allowance for inventory obsolescence, valuation of derivative liabilities and other financial instruments, accruals for contingent liabilities, deferred taxes and valuation allowance, and the depreciable lives of fixed assets. Actual results could differ from those estimates.

Concentration

During the six months ended June 30, 2016 and 2015, one customer represented 13% and 18% of net revenues, respectively. As of June 30, 2016, accounts receivable from this customer totaled 5% of net accounts receivable.

During each of the six months ended June 30, 2016 and 2015, the Company purchased approximately 56% and 55%, respectively of inventory from one supplier. As of June 30, 2016, amounts payable to this supplier totaled 22% of total accounts payable.

Foreign Currency

The Company's functional currency is the U.S. dollar; transactions denominated in foreign currencies are transacted at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in foreign currency is consummated and the date on which it is either settled or at the reporting date are recognized in the Statement of Operations. The foreign currency transaction loss was $33,000 and $35,000 for the six months ended June 30, 2016 and 2015, respectively.

Fair Value

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

- Level 1-Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

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

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

See Note 6 for additional information regarding fair value.

Cash and Cash Equivalents

Cash and cash equivalents consist of financial instruments with original maturities of less than three months. At times the Company's cash balances may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Inventory

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

	June 30, 2016	December 31, 2015
	US$	US$
Raw materials inventory	$ 271,100	$ 192,300
Work-in-process inventory	376,300	266,400
Finished goods inventory	589,700	627,200
Total Inventory	$ 1,237,100	$ 1,085,900

Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The Company determined that no allowance was necessary at June 30, 2016 or December 31, 2015.

Property and Equipment

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

	June 30, 2016	December 31, 2015
	US$	US$
Furniture and equipment	$ 1,059,400	$ 1,012,700
Consigned instruments	362,400	339,900
Leasehold improvements	72,500	72,500
Accumulated depreciation and amortization	(1,267,400)	(1,217,800)
Property and equipment, net	$ 226,900	$ 207,300

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets held for disposal are reportable at the lower of the carrying amount or fair value, less costs to sell. Management did not identify any such events or changes in circumstances during the six months ended June 30, 2016 and 2015. No assets were held for disposal as of June 30, 2016.

Redeemable Convertible Preferred Stock

Upon the completion of the Company's AIM IPO, all shares of the Company's preferred stock were converted into shares of the Company's Common Stock in accordance with the Plan of Recapitalization. See Note 1.

Prior to the AIM IPO the Company's preferred stock was accounted for as follows:

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

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

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

Revenue Recognition

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

Revenue is principally from the sale or lease of instruments and processing assemblies, as well as from warranties, installation, services and maintenance. In some arrangements, product and services have been sold together in multiple element arrangements. In such arrangements, when the elements have standalone value to the customer, the Company allocates the sale price to the various elements

in the arrangement on a relative selling price basis. Under this basis, the Company determines the estimated selling price of each element in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

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

Research and Development Costs

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

Stock-Based Compensation

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

The Company 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 risk-free rate of interest, expected dividend yield, expected volatility and the expected life of the award.

Income Taxes

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

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

The Company is subject to taxation in various jurisdictions in the United States and

abroad and remains subject to examination by taxing jurisdictions for 2012 and all subsequent periods. The Company had a Net Operating Loss ("NOL") carry forward of $19,472,000 as of December 31, 2015, which was generally available as a deduction against future income for US federal corporate income tax purposes, subject to applicable carryforward limitations. As a result of the March AIM IPO, the Company's NOLs are limited on an annual basis, subject to certain carryforward provisions, pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, as a result of a greater than fifty percent change in ownership that occurred in the three-year period ending at the time of the March AIM IPO. The Company has calculated that for the period ending on December 31, 2022, the cumulative limitation amount is in excess of the NOLs subject to the limitation.

Loss Per Share

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

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

For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all dilutive potential common shares is anti-dilutive. The number of anti-dilutive shares, consisting of (i) Common Stock options, (ii) stock purchase warrants, and (iii) convertible preferred stock exchangeable into Common Stock, which has been excluded from the computation of diluted loss per share, was 5.4 million and 32.0 million for the six months ended June 30, 2016 and 2015, respectively.

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance for revenue recognition for contracts, superseding the previous revenue recognition requirements, along with most existing industry-specific guidance. The guidance requires an entity to review contracts in five steps: 1) identify the contract, 2) identify performance obligations, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue. The new standard will result in enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue arising from contracts with customers. In August 2015, the FASB issued guidance approving a one-year deferral, making the standard effective for reporting periods beginning after December 15, 2017, with early adoption permitted only for reporting periods

beginning after December 15, 2016. In March 2016, the FASB issued guidance to clarify the implementation guidance on principal versus agent considerations for reporting revenue gross rather than net, with the same deferred effective date. In April 2016, the FASB issued guidance to clarify the identification of performance obligations and licensing arrangements. In May 2016, the FASB issued guidance addressing the presentation of sales and other similar taxes collected from customers, providing clarification of the collectibility criterion assessment, as well as clarifying certain transition requirements. The Company is currently evaluating the impact, if any, that this guidance will have on its financial statements.

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

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

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

In February 2016, the FASB issued guidance for the accounting for leases. The

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

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

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

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

3. Debt

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

pay in full the outstanding balance on a prior facility). The facility was amended in December 2014, at which time the additional $1,000,000 was drawn.

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

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

The Company incurred fees and expenses in conjunction with the various amendments. Accordingly, the Company has deferred additional fees incurred and paid to the lender in connection with the amendments and expensed all fees paid to third parties. The deferred fees are being amortized using the effective interest method over the remaining term of the amended debt. Unamortized deferred financing costs were approximately $125,000 and $82,100 at June 30, 2016 and December 31, 2015, respectively, and are included as reductions to the note payable balance.

The total balance of the MidCap credit facility at both June 30, 2016 and December 31, 2015 was $5,105,400, with an interest rate of 10%; the balance of the unamortized debt discount at June 30, 2016 and December 31, 2015 was $10,200 and $13,800, respectively. Future minimum principal payments under the MidCap credit facility are expected to be approximately $850,000 in 2018, approximately $1,702,000 in 2019 and 2020, and approximately $850,000 in 2021.

4. Preferred Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conversion

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

Anti-dilution Adjustments

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

Specific Provisions of the Series C Preferred

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

Voting

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

Dividends

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

Conversion

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

Specific Provisions of the Series D Preferred

Prior to the effect of the Plan of Recapitalization, the Series D Preferred had the

following specific provisions:

Voting

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

Dividends

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

Conversion

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

Specific Provisions of the Series E Preferred

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

Voting

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

dividends, or (iii) any action that results in the payment or declaration of a dividend or distribution of property.

Dividends

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

Conversion

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

5. Stockholders' Equity

Common Stock

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

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

During the first six months of 2016, the Company issued 37,968 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $6,800.

Stock Options

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

The Company has not issued any restricted stock, incentive shares, or performance awards under the Plan. Stock options granted under the Plan may be either incentive stock options as defined by the Internal Revenue Code or non-qualified stock options. The Board of Directors determines who will receive options under the Plan and

determines the vesting period. The options can have a maximum term of no more than 10 years. The exercise price of options granted under the Plan is determined by the Board of Directors and must be at least equal to the fair market value of the Common Stock of the Company on the date of grant.

In the six months ended June 30, 2016, the Company awarded 1,341,565 stock options with an average exercise price of $1.10 per share and a weighted average grant date fair value of $0.39 per share.

At June 30, 2016, the Company had issued 1,953,659 shares of Common Stock of the Company to option holders upon exercise of stock options awarded under the Plan, at an average price of $0.05 per share, and there were 5,389,243 stock options outstanding with an average exercise price of $0.31 per share. As of June 30, 2016, total unrecognized compensation expense was $463,000 which will be recognized over the next four years.

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

	2016	2015
	US$	US$
General and administrative	$ 1,000	$ -
Sales and marketing	63,800	400
Research and development	700	200
Total	$ 65,500	$ 600

Stock Purchase Warrants

In conjunction with the Company's AIM IPO and pursuant to the Plan of Recapitalization, on March 29, 2016 all stock purchase warrants were exchanged for 85,914 shares of Common Stock. Prior to such exercise, the warrants were classified as liabilities. At June 30, 2016, the Company had no outstanding stock purchase warrants.

6. Fair Value

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

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

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

Recapitalization. The primary Level 3 unobservable inputs included various assumptions about the potential AIM IPO. The warrants were exchanged for 85,914 shares of Common Stock on March 29, 2016.

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

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

The Company had no financial assets or liabilities measured at fair value on a recurring basis at June 30, 2016.

The following table presents a summary of changes in the fair value of Level 3 warrant liabilities measured at fair value on a recurring basis for the six months ended June 30, 2016 and 2015:

Description	Balance at January 1, 2015	Established in 2015	Change in fair value in 2015	Balance at June 30, 2015
	US$	US$	US$	US$
Warrant liabilities	$ 105,400	$ -	$ -	$ 105,400

Description	Balance at January 1, 2016	Exchanged for Common Stock in 2016	Change in fair value in 2016	Balance at June 30, 2016
	US$	US$	US$	US$
Warrant liabilities	$ 85,400	$ (85,400)	$ -	$ -

Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis
The Company has no financial assets and liabilities that are measured at fair value on a non-recurring basis.

Non-Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis
The Company has no non-financial assets and liabilities that are measured at fair value on a recurring basis.

Non-Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis
The Company measures its long-lived assets, including property and equipment, at fair value on a non-recurring basis. These assets are recognized at fair value when they are deemed to be impaired. No such fair value impairment was recognized in the six months ended June 30, 2016 or 2015.

7. Commitments and Contingencies

The Company entered into a five-year non-cancelable operating lease agreement for office and laboratory space in February 2009 with an initial expiration of January 31, 2014. In 2013, the Company executed a five-year extension to the lease pursuant to

which monthly rent starts at $16,129 and increases each year by 3%. In addition to base rent, the Company pays a pro-rated share of common area maintenance ("CAM") costs for the entire building, which is adjusted annually based on actual expenses incurred.

Total rent expense, including base rent and CAM for the six months ended June 30, 2016 and 2015, was $166,600, and $159,900, respectively. Rent expense is recognized on a straight-line basis in the accompanying financial statements.

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

8. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through September 26, 2016 the date the financial statements were available to be issued.

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