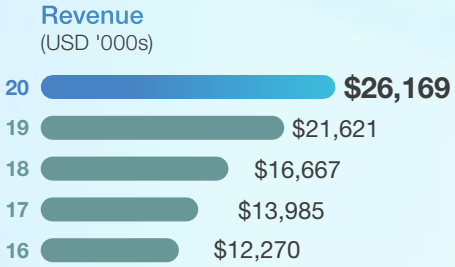
MaxCyte®

Annual Report
and Accounts 2020

Driving the next generation of cell-based therapies

2020 HIGHLIGHTS

MaxCyte® is advancing the next generation of cell-based therapies by unlocking the power of the human cell.



Revenue growth from 2019 to 2020

21%

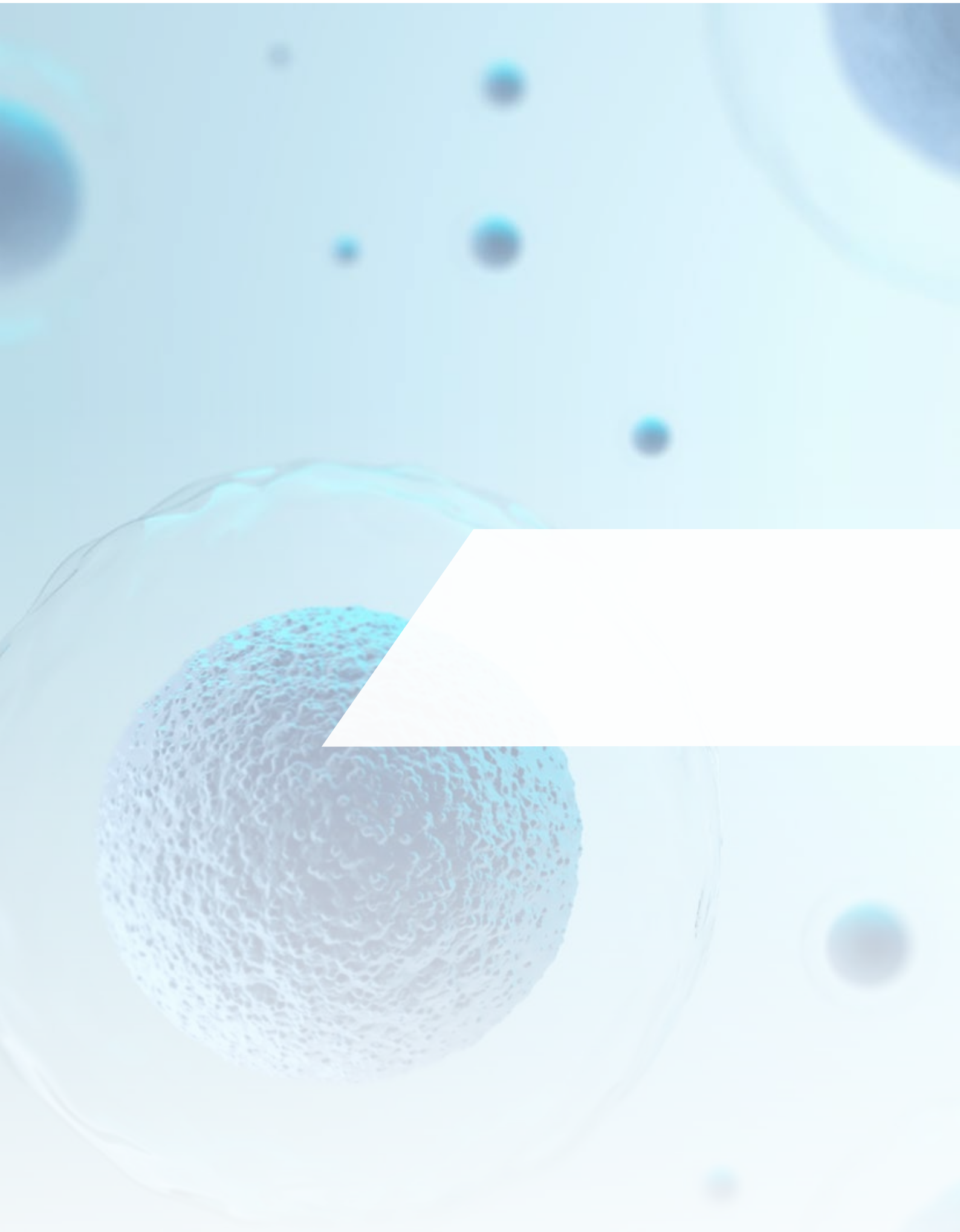
Revenue growth from 2016 to 2020

23%

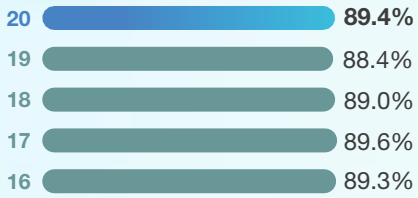
Five-year CAGR

Contents

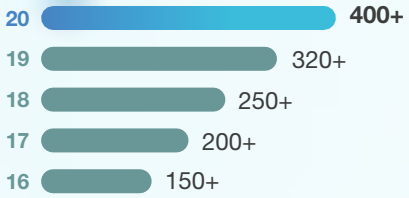
All financial amounts are in USD unless noted otherwise.



Gross margin



Cumulative total instruments placed



Gross funds raised

February 2021
$55.3m

May 2020
$30.5m

Aggregate potential pre-commercial milestone payments from commercial agreements signed to date

>$950m

Operational highlights

- **Expanded team of application scientists and increased number of collaborations to support use of MaxCyte technology in developing novel engineered next-generation cell therapies**
- **Significant commercial momentum in transformative therapies — three new strategic platform licences signed during 2020 with leading cell-therapy developers Allogene Therapeutics, Caribou Biosciences and novel therapy company APEIRON Biologics and a fourth strategic platform licence signed with Myeloid Therapeutics in January 2021**
- **Continued to introduce new processing assemblies within the ExPERT™ brand series of commercially-oriented instruments and disposables to meet customer demands**
- **Bolstered the senior management team with several key appointments and a leadership promotion**
- **As announced in January 2021, MaxCyte is now focusing on out-licensing CARMA® platform manufacturing processes, pre-clinical and clinical data, and intellectual property (IP)**

Technology is just the beginning

Our mission

We believe in the vast potential of next-generation cell therapies to have a meaningful impact on the millions of patients worldwide who, despite medical advancements, live with unmet medical needs across a variety of diseases. Our aim is to be the premier cell-engineering platform technology to support the development of advanced therapeutics.

Who we are

We are dedicated to advancing cell-engineering through application of our proprietary delivery platform and collaborative partnerships. We are uniquely positioned at the centre of next-generation cell therapy development, which aims to unlock the power of human cells to treat disease.

What we do

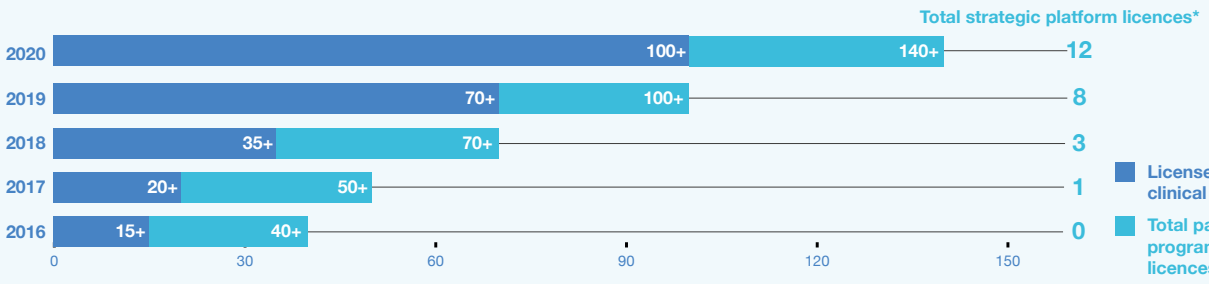
We help bring the promise of the next generation of cell therapies to life. Our Flow Electroporation® technology and ExPERT™ platform enable our partners to accelerate, streamline, and improve the drug discovery and development process from the early stages of research to commercialisation.

How we do it

The MaxCyte offering to partners is driven by ground-breaking technology, which allows customers to scale up from research to cGMP all in one platform — reducing clinical risk. Our talented and dedicated team of sales representatives and application scientists, of which 20 are in the field, works closely with our partners all along the development pathway to achieve clinical and commercial success. In addition, our FDA Master File and Technical Files, which have supported 30 clinical trials to date, help reduce our customers' regulatory risk.

Partnered programmes

Continued growth in total licensed programmes



* Between 1 January 2017 and 31 January 2021

Our Life Sciences business

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

Our technology

It begins with our proprietary ExPERT™ platform and our Flow Electroporation® technology, which allow molecules to be gently, consistently, and repeatably inserted into cells for specific purposes.

Our platform facilitates the delivery of molecules into cells while maintaining cell viability and function — with the flexibility to scale from 75,000 cells to as many as 20 billion cells.

Patient-focused drug discovery, development and biomanufacturing

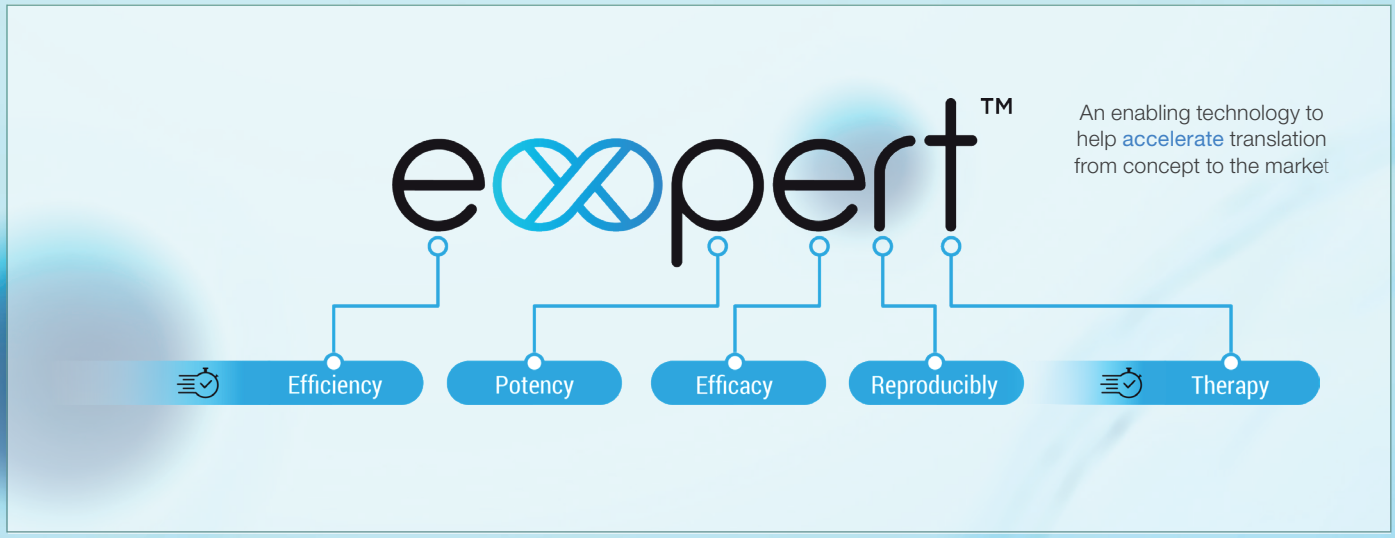
Instruments, processing assemblies (PAs) and technology sold to pharma and biotech companies worldwide:

- → Industry-leading platform enables delivery of almost any molecule into almost any cell while maintaining high cell viability and function
- → Strong recurring revenue stream
- → Global footprint field sales and applications teams
- → Higher productivity and shortened timelines
- → Consistent high margins

Partnered cell-therapy programmes

Enabling the development of novel cell therapies with leading players:

- → Technology validated by 12 strategic platform licences with potential participation in downstream economics
- → 140+ partnered programme licences
  - – 100+ licensed for clinical use
  - – 75+ clinical programme licences to strategic platform licencees
  - – Applications in immuno-oncology and inherited disorders
- → Annual instrument licensing fees and PA sales provide recurring revenue stream



An enabling technology to help accelerate translation from concept to the market

Building on commercial momentum in transformative therapies and strong track record

ExPERT™ platform

- Based on MaxCyte's proprietary flow technology that has been optimised over 20+ years and protected by an extensive patent portfolio
- Flexibility to deliver larger payloads: agnostic to most cell types, approach (autologous/allogeneic) and/or gene manipulation technology
- High performance: >90% cell viabilities and transfection efficiency (depending on cell type/molecule)
- Closed, cGMP-compliant, ISO-certified and CE market instruments
- Scalable from research to the clinic, addressing a key pain point for customers
- Faster time to clinic via MaxCyte's FDA Master File and Technical Files
- Access to MaxCyte's extensive cell-engineering expertise

Demonstrated success and strengths

- Global leadership position in the rapidly growing cell-therapy and drug discovery markets
- Blue-chip client base that includes all top 10 and 20 of the top 25 global pharmaceutical companies based on 2020 global revenue*
- Diverse portfolio of clinical partners/licencees is representative of the overall potential market, which de-risks MaxCyte's opportunity regardless of which approaches advance to market
  - Four new strategic platform licences signed during 2020 and January 2021
  - Since 2017, granted 12 strategic platform licences for clinical and commercial use
  - Established license agreements for more than 140 biotherapeutic programmes (100+ for clinical use) in total
  - More than 75 clinical programme licences to strategic platform licencees
  - More than $950m in aggregate potential pre-commercial milestones
- Potential significant additional net sales-based commercial payments
- Industry's leading scalable electroporation technology for high-yield transient expression of complex proteins, vaccines and biologics

* Evaluate Pharma

Opportunity to capitalise on a rapidly growing cell-therapy market

- Leading provider of cell-engineering platform technologies for next-generation cell therapies
- Rapidly growing cell-therapy market:
  - More than 1,000 gene, cell and tissue-based therapeutic developers*
  - $19.9b raised in 2020 for gene, cell and tissue-based therapeutic developers*
- Accelerated adoption of non-viral delivery methods primarily driven by nuclease mediated gene-editing, increased complexity with next-generation approaches and viral vector manufacturing constraints
- Strong strategic-platform-licence pipeline

Resilient business model with consistent financial results

- Five-year CAGR 23% with 21% year/year revenue growth in 2020
- ~90% gross margins
- Consumable sales and instrument licences create high recurring revenues
- Approximately 80% of our installed instruments up for annual lease renewal over the last three years have been renewed by our customers, and the renewal rate for instruments under strategic platform licences has been nearly 100%
- Aggregate gross proceeds of $85.9m (before expenses) raised in two private placements with leading life sciences investors completed in February 2021 and May 2020

* Alliance for Regenerative Medicine

> "MaxCyte delivered revenues ahead of expectations, expanded our number of partnerships, and built our largest partnership pipeline."

Doug Doerfler
Chief Executive Officer

Our goal is to establish the MaxCyte ExPERT™ platform as the standard non-viral cell-engineering system for the growing, next-generation cell-therapy market

Overview

MaxCyte is a leading provider of cell-engineering platform technologies focused on advancing the discovery, development and commercialisation of next-generation cell-based medicines. MaxCyte's proprietary Flow Electroporation® platform technology, branded as ExPERT™, is a non-viral delivery platform that leads the industry due to its high performance (measured by efficiency and viability), scalability, and flexibility.

The ExPERT™ system enables our customers to safely, efficiently, and with high reproducibility engineer cells while maintaining high cell viability and potency, which advances the scaled therapeutic application of cell therapies. Our technology has been particularly impactful in supporting our partners' goals to develop and commercialise next-generation cell therapies to address significant unmet needs in oncology and inherited disorders. Through the use of our technology, efficacy is improved, patients receive life-saving treatments sooner, and the overall cost to the healthcare system is lower.

The market opportunity

Our goal is to establish the MaxCyte ExPERT™ platform as the standard non-viral cell-engineering system for the growing, next-generation cell-therapy market by:

- → Offering the leading technology platform that facilitates efficient and reproducible delivery of molecules;
- → Serving as a trusted partner to our customers to overcome technological challenges and enable previously unfeasible cell-engineering applications;
- → Enabling customers to scale production on our ExPERT™ platform in a GMP-compliant environment; and
- → Mitigating regulatory risk and potentially expediting approval timelines, thereby delivering therapeutic options to patients faster than alternatives.

Our existing blue-chip customer base ranges from large-cap pharma companies, including 20 of the top 25 companies based on 2020 global revenue*, to cell and gene therapy biotechnology companies and leading academic centres. Our platform has been adopted by hundreds of biopharma and academic customers globally. As of 31 December 2020, we have placed more than 400 of our Flow Electroporation® instruments worldwide.

→ February

- Presented update at BIO CEO
- Promoted Maher Masoud, Esq. to EVP and General Counsel

→ March

- Granted a strategic platform licence to Allogene Therapeutics to use MaxCyte's technology to develop and advance its AlloCAR T™ candidates through to commercialisation

→ May

- Raised $30.5m in funding, led by Casdin Capital and Sofinnova Partners
- Granted a strategic platform licence to Caribou Biosciences to use MaxCyte's technology to advance its CRISPR gene-edited allogeneic T-cell-therapy programmes

Feb Mar Apr May Jun Jul

* Evaluate Pharma

> As our performance in 2020 demonstrated, MaxCyte has a resilient business model based on strong recurring revenues. Our approach and impressive pipeline afford robust prospects for continued growth.

J. Stark Thompson, PhD
Non-Executive Chairman

Moreover, our strategic partnership model allows us to build collaborative relationships with our customers as we work together to bring critical cell-based medicines to the market. We provide our unique ExPERT™ platform technology, intellectual property and expertise to help our customers reduce regulatory risk and accelerate timelines, increase efficacy, and optimise the likelihood of the success for their drug candidates. Our licence agreements include participation in the potential downstream success of these programmes by providing for a share of commercial value. As of 31 December 2020, MaxCyte research licences have been granted for more than 140 partnered academic and industry cell-therapy programmes. Over 100 licences have been granted for clinical use and more than 75 clinical programme licences have been granted to strategic platform licencees. In aggregate, MaxCyte has the potential to receive more than $950m in pre-commercial milestone payments across the clinical programmes currently licensed for clinical use.

Strong financial performance

MaxCyte reported another strong financial year in 2020, with a 21% increase in revenues over the previous year and gross margins of 89%. Our cash position was bolstered by another successful fundraising totalling $55.3m (before expenses) in February 2021, which added to capital generated by the fundraising completed in May 2020. Both raises were principally driven by top-tier US specialist life science investors. Cash and cash equivalents, together with short-term investments, on 31 December 2020, was $34.8m, which does not include the February 2021 capital raise.

Growth of cell-therapy partnerships

Since 2017, when we signed our first licence to enable next-generation engineered cell therapies, milestone revenue streams have expanded significantly. Between the start of 2020 and the end of January 2021, we forged four new partnerships — Allogene Therapeutics, Caribou Biosciences, APEIRON and Myeloid Therapeutics, all of which include commercialisation milestones, bringing MaxCyte's total to 12 strategic platform licences.

An additional out-licensing opportunity

In the first quarter of 2021, we conducted a strategic review of our activities related to CARMA®, a novel and proprietary platform technology for our own development of non-viral, human messenger RNA (mRNA)-based, chimeric antigen receptor (CAR) or T-cell receptor (TCR) redirected immune cell therapies. We decided to focus on out-licensing the CARMA® platform manufacturing processes and intellectual property (IP) and curtail further research and development activities. We believe the manufacturing know-how, preclinical and clinical data amassed to-date, and IP portfolio remain valuable assets with significant licensing potential to enable clinical programmes of current and future partners.

→ July

- Granted a strategic platform licence to APERION Biologics to use MaxCyte's technology to advance APN401, a siRNA-based cell-therapy currently in clinical development for various solid tumors

→ October

- Appointed Sarah Haecker Meeks, PhD as VP, Business Development
- Appointed Steve Nardi as VP, Manufacturing and Engineering Operations

Aug Sep Oct Nov Dec

→ September

- Appointed Amanda L. Murphy as CFO
- Transitioned Ron Holtz to SVP and CAO

→ December

- Appointed Kevin Gutshall as VP, Corporate Business Development

Bolstered leadership team

In September 2020, Amanda L. Murphy, CFA, joined the Company as Chief Financial Officer having previously served as a Managing Director of BTIG, LLC. Prior to BTIG, Ms. Murphy was a Partner and Healthcare Analyst at William Blair & Company, focused on diagnostic services and life sciences. Ms. Murphy has specialised in gene therapy, gene editing and cell-therapy equity research for both private and established public healthcare companies. Concurrent with Ms. Murphy joining the Company, Ron Holtz, who had served as MaxCyte's Chief Financial Officer since 2005, became Senior Vice President and Chief Accounting Officer.

MaxCyte also continued to bolster the leadership team in 2020 with a senior leadership promotion and appointments of three key vice presidents. Maher Masoud, who previously served as Vice President, Legal, was named Executive Vice President and General Counsel. MaxCyte's three vice president hires in 2020 included Kevin Gutshall, Vice President, Corporate Development; Sarah Haecker Meeks, PhD, Vice President, Business Development; and Steve Nardi, Vice President, Manufacturing and Engineering Operations.

Dedication to corporate social responsibility

We believe our commitments extend beyond our goal to leverage our cell-engineering expertise and technology to ameliorate human disease. We take pride in our corporate social responsibility efforts and continue to establish and implement a framework to extend our health commitment to patients and our employees, the community and the environment. We look forward to continuing to update our investors and other key stakeholders on our efforts and are grateful for the support of our employees and partners.

2021 outlook

MaxCyte has solidified its position as the non-viral transfection delivery platform of choice for the world's leading cellular therapy companies in their development of commercial treatments. We expect strong revenue growth in 2021, driven by the addition of new customers, new strategic partners, and our existing partners.

We are also confident that throughout the coming year we will continue to build our customer base and continue to secure further high-value licensing agreements, driving ongoing growth. Entering 2021, the strategic-platform-licence pipeline is the largest that the Company has experienced to date.

Following the $55.3m fundraising in February 2021, the Company is well positioned to invest in and expand its offering of products and technologies. Future investment is being focused on high-value expansion opportunities to support partners' clinical advancements and commercial launches of therapies enabled by MaxCyte.

Overall, the MaxCyte Board and leadership team continue to be optimistic for the future, and we look forward to providing further updates on our progress throughout the remainder of the year.

J. Stark Thompson, PhD
Non-Executive Chairman

Doug Doerfler
Chief Executive Officer

FOCUS ON CORPORATE SOCIAL RESPONSIBILITY

> "The MaxCyte team takes pride in its social responsibility efforts."

Doug Doerfler
Chief Executive Officer

We believe our commitments extend beyond our goal to leverage our cell-engineering expertise and technology to ameliorate human disease. We take pride in our corporate social responsibility efforts and continue to build and implement a framework to extend our health commitment to patients and our employees, the community and the environment.

Advocating for and improving patients' lives:

- More than 30 clinical trials evaluating next-generation cell therapies have used our technology and referenced our FDA Master File and/or Technical Files
- Patients facing more than 20 different diseases with high unmet medical need, including cancer, inherited disorders, rare diseases and sickle cell disease, have the potential to benefit from our technology

Attracting and retaining a fully engaged, healthy and diverse workforce:

- Stock option compensation and corporate bonus plans for all full-time employees
- 401k match and a robust benefit package for all full-time employees, including subsidising 90% of employee and dependent healthcare premiums
- Tuition reimbursement and loan programmes for all full-time employees
- Turnover rate was 8% in 2020

Advocating for the community:

- CEO's leadership is instrumental in supporting the biotechnology industry
  - Chair Emeritus of the Maryland Tech Council
  - Executive committee member of the Biotechnology Innovation Organization (BIO), the world's largest advocacy organisation of its kind
- Ongoing commitment to other advocacy efforts and community-based initiatives:
  - BIO's Workforce Development, Diversity and Inclusion support
  - Active supporter of Montgomery County Economic Development Corporation Maryland (US)
  - Company matching donation programmes for local Montgomery County food bank during the pandemic and each year
  - Annual donation campaigns to locally focused organisations, such as A Wider Circle and Toys for Tots

Minimising our environmental footprint:

- Collaborating with eco-friendly suppliers to reduce transport time and distance
- Using energy-saving processes and technology, eco-friendly techniques
- Incorporating environmentally-friendly materials when designing and developing new products (e.g., DEHP-free materials, use of energy-saving components and methods, and use of recycled materials)
- Increasing the use of recycled materials and decreasing the use of plastics to improve product packaging
- Reducing carbon footprint as a key consideration in any future manufacturing capacity expansion
- Reducing waste and recycling resources, e.g., RoHS compliance for our instruments and battery recycling

Gender ratio

50%
Of the MaxCyte team is female*

36%
Of MaxCyte leaders at the VP level and above are female *

* As of 31 December 2020

Solving cell-engineering challenges for the world's leading biotech and largest pharma companies

CONTINUED GROWTH IN CELL THERAPY

Total 2020 global financings*

$19.9b

First next-generation engineered cell therapy expected to be approved in**

2023/24

Genetically modified cell therapies in development**

~700

ExPERT™

Enabling innovation in cell-engineering

We have spent over 20 years optimising and refining our cell-engineering technology to facilitate highly efficient and consistent delivery of foreign molecules into cells while maintaining high post-electroporation cell viability and functionality. Following extensive customer feedback from a global market research initiative, MaxCyte launched a new family of instruments and single-use disposables (the ExPERT™ platform) in 2019 representing the next generation of the industry's leading, clinically validated, electroporation technology for complex and scalable cellular engineering.

The ExPERT™ family of products includes three separate instruments — the ATX®, STX® and GTX® — as well as related disposables, consumables and software. These products address specific needs in the cell-therapy and drug discovery and development markets. We provide our customers with a single, integrated platform as they seek to discover, develop and manufacture safer, more targeted and increasingly complex cell-based therapies in compliance with current good manufacturing processes, or cGMP. By delivering high transfection efficiency with enhanced functionality, the ExPERT™ platform delivers the high-end performance that we believe is essential to enabling the next wave of biological and cellular therapeutics.

Cumulative total of instruments placed for cell therapy and drug discovery

400+

GTx

STx

ATx

* Alliance for Regenerative Medicine
** Evaluate Pharma

> We believe in the power of reprogramming cells to create therapies that revolutionise medical treatment and ultimately save lives.

Doug Doerfler
Chief Executive Officer

ENABLING CELL-THERAPY
Ground-breaking technology sets the foundation

The MaxCyte offering to partners is driven by ground-breaking technology. We work closely with our partners all along the pathway to achieve clinical and commercial success. It begins with our proprietary ExPERT™ platform and our Flow Electroporation® technology, which allow molecules to be gently, consistently, and repeatably inserted into cells for specific purposes. Based on the medical problem being solved, scientists efficiently engineer human cells for maximum potency and efficacy. With the ExPERT™ platform, we meet and support the unique needs of each partner as they develop therapies from the research stage to commercialisation to transform patient lives.

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

Partnering with cell-therapy innovators

Our ExPERT™ technology platform launch has been particularly impactful in supporting our biopharmaceutical licensing partners' advanced cell-therapy goals of improving efficacy, reducing time to treatment, and lowering costs to the healthcare system. A hallmark of these strategic platform licences is our ability to secure downstream programme-related pre-commercial milestone payments and, in most cases, sales-based commercial payments, in addition to the annual license fees on instruments and revenue from sales of our proprietary single-use disposables.

We have continued to be successful in establishing strategic partnerships with leading cell-therapy developers as they work to bring next-generation cell therapies into and through the clinic and advance those candidates to potential commercialisation. In 2020, we signed strategic platform licences with three additional cell-therapy developers – Allogene Therapeutics, Aperion Biologics and Caribou Biosciences – and a fourth with Myeloid Therapeutics was signed in January 2021. These recent licences add to the five signed in 2019 for a total of 12 since 2017.

We aim to build a large, diversified portfolio of partnerships that enables us to participate in the economics of the near- and long-term success of our partners' drug candidates. We believe this model allows us to establish a large and long-term portfolio of potential pre-commercial and post-commercial revenue streams that mirrors the industry's diverse cell-therapy pipeline.

Using MaxCyte technology, our partners are exploring new methods of treatment for leukaemias, solid tumour cancers and genetic disorders, such as sickle-cell disease, as well as new approaches for patients suffering from autoimmune diseases. We are proud of our partnerships with industry-leading companies that are advancing new drugs, including cell-based therapies for patients with high unmet medical needs.

Driving the future of cell-engineering

There continues to be notable progress in next-generation cell therapies with a number of companies now entering later-stage clinical trials, making potential commercialisation a possibility in the foreseeable future. With the ExPERT™ platform, we meet and support the unique needs of each of our partners as they develop therapies from the research stage to commercialisation to transform patient lives.

Global life sciences venture financings increased by*

36.5%
(2019–2020)

* Alliance for Regenerative Medicine

We are well positioned to address the rapidly growing opportunity of ~700 genetically-modified cell therapies.*

* Evaluate Pharma

Of our 12 strategic platform licences, over 15% of programmes licensed for clinical use are now in the clinic – an increase of 50% from 2019 and 200% from 2018. We estimate MaxCyte has captured approximately 40 to 55% of US clinical programmes utilising non-viral delivery in engineered cell-therapy to treat oncology and inherited disorders.

Validated multi-million-dollar commercial licence milestone opportunities

- MaxCyte's strategic platform licences with 12 biopharma companies developing next-generation cell-therapy medicines
- Strategic platform licences announced to date could bring more than $950m in pre-commercial milestone payments

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

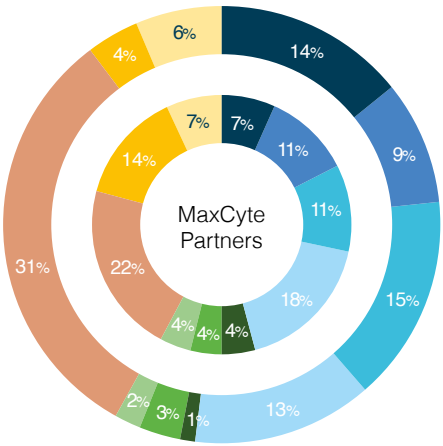
Indications include:

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

The diversity of cell types, sources and indications represented in the programmes of MaxCyte's partners is in line with the overall market. This diversity de-risks MaxCyte's opportunity, fostering strategic-programme-licence revenues regardless of which approaches advance over the next five years.

INDICATIONS

Overall Cell Therapy Market



- Multiple myeloma
- NHL
- AML/ALL
- Heme – other
- Pancreatic
- Lung
- Ovarian
- Solid tumor – other
- Inherited disease
- Other

Projected gene-modified cell-therapy global product sales*

$10.8b

LEADERS IN DRUG DISCOVERY AND BIOMANUFACTURING

Overview

MaxCyte is helping the most innovative pharma and biotech companies to reach their discovery, development, and manufacturing goals. The unique enabling capabilities of our technology in these applications are evidenced by our broad global customer base in drug discovery and development, which includes 20 of the top 25 and all of the top ten pharmaceutical companies based on 2020 global revenue*, to smaller cell-therapy biotechnology companies and academic centres focused on translational research. Our platform has been adopted by hundreds of biopharmaceutical and translational academic customers globally.

Drug discovery and development market

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

* Evaluate Pharma

> Our sales and application scientist teams were able to rapidly shift to a virtual support model – keeping robust momentum in our pipeline.

Amanda L. Murphy
Chief Financial Officer

Double-digit revenue growth continues

The Company reported revenues of $26.2m in 2020, representing a 21% increase over the previous year and including 15% growth in the second half of 2020 compared to the second half of 2019. Revenue growth was fuelled by recurring high-margin revenues from both instrument leases and disposable sales in cell-therapy and strong growth in milestones as partners progressed their clinical programmes. As a result, our 2020 growth extended our run of double-digit revenue growth, yielding a five-year compound average revenue growth rate of 23% for the period from 2016 to 2020.

Gross margins remained stable at 89% and EBITDA loss in 2020 remained in line with expectations at $7.6m.

EBITDA before CARMA® expenses and non-cash stock-based compensation was $2.9m.

This significant improvement over prior years (2019 EBITDA before CARMA® investment and non-cash stock-based compensation was $1.3m) was driven by strong overall revenue growth, particularly from milestone payments, which have no associated costs, and pandemic-driven cost reductions, particularly in travel and marketing expenses.

For 2021, we expect that the winding down of CARMA® activities will contribute approximately $4m to operating expenses in the first half of the year.

Operating expenses in 2020 increased to $34.5m, which includes CARMA® programme expenses of $11.1m (2019: $11.7m), compared to a total of $31.5m of operating expenses in 2019. Exclusive of CARMA®, operating expenses increased 20% (compared to 21% revenue growth) to $23.8m compared to $19.8m in 2019 as the Company continued to make investments to grow the business, including hiring new talent and internal promotions. Operating expenses were impacted by adjustments the Company made to its operating, sales and marketing practices to respond to and mitigate the effects of COVID-related restrictions. These adjustments resulted in significant reductions in planned spending which may not recur in future periods.

Key metrics

	2020	2019	% Change
Revenue	**$26.2m**	$21.6m	21%
Gross margin	**89%**	88%	1%
CARMA® investment	**$11.1m**	$11.7m	(5%)
Total operating expenses	**$34.5m**	$31.5m	9%
EBITDA before CARMA® investment*	**$2.9m**	$1.3m	121%
Net loss before CARMA® investment	**($0.7m)**	($1.2m)	(42%)
Total assets	**$51.8m**	$30.0m	73%
Cash and cash equivalents, including short-term investments (31 Dec)	**$34.8m**	$16.7m	108%

* Excluding associated non-cash stock-based compensation of $1.5m in 2019 and $2.1m in 2020, respectively.

At year-end 2020, total assets were $51.8m, compared to $30.0m in 2019. The increase in total assets was primarily due to the May 2020 capital raise as well as increases in capital invested in fixed assets and disposables inventory.

Cash and cash equivalents, including short-term investments, totalled $34.8m at 31 December 2020, compared to $16.7m at the end of 2019. The Company raised $55.3m of gross proceeds (before expenses) from a private placement of common stock in February 2021 and in March 2021 repaid in full the Company's $5.0m term loan that had been entered into in 2019.

- 2020 revenues increased 21% year over year, despite the challenges of the worldwide COVID-19 pandemic
  - Revenue growth was fuelled by recurring high-margin revenues from both instrument leases and disposable sales in cell-therapy, which was further accelerated by milestone payments from progression of our partners' clinical programmes
  - H2 2020 revenue grew approximately 15% to $15.3m (H2 2019: $13.2m) despite the impact of the pandemic, which affected existing and potential customers' operations
- Significant medium-and long-term upside from potential pre-commercial milestone payments resulting from 12 strategic platform licences
  - Potential pre-commercial milestones from these partnerships now represent more than $950m in the aggregate
  - Partnership agreements provide licences for more than 140 therapeutic programmes, of which more than 100 are licensed for clinical use and more than 75 of them are licensed to strategic platform licencees
- Five-year revenue (2016–2020) compounded annual growth rate (CAGR) 23%
- EBITDA before CARMA® expenses grew 121% to $2.9m driven primarily by higher milestone revenues and pandemic-related cost reductions, especially in travel and marketing. Gross margins improved by 100 basis points, primarily attributable to increased milestone revenue
- Aggregate gross proceeds of $85.9m (before expenses) raised in two private placements completed in May 2020 ($30.5m led by Casdin Capital and Sofinnova Partners) and February 2021 ($55.3m with a mix of new and existing crossover investors led by D1 Capital Partners, Funds and accounts advised by T. Rowe Price Associates, Inc., ArrowMark Partners, Baron Capital Group and First Light Asset Management with Casdin Capital and Sofinnova Partners)
- Cash, cash equivalents and short-term investments as of 31 December 2020 were $34.8m, excluding the $55.3m gross proceeds raised from the private placement in February 2021

We look forward to another robust year in 2021 as our partners continue to bring programmes into and through the clinic while burgeoning investment in next-generation cell therapies yields new customer potential for MaxCyte. We are thankful to our shareholder base and our partners for their ongoing support as well as the tireless efforts of our employees to contribute to making better medicines.

Amanda L. Murphy
Chief Financial Officer

20 April 2021

The risks discussed below are: (i) the principal risks and uncertainties relevant to MaxCyte's business, financial condition and results of operations that may affect the Company's performance and ability to achieve its objectives; and (ii) those that the Company believes could cause its actual results to differ materially from expected or historical results.

Legal, regulatory and litigation	The Company must adapt to and comply with a range of laws and regulations. These requirements apply to research and development, manufacturing, testing, approval, distribution, sales and marketing of various products, including potential biopharmaceutical products. The requirements impact the value of such products, the time required to reach the market or clinic and the likelihood of doing so successfully.	Similarly, MaxCyte's business exposes it to litigation and government investigations, including but not limited to product liability litigation, patent and antitrust litigation and sales and marketing litigation. Litigation and government investigations, including related provisions the Company may make for potential unfavourable outcomes and/or increased related costs, could materially and adversely affect the Company's financial results. Further, the Company continues to face uncertainties related to the post-Brexit transition period. Access to capital in the European markets could be affected and the Company could have exposure to changes in laws and regulations in the United Kingdom and other parts of Europe in which it generates revenue and maintains employees.
Competition and technological change	The Company's business faces competition from a range of pharmaceutical, biotechnology and transfection technology companies, many of which are large, multinational companies with extensive resources. In addition, technological advancements and changes could overtake products being offered or developed by the Company.	The results of such competition and change may have a material adverse effect on the Company's financial results. Furthermore, research and discoveries by others may result in medical insights or breakthroughs that render the Company's products less competitive or even obsolete.
Intellectual property	The Company's success and ability to compete effectively are, in large part, dependent on its ability to protect, enforce, maintain and leverage its proprietary technologies and products and associated intellectual property rights. There can be no assurance that the scope of the Company's patents provide or will continue to provide the Company with a sufficiently strong competitive advantage covering all its products and technologies, or potentially competing technologies. The Company may incur substantial costs as a result of disputes with third parties relating to the infringement or protection of intellectual property.	To date, the Company has also relied on copyright, trademark and trade secret laws, regulatory laws regarding its FDA Master File, as well as confidentiality procedures, non-compete and/or work for hire invention assignment agreements and licensing arrangements with its employees, consultants, customers and vendors to establish and protect its rights to its technology and to control the access to and distribution of its technology. Despite these precautions, it may be possible for a third party to copy, replicate or otherwise obtain and use for the benefit of third parties its technology or confidential information without authorisation. The Company's patents cover a limited set of countries. There can be no assurance that all patent rights material to the Company's success are, or will be, in place in all jurisdictions necessary to the successful conduct of the Company's business.
Product development risk	The development of drugs and technologies is subject to numerous external influences including economic and regulatory environments that are outside of the Company's control. The impacts of the risks from partnered cell-therapy programmes in current and future preclinical and clinical research trials involving patients may include harm to human subjects, reputational damage, government investigation, legal proceedings brought by governmental and private plaintiffs (product liability suits and claims for damages), and regulatory action such as fines, penalties or loss of product authorisation. Any of these consequences could materially and adversely affect financial results.	The Company's products and/or the products of others who use the Company's technology also may not develop into validated products that are safe and effective or that are commercially viable. Expenses associated with drug development efforts, including preclinical research and human clinical trials, are inherently difficult to predict and may be materially different to the Company's budgets or expectations. Clinical and therapeutic products resulting from MaxCyte's customers' or partnered programmes research and development efforts may not receive or continue to maintain regulatory approvals. Even if the products developed by customers or through partnered programmes are approved, they may still face subsequent regulatory or commercialisation difficulties.

Revenue risk	MaxCyte relies on sales and licensing of its ATx®, GTx®, STx® and VLX™ instruments, as well as sales of single-use disposable processing assemblies, for nearly all of its revenue. The Company may be unable to sell or license its instruments to new customers and existing customers may cease or reduce their utilisation of the Company's instruments or fail to renew licences of the Company's instruments. The Company is generally dependent on third parties for the development and commercialisation of cell-based therapeutics programmes and the Company has little, if any, control over their partners' strategies to develop and commercialise those cell-based therapies. In addition, there can be no assurance that any company that enters into agreements with the Company will not pursue alternative technologies.	The Company's success is, in part, dependent on future commercial licensing or collaboration arrangements and on similar arrangements for future therapeutic products and platforms in development that have not yet been partnered. There can be no assurance that any of the therapeutic products or platforms that the Company intends to develop or the therapeutics that are being or might be developed by its partners using MaxCyte technology will continue to advance through development or be successfully developed into any commercially viable products.
Operational risks	The Company is at an early stage of operations, has consistently incurred net losses and faces operating risks that include: → Ability to achieve its business strategy. → Ability to recruit and retain skilled personnel and dependence on key personnel. → Ability to adequately manage rapid growth in personnel and operations. → Unexpected facility shutdowns or inadequate disaster recovery procedures.	→ Dependency on a limited number of customers, suppliers, collaborators and partners. → Failure of information systems. → External economic conditions. → Dependency on third-party suppliers for the products or components of the products that it sells.
External/ Environmental risk	Pervasive public health issues, including epidemics or disease outbreaks could adversely impact business. With the uncertainty of the global COVID-19 pandemic, the Company faces unique and unpredictable risks. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of the coronavirus and the actions of governments, businesses or individuals to respond to the coronavirus or treat its impact, among others. In particular, the continued spread of the coronavirus globally could adversely impact operations, including among others, sales, operations, and clinical trials and manufacturing and supply chain, and could have an adverse impact on business and financial results.	Further, the Company may face uncertainties related to the progression and outcome of the COVID-19 global pandemic. Access to capital in the global markets could be adversely affected and the Company could have exposure to changes in regulations, delays in decision-making, and financing activities.

Strength in our leadership

> MaxCyte bolstered its senior management team with several key appointments and a leadership promotion.

Doug Doerfler
Chief Executive Officer

James Brady, PhD

Vice President, Technical Applications and Customer Support

Prior to joining MaxCyte in 2004, Dr. Brady was a Senior Scientist at Genetic Therapy, Inc., a Novartis subsidiary, where he worked on lentiviral-based gene therapy treatments. Previously, he worked at MetaMorphix, Inc., and was a postdoctoral fellow at the National Eye Institute of the National Institutes of Health. Dr. Brady received a BS degree in biology from the College of William and Mary, a PhD in genetics from Indiana University and an MBA from Johns Hopkins University.

Doug Doerfler

President and Chief Executive Officer

See Board of Directors for details on page 20.

Sarah Haecker Meeks, PhD

Vice President, Business Development

Before joining MaxCyte, Dr. Meeks served as Vice President of Business Development at Synpromics (now part of AskBio) where she established a leading market position for the company, including partnerships with leading gene therapy companies, and led broad technology education and adoption initiatives. Prior to her work at Synpromics, she was the Chief Scientific Officer at Adjuvant Partners. She received a PhD in biochemistry, molecular biology and biophysics, with a minor in bioethics, from the University of Minnesota and completed postdoctoral work in the University of Pennsylvania Gene Therapy Program and Center for Technology Transfer with continued education in the Wharton MBA Program.

Amanda L. Murphy

Chief Financial Officer

Ms. Murphy joined MaxCyte as Chief Financial Officer in 2020. Before joining MaxCyte, Ms. Murphy, a senior equity analyst focused on the biotechnology industry, served as Managing Director of BTIG, LLC. She has specialised in gene therapy, gene editing and cell-therapy for both burgeoning private and established public healthcare companies. Prior to BTIG, she was a Partner and Healthcare Analyst at William Blair & Company, focused on diagnostic services and life sciences. Previously, Ms. Murphy was a Business Analyst at Caremark and a Senior Consultant within the Strategy Consulting division at PricewaterhouseCoopers. She received a BS in biology from Boston College's Honors Program, and an MBA in finance, accounting and economics from the Kellogg Graduate School of Management at Northwestern University.

Kevin Gutshall

Vice President, Corporate Business Development

Mr. Gutshall brings extensive cell and biological therapy knowledge gained from 20 years of experience to his role as MaxCyte's Vice President of Corporate Development. Most recently, he served as Merck KGaA's Director of Global Corporate Business Development and Mergers and Acquisitions. Previously, Mr. Gutshall was the Head of Marketing and Business Development for the Biologics Manufacturing Platform at Sigma-Aldrich. In addition, he is the co-inventor of several patents as well as the co-author of several publications and presentations.

Ron Holtz

Senior Vice President and Chief Accounting Officer

See Board of Directors for details on page 20.

Maher Masoud

Executive Vice President and General Counsel

Mr. Masoud has 20+ years of experience in the biopharmaceutical industry, including 15 years as an attorney and general counsel. He has served as: Assistant General Counsel and Corporate Secretary for Wellstat Management Company; co-founding partner of Rossi/ Masoud LLC; and Corporate Attorney at Human Genome Sciences, Inc. A member of the Maryland State Bar, Mr. Masoud holds a JD from Michigan State University College of Law, and a BS in cell and molecular biology genetics from the University of Maryland.

Steve Nardi

Vice President, Manufacturing and Engineering Operations

Before joining MaxCyte, Mr. Nardi served as Vice President of Worldwide Manufacturing at Iradimed Corporation where he introduced lean manufacturing principles, and improved transparency, cost control and accountability. Prior to his work at Iradimed, Mr. Nardi was the Senior Manager of Manufacturing and Engineering at Haemonetics Corporation. He received both a BS in science, engineering and technology and an MS in technology commercialization at Northeastern University.

Thomas M. Ross

Executive Vice President, Global Sales

Mr. Ross has extensive experience in commercial operations and 30+ years of successful life sciences and clinical diagnostics sales and marketing leadership. Most recently, he was SVP of Commercial Operations at OpGen. He also served as Chief Commercial Officer at Predictive BioScience and VP of North America Medical Diagnostics Sales at Qiagen/Digene Corporation. He previously held senior leadership roles in Manufacturing Operations at Life Technologies, Inc. and Cambrex. Mr. Ross holds a BA in business administration from The Citadel.

Kathryn Wekselman

Vice President, Regulatory

Dr. Wekselman is a senior drug development expert with extensive experience in clinical protocol development/execution and interactions with regulatory authorities. She has 10+ years of CRO experience, and nine years at Procter & Gamble Pharmaceuticals. She earned her BSN and PhD in nursing from the University of Cincinnati. She had 10 years of clinical and academic nursing experience before joining the biopharma industry. She has authored 25+ journal articles/book chapters and has presented 30+ posters, conference sessions, guest lectures and professional education seminars.

J. Stark Thompson, PhD
Non-Executive Chairman

Dr. Thompson has nearly five decades of corporate leadership and business management experience, dating back to when he joined the DuPont Company in 1967. From 1988 until 2000, Dr. Thompson served as President, CEO and board member of Life Technologies, Inc. Dr. Thompson has served on and led various boards of directors at companies including Gene Logic, Inc. and Luminex Corporation. He received his BS from Muskingum University, and his MSc and PhD in physiological chemistry from Ohio State University.

Will Brooke
Non-Executive Director

Mr. Brooke is a Limited Partner of Harbert Management Corporation (HMC), which he co-founded in 1993. He has been advising and investing in early-stage and growth companies for 20+ years, and served on the boards of numerous pharmaceutical and medical equipment companies. He presently serves as a board member of KPX, LLC, an ESG advisory firm. Mr. Brooke has previously served as HMC's General Counsel, its Chief Operating Officer, and as Chairman of its Real Estate Services subsidiary. Prior to joining HMC, Mr. Brooke practised law for a decade. He holds a JD and a BS, both from the University of Alabama.

Doug Doerfler
President and Chief Executive Officer

Mr. Doerfler has 35+ years of vast experience in biotechnology product and company development, commercialisation and international financing. He was a founder of MaxCyte in July 1998. Previously, he was President, CEO and a director of Immunicon Corporation. He also held various executive positions with Life Technologies, Inc. (now Thermo Fisher). Mr. Doerfler is an active life sciences industry advocate, serving as Chair Emeritus of the Maryland Tech Council and on the executive committee of the Biotechnology Innovation Organization.

Richard Douglas, PhD
Non-Executive Director

Dr. Douglas formerly served as the SVP of Corporate Development and Corporate Officer at Genzyme Corporation from 1989 until 2011. There, he led numerous acquisitions, licences, financings, joint ventures, and strategic alliances. He had previously held scientific and corporate development roles at Integrated Genetics. He is currently an adviser to RedSky Partners, Chairman of the Board of Aldeyra Therapeutics, and a director of Novavax Inc., and Chairman of the National Advisory Board of the Office of Technology Transfer at the University of Michigan. Dr. Douglas received a PhD in Biochemistry from the University of California, Berkeley, and was a Post-Doctoral Fellow at California Institute of Technology in Leroy Hood's laboratory. He has a BS degree in Chemistry from the University of Michigan.

Stan Erck
Non-Executive Director

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

Ron Holtz
Senior Vice President and Chief Accounting Officer

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

John Johnston
Non-Executive Director

After a career spanning 30+ years in the city of London, Mr. Johnston held non-executive positions in a wide range of industries including pharmaceutical, medical, energy and international hospitality. Previously, he was Managing Director of Institutional Sales at Nomura Code and Director of Sales and Trading at Seymour Pierce. Prior to this, he spent 26 years as a fund manager, managing a variety of asset classes including UK general equities, Japanese equities and technology funds. The last 15 years of his fund management career were focused almost exclusively on small cap and AIM stocks.

Art Mandell
Non-Executive Director

Mr. Mandell is a senior healthcare executive with 30+ years of experience leading companies, executing large corporate and business development deals, and developing and commercialising products. He served as President and COO of Prestwick Pharmaceuticals, Inc. Prior to Prestwick, Mr. Mandell was President, CEO, and a director of Cellective Therapeutics, Inc. (acquired by Astra Zeneca/ MedImmune). Before Cellective, Mr. Mandell served as President, CEO, and director of Stemron Corporation, and as SVP and CBO of Human Genome Sciences, Inc. Mr. Mandell began his healthcare career at Syntex Pharmaceutical Corporation.

The Directors of the Company present their Report and audited Financial Statements for the year ended 31 December 2020.

Principal activity

MaxCyte (LSE: MXCT, MXCN) is a global clinical-stage cell-based therapies and life sciences company applying its proprietary cell-engineering technology to help patients with high unmet medical needs in a broad range of conditions. Through its Life Sciences business, the Company leverages its Flow Electroporation® technology and ExPERT™ platform to enable its partners across the biopharmaceutical industry to advance the development of innovative medicines, particularly in cell-therapy, including gene-editing and immuno-oncology. MaxCyte also sells its Flow Electroporation® instruments and processing assemblies for drug discovery and development in applications including cell-based assays for drug screening, rapid scalable protein production, biomanufacturing and stable cell line development.

The Company has placed its cutting-edge Flow Electroporation® technology instruments worldwide, including with all of the top ten global biopharmaceutical companies, and has more than 140 partnered programme licences including more than 100 licensed for clinical use. With its robust technology, MaxCyte enables its partners to unlock the full potential of their products.

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

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

Dividends

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

Employee involvement

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

Directors and their interests

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

Executive

- Doug Doerfler, President and Chief Executive Officer
- Ron Holtz, Senior Vice President and Chief Accounting Officer

Non-Executive

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

Board Member	Board & Committee Meetings Held During 2020*	Board & Committee Meetings Attended in 2020	Number of External Corporate Appointments Held During 2020
J. Stark Thompson	17	17	0
Will Brooke	19	19	1
Doug Doerfler	19	19	0
Richard Douglas	9	9	2
Stan Erck	17	17	1
Ron Holtz	19	19	0
John Johnston	11	11	1
Art Mandell	11	11	0

* Number Board meetings plus Committee meetings of which the Director was a member, required attendee or invited to attend.

Advisers

Nominated adviser and broker
Panmure Gordon (UK) Limited,
One New Change,
London EC4M 9AF

Joint Corporate Broker
Numis Securities Limited,
The London Stock Exchange Building,
10 Paternoster Square,
London EC4M 7LT

Joint Corporate Broker
Stifel Niolaus Europe Limited,
150 Cheapside,
London EC2V 6ET

Auditors
CohnReznick LLP,
800 Towers Crescent Drive, Suite 1000,
Tysons, Virginia, U.S.A.
CohnReznick has expressed willingness to continue in office as auditor.

Registrars
Link Asset Services,
The Registry,
34 Beckham Road,
Beckenham,
Kent BR3 4TU

Counsel
Travers Smith LLP,
10 Snow Hill,
London EC1A 2AL

Doug Doerfler
Executive Director, President and Chief Executive Officer

This report was approved by the Board on 20 April 2021.

> MaxCyte is committed to high standards of corporate governance.

J. Stark Thompson, PhD
Non-Executive Chairman

Principles of good corporate governance

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

The Company has adopted an appropriate share dealing code in order to comply with Rule 21 of the AIM Rules for Companies relating to Directors and applicable employees dealing in the Company's securities. The Company takes all reasonable steps to ensure compliance with such by its Directors and employees.

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

As our business grows, the Company and Board are committed to managing our growth while focusing on environmental, social and governance (ESG) issues. We are working towards developing our own ESG policy, part of which, as applicable and as practicable, will focus on meeting the UN's Sustainable Development Goals (SDGs). We currently have a number of existing policies in place which are linked to broader ESG and SDG policies, such as: Anti-Bribery and Corruption Policy; Standards of Conduct and Business Ethics; Conflicts of Interest, EEO and Anti-Harassment; and Employee Sick and Safe Leave.

Application of principles of the QCA Code

Board of Directors

The Board comprises six Non-Executive Directors (including the Chairman) and two Executive Directors. Since immediately before the 2016 AIM IPO, the Board has consisted of a Non-Executive Chairman, two Executive Directors and four Non-Executive Directors. With the appointment of a Non-Executive Director on 12 February 2018, there are now six Non-Executive Directors. All of the Non-Executive Directors are considered to be independent.

All Directors receive regular and timely information about the Company's operational and financial performance. Formal Board meetings are scheduled throughout each financial year. A formal agenda and the accompanying Board papers are circulated in advance of each meeting.

All the Directors commit the time necessary to fulfil their roles at the Company.

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

To ensure appropriate oversight of Board activities, in February 2021, the Board appointed Richard Douglas as its lead independent director to: i) work with the Chief Executive Officer in planning of Board meetings; (ii) preside over Board meetings to ensure appropriate time for exchange of communications; (iii) communicate with each member of the Board on significant matters as needed; (iv) if necessary, commence special working sessions of the Board outside of regularly scheduled Board meetings; and (v) along with the Chairman of the Board, monitor the Nominating Committee's progress on recommendations of new Board members.

The Board receives training from the EVP, General Counsel, as required, in light of any changes to the law or best corporate governance. In particular, the Board receives regular training on the Company's obligations, and the individual responsibilities of each Director, under the European Union Market Abuse Regulation.

The Board ensures it has appropriate expertise to meet the needs of the Company and the Board evaluates its performance on an ongoing basis.

Developing the Company's employees, in preparation for future advancement and making sure qualified employees are actively engaged by the Company, is a key focus of the Executive Directors, with input from the Nominations Committee, Compensation Committee and the Board as a whole, as appropriate.

The Company's corporate governance is based on the leadership of our Board. The Executive Directors regularly monitor the Company's cultural environment and seek to address any concerns that may arise.

The Board considers employee compensation, key appointments and other employee issues. This is achieved by the close involvement of the Executive Directors in the day-to-day running of the business and by regular reporting at meetings of the Board and its committees.

The Board has an Audit Committee, a Compensation Committee and a Nominations Committee. Details of the composition and activities of the Audit Committee and Compensation Committee are found in their respective reports on pages 28 and 25 of this Annual Report.

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

- Reviewing the structure, size and composition of the Board, and recommending changes to the Board;
- Identifying individuals qualified to become members of the Board;
- Recommending Directors to be appointed to the committees; and
- Reviewing the results of the Board performance.

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

The Nominations Committee did not meet during the year.

The Directors are divided into three classes, as nearly equal in number as possible, designated: Class I, Class II and Class III. Each Director initially appointed to Class I served for an initial term that expired on the Company's 2016 Annual General Meeting, at which meeting the Class I Directors, Doug Doerfler and Ron Holtz, were reappointed for a three-year term that expired on the Company's 2019 Annual General Meeting, at which meeting the Class I Directors were again reappointed for a three-year term. Each Director initially appointed to Class II served for an initial term that expired on the Company's 2017 Annual General Meeting, at which meeting the Class II Directors were again reappointed for a three-year term that expired on the Company's 2020 Annual General Meeting, at which meeting the Class II Directors were again reappointed for a three-year term. Each Director initially appointed to Class III served for an initial term that expired on the Company's 2018 Annual General Meeting, at which meeting the Class III Directors were reappointed for a three-year term, expiring on the Company's 2021 Annual General Meeting, at which meeting the Class III Directors will be considered for appointment for a three-year term.

The role of the Chairman is to lead and oversee the Board, and to promote good corporate governance within the Company. The Chief Executive Officer has responsibility for the business operations, for implementing the Company's strategy and for the day-to-day running of the business.

Relationship with stockholders

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

Further, the Company holds an Annual General Meeting for all shareholders to attend and encourages open discussion and dialogue. Beyond the Annual General Meeting, the Chief Executive Officer meets regularly with investors to provide them with updates on the Company's business.

The Company has an investor relations team which can be contacted at IR@maxcyte.com.

The Company values its communications with all its stakeholders. The Company's website is updated on a regular basis and users have the ability to view the description of the Company's business as well as its financial statements and other relevant information as such becomes available.

The Executive Directors are in regular communication with shareholders to share information regarding the Company and to understand the views of shareholders which are communicated to the Board by the Executive Directors as appropriate.

On behalf of the Board

J. Stark Thompson, PhD
Chairman

20 April 2021

COMPENSATION REPORT

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

Compensation Committee

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

- Establishing a formal and transparent procedure for developing policies on executive compensation;
- Monitoring and providing advice on the framework and broad policy for compensation of executive management;
- Taking into account all factors it deems appropriate;
- Determining the compensation of Executive Directors including compensation benefits and payments;
- Reviewing the design of all share incentive plans and all share incentive grants for approval by the Board and stockholders; and
- Ensuring that all provisions regarding disclosure of compensation are clear and transparent.

The Compensation Committee comprises J. Stark Thompson, who acts as the Chairman of the Compensation Committee, Will Brooke and Stan Erck. The Compensation Committee will meet not less than twice a year and at such other times as the chairman of the committee shall require. The Compensation Committee employs the services of an expert external consultant to advise the committee in implementing appropriate compensation policies informed by relevant market data.

Compensation policy

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

Severance agreements

Executive Directors Doug Doerfler and Ron Holtz have severance agreements that provide certain benefits detailed below. The Non-Executive Directors do not have severance agreements.

Non-Executive Directors, Messrs. Erck and Mandell were re-elected by the stockholders in 2020 to terms ending in 2023, and Messrs. Brooke, Douglas, Johnston and Thompson were re-elected by the stockholders in 2018 to terms ending in 2021.

Directors' compensation

During 2020, the Non-Executive Directors were compensated for their services as Directors at $40,000 p.a. as approved by the Board, plus $27,500 p.a. for the Non-Executive Chairman, $15,000 p.a. for the Chairman of the Audit Committee, $8,000 p.a. for the other Non-Executive members of the Audit Committee, $12,000 p.a. for the Chairman of the Compensation Committee, $6,000 p.a. for the other Non-Executive members of the Compensation Committee, and $8,000 for the Chairman of the Nominations Committee. In addition, each Non-Executive Director received in 2020 and 2021 annual grants of stock options for 26,900 shares of common stock of the Company for each year. 2020 grants vest monthly over four years beginning on the date of grant and 2021 grants vest fully after 12 months.

Mr. Doerfler earned an annual salary of $518,000 in 2020, and Mr. Holtz earned an annual salary of $370,000. Mr. Doerfler has a target bonus equal to 55% of his base salary, and Mr. Holtz has a target bonus equal to 40% of his base salary, payable in each case as determined by the Board. In addition, Mr. Doerfler and Mr. Holtz received in 2020 and 2021 annual grants of stock options, for 390,200 (Mr. Doerfler) and 177,600 (Mr. Holtz) shares of common stock of the Company, respectively, for each year. 2020 grants vest monthly over the 48 months following grant and 2021 grants vest 12/48th of the total grant one year after date of grant, and the remainder vests monthly in 36 monthly installments thereafter.

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

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

Other equity compensation

During the period beginning 1 January 2020 and ending 31 December 2020, the Company issued a total of 3,849,448 stock options to Directors, employees and consultants including 729,200 options previously announced to Directors and Officers of the Company. For the period beginning 1 January 2020 and ending on 31 December 2020, 797,467 options were exercised and 487,036 were expired/forfeited. Total stock options outstanding at the beginning of the period 1 January 2020 were 10,299,285 and were 12,864,230 at the end of the period 31 December 2020. In addition, the Directors received in 2021, through the date of this report, an additional 729,200 options.

Directors' interests and compensation

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

Name	Common Stock	Stock options	Total
J. Stark Thompson	–	238,233	238,233
Will Brooke	50,302	128,500	178,802
Doug Doerfler	433,197	2,703,680	3,136,877
Stan Erck	247,751	291,967	539,718
Ron Holtz	150,251	1,192,492	1,342,743
John Johnston	120,583	135,317	255,900
Art Mandell	374,484	148,900	523,384
Richard Douglas	–	121,600	121,600

Compensation for Directors for 2020 was as follows:

	Base Salary/ Director Fees	2020 Bonus*	Total**	Stock Options 2020
Executive Director				
Doug Doerfler	$518,000	$356,125	$874,125	390,200
Ron Holtz	$370,000	$222,000	$592,000	177,600
Non-Executive Director				
J. Stark Thompson	$79,500	—	$79,500	26,900
Will Brooke	$61,000	—	$61,000	26,900
Stan Erck	$46,000	—	$46,000	26,900
John Johnston	$48,000	—	$48,000	26,900
Art Mandell	$56,000	—	$56,000	26,900
Richard Douglas	$40,000	—	$40,000	26,900

* Bonuses shown include compensation attributable to 2020 but not paid until 2021 and excludes bonuses paid in 2020 attributable to 2019.

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

The Compensation Committee met eight times during the year.

On behalf of the Compensation Committee

J. Stark Thompson, PhD
Chairman, Compensation Committee

20 April 2021

DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

Role and responsibilities

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

Membership and meetings

The Audit Committee was reconstituted with revised terms of reference immediately prior to the 2016 AIM IPO and comprises Will Brooke who acts as the Audit Committee Chairman, Art Mandell and John Johnston. The Audit Committee's terms of reference specify its authority and duties. It meets at least two times a year, with the Executive Directors and the external auditor attending by invitation.

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

Financial reporting

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

The Audit Committee reviews and challenges where necessary:

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

Internal control and risk management

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

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

On behalf of the Audit Committee

Will Brooke
Chairman, Audit Committee

20 April 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of MaxCyte, Inc.

Opinion on the consolidated financial statements

We have audited the accompanying consolidated balance sheets of MaxCyte, Inc. and Subsidiary (the Company) as of 31 December 2020 and 2019, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

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

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

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

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

CohnReznick LLP
Tysons, Virginia

20 April 2021

CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED 31 DECEMBER
(AMOUNTS IN US DOLLARS)

	31 December 2020 US$	31 December 2019 US$
Assets		
Current assets:		
Cash and cash equivalents	**18,755,200**	15,210,800
Short-term investments, at amortised cost	**16,007,500**	1,497,800
Accounts receivable, net	**5,171,900**	3,244,500
Inventory	**4,315,800**	3,701,800
Other current assets	**1,003,000**	797,100
Total current assets	**45,253,400**	24,452,000
Property and equipment, net	**4,546,200**	3,280,100
Right-of-use asset – operating leases	**1,728,300**	2,253,300
Right-of-use asset – finance leases	**218,300**	–
Other assets	**33,900**	–
Total assets	**51,780,100**	29,985,400
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	**890,200**	2,089,400
Accrued expenses and other	**5,308,500**	3,551,600
Operating lease liability, current	**572,600**	508,900
Deferred revenue	**4,843,000**	3,193,200
Total current liabilities	**11,614,300**	9,343,100
Note payable, net of discount and deferred fees	**4,917,000**	4,895,300
Operating lease liability, net of current portion	**1,234,600**	1,807,100
Other liabilities	**788,800**	338,100
Total liabilities	**18,554,600**	16,383,600
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, $0.01 par; 200,000,000 shares authorised, 77,382,473 and 57,403,583 shares issued and outstanding at 31 December 2020 and 2019, respectively	**773,800**	574,000
Additional paid-in capital	**127,673,900**	96,433,700
Accumulated deficit	**(95,222,300)**	(83,405,900)
Total stockholders' equity	**33,225,400**	13,601,800
Liabilities and stockholders' equity	**51,780,100**	29,985,400

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED 31 DECEMBER

(AMOUNTS IN US DOLLARS)

	2020 US$	2019 US$
Revenue	**26,168,900**	21,620,700
Costs of goods sold	**2,767,000**	2,499,200
Gross profit	**23,401,900**	19,121,500
Operating expenses:		
Research and development	**17,744,300**	17,601,200
Sales and marketing	**8,328,700**	7,852,100
General and administrative	**8,385,600**	6,088,200
Total operating expenses	**34,458,600**	31,541,500
Operating loss	**(11,056,700)**	(12,420,000)
Other income (expense):		
Interest and other expense	**(825,600)**	(681,100)
Interest and other income	**65,900**	206,100
Total other income (expense)	**(759,700)**	(475,000)
Net loss	**(11,816,400)**	(12,895,000)
Basic and diluted net loss per common share	**(0.17)**	(0.23)
Weighted average common shares outstanding, basic and diluted	**69,464,751**	56,397,524

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER

(AMOUNTS IN US DOLLARS)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount US$	US$	US$	US$
Balance 1 January 2019	51,332,764	513,300	82,279,300	(70,510,900)	12,281,700
Issuance of stock in public offering	5,908,319	59,100	12,271,200	–	12,330,300
Stock-based compensation expense	–	–	1,752,100	–	1,752,100
Exercise of stock options	162,500	1,600	131,100	–	132,700
Net loss	–	–	–	(12,895,000)	(12,895,000)
Balance 31 December 2019	57,403,583	574,000	96,433,700	(83,405,900)	13,601,800

	Common Stock		**Additional Paid-in Capital**	**Accumulated Deficit**	**Total Stockholders' Equity**
	Shares	**Amount US$**	**US$**	**US$**	**US$**
Balance 1 January 2020	**57,403,583**	**574,000**	**96,433,700**	**(83,405,900)**	**13,601,800**
Issuance of stock in public offering	**19,181,423**	**191,800**	**28,375,400**	**–**	**28,567,200**
Stock-based compensation expense	**–**	**–**	**2,471,800**	**–**	**2,471,800**
Exercise of stock options	**797,467**	**8,000**	**393,000**	**–**	**401,000**
Net loss	**–**	**–**	**–**	**(11,816,400)**	**(11,816,400)**
Balance 31 December 2020	**77,382,473**	**773,800**	**127,673,900**	**(95,222,300)**	**33,225,400**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED 31 DECEMBER

(AMOUNTS IN US DOLLARS)

	2020 US$	2019 US$
Cash flows from operating activities:		
Net loss	**(11,816,400)**	(12,895,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortisation on property and equipment, net	**1,047,700**	613,500
Net book value of consigned equipment sold	**79,900**	25,000
Loss on disposal of fixed assets	**25,900**	1,700
Fair value adjustment of liability classified warrant	**366,500**	14,000
Stock-based compensation	**2,471,800**	1,752,100
Bad debt (recovery) expense	**(117,200)**	54,200
Amortisation of discounts on short-term investments	**(3,800)**	(32,600)
Non-cash interest expense	**21,700**	51,900
Changes in operating assets and liabilities:		
Accounts receivable	**(1,810,200)**	1,592,000
Inventory	**(890,600)**	(1,890,200)
Other current assets	**(205,900)**	66,600
Right-of-use asset – operating leases	**525,000**	474,600
Right-of-use asset – finance lease	**83,400**	–
Other assets	**(33,900)**	–
Accounts payable, accrued expenses and other	**391,000**	1,160,200
Operating lease liability	**(508,800)**	68,600
Deferred revenue	**1,649,800**	795,900
Other liabilities	**(58,000)**	(655,000)
Net cash used in operating activities	**(8,782,100)**	(8,802,500)
Cash flows from investing activities:		
Purchases of short-term investments	**(22,505,900)**	(7,424,100)
Maturities of short-term investments	**8,000,000**	9,149,900
Purchases of property and equipment	**(2,072,100)**	(1,271,300)
Net cash (used in) provided by investing activities	**(16,578,000)**	454,500
Cash flows from financing activities:		
Net proceeds from sale of common stock	**28,567,200**	12,330,300
Borrowings under notes payable	**1,440,000**	4,953,300
Principal payments on notes payable	**(1,440,000)**	(5,105,500)
Proceed from exercise of stock options	**401,000**	132,700
Principal payments on finance leases	**(63,700)**	–
Net cash provided by financing activities	**28,904,500**	12,310,800
Net increase in cash and cash equivalents	**3,544,400**	3,962,800
Cash and cash equivalents, beginning of year	**15,210,800**	11,248,000
Cash and cash equivalents, end of year	**18,755,200**	15,210,800
Supplemental cash flow information:		
Cash paid for interest	**421,400**	669,600
Supplemental non-cash information:		
Property and equipment purchases included in accounts payable	**70,900**	399,900
Issuance of warrant in conjunction with debt transaction	**–**	60,700

See accompanying notes to the consolidated financial statements.

1. Organisation and description of business

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

MaxCyte is a global life sciences company focused on advancing the discovery, development and commercialisation of next-generation cell therapies. MaxCyte leverages its proprietary cell-engineering technology platform to enable the programmes 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®, MaxCyte's proprietary, mRNA-based, clinical-stage, immuno-oncology cell-therapy.

The COVID-19 pandemic has disrupted economic markets and the economic impact, duration and spread of related effects is uncertain at this time and difficult to predict. As a result, it is not possible to ascertain the overall future impact of COVID-19 on the Company's business and, depending upon the extent and severity of such effects, including, but not limited to potential slowdowns in customer operations, extension of sales cycles, shrinkage in customer capital budgets or delays in customers' clinical trials, the pandemic could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows. In 2020, the Company 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 in 2020 or its expected impact on future periods.

2. Summary of significant accounting policies

Basis of presentation

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

Use of estimates

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

Principles of consolidation

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

Concentration

During the year ended 31 December 2020, one customer represented 15% of revenue, in part due to certain one-time milestone events. During the year ended 31 December 2019, one customer represented 10% of revenue.

During the year ended 31 December 2020, the Company purchased approximately 47% of its inventory from a single supplier. During the year ended 31 December 2019, the Company purchased approximately 56% of its inventory from a single supplier. At 31 December 2020, amounts payable to three suppliers totalled 62% of total accounts payable. At 31 December 2019, amounts payable to a single supplier totalled 25% of total accounts payable.

Foreign currency

The Company's functional currency is the US dollar; transactions denominated in foreign currencies are transacted at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in foreign currency is consummated and the date on which it is either settled or at the reporting date are recognised in the consolidated statements of operations as general and administrative expense. The Company recognised an $81,800 foreign currency transaction gain and a $24,700 foreign currency transaction loss for the years ended 31 December 2020 and 2019, respectively.

Fair value

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

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

See Note 6 for additional information regarding fair value.

Cash, cash equivalents and short-term investments

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

The following table summarises the Company's investments at 31 December 2020:

Description	Classification	**Amortised Cost US$**	**Gross Unrecognised Holding Gains US$**	**Gross Unrecognised Holding Losses US$**	**Aggregate Fair Value US$**
Money market funds	Cash equivalents	**8,702,200**	**–**	**–**	**8,702,200**
Commercial paper	Cash equivalents	**6,523,500**	**–**	**–**	**6,523,500**
Commercial paper	Short-term investments	**13,996,800**	**1,800**	**–**	**13,998,600**
Corporate debt	Short-term investments	**2,010,700**	**–**	**(100)**	**2,010,600**
Total investments		**31,233,200**	**1,800**	**(100)**	**31,234,900**

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

Description	Classification	Amortised Cost US$	Gross Unrecognised Holding Gains US$	Gross Unrecognised Holding Losses US$	Aggregate Fair Value US$
Money market funds	Cash equivalents	10,037,000	–	–	10,037,000
Commercial paper	Cash equivalents	1,399,700	–	–	1,399,700
Commercial paper	Short-term investments	1,497,800	400	–	1,498,200
Total investments		12,934,500	400	–	12,934,900

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

Inventory

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

	31 December 2020 US$	31 December 2019 US$
Raw materials inventory	**1,771,300**	1,318,600
Finished goods inventory	**2,544,500**	2,383,200
Total inventory	**4,315,800**	3,701,800

The Company determined no allowance for obsolescence was necessary at 31 December 2020 or 2019.

Accounts receivable

Accounts receivable are reduced by an allowance for doubtful accounts, if needed. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The Company determined no allowance was necessary at 31 December 2020. The Company recorded an allowance of $117,200 at 31 December 2019. This amount was subsequently collected and the allowance was reversed in the year ended 31 December 2020.

Property and equipment

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

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

2. Summary of significant accounting policies continued

Property and equipment continued

Property and equipment consist of the following:

	31 December 2020 US$	31 December 2019 US$
Furniture and equipment	**3,492,900**	2,311,800
Instruments	**1,424,600**	1,223,700
Leasehold improvements	**641,400**	635,100
Internal-use software under development	**–**	30,300
Internal-use software	**1,963,000**	1,277,300
Accumulated depreciation and amortisation	**(2,975,700)**	(2,198,100)
Property and equipment, net	**4,546,200**	3,280,100

For the years ended 31 December 2020 and 2019, the Company transferred $276,600 and $571,000, respectively, of instruments previously classified as inventory to property and equipment leased to customers.

For the years ended 31 December 2020 and 2019, the Company incurred depreciation and amortisation expense of $1,047,700 and $613,500, respectively. Maintenance and repairs are charged to expense as incurred.

In the years ended 31 December 2020 and 2019, the Company capitalised approximately $16,700 and $13,800 of interest expense related to capitalised software development projects.

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company recognised no impairment in either of the years ended 31 December 2020 or 2019.

Revenue recognition

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

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

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

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

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

Research and development costs

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

Stock-based compensation

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

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

Expected volatility
Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company does not currently have sufficient history with its own common stock to determine its actual volatility. The Company has been able to identify several public entities of similar size, complexity and stage of development; accordingly, historical volatility has been calculated at between 49% and 55% for the year ended 31 December 2020 and between 48% and 50% for the year ended 31 December 2019 using the volatility of these companies.

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

Risk-free interest rate
This approximates the US Treasury rate for the day of each option grant during the year, having a term that closely resembles the expected term of the option. The risk-free interest rate was between 0.4% and 1.7% for the year ended 31 December 2020, and between 1.6% and 2.6% for the year ended 31 December 2019.

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

Expected forfeiture rate
The Company records forfeitures as they occur.

Income taxes

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

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

The Company is subject to taxation in various jurisdictions in the United States and abroad and remains subject to examination by taxing jurisdictions for 2016 and all subsequent periods. The Company had a Federal net operating loss (NOL) carryforward of $57.8m as of 31 December 2020, which was generally available as a deduction against future income for US federal corporate income tax purposes, subject to applicable carryforward limitations. As a result of the March 2016 public offering of common stock and listing on the AIM market of the London Stock Exchange, the Company's NOLs are limited on an annual basis, subject to certain carryforward provisions, pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, as a result of a greater than 50% change in ownership that occurred in the three-year period ending at the time of the AIM listing and public offering. The Company has calculated that for the period ending 31 December 2022, the cumulative limitation amount exceeds the NOLs subject to the limitation. In addition, the Company's NOLs may also be limited as a result of ownership changes subsequent to the 2016 AIM listing. The Company has not yet calculated such subsequent limitations.

Leases

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

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

2. Summary of significant accounting policies continued

Leases continued

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

Loss per share

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

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

For periods of net loss, diluted loss per share is calculated similarly to basic loss per share because the impact of all dilutive potential common shares is anti-dilutive. The number of anti-dilutive shares, consisting of stock options and stock purchase warrants, which has been excluded from the computation of diluted loss per share, was 12.9 million and 10.4 million for the years ended 31 December 2020 and 2019, respectively.

Recent accounting pronouncements

Recently adopted

On 1 January 2020, the Company adopted new guidance addressing the accounting for implementation, setup and other upfront costs paid by a customer in a cloud computing or hosting arrangement. The guidance aligns the accounting treatment of these costs incurred in a hosting arrangement treated as a service contract with the requirements for capitalisation and amortisation costs to develop or obtain internal-use software. The adoption did not have a material effect on the Company's consolidated financial statements.

Unadopted

In June 2016, the 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 recognising a credit loss on financial instruments. The credit loss estimate can now reflect an entity's current estimate of all future expected credit losses. Under the previous guidance, an entity only considered past events and current conditions. The guidance is effective for fiscal years beginning after 15 December 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after 15 December 2018, including interim periods within those fiscal years. The adoption of certain amendments of this guidance must be applied on a modified retrospective basis and the adoption of the remaining amendments must be applied on a prospective basis. The Company is currently evaluating the impact, if any, that this new accounting pronouncement will have on its consolidated financial statements.

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

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

3. Revenue

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

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

Disaggregated revenue for the year ended 31 December 2020 is as follows:

	Revenue from Contracts with Customers US$	Revenue from Lease Elements US$	Total Revenue US$
Product sales	**14,850,200**	**–**	**14,850,200**
Leased elements	**–**	**10,717,400**	**10,717,400**
Other	**601,300**	**–**	**601,300**
Total	**15,451,500**	**10,717,400**	**26,168,900**

Disaggregated revenue for the year ended 31 December 2019 is as follows:

	Revenue from Contracts with Customers US$	Revenue from Lease Elements US$	Total Revenue US$
Product sales	12,917,800	–	12,917,800
Leased elements	–	8,363,500	8,363,500
Other	339,400	–	339,400
Total	13,257,200	8,363,500	21,620,700

Additional disclosures relating to revenue from contracts with customers

Changes in deferred revenue for the year ended 31 December 2020 were as follows:

	US$
Balance at 1 January 2020	**3,452,800**
Revenue recognised in the current period from amounts included in the beginning balance	**3,191,200**
Current period deferrals, net of amounts recognised in the current period	**4,752,700**
Balance at 31 December 2020	**5,014,300**

Changes in deferred revenue for the year ended 31 December 2019 were as follows:

	US$
Balance at 1 January 2019	2,770,100
Revenue recognised in the current period from amounts included in the beginning balance	2,435,000
Current period deferrals, net of amounts recognised in the current period	3,117,700
Balance at 31 December 2019	3,452,800

Remaining contract consideration for which revenue has not been recognised due to unsatisfied performance obligations with a duration greater than one year was approximately $227,500 at 31 December 2020 of which the Company expects to recognise approximately $56,200 in 2021, $56,200 in 2022, $41,900 in 2023, $22,000 in 2024, and $51,200 thereafter.

In the years ended 31 December 2020 and 2019, the Company did not incur, and therefore did not defer, any material incremental costs to obtain contracts or costs to fulfil contracts.

4. Debt

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

In November 2019, the Company entered into a new credit facility with MidCap. The credit facility provided for a $5m term loan maturing on 1 November 2024. The term loan provides for: (i) an interest rate of one-month Libor plus 6.5% with a 1.5% Libor floor; (ii) monthly interest payments; (iii) 30 monthly principal payments of approximately $166,700 beginning June 2022; and (iv) a 3% final payment fee. The Company used the proceeds from the credit facility for general operating purposes. The debt is collateralised by substantially all assets of the Company.

In conjunction with the credit facility, the Company issued the lender a warrant to purchase 71,168 shares of common stock at a price of £1.09081 per share. The warrant is exercisable at any time through the tenth anniversary of issuance (see Note 5). In connection with the credit facility, the Company also incurred expenses of approximately $47,300. The warrant and expenses resulted in recording a debt discount which is amortised as interest expense over the term of the loan. At 31 December 2020, the term loan had an outstanding principal balance of $5m and $83,000 of unamortised debt discount.

4. Debt continued

In April 2020, the Company received a loan from Silicon Valley Bank in the amount of $1,440,000 under the US Small Business Administration's Paycheck Protection Program (PPP). The PPP was established as part of the US Coronavirus Aid, Relief, and Economic Security (CARES) Act and provides for potential forgiveness of the loan upon the Company meeting certain conditions as to the use of the proceeds. The loan provided for interest at 1% and a maturity date of April 2022. In May 2020, subsequent to the Company's 2020 equity raise (see Note 5), the Company repaid the loan in full.

5. Stockholders' equity

Common stock

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

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

During the year ended 31 December 2020, the Company issued 797,467 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $401,000. During the year ended 31 December 2019, the Company issued 162,500 shares of Common Stock as a result of stock option exercises, receiving gross proceeds of $132,700.

Warrant

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

Stock options

The Company adopted the MaxCyte, Inc. Long-Term Incentive Plan (the 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. Under the Plan, as amended, the maximum number of shares of Common Stock of the Company that the Company may issue is increased by ten percent (10%) of the shares that are issued and outstanding at the time awards are made under the Plan. On 10 December 2019 and 27 October 2020, the Company's Board resolved to increase the number of stock options under the Plan by 3,000,000 and 1,500,000, respectively to provide sufficient shares to allow competitive equity compensation in its primary markets for staff and consistent with practices of comparable companies.

At 31 December 2020 there were 4,175,737 awards available to be issued 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 ten years. The exercise price of options granted under the Plan is determined by the Board of Directors and must be at least equal to the fair market value of the Common Stock of the Company on the date of grant.

A summary of stock option activity for the years ended 31 December 2020 and 2019 is as follows:

.	Number of Options	Weighted Average Exercise Price US$	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value US$
Outstanding at 1 January 2019	8,388,500	1.49	7.4	10,354,900
Granted	2,538,500	2.17		
Exercised	(162,500)	0.82		217,600
Forfeited	(465,215)	2.48		
Outstanding at 31 December 2019	10,299,285	1.63	7.0	6,471,500
Granted	3,849,448	3.00		
Exercised	(797,467)	0.52		2,198,300
Forfeited	(487,036)	2.59		
Outstanding at 31 December 2020	**12,864,230**	**2.11**	**7.1**	**65,576,300**
Exercisable at 31 December 2020	**7,609,667**	**1.53**	**5.9**	**43,196,900**

The weighted-average fair value of the options granted during the years ended 31 December 2020 and 2019 was estimated to be $1.39 and $1.08, respectively.

As of 31 December 2020, total unrecognised compensation expense was $7,130,900 which will be recognised over the next 2.9 years.

Stock-based compensation expense for the years ended 31 December was classified as follows on the consolidated statement of operations:

	2020 US$	2019 US$
General and administrative	**1,230,700**	827,500
Sales and marketing	**484,700**	325,700
Research and development	**756,400**	598,900
Total	**2,471,800**	1,752,100

6. Fair value

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

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

The Company has an outstanding warrant originally issued in connection with the November 2019 debt financing (see Note 4) that is accounted for as a liability whose fair value is determined using Level 3 inputs. The following table identifies the carrying amounts of this warrant at 31 December 2020:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Liabilities				
Liability classified warrant	**–**	**–**	**441,200**	**441,200**
Total at 31 December 2020	**–**	**–**	**441,200**	**441,200**

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

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

The following table presents the activity for those items measured at fair value on a recurring basis using Level 3 inputs for the year ended 31 December 2020:

	Mark-to-market liabilities – warrant US$
Balance at 31 December 2019	**74,700**
Change in fair value	**366,500**
Balance at 31 December 2020	**441,200**

The following table presents the activity for those items measured at fair value on a recurring basis using Level 3 inputs for the year ended 31 December 2019:

	Mark-to-market liabilities – warrant US$
Balance at 31 December 2018	–
Issuance	60,700
Change in fair value	14,000
Balance at 31 December 2019	74,700

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

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

6. Fair value continued

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

Money market funds and commercial paper classified as held-to-maturity are measured at fair value on a non-recurring basis when they are deemed to be impaired on an other-than-temporary basis. No such fair value impairment was recognised during the years ended 31 December 2020 or 2019.

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

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

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

The Company measures its long-lived assets, including property and equipment, at fair value on a non-recurring basis. These assets are recognised at fair value when they are deemed to be impaired. No such fair value impairment was recognised during the years ended 31 December 2020 or 2019.

7. Retirement plan

The Company sponsors a defined-contribution 401(k) retirement plan covering eligible employees. Participating employees may voluntarily contribute up to limits provided by the Internal Revenue Code. The Company matches employee contributions equal to 50% of the salary deferral contributions, with a maximum Company contribution of 3% of the employees' eligible compensation. In the years ended 31 December 2020 and 2019, Company matching contributions amounted to $351,500 and $277,700, respectively.

8. Income taxes

The Company did not recognise a provision (benefit) for income taxes in 2020 or 2019. Based on the Company's historical operating performance, the Company has provided a full valuation allowance against its net deferred tax assets.

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

	2020 US$	2019 US$
Deferred tax assets:		
Net operating loss carryforwards	**14,998,000**	12,842,100
Research and development credits	**875,400**	875,400
Stock-based compensation	**1,662,600**	1,146,200
Deferred revenue	**1,387,200**	965,800
Lease liability	**566,900**	647,800
Accruals and other	**971,700**	652,700
Deferred tax liabilities:		
ROU asset	**(538,500)**	(630,300)
Depreciation	**–**	(25,300)
	19,923,300	16,474,500
Valuation allowance	**(19,923,300)**	(16,474,500)
Net deferred tax assets	**–**	–

The Federal net operating loss (NOL) carryforwards of approximately $57.8m as of 31 December 2020 will begin to expire in various years beginning in 2025. The use of NOL carryforwards is limited on an annual basis under Internal Revenue Code Section 382 when there is a change in ownership (as defined by this code section). Based on changes in Company ownership in the past, the Company believes that the use of its NOL carryforwards generated prior to the date of the change is limited on an annual basis; NOL carryforwards generated subsequent to the date of change in ownership can be used without limitation. The use of the Company's NOL carryforwards may be restricted further if there are future changes in Company ownership. Additionally, despite the net operating loss carryforwards, the Company may have a future tax liability due to state tax requirements.

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

	2020 US$	2019 US$
Federal income taxes (benefit) at statutory rates	**(2,481,400)**	(2,707,900)
State income taxes (benefit), net of Federal benefit	**(787,600)**	(898,800)
Windfall tax benefits	**(556,900)**	(40,200)
Permanent differences, rate changes and other	**377,100**	(29,700)
Change in valuation allowance	**3,448,800**	3,676,600
Total income tax expense	**–**	–

9. Commitments and contingencies

Operating leases

From 2009 through September 2019 the Company entered into various new and amended leases for office and laboratory space. A member of the Company's Board of Directors is the CEO and board member of the lessor of certain of these leases for which the rent payments totalled $623,000 and $416,800 in 2020 and 2019, respectively.

All the Company's long-term office and laboratory leases expire in October 2023 and provide for annual increases to the base rent of between 3% and 5%. The current monthly base lease payment for all office and laboratory leases is approximately $56,100. In addition to base rent, the Company pays a prorated share of common area maintenance (CAM) costs for the entire building, which is adjusted annually based on actual expenses incurred. None of the Company's current operating leases contain any renewal provisions.

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

At 31 December 2020, the Company had a $1,728,300 ROU asset, a $572,500 short-term lease liability and $1,234,600 long-term lease liability related to its operating leases.

In July 2020, the Company commenced a one-year office lease providing for monthly payments of $2,900. The Company applied the practical expedient and consequently, no ROU asset or lease liability was recognised for this short-term lease.

At 31 December 2020, the weighted average remaining lease term for our operating leases was 2.8 years.

Finance leases

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

At 31 December 2020, the Company had a $218,300 ROU asset, a $100,000 short-term lease liability included in 'Accrued expenses and other' and a $142,200 long-term lease liability included in 'Other liabilities' related to its finance lease.

All leases

Lease costs for the years ended 31 December are as follows:

	2020 US$	2019 US$
Finance lease cost		
Amortisation of ROU asset	**83,400**	–
Interest on expense	**14,400**	–
Operating lease cost	**673,900**	551,100
Short-term lease cost	**19,100**	–
Variable lease cost	**289,500**	217,700
Total lease cost	**1,080,300**	768,800

Maturities of lease liabilities as of 31 December 2020 were as follows:

	Operating Leases US$	Finance Leases US$
2021	696,300	110,800
2022	717,400	110,800
2023	614,800	36,900
Total lease payments	2,028,500	258,500
Discount factor	(221,400)	(16,300)
Present value of lease liabilities	1,807,100	242,200

10. Subsequent events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through 20 April 2021, the date the consolidated financial statements were available to be issued.

In February 2021, the Company completed a private placement offering of 5,740,000 shares of its Common Stock. The shares were sold at a price of £7.00 (or approximately $9.64) per share generating approximately £40.2m (or approximately $55.3m) of gross proceeds.

In March 2021, the Company paid off, in full, all amounts due under its $5m Midcap term loan in accordance with its terms.

In the first quarter of 2021, the Company elected to conclude all preclinical and clinical activities related to the CARMA® platform which were substantially completed by March 2021.

AGM NOTICE

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

NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS

An Annual General Meeting of stockholders of MaxCyte, Inc. (the "Meeting") is planned to be held on 29 October 2021 to consider and act upon: (i) the re-election of Will Brooke as Class III Director to serve for three years, beginning on the date of the Meeting; (ii) the re-election of John Johnston as Class III Director to serve for three years, beginning on the date of the Meeting; (iii) the re-election of J. Stark Thompson as a Class III Director to serve for three years, beginning on the date of the Meeting; (iv) the re-election of Richard Douglas as a Class III Director to serve for three years, beginning on the date of the Meeting; (v) the reappointment of CohnReznick LLP as auditors and to authorise the Audit Committee to fix their remuneration; and (vi) any other business that the Board of Directors may duly elect to present to the shareholders for consideration.

Formal notice and resolutions, along with the Annual General Meeting Proxy Card and Form of Direction, will be circulated on or about 10 September 2021 to shareholders of record on or about that date.

Ron Holtz
Company Secretary, Senior Vice President and Chief Accounting Officer
MaxCyte, Inc., Gaithersburg, MD, USA

20 April 2021

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