

Cryoport, Inc.  
Form 10-KT  
March 13, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

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

**<sup>X</sup>TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the transition period from April 1, 2016 to December 31, 2016

**Commission File Number: 001-34632**

**CRYOPORT, INC.**

**(Exact Name of Registrant as Specified in its Charter)**

**Nevada 88-0313393  
(State or other jurisdiction of (I.R.S. Employer**

**incorporation or organization) Identification No.)**

**17305 Daimler St.**

**Irvine, CA 92614**

**(Address of principal executive offices)**

**(949) 470-2300**

**(Registrant's telephone number, including area code)**

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

<b>Title of Each Class</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, \$0.001 par value	The NASDAQ Stock Market LLC
Warrants to purchase Common Stock	The NASDAQ Stock Market LLC

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

Warrants to Purchase Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value of common stock held by non-affiliates of the registrant as of September 30, 2016 was \$29,264,742 based on the closing sale price of such common equity on such date (excluding 272,916 shares of common stock held by directors and officers, and any stockholders whose ownership exceeds five percent of the shares outstanding as of September 30, 2016).

As of March 1, 2017, there were 17,604,283 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

None

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## **EXPLANATORY NOTE REGARDING THE TRANSITION REPORT**

*On September 21, 2016, Cryoport, Inc. changed its fiscal year from a fiscal year ending March 31 of each year to a fiscal year ending December 31 of each year, effective as of December 31, 2016. This change resulted in a transition period from April 1, 2016 through December 31, 2016 (the “Transition Period”). Unless otherwise indicated herein, comparisons of fiscal year results in the “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part II of this Transition Report on Form 10-K (this “Form 10-K”), and elsewhere herein, compare results for the nine-month transition period from April 1, 2016 through December 31, 2016 to the nine-month unaudited period from April 1, 2015 through December 31, 2015, and the 12-month period of the fiscal year ended March 31, 2016 to the 12-month period of the fiscal year ended March 31, 2015, respectively, and accordingly are not comparing results for a comparable period of time. Amounts included herein for the nine months ended December 31, 2015 are unaudited.*

*Unless the context otherwise requires, all references in this Form 10-K to the “Company”, “we,” “us,” “our,” or “Cryoport” refer to Cryoport, Inc. and our wholly owned subsidiary, Cryoport Systems, Inc. In addition, we own or have rights to the registered trademark Cryoport® (both alone and with a design logo) and Cryoport Express® (both alone and with a design logo). All other Company names, registered trademarks, trademarks, and service marks included in this Annual Report are trademarks, registered trademarks, service marks, or trade names of their respective owners.*

## **FORWARD-LOOKING STATEMENTS**

*This Form 10-K contains certain forward-looking statements. These forward-looking statements involve a number of risks and uncertainties. These forward-looking statements can generally be identified as such because the context of the statement will include certain words, including but not limited to, “believes,” “may,” “will,” “expects,” “intends,” “estimates,” “anticipates,” “plans,” “seeks,” “continues,” “predicts,” “potential,” “likely,” or “opportunity,” and also contains predictions, estimates and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the current beliefs of the Company’s management, as well as assumptions made by and information currently available to the Company’s management. Readers of this Form 10-K should not put undue reliance on these forward-looking statements, which speak only as of the time this Form 10-K was filed with the Securities and Exchange Commission (the “SEC”). Reference is made in particular to forward-looking statements regarding the success of our products, product approvals, product sales, revenues, development timelines, product acquisitions, liquidity and capital resources and trends. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Cryoport Inc.’s actual results may differ materially from the results projected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this Annual Report on Form 10-K, including the “Risk Factors” in “Item 1A — Risk Factors”, and in “Item 7 —*

*Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II.*

*Past financial or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. Except as required by law, we do not undertake to update any such forward-looking statements and expressly disclaim any duty to update the information contained in this Form 10-K.*

## **PART I**

### **Item 1. Business**

#### **Overview**

We provide cryogenic logistics solutions to the life sciences industry through a combination of proprietary packaging, information technology and specialized cold chain logistics knowhow. We view our solutions as disruptive to the “older technologies” of dry ice and liquid nitrogen, in that our solutions are comprehensive and combine our competencies in configurations that are customized to our client’s requirements. We provide comprehensive, reliable, economic alternatives to all existing logistics solutions and services utilized for frozen shipping in the life sciences industry (e.g., personalized medicine, cell therapies, stem cells, cell lines, vaccines, diagnostic materials, semen, eggs, embryos, cord blood, bio-pharmaceuticals, infectious substances, and other commodities that require continuous exposure to cryogenic or frozen temperatures). As part of our services we provide the ability to monitor, record and archive crucial information for each shipment that can be used for scientific and regulatory purposes.

Our Cryoport Express® Solutions include a sophisticated cloud-based logistics operating platform, which is branded as the Cryoport™. The Cryoport™ supports the management of the entire shipment and logistics process through a single interface, including initial order input, document preparation, customs clearance, courier management, shipment tracking, issue resolution, and delivery. In addition, it provides unique and incisive information dashboards and validation documentation for every shipment. The Cryoport™ records and retains a fully documented “chain-of-custody” and, at the client’s option, “chain-of-condition” for every shipment, helping ensure that quality, safety, efficacy, and stability of shipped commodities are maintained throughout the process. This recorded and archived information allows our clients to meet exacting requirements necessary for scientific work and for proof of regulatory compliance during the logistics phase.

The branded packaging for our Cryoport Express® Solutions includes our liquid nitrogen dry vapor shippers, the Cryoport Express® Shippers. The Cryoport Express® Shippers are engineered shippers that can consist of cost-effective and reusable cryogenic transport shippers, which utilizes an innovative application of “dry vapor” liquid nitrogen (“LN2”) technology and SmartPak Condition Monitoring Systems. Cryoport Express® Shippers are International Air Transport Association (“IATA”) certified and validated to maintain stable temperatures of minus 150° Celsius and below for a 10-day dynamic shipment period. The Company currently features three Cryoport Express® Shippers: the Standard Dry Shipper (holding up to 75 2.0 ml vials), the High Volume Dry Shipper (holding up to 500 2.0 ml vials) and Cryoport Express® CXVC1 Shipper (holding up to 1,500 2.0 ml vials). In addition, we assist clients with internal secondary packaging (e.g., vials, canes, straws and plates).

Our most used solution is the “turnkey” solution, which can be accessed directly through our cloud-based Cryoport™ or by contacting Cryoport Client Care for order entry. Once an order is placed and cleared, we ship a fully charged Cryoport Express® Shipper to the client who conveniently loads its frozen commodity into the inner chamber of the Cryoport Express® Shipper. The customer then closes the shipper package and reseals the shipping box displaying the next recipient’s address (“Flap A”) for pre-arranged carrier pick up. Cryoport arranges for the pick-up of the parcel by a shipping service provider, which is designated by the client or chosen by Cryoport, for delivery to the client’s intended recipient. The recipient simply opens the shipper package and removes the frozen commodity that has been shipped. The recipient then reseals the package, displaying the nearest Cryoport Staging Center address, making it ready for pre-arranged carrier pick-up. When the Cryoport Staging Center receives the Cryoport Express® Shipper, it is cleaned, put through quality assurance testing, and returned to inventory for reuse.

In late 2012, we shifted our focus to become a comprehensive cryogenic logistics solutions provider. Recognizing that clients in the life sciences industry have varying requirements, we unbundled our technologies, established customer facing solutions and took a consultative approach to the market. Today, in addition to our standard turn-key solution, described above, we also provide the following customer facing, value-added solutions to address our various clients’ needs:

**“Customer Staged Solution,”** designed for clients making 50 or more shipments per month. Under this solution, we supply an inventory of our Cryoport Express® Shippers to our customer, in an uncharged state, enabling our customer (after training/certification) to charge them with liquid nitrogen and use our Cryoport™ to enter orders with shipping and delivery service providers for the transportation of the package.

**“Customer Managed Solution,”** a limited customer implemented solution, whereby we supply our Cryoport Express® Shippers to clients in a fully charged state, but leaving it to the client to manage the shipping, including the selection of the shipping and delivery service provider and the return of the shipper to us.

**“powered by Cryoport™,”** available to providers of shipping and delivery services who seek to offer a “branded” cryogenic logistics solution as part of their service offerings, with “powered by Cryoport™” appearing prominently on the offering software interface and packaging. This solution can also be private labeled upon meeting certain

requirements, such as minimum required shipping volumes.

**“Integrated Solution,”** which is our total outsource solution. It is our most comprehensive solution and involves our management of the entire cryogenic logistics process for our client, including Cryoport employees at the client’s site to manage the client’s cryogenic logistics function in total.

**“Regenerative Medicine Point-of-Care Repository Solution,”** designed for allogeneic therapies. In this solution we supply our Cryoport Express® Shipper to ship and store cryogenically preserved life science products for up to six days (or longer periods with supplementary shippers) at a point-of-care site, with the Cryoport Express® Shipper serving as a temporary freezer/repository enabling the efficient and effective distribution of temperature sensitive allogeneic cell-based therapies without the expense, inconvenience, and potential costly failure of an on-sight, cryopreservation device.

**“Personalized Medicine and Cell-based Immunotherapy Solution,”** designed for autologous therapies. In this solution our Cryoport Express® Shipper serves as an enabling technology for the safe transportation of manufactured autologous cellular-based immunotherapy market by providing a comprehensive logistics solution for the verified chain of custody and condition transport from, (a) the collection of the patient’s cells in a hospital setting, to (b) a central processing facility where they are manufactured into a personalized medicine, to (c) the safe, cryogenically preserved return of these irreplaceable cells to a point-of-care treatment facility. If required, the Cryoport Express® Shipper can then serve as a temporary freezer/repository to allow the efficient distribution of this personalized medicine to the patient when and where the medical provider needs it most without the expense, inconvenience, and potential costly failure of an on-sight, cryopreservation device.



Cryoport is continuously expanding its solutions offerings in response to its customer's needs.

In April 2016, Cryoport launched its Temperature Controlled Logistics Consulting Division to assist life sciences companies in developing strategies for global cold chain logistics management and contingency options to protect their valuable, and often irreplaceable, biological commodities. The launch of Cryoport's Temperature Controlled Logistics Consulting Division addresses the demand created by the worldwide advances in cellular based therapies, including immunotherapies, stem cells and CAR T-cells. Cell-based immunotherapies are causing broad shifts and challenges for the life sciences industry, including how to obtain, properly store and transport the growing number of new, individualized, temperature sensitive therapies. Improper temperature maintenance or temperature excursions during any portion of a logistics cycle can adversely affect the viability of these biologically based commodities. Consequently, strategic, global logistics planning for cryogenic cold chain solutions has taken on a strategic importance to the life sciences industry and a rapidly growing demand for consulting expertise.

In June 2016, Cryoport further broadened its capabilities and solutions offerings beyond cryogenic logistics and transportation services to include temperature-controlled storage solutions that include cGMP compliant biorepositories at controlled temperatures and climatized systems. Cryoport Biostorage services feature extensive management and monitoring, including controlled access to commodities, periodic temperature and activity reports, as well as 21 CFR, Part II compliant monitoring with 24/7/365 alarm response.

Also in June 2016, Cryoport announced a new Laboratory Relocation Service; for transport of complete laboratories. The Laboratory Relocation Service manages the safe, secure and proper transportation of materials that are stored in labs as well as lab equipment and instruments. Relocation projects can range in size from the relocation of a fully equipped lab to the move of a single freezer.

## **Competitive Advantages**

With our first-to-market cryogenic logistics solutions for the life sciences industry, we have established a unique lead over potential competitors. Furthermore, we are not aware of a company that offers comparable solutions and has the same capabilities Cryoport has as a global provider of advanced, validated cryogenic logistics solutions. As a solutions company working with our tools in packaging, information technology, and cryogenic logistics, we address our growing cryogenic logistics market in innovative and creative ways.

The majority of our competition utilizes "old technologies." In fact, most of our market still uses dry ice and liquid nitrogen. In the case of dry ice, the technology does not deliver cryogenic temperatures and, consequently, this medium allows cells to degrade, sometimes beyond any utility. When biology was less developed, dry ice was

believed to be acceptable and was readily available.

Liquid nitrogen, on the other hand, while effective, is bulky, expensive and has special handling requirements. Both dry ice and liquid nitrogen are classified “hazardous” by shipping companies and regulatory authorities. In addition to being ineffective and/or classified as “dangerous goods,” they are inefficient when compared to Cryoport’s solutions. Conversely, Cryoport’s solutions are classified as non-hazardous.

Having been validated and qualified as a solutions provider for hundreds of life sciences companies and institutions, Cryoport has logged over 30,000 shipments to over 100 countries with hundreds of life sciences materials. In addition, we have generally experienced minimal client attrition following such shipments.

While we look at companies such as Thermo Fisher Scientific, AmerisourceBergen Corporation and other cold-chain logistics providers as potential competitors, some of these companies are also our customers.

We think our competitive position is further enhanced by our respective “powered by Cryoport<sup>SM</sup>” partnership agreements with FedEx, DHL and UPS, who collectively, account for approximately 85% of world’s air freight and who, individually, have been expanding their offerings of cold chain logistics solutions to the life sciences industry. In short, we are the cryogenic solution for each of them, employing our packaging, our software and our logistics expertise.

The challenge for our seasoned, professional management team is to maintain what we believe to be a four year lead in the marketplace. In other words, we think it would take a serious potential competitor at least four years to build out the competencies that we possess and the knowledge we have of the marketplace.

In addition to our intellectual property consisting of three issued U.S. patents and one pending U.S. patent application and our lead as the first to market mover, we think our biggest competitive advantage is our speed to market with new solutions and our sensitivity to anticipate and react to market needs. Our solutions are comprehensive and it is in our “DNA” to maintain our market lead by employing the best people in the industry as well as our current and new technologies to maintain that lead.

Given today’s environmental concerns, we also consider the fact that we are “green” to be a competitive advantage. Our packaging materials are recyclable and the key components are reusable. The fact that the inner and outer shells of our shippers are made of aircraft-grade aluminum makes these components recyclable as well. We take our responsibility toward the environment seriously.

### **Strategic Logistics Alliances**

We have sought to establish strategic alliances as a long-term method of marketing our solutions providing minus 150° Celsius shipping condition to the life sciences industry. We have focused our efforts on leading companies in the logistics services industry as well as participants in the life sciences industry. In connection with our alliances with providers of shipping services, we refer to their offerings as “powered by Cryoport<sup>SM</sup>” to reflect our solutions being integrated into our alliance partner’s services.

Cryoport now serves and supports the three largest integrators in the world, responsible for over 85% of worldwide airfreight, with its advanced cryogenic logistics solutions for life sciences. We operate with each independently and confidentially in support of their respective market and sales strategies. In addition, we plan to establish additional strategic partnerships with integrators and freight forwarders.

**FedEx.** In January 2013, we entered into a master agreement with Federal Express Corporation (“FedEx”) (the “FedEx Agreement”) renewing these services and providing FedEx with a non-exclusive license and right to use a customized version of our Cryoport<sup>TM</sup> for the management of shipments made by FedEx customers. The FedEx Agreement became effective on January 1, 2013 and was amended in December 2015 to extend the initial term for an additional three years, expiring on December 31, 2018. FedEx has the right to terminate this agreement at any time for convenience upon 180 days’ notice.

Under our FedEx Agreement, we provide frozen shipping logistics services through the combination of our purpose-built proprietary technologies and turnkey management processes. FedEx markets and sells Cryoport’s services for frozen temperature-controlled cold chain transportation as its FedEx<sup>®</sup> Deep Frozen Shipping Solution on a non-exclusive basis and at its sole expense. As part of the solution, Cryoport has developed a FedEx branded version

of the Cryoport<sup>TM</sup> software platform, which is “powered by Cryoport<sup>SM</sup>” for use by FedEx and its customers, giving them access to the full capabilities of our cloud-based logistics management software platform.

**DHL.** In June 2014, we entered into a master agreement with LifeConEx, a part of DHL Global Forwarding (“DHL”). DHL has enhanced its cold chain logistics offerings to its life sciences and healthcare customers with Cryoport’s validated cryogenic solutions. DHL offers Cryoport’s cryogenic solutions through its worldwide Thermonet network of Certified Life Sciences Stations under the DHL brands as “powered by Cryoport<sup>SM</sup>”. In addition, DHL’s customers have direct access to our cloud-based order entry and tracking portal to order Cryoport Express<sup>®</sup> Solutions and receive preferred DHL shipping rates and discounts. Our proprietary logistics management operating platform, the Cryoport<sup>TM</sup>, is integrated with DHL’s tracking and billing systems to provide DHL life sciences and healthcare customers with a seamless way of accessing critical information regarding shipments of biological material worldwide.

**UPS.** In October 2014, we added United Parcel Services, Inc. (“UPS”) as our third major distributor by entering into an agreement with UPS Oasis Supply Corporation, a part of UPS, whereby UPS offers our validated and comprehensive cryogenic solutions to its life sciences and healthcare customers on a global basis. Over the course of rolling out our new relationship with UPS, UPS customers will have direct access to our cloud-based order entry and tracking portal to order Cryoport Express<sup>®</sup> Solutions and gain access to UPS’s broad array of domestic and international shipping and logistics solutions at competitive prices. Our proprietary logistics management operating platform, the Cryoport<sup>TM</sup>, is integrated with UPS’s tracking and billing systems to provide UPS life sciences and healthcare customers with a seamless way of accessing critical information regarding shipments of biological material worldwide.

**Worthington Industries.** In April 2016, we signed a strategic partnership with Worthington Industries, a maker of cryogenic storage vessels and equipment. Through this partnership, Worthington’s CryoScience by Taylor Wharton business will design and manufacture biostorage and logistics equipment for use in Cryoport’s life sciences cryogenic logistics solutions. With the added competencies that Worthington’s CryoScience by Taylor Wharton brings to Cryoport, we can concentrate on further advancing and expanding our cold chain solutions to meet the growing and varied demands for validated cryogenic logistics solutions in the life sciences market. Working in tandem with Worthington allows Cryoport to meet the demands of a more diverse clientele through a broader offering, which in turn increases our revenue opportunity as well as provides us the opportunity to rapidly scale to support our clients commercialization activities.

***Pacific Bio-Material Management.*** Through a strategic partnership with Pacific Bio-Material Management, Inc. ("PBMMI") entered into in May 2016, Cryoport now offers storage solutions that include cGMP compliant biorepositories at controlled temperatures and climatized systems with effective redundancies such as back-up freezers and power. Cryoport Biostorage services features extensive management and monitoring, including controlled access to commodities, periodic temperature and activity reports, as well as 21 CFR, Part 11 compliant monitoring with 24/7/365 alarm response.

### **Cryoport's Positioning in the Life Sciences Industry**

Life sciences technologies are expected to have a significant impact on global society over the next 25 years. In the United States alone, the life sciences industry is made up of 6,000 identifiable establishments. However, the industry is growing globally in a way where research and manufacturing pipelines span across the globe, which increases the need to mitigate logistics risk.

The total cold chain logistics market has historically grown 70% faster per annum than the total logistics market. For 2011, global cold chain logistics transportation costs were reported to be \$7.2 billion; about \$1.5 billion within the cryogenic range of requirements. By 2017, transportation cost alone, for global life sciences cold chain logistics, is forecasted to grow to \$9.3 billion, a 41% increase, and twice the growth of the overall market.

In addition, with the recent advancements in the development of biologics and cell-based therapies, scientists, intermediaries, and manufacturers require the means for cryogenically transporting their work. Temperatures must be maintained below the "glass point" (generally, minus 136° Celsius) while shipping these therapies to ensure that the shipped specimens are not subject to degradation that could impact the characteristics and efficacy of those specimens.

While we estimate that our solutions currently offer comprehensive and technology-based monitoring and tracking for a potential of six to seven million deep frozen shipments globally on an annual basis, we also believe that with investment in our services, adaptations of our solutions can be applied to a large portion of an additional fifty-five to sixty million annual shipments requiring ambient (between 20° and 25° Celsius), chilled (between 2° and 8° Celsius) or frozen (minus 10° Celsius or less) temperatures.

Cryoport's clients include companies and institutions that require reliable cryogenic logistics solutions such as therapy developers for personalized medicine, bio-pharmaceuticals, research, contract research organizations, diagnostic laboratories, contract manufacturers, cord blood repositories, vaccine manufacturers, animal husbandry related companies, and in-vitro fertilization clinics.

## Life Sciences Agreements

**Zoetis.** In December 2012, we signed an agreement with Pfizer Inc. relating to Zoetis Inc. (formerly the animal health business unit of Pfizer Inc.) pursuant to which we were engaged to manage frozen shipments of a key poultry vaccine. Under this arrangement, Cryoport provides on-site logistics personnel and its logistics management operating platform, the Cryoport<sup>TM</sup> to manage shipments from the Zoetis manufacturing site in the United States to domestic customers as well as various international distribution centers. As part of our logistics management services, Cryoport is constantly analyzing logistics data and processes to further introduce economies and reliability throughout the network, ensuring products arrive at their destinations in specified conditions, on-time and with the optimum utilization of resources. The Company manages Zoetis' total fleet of shippers used for this purpose, including liquid nitrogen shippers. In July 2013, the agreement was amended to expand Cryoport's scope to manage all logistics of Zoetis' key frozen poultry vaccine to all Zoetis' international distribution centers as well as all domestic shipments. In October 2013, the agreement was further amended to further expand Cryoport's role to include the logistics management for a second poultry vaccine. In September 2015, the agreement was further amended and extended through September 2018, subject to certain termination and extension provisions.

In summary, we serve the life sciences industry with cryogenic logistics solutions that are advanced, comprehensive, reliable, validated, and efficient. Our clients include those companies and institutions that have logistics requirements for personalized medicine, immunotherapies, stem cells, cell lines, tissue, vaccines, in-vitro fertilization, cord blood and other temperature sensitive commodities of life sciences.

## **Cryoport Express® Solutions**

Our Cryoport Express® Solutions are currently made up primarily of the Cryoport™ software platform, Cryoport Express® Shippers, Cryoport Express® SmartPak Condition Monitoring Systems and our life sciences cold chain logistics expertise. Cryoport Express® Solutions are focused on improving the reliability of frozen shipping while reducing our clients' overall operating costs. This is accomplished by providing complete end-to-end solutions for the transport and monitoring of frozen or cryogenically preserved biological or other materials shipped primarily through distribution partners, such as FedEx, UPS, and DHL, and specialty couriers.

The information technology is centered on a cryogenic logistics operating platform called the Cryoport™. The Cryoport™ is a cloud-based cryogenic logistics operating platform. Among its functions, the Cryoport™ programmatically assists in the management of all aspects of the logistics operations beginning with order entry and continuing to monitor, log data, track shipments and store vital information. The Cryoport™ is capable of producing a variety of Cryoport Express® Analytics which report shipment performance metrics and evaluates temperature-monitoring and other data collected by the Cryoport Express® SmartPak Condition Monitoring System during shipment.

Cryoport Express® Solutions are focused on improving the reliability of cryogenic logistics while reducing our clients' overall operating costs. This is accomplished by providing tailored and complete end-to-end solutions for cryogenic logistics requirements including management, transport, monitoring and data collection regarding frozen/cryogenically preserved biological commodities or pharmaceutical materials shipped primarily through integrators and Cryoport's logistics network which includes specialty couriers, brokers and other intermediaries. Certain of the intellectual property underlying our Cryoport Express® Solutions, other than that related to the Cryoport Express® Shippers, have been, and continue to be, developed under a contract with an outside software development company, with the underlying technology licensed to Cryoport for exclusive use in our field of use.

### ***Cryoportal™***

The Cryoport™ is used by Cryoport, our clients and business partners to automate the entry of orders, prepare customs documentation and to facilitate status and location monitoring of shipped orders while in transit. It is used by Cryoport to assist in managing logistics operations and to reduce administrative costs typically provisioned through manual labor relating to order-entry, order processing, preparation of shipping documents and back-office accounting. It is also used to support the high level of customer service expected by the industry. Certain features of the Cryoport™ reduce operating costs and facilitate the scaling of Cryoport's business, but more importantly they offer significant value to the customer in terms of cost avoidance and risk mitigation. Examples of these features include automation of order entry, development of Key Performance Indicators ("KPI's") to support our efforts for continuous process improvements in our business, and programmatic exception monitoring to detect and sometimes anticipate delays in

the shipping process, often before the customer or the shipping company becomes aware of them.

The Cryoport™ also serves as the communications center for the management, collection and analysis of SmartPak data collected from SmartPak Condition Monitoring System in the field. Data is converted into pre-designed reports containing valuable and often actionable information that becomes the quality control standard or “pedigree” of the shipment. This information can be utilized by Cryoport to provide valuable feedback to our clients relating to their shipments.

The Cryoport™ software platform has been developed as a “carrier-agnostic” system, allowing the client and the Cryoport Client Care team to work with a single or multiple integrators, freight forwarders, couriers and/or brokers depending on the specific requirements and client preferences. To increase operational efficiencies, Cryoport™ has already been integrated with the tracking systems of FedEx, DHL and UPS and we plan to integrate it with other key logistics providers.

The Cryoport™ was developed for time- and temperature-sensitive shipments that are required to be maintained at specific temperatures, such as ambient (between 20° and 25° Celsius), chilled (between 2° and 8° Celsius) or frozen (minus 10° Celsius or less all the way down to cryogenic temperatures (minus 150° Celsius) to ensure that the shipped specimen is not subject to degradation or out of its designated “safe” range. While our current focus is on cryogenic logistics within the life sciences industry using the logistics solutions described herein, the use of the Cryoport™ can and may be extended into other temperature ranges of the cold chain.

To our knowledge, the Cryoport™ software platform is unique to cold chain logistics in the life sciences industry. It is robust and has considerable capabilities. We frequently are complimented about the Cryoport™ and our strategic alliance partners chose to license the Cryoport™ rather than attempt to duplicate its features in their logistics management software. We have engineered in a way that gives us the ability to offer the “powered by Cryoport™” strategy to our strategic alliance partners.



### *The Cryoport Express® Shippers*

Our Cryoport Express® Shippers are cryogenic dry vapor shippers capable of maintaining cryogenic temperatures of minus 150° Celsius or below for a dynamic shipping period of 10 or more days. A dry vapor cryogenic shipper is a device that uses liquid nitrogen contained inside a vacuum insulated vessel which serves as a refrigerant to provide stable storage temperatures below minus 150° Celsius. Our Cryoport Express® Shippers are designed to ensure that there is no pressure build up as the liquid nitrogen evaporates. We have developed a proprietary retention system to ensure that liquid nitrogen stays inside the vacuum container, which allows the shipper to be designated as a dry vapor shipper meeting IATA requirements. Biological or pharmaceutical specimens are stored in a specimen chamber, referred to as a “well” inside the container and refrigeration is provided by gas evolving from the liquid nitrogen entrapped within the proprietary retention system. Specimens that may be transported using our cryogenic shipper include: live cells, scientific or pharmaceutical commodities such as cancer vaccines, diagnostic materials, semen, eggs, embryos, infectious substances, and other commodities that require continuous exposure to frozen/cryogenic temperatures, i.e., temperatures below minus 150° Celsius.

An important feature of our Cryoport Express® Shippers, except for the newly introduced Cryoport Express® CXVC1 Shipper, is their compliance with the stringent packaging requirements of IATA Packing Instructions 602 and 650, respectively. These specifications include meeting internal pressure (hydraulic) and drop performance requirements. Under IATA guidelines, Cryoport Express® Shippers are classified as “Non-hazardous.” Dry ice and liquid nitrogen are classified as “Dangerous Goods.” Our shippers are also in compliance with International Civil Aviation Organization (“ICAO”) regulations that prohibit egress of liquid nitrogen residue from the shipping packages. The ICAO is a United Nations organization that develops regulations for the safe transport of dangerous goods by air.

We currently offer three sizes of dry vapor shippers, the Cryoport Express® Standard Shipper with a storage capacity of up to 75 2.0 ml vials, the Cryoport Express® High Volume Shipper, which has a storage capacity of up to 500 2.0 ml vials, and the Cryoport Express® CXVC1 Shipper, which has a storage capacity of up to 1,500 2.0 ml vials. Our Cryoport Express® Shippers are composed of an aluminum (aircraft-grade) dewar flask, containing a well for holding the high value biological or other materials in its inner chamber and our proprietary retention foam that absorbs the liquid nitrogen placed in the shipper to provide it with its extreme cold temperature. The dewar flask is vacuum insulated to limit the transmission of heat from outside the flask to the liquid nitrogen captured within the absorption foam and the well.

### *Cryoport Express® Standard Shippers*

The Cryoport Express® Standard Shippers are lightweight, low-cost, re-usable dry vapor liquid nitrogen storage containers that, we believe, combine the best features of life sciences packaging, cryogenics science and vacuum insulation technology. A Cryoport Express® Standard Shipper is composed of an aluminum metallic dewar flask, with

a well for holding the biological material in the inner chamber. The dewar vessel is a device in which the conduction, convection and radiation of heat are reduced as much as possible giving it the capability of maintaining its contents at a near-constant temperature over relatively long periods of time. The inner chamber of the shipper is surrounded by a high surface, low-density material which retains the liquid nitrogen in-situ by absorption, adsorption, and surface tension. Absorption is defined as the taking up of matter in bulk by other matter, as in the dissolving of a gas by a liquid, whereas adsorption is the surface retention of solid, liquid or gas molecules, atoms or ions by a solid or liquid. This material absorbs liquid nitrogen several times faster than currently used materials, while providing the shipper with a hold time and capacity to transport biological materials safely and conveniently. The annular space between the inner and outer dewar walls is evacuated to a very high vacuum (10<sup>-6</sup> Torr). The specimen-holding chamber has a primary cap to enclose the specimens/commodities, and a removable and replaceable secondary cap to further enclose the specimen/commodity-holding container and to contain the liquid nitrogen dry vapor. The entire dewar vessel is then wrapped in a plurality of insulating and cushioning materials and placed in a disposable outer packaging made of recyclable material. The Cryoport Express® Standard Shippers has a storage capacity of up to 75 2.0 ml vials.

### Cryoport Express® High Volume Shippers

The Cryoport Express® High Volume Shipper also uses a dry vapor liquid nitrogen (LN2) technology to maintain minus 150° Celsius temperatures with a dynamic shipping endurance of 10 days. The Cryoport Express® High Volume Shipper is based on the same dry vapor technology as Cryoport's original standard dry shipper and utilizes an absorbent material to hold LN2, thus providing the extended endurance time and IATA validation as a non-hazardous shipping container. The high volume dry shipper is reusable and recyclable, making it a highly sustainable and cost effective method of transporting life science materials. The Cryoport Express® High Volume Shipper has a storage capacity of up to 500 2.0 ml vials.

### Cryoport Express® CXVC1 Shippers

The Cryoport Express® CXVC1 Shipper is our largest shipper and can be used either as a dry vapor shipper or a liquid shipper. It is designed to focus on vaccine ampoules or cryovial shipments in canisters. In the case of dry vapor liquid nitrogen (LN2), it maintains minus 150°C temperatures with a dynamic shipping endurance of 20 days. In the case of liquid nitrogen (LN2), it maintains minus 150°C temperatures with a shipping endurance of 72 days. The Cryoport Express® CXVC1 Shipper, in dry vapor form, is based on the same technology as Cryoport's original standard dry shipper and utilizes an absorbent material to hold LN2, thus providing the extended endurance time and IATA validation as a non-hazardous shipping container. The Cryoport Express® CXVC1 Shipper, in liquid form, is a 'wet' dewar with all the characteristics attendant to a wet dewar and with a holding time of 72 days. The Cryoport Express® CXVC1 Shipper is reusable and recyclable, making it a highly sustainable and cost effective method of transporting life science materials. As a point of reference, the Cryoport Express® CXVC1 Shipper has a storage capacity of up to 1,500 0.2 ml vials.

*Cryoport Express® Shipper Summary*

We believe Cryoport Express® Solutions are the best and most cost effective solution available in the biotechnology and life sciences markets and satisfy customer needs and scientific and regulatory requirements relating to the shipment of time- and temperature-critical, frozen and refrigerated transport of biological materials, such as stem cells, cell lines, pharmaceutical clinical trial samples, gene biotechnology, infectious materials handling, animal and human reproduction markets. Due to our proprietary technology and innovative design, our shippers are less prone to losing functional hold time when not kept in an upright position than the competing products because our proprietary dry vapor technology and innovative design prevent the spilling or leakage of the liquid nitrogen when the container is tipped or on its side which would otherwise adversely affect the functional hold time of the shipper.

***The Cryoport Express® SmartPak Condition Monitoring System***

Condition monitoring is a high-value feature from our client's perspective as it is an effective and reliable method to determine that the shipment materials were not damaged and did not experience degradation during shipment due to temperature fluctuations. We recently developed and launched the SmartPak II™ Condition Monitoring System. The SmartPak II™ Condition Monitoring System tracks the key aspects of each shipment that could affect the quality and/or timing of delivery of the material to its intended destination. This includes real-time tracking using GPS, cellular and Wi-Fi triangulation, monitoring of internal and external temperatures, pressure, shock, orientation of the shipper, as well as light, as a measure of security breaches, compromised packaging or shipper openings during transit. The temperature probe is positioned within our Cryoport Express® Shippers to record the most accurate reading. The resultant temperature mapping includes both the temperature inside the chamber (which is closest to the actual biomaterial) and the external temperature. This advanced condition monitoring system is engineered to work in tandem with Cryoport's logistics management platform, the Cryoport™, enabling predictive and proactive monitoring of materials shipped. The data collected and resulting analytics, combined with the mapping of shipment check-in points, provide a holistic view of the complete shipping process. At the client's election, shipments can have a full chain-of-custody and chain-of- condition with data monitoring, analysis, archival storage available for every shipment.

***Chain-of-Condition***

Chain-of-Condition information is essential for many life sciences materials. Monitoring starts with our custom-built condition monitoring systems (the Cryoport Express® SmartPak I and II). The Cryoport Express® SmartPak Condition Monitoring Systems provides data on the condition of the shipper and material shipped, which is critical for temperature-sensitive biologics. The Cryoport™ acts as the data repository for all shipment and condition information, which the customer can access through the Internet. Chain-of-condition service provided via Cryoport Express® SmartPak Condition Monitoring Systems is available at the client's election.

### *Chain-of-Custody*

When overlaid with the carrier check-ins, the data monitor and analysis also provides a chain-of-custody. The report from the data monitor serves as analysis for temperature monitoring of the entire shipment as well as a tampering warning. If the client has elected to have chain-of-condition monitoring, each time the shipper is opened there is a temperature record. The report identifies outlier temperature excursions such as opening the shipment in customs or tampering and thus will allow for more conclusive investigations to ensure that specimens were not adversely impacted during shipment.

### *Cryoport Express<sup>®</sup> Analytics*

Cryoport Express<sup>®</sup> Analytics information is captured by the Cryoport<sup>™</sup> to provide us and our customers access to important information from the shipments recorded in the Cryoport<sup>™</sup> to assist in management of our customers' shipping. For us, we use the information to support planned future features to allow for an expansion of our solutions offering. Analytics is a term used by IT professionals to refer to performance benchmarks or Key Performance Indicators ("KPI's") that management utilizes to measure performance against desired standards. Examples for analytics tracked through the Cryoport<sup>™</sup> include time-based metrics for order processing time and on-time deliveries by our shipping partners, as well as profiling shipping lanes to determine average transit times and predicting potential shipping exceptions based on historical metrics. The analytical results are being utilized by Cryoport to render consultative and proactive client services.

### ***Biological Material Holders***

A containment bag is used in connection with the shipment of infectious or dangerous goods using the Cryoport Express® Shippers. Up to 75 cryovials (polypropylene vials with high-density polyethylene closures), set on aluminum canes, are placed into an absorbent pouch, which is designed to contain the entire contents of all the vials in the event of leakage. This pouch is then placed in a watertight Tyvek bag (secondary packaging) capable of withstanding cryogenic temperatures, and then sealed. This bag is then placed into the well of the Cryoport Express® Shipper.

### ***Logistics Expertise, Consulting and Support***

Cryoport's client services professionals provide 24/7/365 live logistics and monitoring services with specialized knowledge in the domestic and global logistics of life sciences material requiring cryogenic temperatures. The Cryoport logistics professionals have validated shipping lanes in and out of more than 80 countries to date to ensure shipments maintain cryogenic temperatures and arrive securely and on time.

In April 2016, Cryoport announced the launch of a new Temperature Controlled Logistics Consulting Division to assist life sciences companies in developing strategies for global cold chain logistics management and contingency options to protect their valuable, and often irreplaceable, biological commodities. The launch of Cryoport's Temperature Controlled Logistics Consulting Division addresses the demand created by the worldwide advances in cellular based therapies, including immunotherapies, stem cells and CAR T-cells. Cell-based immunotherapies are causing broad shifts and challenges for the life sciences industry, including how to obtain, properly store and transport the growing number of new, individualized, temperature sensitive therapies. Improper temperature maintenance or temperature excursions during any portion of a logistics cycle can adversely affect the viability of these biologically based commodities. Consequently, strategic, global logistics planning for cryogenic cold chain solutions has taken on a strategic importance to the life sciences industry and a rapidly growing demand for consulting expertise.

### ***Other Development Activities***

We are continuing our engineering and development efforts to further refine our current technology as well as explore opportunities with partners to offer complementary packaging solutions for frozen temperature (minus 10° Celsius or less), chilled temperature (2° and 8° Celsius) and ambient temperature (between 20° and 25° Celsius) shipping markets.

We also continue to further expand the functionality of our Cryoport™ to ensure a high level of effectiveness and efficiency in the cold chain logistics process and to allow for intelligent and easy data monitoring and analysis.

## **Government Regulation**

The shipping of diagnostic specimens, infectious substances and dangerous goods, whether via air or ground, falls under the jurisdiction of many state, federal and international agencies. The quality of the containers, packaging materials and insulation that protect a specimen determine whether or not it will arrive in a usable condition. Many of the regulations for transporting dangerous goods in the United States are determined by international rules formulated under the auspices of the United Nations.

The International Civil Aviation Organization (“ICAO”) is the United Nations organization that develops regulations (Technical Instructions) for the safe transport of dangerous goods by air. If shipment is by air, compliance with the rules established by International Air Transport Association (“IATA”) is required. IATA is a trade association made up of airlines and air cargo couriers that publishes annual editions of the IATA Dangerous Goods Regulations. These regulations interpret and add to the ICAO Technical Instructions to reflect industry practices. Additionally, the Centers for Disease Control (“CDC”) has regulations (published in the Code of Federal Regulations) for interstate shipping of specimens, and OSHA also addresses the safe handling of Class 6.2 Substances.

Our Cryoport Express® Shippers meet Packing Instructions 602 and 650 and are certified for the shipment of Class 6.2 Dangerous Goods per the requirements of the ICAO Technical Instructions for the Safe Transport of Dangerous Goods by Air and IATA. Our present and planned future versions of the Cryoport SmartPak Condition Monitoring Systems will likely be subject to regulation by the Federal Aviation Administration (“FAA”), Federal Communications Commission (“FCC”), Food and Drug Administration (“FDA”), IATA and possibly other agencies which may be difficult to determine on a global basis.

We are also subject to numerous other federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

## **Manufacturing and Raw Materials**

*Manufacturing.* In April 2016 we signed a strategic partnership with Worthington Industries, a maker of cryogenic storage vessels and equipment. Through this partnership, Worthington's CryoScience by Taylor Wharton business will design and manufacture biostorage and logistics equipment for use in Cryoport's life sciences cryogenic logistics solutions. With the added competencies Worthington's CryoScience by Taylor Wharton brings to Cryoport, we can concentrate on further advancing and expanding our cold chain solutions to meet the growing and varied demands for validated cryogenic logistics solutions in the life sciences market. Working in tandem with Worthington allows Cryoport to meet the demands of a more diverse clientele through a broader offering which in turn, increases our revenue opportunity as well as provides us the opportunity to rapidly scale to support our clients commercialization activities. Our current fleet of cryogenic shippers consists of shippers that were manufactured in-house as well as shippers purchased from third parties that are modified to meet our specifications using our proprietary technology and know-how. In general, cryogenic shippers are available from more than one qualified manufacturer. For some components, however, there are relatively few alternate sources of supply and the establishment of additional or replacement suppliers may not be accomplished immediately, however, we have identified alternate qualified suppliers. Should this occur, we believe that with our current level of shippers, we have enough inventory to cover our forecasted demand through the time we can secure additional cryogenic shippers through alternate qualified suppliers.

Our data loggers used in our condition monitoring systems, the SmartPak I and II, have been acquired from single sources with the calibration done by an independent third party.

*Raw Materials.* Various common raw materials are used in the manufacture of our shippers and in the development of our technologies. These raw materials are generally available from several alternate distributors and manufactures. We have not experienced any significant difficulty in obtaining these raw materials and we do not consider raw material availability to be a significant factor in our business.

## **Patents and Proprietary Rights**

In order to remain competitive, we must develop and maintain protection on the proprietary aspects of our technologies. We rely on a combination of patents, copyrights, trademarks, trade secret laws and confidentiality agreements to protect our intellectual property rights. We currently own three registered U.S. trademarks and three issued U.S. patents primarily covering various aspects of our Cryoport Express® Shippers.

The technology covered by the above indicated issued patents relates to matters specific to the use of liquid nitrogen shippers in connection with the shipment of biological materials. The concepts include those of disposability, package

configuration details, liquid nitrogen retention systems, systems related to thermal performance, systems related to packaging integrity, and matters generally relevant to the containment of liquid nitrogen. Similarly, the trademarks mentioned relate to the cryogenic temperature shipping activity. Issued patents and trademarks currently owned by us include:

Type:	No.	Issued	Expiration
Patent	6,467,642	Oct. 22, 2002	Jan. 2, 2021
Patent	6,119,465	Sep. 19, 2000	Feb. 10, 2019
Patent	6,539,726	Apr. 1, 2003	May 8, 2021
Patent	JP2002 0554433	May 18, 2007	
Trademark	3,569,471	Feb. 3, 2009	Feb. 3, 2019
Trademark	3,589,928	Mar. 17, 2009	Mar. 17, 2019
Trademark	2,632,328	Oct. 8, 2002	Oct. 8, 2022

Our success depends in part upon our ability to develop proprietary products and technologies and to obtain patent coverage for these products and technologies. We intend to file trademark and patent applications covering any newly developed products, methods and technologies. However, there can be no guarantee that any of our pending or future filed applications will be issued as patents or register as trademarks. There can be no guarantee that the U.S. Patent and Trademark Office or some third party will not initiate an interference proceeding involving any of our pending applications or issued patents. Finally, there can be no guarantee that our issued patents or future issued patents, if any, will provide adequate protection from competition.



Patents provide some degree of protection for our proprietary technology. However, the pursuit and assertion of patent rights involve complex legal and factual determinations and, therefore, are characterized by significant uncertainty. In addition, the laws governing patent issuance and the scope of patent coverage continue to evolve. Moreover, the patent rights we possess or are pursuing generally cover our technologies to varying degrees. As a result, we cannot ensure that patents will issue from any of our patent applications, or that any of its issued patents will offer meaningful protection. In addition, our issued patents may be successfully challenged, invalidated, circumvented or rendered unenforceable so that our patent rights may not create an effective barrier to competition. We must also pay maintenance fees at set intervals in order for our patents to not expire prematurely. Moreover, the laws of some foreign countries may not protect our proprietary rights to the same extent as the laws of the United States. There can be no assurance that any patents issued to us will provide a legal basis for establishing an exclusive market for our products or provide us with any competitive advantages, or that patents of others will not have an adverse effect on our ability to do business or to continue to use our technologies freely.

We may be subject to third parties filing claims that our technologies or products infringe on their intellectual property. We cannot predict whether third parties will assert such claims against us or whether those claims will hurt our business. If we are forced to defend against such claims, regardless of their merit, we may face costly litigation and diversion of management's attention and resources. As a result of any such disputes, we may have to develop, at a substantial cost, non-infringing technology or enter into licensing agreements. These agreements may be unavailable on terms acceptable to such third parties, or at all, which could seriously harm our business or financial condition.

With respect to our trademarks, we file and pursue trademark registrations on words, symbols, logos, and other source identifiers that consumers use to associate our products and services with us. Although our registered trademarks carry a presumption of validity, they can be challenged and invalidated and as such, we cannot guarantee that any trademark registration is infallible.

We also rely on trade secret protection of our intellectual property. We attempt to protect trade secrets by entering into confidentiality agreements with third parties, employees and consultants, although, in the past, we have not always obtained such agreements. It is possible that these agreements may be breached, invalidated or rendered unenforceable, and if so, our trade secrets could be disclosed to our competitors. Despite the measures we have taken to protect our intellectual property, parties to such agreements may breach confidentiality provisions in our contracts or infringe or misappropriate our patents, copyrights, trademarks, trade secrets and other proprietary rights. In addition, third parties may independently discover or invent competitive technologies, or reverse engineer our trade secrets or other technology. Therefore, the measures we are taking to protect our proprietary technology may not be adequate.

## **Customers and Distribution**

As a result of growing globalization, including such areas as biotechnology, clinical trials, distribution of pharmaceutical products and reproductive medicine, the requirement for effective and reliable solutions for keeping clinical samples, pharmaceutical products and other specimen at frozen temperatures takes on added significance due to more complex shipping routes, extended shipping times, custom delays and logistics challenges. Today, such specimens are traditionally shipped in styrofoam cardboard insulated containers packed with dry ice, gel/freezer packs or a combination thereof. The current dry ice solutions have limitations that severely limit their effective use for both short and long-distances (e.g., international). Conventional dry ice shipments often require labor-intensive “re-icing” operations resulting in higher labor and shipping costs.

We believe our patented Cryoport Express® Shippers, the Cryoport™ and our logistics expertise make us well positioned to take advantage of the growing demand for effective and efficient international transport of temperature sensitive materials resulting from continued globalization. Of particular significance is the trend within the life sciences and biotechnology industries toward globalization.

We provide domestic shipping solutions in situations where specimens must be kept at frozen temperatures and in regions where there is a high priority placed on maintaining the integrity of materials shipped at these temperatures. See “—Strategic Logistics Alliances” above for additional information.

For the year ended March 31, 2016, we had one customer that accounted for 14.0% of net revenues. No other single customer generated over 10% of net revenues during the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016.

Our geographical revenues for the nine month transition period ended December 31, 2016 were as follows:

USA	84.9%
Europe	7.1 %
Asia	2.2 %
Rest of World	5.8 %

*Pharmaceutical Clinical Trials.* Every United States based pharmaceutical company developing a new drug must seek drug development protocol approval by the FDA. These clinical trials are to test the safety and efficacy of the potential new drug among other things. A significant amount of clinical trial activity is managed by a number of large Clinical Research Organizations (“CROs”).

In connection with the clinical trials, due to globalization, companies can be enrolled from all over the world and may need to regularly submit a blood or other specimen at the local hospital, doctor’s office or laboratory. These samples are then sent to specified testing laboratories, which may be local or in another country. The testing laboratories will typically set the requirements for the storage and shipment of blood specimens. In addition, drugs used by the patients may require frozen shipping to the sites of the clinical trials. While both domestic and international shipping of these specimens is accomplished using dry ice today, international shipments especially present several problems, as dry ice, under the best of circumstances, can only provide freezing for one to two days in the absence of re-icing (which is quite costly). Because shipments of packages internationally can take longer than one to two days or be delayed due to flight cancellations, incorrect destinations, labor problems, ground logistics, customs delays and safety reasons, dry ice is not always a reliable and/or cost effective option. Clinical trial specimens are often irreplaceable because each one represents clinical data at a prescribed point in time, in a series of specimens on a given patient, who may be participating in a trial for years. Sample integrity during the shipping process is vital to retaining the maximum number of patients in each trial. Our shippers are ideally suited for this market, as our longer hold time ensures that specimens can be sent over long distances with minimal concern that they will arrive in a condition that will cause their exclusion from the trial. There are also many instances in domestic shipments where Cryoport Express® Shippers will provide higher reliability and be cost effective.

Furthermore, the IATA requires that all airborne shipments of laboratory specimens be transmitted in either IATA Instruction 650 or 602 certified packaging. We have developed and obtained IATA certification of our Cryoport Express® System, which is ideally suited for this market, in particular due to the elimination of the cost to return the reusable shipper.

*Biotechnology and Diagnostic Companies.* The biotechnology market includes basic and applied research and development in diverse areas such as stem cells, cloning, gene therapy, DNA tumor vaccines, tissue engineering, genomics, and blood products. Companies participating in the foregoing fields rely on the frozen transport of specimens in connection with their research and development efforts, for which our Cryoport Express® Shippers are ideally suited.

*Cell Therapy Companies.* Rapid advancements are underway in the research and development of cell based therapies, which involve cellular material being injected into a patient. In allogeneic cell therapy, the donor is a different person to the recipient of the cells. Autologous cell therapy is a therapeutic intervention that uses an individual’s cells, which are cultured and expanded outside the body, and reintroduced into the donor. Once cells are processed, in either case, they must be shipped cryogenically for which our Cryoport Express® Shippers are ideally suited.

*Central Laboratories.* With the increase and globalization of clinical studies and trials, logistics has become more complex and ensuring sample integrity has become more challenging. International courier costs are now consuming a significant portion of global protocol budgets. We believe laboratories performing the testing of samples collected during the conduct of these global multi-site studies are looking for reliable state-of-the-art logistics solutions.

*Pharmaceutical Distribution.* The current focus for the Cryoport Express® System also includes the area of pharmaceutical distribution. There are a significant number of therapeutic drugs and vaccines currently or anticipated soon to be undergoing clinical trials. After the FDA approves them for commercial marketing, it will be necessary for the manufacturers to have a reliable and economical method of distribution to the physician who will administer the product to the patient. It is likely that the most efficient and reliable method of distribution will be to ship a single dosage to the administering physician. These drugs are typically identified to individual patients and therefore will require a complete tracking history from the manufacturer to the patient. The most reliable method of doing this is to ship a unit dosage specifically for each patient. If such drugs require maintenance at frozen or cryogenic temperatures, each such shipment will require a frozen or cryogenic shipping package. Cryoport can provide the technology to meet this anticipated need.

*Distribution of Vaccines and Biologic Therapies.* There are a variety of vaccines and other drugs or therapies that require distribution at frozen or cryogenic temperatures. We anticipate significant growth in this area, in particular therapies based upon stem cells. It is likely that the most efficient and reliable method of distribution will be to ship a single dosage or a limited supply to the physician for administration to a patient.

In February 2013, we started providing comprehensive logistics management services for the lead poultry vaccine distribution of Zoetis, Inc. In October 2013, Zoetis engaged us to manage distribution of an additional vaccine.

*Fertility Clinics and In Vitro Fertilization (“IVF”)*. Maintaining cryogenic temperatures during shipping and transfer of in vitro fertilization specimens like eggs, sperm, or embryos is critical for cell integrity in order to retain viability, stabilize the cells, and ensure reproducible results and successful IVF treatment. There are approximately 3,300 fertility clinics worldwide. Cryoport anticipates that this market will continue to grow; in the United States alone, the fertility market has grown to more than \$4.0 billion with over 1.3 million women seeking treatment each year. In the worldwide market, it is reported that there are more than one billion IVF cycles per year and growing.

## **Sales and Marketing**

We currently have six sales directors in the United States and one sales director in Europe, supported by inside sales and one marketing manager. Given the global nature of our business, we are also establishing distribution channels to broaden our sales and marketing reach in the Americas, Europe and Asia.

Subject to available financial resources, we also plan to hire additional sales and marketing personnel and implement marketing initiatives intended to increase awareness of the Cryoport Express® Solutions.

## **Industry and Competition**

Our products and services are sold into a rapidly growing segment of the logistics industry focused on the temperature sensitive packaging and shipping of biological materials. Expenditures for “value added” packaging for frozen transport have been increasing for the past several years and, due in part to continued globalization, are expected to continue to increase even more in the future as more domestic and international biotechnology firms introduce pharmaceutical products that require continuous refrigeration at cryogenic temperatures. We believe this will require a greater dependence on passively controlled temperature transport systems (i.e., systems having no external power source). In addition, we expect that industry standards and regulations will be introduced globally, requiring more comprehensive tracking and validation of shipping temperatures.

We believe that growth in the following markets has resulted in the need for increased reliability, efficiencies and greater flexibility in the temperature sensitive segment of the logistics market:

cell-based therapies

gene and stem cell biotechnology

cell lines

vaccine production

commercial drug product distribution

clinical trials, including transport of tissue culture samples

diagnostic specimens

infectious sample materials

inter/intra-laboratory diagnostic testing

temperature-sensitive specimens

biological samples, in general

environmental sampling

IVF

animal husbandry

*Express Shippers (Liquid Nitrogen Dry Vapor) compared to Dry Ice Shipments*

One problem faced by many companies operating in these specialized markets is the limited number of cryogenic shipping systems serving their needs. The currently adopted protocol and the most common method for packaging frozen transport in these industries is the use of solid-state carbon dioxide (dry ice). Dry ice is and has been used extensively in shipping to maintain a frozen state for a period of one to four days. Dry ice is used in the transport of many biological products, such as pharmaceuticals, laboratory specimens and certain infectious materials. The common approach to shipping these items via ground freight is to pack the product in a container, such as an expanded polystyrene (styrofoam) box or a molded polyurethane box, with a variable quantity of dry ice. The box is taped or strapped shut and shipped to its destination with freight charges based on its initial shipping weight. All dry ice shipping is considered dangerous goods shipping, requiring extra packaging steps and adding costs. It gives off carbon dioxide and sublimates unevenly and in short duration.

With respect to shipments via specialized courier services, there is no standardized method or device currently in use for the purpose of transporting temperature-sensitive frozen biological specimens. One common method for courier transport of biological materials is to place frozen specimens, refrigerated specimens, and ambient specimens into a compartmentalized container, similar in size to a 55 quart Coleman or Igloo cooler. The freezer compartment in the container is loaded with a quantity of dry ice at minus 78° Celsius, while the refrigerated compartment at 8° Celsius utilizes ice substitutes.

Two manufacturers of the polystyrene and polyurethane containers frequently used in the shipping and courier transport of dry ice frozen specimens are Insulated Shipping Containers, Inc. and Tegrant (formerly SCA Thermosafe). When these containers are used with dry ice, the average sublimation rate (e.g., the rate at which dry ice turns from a solid to a gaseous state) in a container with a 1 1/2 inch wall thickness is slightly less than three pounds per 24 hours. Other existing refrigerant systems employ the use of gel packs and ice substitutes for temperature maintenance. Gels and eutectic solutions (phase changing materials) with a wide range of phasing temperatures have been developed in recent years to meet the needs of products with varying specific temperature control requirements.

The use of dry ice and ice substitutes, however, regardless of external packaging used, are frequently inadequate because they do not provide low enough storage temperatures and, in the case of dry ice, last for only a few days without re-icing. As a result, companies run the risk of increased costs due to lost specimens and additional shipping charges due to the need to re-ice.

Some of the other disadvantages to using dry ice for shipping or transporting temperature sensitive products are as follows:

- availability of a dry ice source;

handling and storage of the dry ice;

cost of the dry ice;

compliance with local, state and federal regulations relating to the storage and use of dry ice;

dangerous goods shipping regulations;

weight of containers when packed with dry ice;

securing a shipping container with a high enough R-value (which is a measure of thermal resistance) to hold the dry ice and product for the required time period;

securing a shipping container that meets the requirements of IATA, the Department of Transportation (“DOT”), the CDC, and other regulatory agencies; and

emission of greenhouse gases (primarily carbon dioxide) into the environment.

Due to the limitations of dry ice, specimens that require frozen shipping are more securely shipped at true cryogenic temperatures using a service such as liquid nitrogen dry vapor shippers (Cryoport Express Shippers), or liquid nitrogen shippers where the specimen is kept over actual liquid nitrogen. However, liquid nitrogen is hazardous and has many pitfalls including safety and expense.



*Cryoport Express Shippers (Liquid Nitrogen Dry Vapor) compared to Liquid Nitrogen Dewars/Tanks*

There are distinct disadvantages when using liquid nitrogen compared to the dry vapor liquid nitrogen used in Cryoport Express® Shippers. Liquid nitrogen dewars/tanks are classified as dangerous goods and cannot be shipped as parcel. In addition, the liquid nitrogen has to be disposed of prior to returning the dewar/tank to its origin. These issues add additional procedural steps and costs to the shipment. In addition, there is a risk of liquid nitrogen leakage if the dewar/tank tips to the side during transport, which can cause bodily injury and compromise the specimen being shipped. Due to the use of our proprietary technology, our Cryoport Express® Shippers are not prone to leakage when on their side or inverted, thereby protecting the integrity of our shipper's hold time and being safe for handling.

While both liquid nitrogen dry vapor and liquid nitrogen shippers provide solutions to the issues encountered when shipping with dry ice, liquid nitrogen shippers have some draw backs. For example, the cost for a liquid nitrogen shipper typically can range from \$650 to \$4,000 per unit, which can substantially limit their use for the transport of many common biologics, particularly with respect to small quantities such as is the case with direct to the physician drug delivery. Because of the initial cost and limited production of these containers, they are designed to be reusable. However, the cost of returning these containers can be significant, particularly in international markets, because most applications require only one-way shipping. In addition, the logistics support of cryogenic shippers requires more sophisticated logistics management and discipline to ensure shippers are returned and recycled, especially for international shipments, which many companies do not have in place.

Cryoport's solutions are totally comprehensive and integrated for maximum reliability, economy and total effectiveness. Cryoport's total logistics solution enables life sciences companies to utilize the superior liquid nitrogen dry vapor technology without having to make capital investments or developing in-house logistics expertise and systems by offering a complete solution, which includes the cloud-based Cryoport™ logistics management platform, the temperature monitoring system and the 24/7/365 logistics support. Cryoport allows the customer to outsource logistics and focus on its core competencies while maintaining visibility of all shipping related information.

Within our intended biotechnology and life sciences markets for Cryoport Express® Shippers, there is limited known direct competition. We compete with liquid nitrogen and dry ice solutions by reason of the improved and integrated hardware and software technology in our products including our comprehensive logistics management software and through the use of our service enabled business model. The Cryoport Express® Solution provides a simple and cost effective solution for the frozen or cryogenic transport of biotech and life sciences materials. The Cryoport™ assists with the management, scheduling and shipping of the Cryoport Express® Shippers, removing the burdens associated with other methods.

Traditional dry ice shippers and liquid nitrogen tank suppliers, such as MVE/Chart Industries, Taylor Wharton, and Air Liquide, offer various models of dry vapor liquid nitrogen shippers that are not as cost efficient for multi-use and

multi-shipment purposes due to their significantly greater unit costs and unit weight (which may substantially increase the shipping cost). On the other hand, they are more established and have larger organizations and have greater financial, operational, sales and marketing resources, have a broader manufactured product offering of other liquid nitrogen products and more experience in research and development than we do.

Factors that we believe give us a competitive advantage are attributable to our software and shipping containers, which allow our shipper to retain liquid nitrogen when placed in non-upright positions, the overall “leak-proofness” of our package which determines compliance with shipping regulations, the overall weight and volume of the package which determines shipping costs, and our business model represented by the merged integration of our shipper with Cryoport<sup>TM</sup> and SmartPak Condition Monitoring System into a seamless shipping, tracking and monitoring solution.

Other companies that offer potentially competitive products include Industrial Insulation Systems, which offers cryogenic transport units and has partnered with Marathon Products Inc., a manufacturer and global supplier of wireless temperature data collecting devices used for documenting environmentally sensitive products through the cold chain, and Kodiak Thermal Technologies, Inc. which offers, among other containers, a repeat use active-cool container that uses free piston stirling cycle technology. While not having their own shipping devices, BioStorage Technologies is potentially a competitive company through their management services offered for cold-chain logistics and long-term biomaterial storage. Cryogena offers a single use disposable LN2 shipper with better performance than dry ice, but it does not perform as well and is not as cost-effective as the Cryoport solution when all costs are considered. In addition, BioMatrica, Inc. is developing and offering technology that stabilizes biological samples and research materials at room temperature. They presently offer these technologies primarily to research and academic institutions; however, their technology may eventually enter the broader cold-chain market. Fisher BioServices, part of Thermo Fisher Scientific, provides cell therapy logistics services, maintaining cold chain from manufacturer to patient bedside. They provide customized solutions in biospecimen collection kits, biospecimen shipping, lab processing, biobanking and clinical trial support services.

## **Engineering and Development**

Our engineering and development efforts are focused on continually improving the features of our Cryoport Express<sup>®</sup> Solutions including the cloud-based Cryoport<sup>™</sup>, the Cryoport Express<sup>®</sup> Shippers, secondary packaging solutions and our SmartPak Condition Monitoring Systems. These efforts are expected to lead to the introduction of additional shippers of varying sizes based on market requirements, constructed of lower cost materials and utilizing high volume manufacturing methods that will make it practical to provide the cryogenic packages offered with the Cryoport Express<sup>®</sup> Solutions. Alternative phase change materials in place of liquid nitrogen may be used to increase the potential markets these shippers can serve such as ambient and 2°- 8° Celsius markets. Our engineering and development expenditures for the nine-month transition period ended December 31, 2016 and year ended March 31, 2016 were \$453,600 and \$550,300, respectively, with the largest portion being spent on software maintenance and development.

## **Employees**

The efforts of our employees are critical to our success. We believe that we have assembled a strong management team with the experience and expertise needed to execute our business strategy. We anticipate hiring additional personnel as needs dictate to implement our growth strategy. As of March 1, 2017, we had thirty-three full-time employees, one part-time employee, three consultants and seven temporary employees.

## **Corporate History and Structure**

We are a Nevada corporation originally incorporated under the name G.T.5-Limited (“GT5”) on May 25, 1990. In connection with a Share Exchange Agreement, on March 15, 2005 we changed our name to Cryoport, Inc. and acquired all of the issued and outstanding shares of common stock of Cryoport Systems, Inc., a California corporation, in exchange for 200,901 shares of our common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). Cryoport Systems, Inc., which was originally formed in 1999 as a California limited liability company, and subsequently reorganized into a California corporation on December 11, 2000, remains the operating company under Cryoport, Inc. Our principal executive offices are located at 17305 Daimler Street, Irvine, CA 92614. The telephone number of our principal executive offices is (949) 470-2300, and our main corporate website is [www.cryoport.com](http://www.cryoport.com). The information on, or that can be accessed through our website is not part of this Form 10-K.

The Company became public by a reverse merger with a shell company in May 2005. Over time the Company has transitioned from being a development company to a fully operational public company, providing cold chain logistics

solutions to the life sciences industry globally.

## ITEM 1A. RISK FACTORS

### Risks Related to Our Financial Condition

*We have incurred significant losses to date and may continue to incur losses.*

We have incurred net losses in each fiscal year since we commenced operations. The following table represents net losses incurred for each of our last two reporting periods:

	Net Loss
Nine Months Ended December 31, 2016	\$ 10,403,000
Year Ended March 31, 2016	\$9,820,400

As of December 31, 2016, we had an accumulated deficit of \$123.5 million. In order to achieve and sustain revenue growth in the future, we must significantly expand our market presence and revenues from existing and new customers. We may continue to incur losses in the future and may never generate revenues sufficient to become profitable or to sustain profitability. Continuing losses may impair our ability to raise the additional capital required to continue and expand our operations.

*Our auditors have expressed substantial doubt about our ability to continue as a going concern.*

The Report of Independent Registered Public Accounting Firm contained in our December 31, 2016 consolidated financial statements includes an explanatory paragraph stating that the recurring losses and negative cash flows from operations since inception, and the fact that management estimates that our cash and cash equivalents balance at December 31, 2016 will only be sufficient to allow us to continue our operations through the third quarter of calendar year 2017, raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*If we are unable to obtain additional funding, we may have to reduce or discontinue our business operations.*

As of December 31, 2016, we had cash and cash equivalents of \$4.5 million. Therefore, our ability to continue and expand our operations is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to fund future operations.

We anticipate, based on currently proposed plans and assumptions relating to our ability to market and sell our products, that our cash on hand and the proceeds from our warrant tender offer transactions and rights offering completed in 2016, together with projected cash flows, will satisfy our operational and capital requirements through the third quarter of fiscal year 2017. There are a number of uncertainties associated with our financial projections that could reduce or delay our future projected revenues and cash-inflows, including, but not limited to, our ability to increase our customer base and revenues. If our projected revenues and cash-inflows are reduced or delayed, we may not have sufficient capital to operate through the third quarter of fiscal year 2017 unless we raise more capital. Additionally, if we are unable to realize satisfactory revenue in the near future, we will be required to seek additional financing to continue our operations beyond that period. We will also require additional financing to expand into other markets and further develop and market our products. We have no current arrangements with respect to any additional financing. Consequently, there can be no assurance that any additional financing on commercially reasonable terms, or at all, will be available when needed. The inability to obtain additional capital may reduce our ability to continue to conduct business operations. Any additional equity financing may involve substantial dilution to our then existing stockholders. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

## **Risks Related to Our Business**

*Our agreements with global providers of shipping services may not result in a significant increase in our revenues or cash flow, soon or in the future.*

We believe that establishing strategic alliances with global providers (integrators) of logistics and of shipping services, such as our agreements with FedEx, DHL, and UPS can drive growth in our revenues, but there is no certainty to this view. See “—Strategic Logistics Alliances” in Part I, Item 1 of this Form 10-K for additional information about our agreements with FedEx, DHL, and UPS. We are seeking to establish similar arrangements with other providers of international shipping services. We anticipate all such alliances will enable us to provide seamless, end-to-end shipping solutions to customers of our respective alliance partners and allow us to leverage the established relationships with those customers, but there is no guarantee this will happen.

Because our agreements with FedEx, DHL, and UPS do not contain any requirement that they use a minimum level of our services, there can be no assurance of any significant increase in our revenues or cash flows as a result of these strategic alliances.

***Our agreements with providers of vaccines may not result in a significant increase in our revenues or cash flow.***

We believe that establishing strategic relationships with manufacturers and distributors of treatments for animals and humans, such as our agreements with Zoetis, Inc. can drive growth in our revenues.

In December 2012, we entered an agreement with what became Zoetis, Inc. (in January 2013, Pfizer spun off its animal health business into Zoetis, Inc., a public company) pursuant to which we were engaged to manage frozen shipments of a key poultry vaccine from Zoetis' production site in the United States. Over time, Zoetis has further expanded our role in providing them assistance in managing their cryogenic distribution of their vaccines and has become our largest customer.

While we anticipate growth in shipments by Zoetis under our management, there can be no assurance of any significant increase in our revenues or cash flows as a result of these important alliances.

***We will have difficulty increasing our revenues if we experience delays, difficulties or unanticipated costs in establishing the sales, distribution and marketing capabilities necessary to successfully commercialize our solutions.***

We plan to improve our sales, distribution, and marketing capabilities in the Americas, Europe, and Asia. It will be expensive and time-consuming for us to develop our global marketing and sales network and thus we intend to rely on our strategic alliances with FedEx, DHL, and UPS. We further intend to seek to enter into additional strategic alliances with international providers of shipping services to incorporate use of our solutions in their service offerings. We may not be able to provide adequate incentive to our sales force or to establish and maintain favorable distribution and marketing collaborations with others to promote our solutions. In addition, any third party with whom we have established a marketing and distribution relationship may not devote sufficient time to the marketing and sales of our solutions, thereby exposing us to potential expenses in exiting such distribution agreements. We, and any of our alliance partners, must also market our services in compliance with federal, state, local and international laws relating to the provision of incentives and inducements. Violation of these laws can result in substantial penalties. Therefore, if we are unable to successfully motivate and expand our marketing and sales force and further develop our sales and marketing capabilities, or if our alliance partners fail to promote our solutions, we will have difficulty increasing our revenues and the revenue may not off-set the additional expense of expansion.

***Our ability to grow and compete in our industry will be hampered if we are unable to retain the continued service of our key professionals or to identify, hire and retain additional qualified professionals.***

Our success in implementing our business strategy depends largely on the skills, experience and performance of key members of our executive management team and others in key management positions. The collective efforts of each of these persons working as a team will be critical to us as we continue to develop our technologies, tests and engineering and development and sales programs. As a result of the difficulty in locating qualified new management, the loss or incapacity of existing members of our executive management team could adversely affect our operations. If we were to lose one or more of these key employees, we could experience difficulties in finding qualified successors, competing effectively, developing our technologies and implementing our business strategy. We do not maintain “key person” insurance on any of our employees.

In addition, a critical factor to our business is our ability to attract and retain qualified professionals including key employees and consultants. We are continually at risk of losing current professionals or being unable to hire additional professionals as needed. If we are unable to attract new qualified employees, our ability to grow will be adversely affected. If we are unable to retain current employees or strategic consultants, our financial condition and ability to maintain operations may be adversely affected.

***Sustainable future revenue growth is dependent on new solutions and services.***

Our future revenue stream depends to a large degree on our ability to bring new solutions and services to market on a timely basis. We must continue to make significant investments in engineering and development in order to continue to develop new solutions and services, enhance existing solutions and services, and achieve market acceptance of such solutions and services. We may incur problems in introducing new solutions and services.

***The adoption cycle of our target customers tends to be very lengthy, which continues to adversely affect our ability to increase revenues quickly.***

We offer our solutions primarily to companies in the life sciences industry. These companies operate within a heavily regulated environment and as such, changing vendors and distribution practices typically require a number of steps, which may include the audit of our facilities, review of our procedures, qualifying us as a vendor, and performing test shipments. This process can take several months or longer to complete, involving multiple levels of approval, prior to a company fully adopting our Cryoport Express® Solutions. The logistics management of many companies is decentralized adding to the time need to effect adaptation of our solutions. In addition, any such adoption may be on a gradual basis such that the customer progressively ramps up use of our Cryoport Express® Solutions following

adoption. The slow adoption process continues to adversely affect our ability to increase revenues.

***Our solutions and services may contain errors or defects, which could result in damage to our reputation, lost revenues, diverted development resources and increased service costs and litigation.***

Our solutions and services must meet stringent requirements and we must develop our services and solutions quickly to keep pace with the rapidly changing market. Solutions as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new equipment or versions of our software are released. If our solutions are not free from errors or defects, we may incur an injury to our reputation, lost revenues, diverted development resources, increased customer service and support costs, and litigation. The costs incurred in correcting any product errors or defects may be substantial and could adversely affect our business, results of operations and financial condition.

***If we were sued for product liability, we could face substantial liabilities that exceed our resources.***

The marketing, sale and use of our products could lead to the filing of product liability claims were someone to allege that our products failed to perform as designed. A product liability claim could result in substantial damages and be costly and time-consuming for us to defend.



Although we believe that our existing insurance is adequate, our insurers may fail to defend us or our insurance may not fully protect us from the financial impact of defending against product liability claims. Any product liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any product liability lawsuit could damage our reputation, or cause current clinical partners and collaborators to terminate existing agreements and potential clinical partners to seek other partners, cause customers to terminate their relationship with us and potential customers to seek alternative solutions, any of which could impact our results of operations.

***If we experience manufacturing delays, interruptions in production, or delays in procurement of shippers manufactured by third parties, then we may experience customer dissatisfaction and our reputation could suffer.***

If we fail to produce enough shippers at our own manufacturing facility or at a third party manufacturing facility, or if we fail to complete our shipper recycling processes as planned, we may be unable to deliver shippers to our customers on a timely basis, which could lead to customer dissatisfaction and could harm our reputation and ability to compete. We currently acquire various component parts for our shippers from various independent manufacturers in the United States. We would likely experience significant delays or cessation in producing our shippers if a labor strike, natural disaster or other supply disruption were to occur at any of our main suppliers. If we are unable to procure a component from one of our manufacturers, we may be required to enter into arrangements with one or more alternative manufacturing companies, which may cause delays in producing our shippers. In addition, because we depend (in part) on third party manufacturers, our profit margins may be lower, which will make it more difficult for us to achieve profitability. To date, we have not experienced any material delay that has adversely impacted our operations. As our business develops it becomes more likely that such problems could arise.

***We expect to base our equipment and inventory purchasing decisions on our forecasts of customers' demand, and if our forecasts are inaccurate, our operating results could be materially harmed.***

As our customer base increases, we expect to need to purchase additional equipment and inventory. Our forecasts will be based on multiple assumptions, each of which may cause our estimates to be inaccurate, affecting our ability to provide products to our customers. When demand for our products increases significantly, we may not be able to meet demand on a timely basis, and we may need to expend a significant amount of time working with our customers to allocate limited supply and maintain positive customer relations, or we may incur additional costs in order to rush the manufacture and delivery of additional products. If we underestimate customers' demand, we may forego revenue opportunities, lose market share and damage our customer relationships. Conversely, if we overestimate customer demand, we may purchase more equipment and inventory than we are able to use or sell at any given time or at all. As a result of our failure properly to estimate demand for our products, we could have excess or obsolete equipment and/or inventory, resulting in a decline in the value of our equipment and/or inventory, which would increase our costs of revenues and reduce our liquidity. Our failure to accurately manage our equipment purchases and inventory relative to demand would adversely affect our operating results.

***If we experience delays or interruption in shipping due to factors outside of our control, such disruption could lead to customer dissatisfaction and harm our reputation.***

We rely on third party shipment and carrier services to transport our shippers containing biological material. These third party operations could be subject to natural disasters, adverse weather conditions, other business disruptions, and carrier error, which could cause delays in the delivery of our shippers, which in turn could cause serious harm to the biological material being shipped. As a result, any prolonged delay in shipment, whether due to technical difficulties, power failures, break-ins, destruction or damage to carrier facilities as a result of a natural disaster, fire, or any other reason, could result in damage to the contents of the shipper. If we are unable to cause the delivery of our shippers in a timely matter and without damage, this could also harm our operating results and our reputation, even if we are not at fault.

***Our solutions and services may expose us to liability in excess of our current insurance coverage.***

Our solutions and services involve significant risks of liability, which may substantially exceed the revenues we derive from them. We cannot predict the magnitude of these potential liabilities. We currently maintain general liability insurance, with coverage in the amount of \$1 million per occurrence, subject to a \$2 million annual limitation, and product liability insurance with a \$1 million annual coverage limitation. Claims may be made against us that exceed these limits.

Our liability policy is an “occurrence” based policy. Thus, our policy is complete when we purchased it and following cancellation of the policy it continues to provide coverage for future claims based on conduct that took place during the policy term. Our insurance coverage, however, may not protect us against all liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. In addition, if we expand into new markets, we may not be aware of the need for, or be able to obtain insurance coverage for such activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. A partially or completely uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations.

*If we use biological and hazardous materials in a manner that causes injury, we could be liable for damages.*

Our customers may ship potentially harmful biological materials in our dewars. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have. Additionally, we are subject to, on an ongoing basis, federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. In the event of an accident, we could be held liable for damages.

*If we cannot compete effectively, we will lose business.*

Our services and solutions are positioned to be competitive in the life sciences cold-chain logistics market. While there are technological and marketing barriers to entry, we cannot guarantee that the barriers we are capable of producing will be sufficient to defend the market share we wish to gain against current and future competitors. Our principal competitive considerations in our market include:

- financial resources to allocate to proper marketing and an appropriate sales effort
- acceptance of our solutions model
- acceptance of our solutions including per use fee structures and other charges for services
- keeping up technologically with ongoing development of enhanced features and benefits
- reductions in the delivery costs of competitors' solutions
- the ability to develop and maintain and expand strategic alliances
- establishing our brand name
- our ability to deliver our solutions to our customers when requested

our timing of introductions of new solutions, and services

financial resources to support working capital needs and required capital investments in infrastructure

Current and prospective competitors have substantially greater resources, more customers, longer operating histories, greater name recognition and more established relationships in the industry. As a result, these competitors may be able to develop and expand their networks and product offerings more quickly, devote greater resources to the marketing and sale of their solutions and adopt more aggressive pricing policies. In addition, these competitors have entered and will likely continue to enter into business relationships to provide additional solutions competitive to those we provide or plan to provide.

***We may acquire other businesses, products or technologies in order to remain competitive in our market and our business could be adversely affected as a result of any of these future acquisitions.***

We may make acquisitions of complementary businesses, products or technologies. If we identify any appropriate acquisition candidates, we may not be successful in negotiating acceptable terms of the acquisition, financing the acquisition, or integrating the acquired business, products or technologies into our existing business and operations. Further, completing an acquisition and integrating an acquired business will significantly divert management time and resources. The diversion of management attention and any difficulties encountered in the transition and integration process could harm our business. If we consummate any significant acquisitions using stock or other securities as consideration, our shareholders' equity could be significantly diluted. If we make any significant acquisitions using cash consideration, we may be required to use a substantial portion of our available cash. Acquisition financing may not be available on favorable terms, if at all. In addition, we may be required to amortize significant amounts of other intangible assets in connection with future acquisitions, which would harm our operating results and financial condition.

***If we successfully develop products and/or services, but those products and/or services do not achieve and maintain market acceptance, our business will not be profitable.***

The degree of acceptance of our Cryoport Express® Solutions or any future products or services by our current target markets, and any other markets to which we attempt to sell our products and services, and our profitability and growth will depend on a number of factors including, among others:

• our shippers' ability to perform and preserve the integrity of the materials shipped

• relative convenience and ease of use of our shipper and/or Cryoport™

• availability of alternative products

• pricing and cost effectiveness

• effectiveness of our or our collaborators' sales and marketing strategy

• the adoption cycles of our targeted customers

***If any products or services we may develop do not achieve market acceptance, then we may not generate sufficient revenue to achieve or maintain profitability.***

In addition, even if our products and services achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or services are introduced that are more favorably received than our products and services, are more cost effective, or render our products obsolete. Although we are not aware of any other treatments or methods currently being developed that would directly compete with the methods we employ, there can be no assurance that future developments in technology will not make our technology non-competitive or obsolete, or significantly reduce our operating margins or the demand for our offerings, or otherwise negatively impact our ability to be profitable.

***We may not be able to compete with our competitors in the industry because many of them have greater resources than we do.***

We expect to continue to experience significant and increasing levels of competition in the future. In addition, there may be other companies which are currently developing competitive products and services or which may in the future develop technologies and products that are comparable, superior or less costly than our own. For example, some cryogenic equipment manufacturers with greater resources currently have solutions for storing and transporting cryogenic liquid and gasses and may develop storage solutions that compete with our products. Additionally, some specialty couriers with greater resources currently provide dry ice transportation and may develop other products in the future, both of which compete with our products. A competitor that has greater resources than us may be able to bring its product to market faster than we can and offer its product at a lower price than us to establish market share. We may not be able to successfully compete with a competitor that has greater resources and such competition may adversely affect our business.

### **Intellectual Property Risks Associated with Our Business**

***Our success depends, in part, on our ability to obtain patent protection for our solutions and business model, preserve our trade secrets, and operate without infringing the proprietary rights of others.***

Our policy is to seek to protect our proprietary position by, among other methods, filing United States patent applications related to our technology, inventions and improvements that are important to the development of our business. We have three issued U.S. patents and one pending U.S. patent application all relating to various aspects of our solutions and services. Our patents or patent application may be challenged, invalidated or circumvented in the future or the rights granted may not provide a competitive advantage. We intend to vigorously protect and defend our intellectual property. Costly and time-consuming litigation brought by us may be necessary to enforce our patents and to protect our trade secrets and know-how, or to determine the enforceability, scope and validity of the proprietary rights of others.

We also rely upon trade secrets, technical know-how and continuing technological innovation to develop and maintain our competitive position. In the past our employees, consultants, advisors and suppliers have not always executed confidentiality agreements and inventions assignment and work for hire agreements in connection with their employment, consulting, or advisory relationships. Consequently, we may not have adequate remedies available to us to protect our intellectual property should one of these parties attempt to use our trade secrets or refuse to assign any rights he or she may have in any intellectual property he or she developed for us. Additionally, our competitors may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our proprietary technology, or we may not be able to meaningfully protect our rights in unpatented proprietary technology.

While we are not aware of any third party that is infringing any of our patents or trademarks nor do we believe that we are infringing on the patents or trademarks of any other person or organization, we cannot guarantee that our current and potential competitors and other third parties have not filed (or in the future will not file) patent applications for (or have not received or in the future will not receive) patents or obtain additional proprietary rights that will prevent, limit or interfere with our ability to make, use or sell our solutions either in the United States or internationally. Additionally, we may face assertions of claims by holders of patents alleging that we are infringing upon their patent rights, which claims may be without merit, but may nonetheless result in our incurring substantial costs of defense.

***We are dependent on a third party for the continued development and maintenance of our Cryoport<sup>TM</sup> software.***

Our proprietary Cryoport<sup>TM</sup> is a logistics platform software used by our customers, business partners and client care team to automate the entry of orders, prepare customs documentation and facilitate status and location monitoring of shipped orders while in transit. The continued development of the Cryoport<sup>TM</sup> platform is contracted with an outside software development company. If this developer becomes unable or unwilling to continue work on scheduled projects, and an alternative software development company cannot be secured, we may not be able to implement needed enhancements to the system. Furthermore, if we terminate our agreement with our current software developer and cannot reach an agreement or fail to fulfill an agreement for the termination, it is possible we could lose our license to use this software. Failure to proceed with enhancements or the loss of our license for the system would adversely affect our ability to generate new business and serve existing customers, resulting in a reduction in revenue.

***Our customers could also become the target of litigation relating to the patent and other intellectual property rights of others.***

Any litigation relating to the intellectual property rights of others could trigger technical support and indemnification obligations in licenses or customer agreements that we may enter into. These obligations could result in substantial expenses, including the payment by us of costs and damages relating to claims of intellectual property infringement. In addition to the time and expense required for us to provide support or indemnification to our customers, any such litigation could disrupt the businesses of our customers, which in turn could hurt our relationships with such customers and cause the sale of our products to decrease. No assurance can be given that claims for indemnification will not be made, or that if made, such claims would not have a material adverse effect on our business, operating results or financial conditions.

***Our Cryoport™ software platform may be subject to intentional disruption that could adversely impact our reputation and future revenues.***

We have implemented our Cryoport™ software platform which is used by our customers and business partners to automate the entry of orders, prepare customs documentation and facilitate status and location monitoring of shipped orders while in transit. Although we believe we have sufficient controls in place to prevent intentional disruptions, we could be a target of cyber-attacks specifically designed to impede the performance of the Cryoport™ software platform. Similarly, experienced computer programmers may attempt to penetrate our Cryoport™ software platform in an effort to search for and misappropriate proprietary or confidential information or cause interruptions of our services. Because the techniques used by such computer programmers to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Our activities could be adversely affected and our reputation, brand and future sales could be harmed if such intentionally disruptive efforts were successful.



## **Regulatory Risks Relating to Our Business**

*Complying with certain regulations that apply to shipments using our solutions can limit our activities and increase our cost of operations.*

Shipments using our solutions and services are subject to various regulations in the various countries in which we operate. For example, shipments using our solutions may be required to comply with the shipping requirements promulgated by the Centers for Disease Control (“CDC”), the Occupational Safety and Health Organization (“OSHA”), the DOT as well as rules established by the IATA and the ICAO. Additionally, our data logger may be subject to regulation and certification by the FDA, the FCC, and the FAA. Department of Transportation (“DOT”) as well as rules established by the IATA and the ICAO. Additionally, our data logger may be subject to regulation and certification by the Food and Drug Administration (“FDA”), Federal Communications Commission (“FCC”), and the Federal Aviation Administration (“FAA”). We will need to ensure that our solutions and services comply with relevant rules and regulations to make our solutions and services marketable, and in some cases compliance is difficult to determine. Significant changes in such regulations could require costly changes to our solutions and services or prevent use of our shippers for an extended period of time while we seek to comply with changed regulations. If we are unable to comply with any of these rules or regulations or fail to obtain any required approvals, our ability to market our solutions and services may be adversely affected. In addition, even if we are able to comply with these rules and regulations, compliance can result in increased costs. In either event, our financial results and condition may be adversely affected. We depend on our business partners and unrelated and frequently unknown third party agents in foreign countries to act on our behalf to complete the importation process and to make delivery of our shippers to the final user. The failure of these third parties to perform their duties could result in damage to the contents of the shipper resulting in customer dissatisfaction or liability to us, even if we are not at fault.

## **Risks Relating to Ownership of Our Common Stock and Other Securities**

*Certain of our existing stockholders own and have the right to acquire a substantial number of shares of common stock.*

As of March 1, 2017, our directors, executive officers and beneficial owners of 5% or more of our outstanding common stock beneficially owned 2,037,390 shares of common stock (without regard to beneficial ownership limitations contained in certain warrants) assuming their exercise of all outstanding warrants and options that are exercisable within 60 days of March 1, 2017 or approximately 10.5% of our outstanding common stock. As such, the concentration of beneficial ownership of our common stock may have the effect of delaying or preventing a change in control of Cryoport and may adversely affect the voting or other rights of other holders of our common stock.

***The sale of substantial shares of our common stock may depress our stock price.***

As of March 1, 2017, there were 17,604,283 shares of our common stock outstanding. Substantially all of these shares of common stock are eligible for trading in the public market. The market price of our common stock may decline if our stockholders sell a large number of shares of our common stock in the public market, or the market perceives that such sales may occur. We could also issue up to an additional 14,315,454 shares of our common stock including 7,447,478 shares to be issued upon the exercise of outstanding warrants and 6,867,976 shares upon exercise of outstanding options or reserved for future issuance under our stock incentive plans, as of March 1, 2017.

***Our stock price has been and will likely continue to be volatile.***

The market price of our common stock has been highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including, but not limited to:

• technological innovations or new solutions and services by us or our competitors

• additions or departures of key personnel

• sales of our common stock

• our ability to execute our business plan

• our operating results being below expectations

Loss of any strategic relationship

Industry developments

Economic and other external factors

Period-to-period fluctuations in our financial results

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock and warrants.

***We are at risk of securities class action litigation.***

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because our stock price and those of other biotechnology and life sciences companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business. We do maintain insurance, but the coverage may not be sufficient and may not be available in all instances.

***If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock and warrants, the price of our common stock and warrants could decline.***

The trading market for our common stock and warrants relies in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our common stock and warrants could decline if one or more equity analyst downgrades our stock or if analysts downgrade our stock or issue other unfavorable commentary or cease publishing reports about us or our business.

***We have not paid dividends on our common stock in the past and do not expect to pay dividends in the foreseeable future. Any return on investment may be limited to the value of our common stock.***

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the Board of Directors may consider the payment of any such dividends. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if the price of our common stock appreciates.

***We need additional capital, and the sale of additional shares of common stock or other equity securities could result in additional dilution to our stockholders.***

Our current cash and cash equivalents and anticipated cash flow from operations are insufficient to meet our cash needs. We require additional cash resources to fund our operations and may require additional funds in the future due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. The sale of additional equity securities, or debt securities convertible into equity securities, could result in additional dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations.

***While warrants to purchase our common stock are outstanding, it may be more difficult to raise additional equity capital.***

As of March 1, 2017, we have outstanding options and warrants for the purchase of up to 14,315,454 shares of our common stock, including 7,447,478 shares to be issued upon the exercise of outstanding warrants and 6,867,976 shares upon exercise of outstanding options or reserved for future issuance under our stock incentive plans, as of March 1, 2017. We may find it more difficult to raise additional equity capital while some or all of these warrants are outstanding. At any time during which these warrants are likely to be exercised, we may not be able to obtain financing on favorable terms, or at all. If we are unable to obtain financing, our business, results of operations, or financial condition could be materially and adversely affected, and we could be forced to curtail or cease operations.

***Our Articles of Incorporation allows our Board of Directors to issue up to 2,500,000 shares of “blank check” preferred stock.***

Our Articles of Incorporation allows our board of directors to issue up to 2,500,000 shares of “blank check” preferred stock, without action by our stockholders. We have designated 800,000 shares as Class A Preferred Stock and 585,000 shares as Class B Preferred Stock, none of which are currently issued and outstanding. Accordingly, our board of directors will have discretion to issue up to 1,115,000 shares on terms determined by them. Without limiting the foregoing, (i) such shares of preferred stock could have liquidation rights that are senior to the liquidation preference applicable to our common stock and Preferred Stock, (ii) such shares of preferred stock could have voting or conversion rights, which could adversely affect the voting power of the holders of our common stock and Preferred Stock and (iii) the ownership interest of holders of our common stock will be diluted following the issuance of any such shares of preferred stock. In addition, the issuance of such shares of blank check preferred stock could have the effect of discouraging, delaying or preventing a change of control of our Company.

***Provisions in our bylaws and Nevada law might discourage, delay or prevent a change of control of our Company or changes in our management and, as a result, may depress the trading price of our common stock.***

Provisions of our bylaws and Nevada law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. The relevant bylaw provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include advance notice requirements for stockholder proposals and nominations, and the ability of our Board of Directors to make, alter or repeal our bylaws.

***Absent approval of our Board of Directors, our bylaws may only be amended or repealed by the affirmative vote of the holders of at least a majority of our outstanding shares of capital stock entitled to vote.***

In addition, Section 78.438 of the Nevada Revised Statutes prohibits a publicly-held Nevada corporation from engaging in a business combination with an interested stockholder (generally defined as a person which together with its affiliates owns, or within the last three years has owned, 10% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder) unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and other potential anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our Company, thereby reducing the likelihood that you could receive a premium for your common stock

in an acquisition.

*Even though we are not incorporated in California, we may become subject to a number of provisions of the California General Corporation Law.*

Section 2115(b) of the California Corporations Code imposes certain requirements of California corporate law on corporations organized outside California that, in general, are doing more than 50% of their business in California and have more than 50% of their outstanding voting securities held of record by persons residing in California. While we are not currently subject to Section 2115(b), we may become subject to it in the future.

The following summarizes some of the principal differences which would apply if we become subject to Section 2115(b).

Under both Nevada and California law, cumulative voting for the election of directors is permitted. However, under Nevada law cumulative voting must be expressly authorized in the Articles of Incorporation and our Amended and Restated Articles of Incorporation do not authorize cumulative voting. If we become subject to Section 2115(b), we may be required to permit cumulative voting if any stockholder properly requests to cumulate his or her votes.

Under Nevada law, directors may be removed by the stockholders only by the vote of two-thirds of the voting power of the issued and outstanding stock entitled to vote. However, California law permits the removal of directors by the vote of only a majority of the outstanding shares entitled to vote. If we become subject to Section 2115(b), the removal of a director may be accomplished by a majority vote, rather than a vote of two-thirds, of the stockholders entitled to vote.

Under California law, the corporation must take certain steps to be allowed to provide for greater indemnification of its officers and directors than is provided in the California Corporation Code. If we become subject to Section 2115(b), our ability to indemnify our officers and directors, to the extent permitted in our Articles of Incorporation, Bylaws and under Nevada law, may be limited by California law.

Nevada law permits distributions to stockholders as long as, after the distribution, (i) the corporation would be able to pay its debts as they become due and (ii) the corporation's total assets are at least equal to its liabilities and preferential dissolution obligations. Under California law, distributions may be made to stockholders as long as the corporation would be able to pay its debts as they mature and either (i) the corporation's retained earnings equal or exceed the amount of the proposed distributions, or (ii) after the distributions, the corporation's tangible assets are at least 125% of its liabilities and the corporation's current assets are at least equal to its current liabilities (or, 125% of its current liabilities if the corporation's average operating income for the two most recently completed fiscal years was less than the average of the interest expense of the corporation for those fiscal years). If we become subject to Section 2115(b), we will have to satisfy more stringent financial requirements to be able to pay dividends to our stockholders. Additionally, stockholders may be liable to the corporation if we pay dividends in violation of California law.

California law permits a corporation to provide "supermajority vote" provisions in its Articles of Incorporation, which would require specific actions to obtain greater than a majority of the votes, but not more than  $66\frac{2}{3}$  percent. Nevada law does not permit supermajority vote provisions. If we become subject to Section 2115(b), it is possible that our stockholders would vote to amend our Articles of Incorporation and require a supermajority vote for us to take specific actions.

Under California law, in a disposition of substantially of all the corporation's assets, if the acquiring party is in control of or under common control with the disposing corporation, the principal terms of the sale must be approved by 90 percent of the stockholders. Although Nevada law does contain certain rules governing interested stockholder business combinations, it does not require similar stockholder approval. If we become subject to Section 2115(b), we may have to obtain the vote of a greater percentage of the stockholders to approve a sale of our assets to a party that is in control of, or under common control with, us.

California law places certain additional approval rights in connection with a merger if all of the shares of each class or series of a corporation are not treated equally or if the surviving or parent party to a merger represents more than 50 percent of the voting power of the other corporation prior to the merger. Nevada law does not require such approval. If we become subject to Section 2115(b), we may have to obtain the vote of a greater percentage of the stockholders to approve a merger that treats shares of a class or series differently or where a surviving or parent party to the merger represents more than 50% of the voting power of the other corporation prior to the merger.

California law requires the vote of each class to approve a reorganization or a conversion of a corporation into another entity. Nevada law does not require a separate vote for each class. If we become subject to Section 2115(b), we may have to obtain the approval of each class if we desire to reorganize or convert into another type of entity.

California law provides greater dissenters' rights to stockholders than Nevada law. If we become subject to Section 2115(b), more stockholders may be entitled to dissenters' rights, which may limit our ability to merge with

another entity or reorganize.

***If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, and current and potential stockholders may lose confidence in our financial reporting.***

We are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses in those internal controls.

As described in Item 9A of this Form 10-K, no material weaknesses were identified and we determined that our internal control over financial reporting was effective as of December 31, 2016.

However, any failure to maintain such internal controls in the future could adversely impact our ability to report our financial results on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and NASDAQ, we could face severe consequences from those authorities. In either case, there could result a material adverse effect on our business. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

***Our publicly-filed SEC reports are reviewed by the SEC from time to time and any significant changes required as a result of any such review may result in material liability to us and have a material adverse impact on the trading price of our common stock.***

The reports of publicly-traded companies are subject to review by the SEC from time to time for the purpose of assisting companies in complying with applicable disclosure requirements and to enhance the overall effectiveness of companies' public filings, and reviews of such reports are now required at least every three years under the Sarbanes-Oxley Act of 2002. SEC reviews may be initiated at any time, and we could be required to modify or reformulate information contained in prior filings as a result of an SEC review. Any modification or reformulation of information contained in such reports could be significant and could result in material liability to us and have a material adverse impact on the trading price of our common stock.



*The requirements of being a U.S. public company may strain our resources and divert management's attention.*

As a U.S. public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, certain listing requirements, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual and current reports with respect to our business and operating results. As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition is more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert resources of our management and harm our business and operating results.

#### **ITEM 1B. Unresolved Staff Comments**

Not applicable.

#### **ITEM 2. Properties**

We do not own real property. We currently lease a facility, with approximately 27,600 square feet of corporate, engineering and development, and warehouse facilities, located in Irvine, California under an operating lease expiring February 28, 2023, subject to our option to extend the lease for two additional five-year periods. The initial base rent is approximately \$24,700 per month. The lease agreement contains certain scheduled rent increases, which are accounted for on a straight-line basis.

In addition to the services provided through our facility in Irvine, California, we have contracted with a third party to run our European Staging Center (located in Rotterdam, Holland) and Asian Staging Center (located in Singapore). The staging centers provide warehousing, shipping, receiving, refurbishing and recycling services for our shipping containers. This approach is a cost-effective way to initiate operations outside of the United States and allows us to scale up as our business grows globally.

We believe that these facilities are adequate, suitable and of sufficient capacity to support our immediate needs.

### **ITEM 3. Legal Proceedings**

In the ordinary course of business, we are at times subject to various legal proceedings and disputes, including product liability claims. We currently are not aware of any such legal proceedings or claim that we believe will have, individually or in the aggregate, a material adverse effect on our business, operating results or cash flows. It is our practice to accrue for open claims based on our historical experience and available insurance coverage.

### **ITEM 4. Mine Safety Disclosures**

Not applicable

## **PART II**

### **ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

#### **Common Stock**

As of March 1, 2017 there were 17,604,283 shares of common stock outstanding and 433 stockholders of record. Because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these stockholders of record.

#### **Market Information**

The Company's common stock is currently listed on the NASDAQ Capital Market and is traded under the symbol "CYRX." Prior to July 29, 2015, the Company's common stock was quoted on the OTCQB. The quarterly high and low reported closing sale prices for our common stock as quoted on the OTCQB or the high and low closing sales prices on the NASDAQ Capital Market, as applicable, for the periods indicated are as follows:

	<b>High<sup>(1)</sup></b>	<b>Low<sup>(1)</sup></b>
Transition Period ended December 31, 2016:		
Third Quarter Ended December 31, 2016	\$ 3.49	\$ 1.83
Second Quarter Ended September 30, 2016	\$ 2.27	\$ 1.97
First Quarter Ended June 30, 2016	\$ 2.92	\$ 1.51
Year Ended March 31, 2016:		
Fourth Quarter Ended March 31, 2016	\$ 2.16	\$ 1.07
Third Quarter Ended December 31, 2015	\$ 3.02	\$ 2.00
Second Quarter Ended September 30, 2015	\$ 7.20	\$ 2.25
First Quarter Ended June 30, 2015	\$ 8.88	\$ 5.51

(1) Adjusted for the Company's 1-for-12 reverse stock split of outstanding shares in May 2015.

### **Dividends**

No dividends on common stock have been declared or paid by the Company. The Company intends to employ all available funds for the development of its business and, accordingly, does not intend to pay any cash dividends in the foreseeable future.

### **Recent Sale of Unregistered Securities**

None

### **Issuer Purchases of Equity Securities**

None.

### **ITEM 6. Selected Financial Data**

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The following selected financial data for the years ended March 31, 2013 through March 31, 2016 and the nine months ended December 31, 2016 have been derived from audited consolidated financial statements of the Company. The nine months ended December 31, 2015 is unaudited. You should read the following financial information together with the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this Form 10-K. The information set forth below is not necessarily indicative of our future financial condition or results of operations.

Statement of Operations Data:	Nine Months		Years Ended March 31,			
	Ended December 31, 2016	Ended December 31, 2015 (unaudited)	2016	2015	2014	2013
Revenues	\$ 6,123	\$ 4,327	\$ 5,882	\$ 3,935	\$ 2,660	\$ 1,101
Cost of revenues	3,604	3,018	3,992	2,766	2,223	1,588
Gross margin (loss)	2,520	1,309	1,890	1,169	437	(487 )
General and administrative	4,635	4,111	5,925	3,497	2,600	3,032
Sales and marketing	3,573	2,909	4,156	2,912	2,507	2,380
Engineering and development	454	406	550	353	409	425
Loss from operations	(6,142 )	(6,117 )	(8,741 )	(5,593 )	(5,078 )	(6,324)
Debt conversion expense	—	—	—	—	(13,714)	—
Interest expense	(58 )	(985 )	(1,066 )	(1,428 )	(784 )	(72 )
Change in fair value of derivative liabilities	—	—	—	—	21	16
Warrant inducement and repricing expense	(4,195 )	—	—	—	—	—
Other expense, net	(2 )	(5 )	(9 )	(4 )	(8 )	—
Loss before provision for income taxes	(10,397 )	(7,107 )	(9,816 )	(7,025 )	(19,563)	(6,380)
Provision for income taxes	(6 )	(5 )	(4 )	(2 )	(2 )	(2 )
Net loss	(10,403 )	(7,110 )	(9,820 )	(7,027 )	(19,565)	(6,382)
Preferred stock beneficial conversion charge	—	(4,474 )	(4,474 )	(4,864 )	—	—
Undeclared cumulative preferred dividends	—	(687 )	(763 )	(306 )	—	—
Net loss attributable to common stockholders	\$ (10,403 )	\$ (12,272 )	\$ (15,057)	\$ (12,197)	\$ (19,565)	\$ (6,382)
Net loss per share attributable to common stockholders – basic and diluted	\$ (0.68 )	\$ (1.96 )	\$ (2.05 )	\$ (2.44 )	\$ (4.81 )	\$ (2.03 )

**Balance Sheet Data:**

	December 31, 2016	December 31, 2015 (unaudited)	March 31, 2016	2015	2014	2013
Cash and cash equivalents	\$ 4,525	\$ 5,247	\$2,793	\$1,405	\$370	\$563
Working capital (deficit)	3,865	3,738	1,958	(835 )	(2,903)	(1,539)
Total assets	8,112	7,459	5,824	2,607	1,710	1,756
Convertible notes and accrued interest, net	—	—	—	—	1,622	1,304
Long term obligations, less current portion	200	—	554	26	—	1,322
Total stockholders' equity (deficit)	\$ 5,680	\$ 4,990	\$3,096	\$(416 )	\$(2,304)	\$(2,063)

**ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Form 10-K. Our actual results could differ materially from those contained in forward-looking statements due to a number of factors. See "Forward-Looking Statements" in this Form 10-K.*

**General Overview**

We provide cryogenic logistics solutions to the life sciences industry through a combination of purpose-built proprietary packaging, information technology and specialized cold chain logistics knowhow. We view our solutions as disruptive to the "older technologies" of dry ice and liquid nitrogen, in that our solutions are comprehensive and combine our competencies in configurations that are customized to our client's requirements. We provide comprehensive, reliable, economic alternatives to all existing logistics solutions and services utilized for frozen shipping in the life sciences industry (e.g., personalized medicine, cell therapies, stem cells, cell lines, vaccines, diagnostic materials, semen, eggs, embryos, cord blood, bio-pharmaceuticals, infectious substances, and other commodities that require continuous exposure to cryogenic or frozen temperatures). As part of our services, we provide the ability to monitor, record and archive crucial information for each shipment that can be used for scientific and regulatory purposes.

See the "Business" section in Part I, Item 1 of this Form 10-K for additional information.

## **Recent Developments**

On September 21, 2016, we changed our fiscal year from a fiscal year ending March 31 of each year to a fiscal year ending December 31 of each year, effective as of December 31, 2016. This change resulted in a transition period from April 1, 2016 through December 31, 2016. Accordingly, this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section includes the comparison of the results for the nine-month transition period from April 1, 2016 through December 31, 2016 to the nine-month unaudited period from April 1, 2015 through December 31, 2015, and the 12-month period of the fiscal year ended March 31, 2016 to the 12-month period of the fiscal year ended March 31, 2015, respectively, and accordingly are not comparing results for a comparable period of time. Amounts included herein for the nine months ended December 31, 2015 are unaudited.

## **Going Concern**

As reported in the Report of Independent Registered Public Accounting Firm in our December 31, 2016 consolidated financial statements, we have incurred recurring losses and negative cash flows from operations since inception. These factors, among others, raise substantial doubt about our ability to continue as a going concern.

We expect to continue to incur substantial additional operating losses from costs related to the commercialization of our Cryoport Express<sup>®</sup> Solutions and do not expect that revenues from operations will be sufficient to satisfy our funding requirements in the near term. We believe that our cash resources at December 31, 2016, together with the proceeds from our warrant tender offer transactions and rights offering completed in 2016, as well as the revenues generated from our services will be sufficient to sustain our planned operations through the third quarter of calendar year 2017; however, we must obtain additional capital to fund operations thereafter and for the achievement of sustained profitable operations. These factors raise substantial doubt about our ability to continue as a going concern.

Future capital requirements will depend upon many factors, including the success of our commercialization efforts and the level of customer adoption of our Cryoport Express<sup>®</sup> Solutions as well as our ability to establish additional collaborative arrangements. We cannot make any assurances that the sales ramp will lead to achievement of sustained profitable operations or that any additional financing will be completed on a timely basis on acceptable terms or at all. Management's inability to successfully achieve significant revenue increases or its cost reduction strategies or to complete any other financing will adversely impact our ability to continue as a going concern. To address this issue, the Company is seeking additional capitalization to properly fund our efforts to become a self-sustaining financially viable entity. See “—Risks Related to Our Financial Condition — If we are unable to obtain additional funding, we may have to reduce or discontinue our business operations” in the “Risk Factors” section in Part I, Item 1A of this Form 10-K for additional information.

While we increased revenue by 41.5% to \$6.1 million for the nine month transition period ended December 31, 2016, as compared to the nine months ended December 31, 2015, our revenue is still significantly lower than our operating expenses during the year and we have no assurance of the level of future revenues. We incurred a net loss of \$10.4 million and used cash of \$3.7 million in our operating activities during the transition period ended December 31, 2016. We had working capital of \$3.9 million and had cash and cash equivalents of \$4.5 million at December 31, 2016.

## **Segment Reporting**

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing operating performance. The chief operating decision maker is our Chief Executive Officer. In consideration of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 280, *Segment Reporting*, we are not organized around specific products and services, geographic regions, or regulatory environments. Accordingly, we currently operate in one reportable segment.

## **Results of Operations**

### ***Results of Operations for Nine Months Ended December 31, 2016 Compared to the Nine Months Ended December 31, 2015***

The following table summarizes certain information derived from our consolidated statements of operations:

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	Nine Months Ended December 31,		\$ Change	% Change
	2016	2015		
	(\$ in 000's)			
Revenues	\$ 6,123	\$ 4,327	\$ 1,796	41.5 %
Cost of revenues	(3,603 )	(3,018 )	(585 )	19.4 %
Gross margin	2,520	1,309	1,211	92.6 %
General and administrative expenses	(4,635 )	(4,111 )	(524 )	12.7 %
Sales and marketing expenses	(3,573 )	(2,909 )	(664 )	22.8 %
Engineering and development expenses	(454 )	(406 )	(48 )	11.8 %
Interest expense	(58 )	(984 )	926	(94.1 )%
Warrant inducement and repricing expense	(4,195 )	—	(4,195 )	100 %
Other expense	(2 )	(5 )	3	(62.3 )%
Provision for income taxes	(6 )	(4 )	(2 )	56.5 %
Net loss	\$ (10,403 )	\$ (7,110 )	\$ 3,293	46.3 %

**Total revenues**

	Nine Months Ended December 31,		\$ Change	% Change
	2016	2015		
	(\$ in 000's)			
Biopharmaceutical	\$ 4,289	\$ 2,673	\$ 1,616	60.4 %
Reproductive medicine	1,201	998	203	20.4 %
Animal health	633	656	(23 )	(3.5 )%
Total revenues	\$ 6,123	\$ 4,327	\$ 1,796	41.5 %



**Revenues.** We generated revenues from customers in all of our target life sciences markets, such as biopharma, animal health and reproductive medicine. Revenues increased \$1.8 million or 41.5% to \$6.1 million for the nine months ended December 31, 2016, as compared to \$4.3 million for the nine months ended December 31, 2015. This increase was primarily driven by the continuing increase in the number of biopharmaceutical customers utilizing our services and frequency of shipments compared to the prior year. Biopharmaceutical revenue increased \$1.6 million or 60.4%, to \$4.3 million for the nine months ended December 31, 2016, as compared to \$2.6 million for the same period in 2015. During the nine months ended December 31, 2016, we added approximately 89 new biopharmaceutical clients and supported over 129 clinical trials, of which 18 trials were in Phase III. This increased activity in the clinical trial space is expected to drive future revenue growth as these clinical trials advance and resulting therapies are commercialized. Revenues in the reproductive medicine market increased by 20.4% for the nine months ended December 31, 2016, as compared to the same period in 2015. This increase was driven by a 45.4% increase in revenues in the U.S. market through continued success of our targeted marketing campaigns and was partially offset by a 3.9% decrease in revenues in the international markets as a result of regulatory uncertainties. Our revenues from animal health decreased 3.5% for the nine months ended December 31, 2016, as compared to the same period in 2015 due to reduced shipping volumes and third-party freight charges being directly billed to one of our clients.

**Gross margin and cost of revenues.** Gross margin for the nine months ended December 31, 2016 was 41.1% of revenues, as compared to 30.2% of revenues for the same period in 2015. The increase in gross margin by almost eleven percentage points was primarily due to the increased business volume and pricing adjustments combined with a reduction in freight as a percentage of revenues and a decrease of fixed manufacturing costs. Our cost of revenues are primarily comprised of freight charges, payroll and related expenses related to our operations center in California, third-party charges for our European and Asian staging centers in Holland and Singapore, depreciation expenses of our Cryoport Express® Shippers and supplies and consumables used for our solutions. Cost of revenues increased \$585,000, or 19.4%, to \$3.6 million for the nine months ended December 31, 2016, as compared to the same period in 2015. The increase in cost of revenues was primarily due to freight charges from the increased volume of shipments.

**General and administrative expenses.** General and administrative expenses increased \$524,000 for the nine months ended December 31, 2016 or 12.7% as compared to the same period in 2015. This increase was primarily due to increases in stock-based compensation expense of \$389,600, an increase in salaries and associated employee costs of \$160,600 and an increase in allocated facility expenses of \$121,500 related to our new headquarters in Irvine, California, which was partially offset by a reduction in public company and legal expenses of \$120,900 and a decrease in travel expenses of \$30,800.

**Sales and marketing expenses.** Sales and marketing expenses increased \$664,500 or 22.8% for the nine months ended December 31, 2016 as compared to the same period in 2015. This increase was primarily due to increases in salaries and associated employee costs in the aggregate amount of \$399,400 incurred to expand our sales, logistics and client care force, increased targeted marketing initiatives to support our sales efforts in the amount of \$190,000, an increase in allocated facility expenses of \$76,000 related to our new headquarters in Irvine, California, stock-based compensation expense of \$35,900 and increased travel expenses and trade shows in the amount of \$13,500.

**Engineering and development expenses.** Engineering and development expenses increased \$47,800 or 11.8% for the nine months ended December 31, 2016, as compared to the same period in 2015. The increase was primarily due to an increase of \$37,100 for development efforts that were focused on further enhancing our cloud-based Cryoport™ Logistics Management Platform. In addition, salaries and associated employee costs increased by \$94,400 related to the addition of a design and manufacturing engineer. For the nine months ended December 31, 2015, we wrote off previously capitalized costs in the amount of \$98,100 resulting from the abandonment of a method of shipment patent application. We continually improve and expand the features of our Cryoport Express® Solutions, such as the recent development of our SmartPak II™ advanced integrated monitoring and communications system that tracks the key aspects of each shipment that could affect the quality and/or timing of delivery of the commodity to its intended destination. Our efforts are directed towards facilitating the safe, reliable and efficient shipment of life science commodities through innovative and technology-based solutions. We use an outside software development company and other third parties to supplement our internal resources.

**Interest expense.** Interest expense decreased \$926,500, or 94.1%, for the nine months ended December 31, 2016, as compared to the same period in 2015. Interest expense for the nine months ended December 31, 2016 included amortization of the debt discount on the Company's related-party notes payable of \$18,700 and the stated interest expense of \$39,500. Interest expense for the nine months ended December 31, 2015 included amortization of the debt discount on the related-party notes payable of \$195,600, the related interest expense of \$43,400, the amortization of the debt discount on the notes payable of \$221,400, related interest expense of \$3,300 as well as the fair value of the beneficial conversion feature of the related-party notes payable of \$521,100.

**Warrant inducement and repricing expense.** The warrant inducement and repricing expense of \$4.2 million for the nine months ended December 31, 2016 resulted from the repricing of certain warrants in connection with the tender offer transactions completed in April 2016 and October 2016, which included \$616,000 for the issuance of the supplemental warrants.

**Other expense, net.** The other expense, net for the nine months ended December 31, 2016 is primarily due to administrative charges and foreign exchange losses on accounts receivable and payable invoices.

### **Results of Operations for Year Ended March 31, 2016 Compared to Year Ended March 31, 2015**

The following table summarizes certain information derived from our consolidated statements of operations:

	Year Ended March 31,		\$	%
	2016	2015	Change	Change
	(\$ in 000's)			
Revenues	\$5,882	\$3,935	\$1,947	49.5 %
Cost of revenues	(3,992)	(2,766)	(1,226)	44.3 %
Gross margin	1,890	1,169	721	61.7 %
General and administrative	(5,925)	(3,497)	(2,428)	69.4 %
Sales and marketing	(4,156)	(2,912)	(1,244)	42.7 %
Engineering and development	(550 )	(353 )	(197 )	56.1 %
Interest expense	(1,066)	(1,428)	362	(25.4 )%
Other expense	(9 )	(4 )	(5 )	132.1 %
Provision for income taxes	(4 )	(2 )	(2 )	126.6 %
Net loss	\$(9,820)	\$(7,027)	\$2,793	39.8 %

### **Total revenues**

	Year Ended March 31,		\$ Change	% Change
	2016	2015		
	(\$ in 000's)			

Biopharmaceutical	\$ 3,685	\$ 2,086	\$ 1,599	76.7	%
Reproductive medicine	1,328	924	404	43.6	%
Animal health	869	925	(56 )	(6.1	)%
Total revenues	\$ 5,882	\$ 3,935	\$ 1,947	49.5	%

**Revenues.** We generated revenues from customers in all of our target life sciences markets, such as biopharma, animal health and reproductive medicine. Net revenues increased \$1.9 million or 49.5% for the year ended March 31, 2016 as compared to the prior year. This increase is primarily driven by an overall increase in the number of customers utilizing our services and frequency of shipments compared to the prior year. During fiscal year 2016, we added approximately 127 new biopharma clients and supported 76 clinical trials, of which 12 trials were in Phase III. This increased activity in biopharma and the clinical trial space is expected to drive future revenue growth as these clinical trials advance and resulting therapies are commercialized. Revenues in the reproductive medicine market increased by 43.6% over the prior year driven by continued success of our targeted campaigns and in increased awareness of our cryogenic logistics solutions in this market. Our revenues from animal health decreased 6.1% over the prior year which were impacted by a temporary reduction in production volume from one of our clients during the third quarter of fiscal year 2016.

**Gross margin and cost of revenues.** Gross margins for the year ended March 31, 2016 was 32.1% of revenues, as compared to 29.7% of revenues for the prior year. The increase in gross margin by over two percentage points is primarily due to the increase in net revenue combined with a reduction in freight as a percentage of revenues and a decrease of fixed manufacturing costs. Cost of revenues for the year ended March 31, 2016 was 67.9% of revenues, as compared to 70.3% of revenues for the prior year. Our cost of revenues are primarily comprised of freight charges, payroll and related expenses related to our operations center in California, third-party charges for our European and Asian staging centers in Holland and Singapore, depreciation expenses of our Cryoport Express® Shippers and supplies and consumables used for our solutions. The increase in cost of revenues is primarily due to freight charges from the growth in shipments.

**General and administrative expenses.** General and administrative expenses increased by \$2.4 million, or 69.4% for the year ended March 31, 2016 as compared to the prior year. This increase is primarily due to increases in stock-based compensation expense of \$1.3 million, salaries and associated employee costs of \$414,100, public company related expenses in the amount of \$384,600, including legal fees, and costs to list and maintain listing of the Company's common stock on the NASDAQ Capital Market exchange, the disposal of components used to manufacture our shippers in the amount of \$121,700 due to our decision to co-develop and outsource our manufacturing to Worthington Industries and travel expense of \$88,800 in part related to general investor relations activities and the public equity offering completed in July 2015.

**Sales and marketing.** Sales and marketing expenses increased by \$1.2 million, or 42.7% for the year ended March 31, 2016 as compared to the prior year. This increase is primarily due to increases in salaries and associated employee costs including relocation costs and recruiting fees in the aggregate amount of \$456,700 incurred to expand our sales and logistics force, stock-based compensation expense of \$403,400, the engagement of a new marketing firm to support our sales efforts in the amount of \$403,400, and increased travel expenses and trade shows in the amount of \$75,200.

**Engineering and development expenses.** Engineering and development expenses increased \$197,700 or 56.1% for the year ended March 31, 2016, as compared to the prior year. The increase is primarily due to the write off of previously capitalized costs in the amount of \$98,100 resulting from the abandonment of a method of shipment patent application and the salary and associated employee costs related to the addition of an engineering and development engineer. Our engineering and development efforts are focused on continually improving the features of the Cryoport Express<sup>®</sup> Solutions including the Company's cloud-based logistics management platform, the Cryoport<sup>™</sup>, the Cryoport Express<sup>®</sup> Shippers and development of additional accessories to facilitate the efficient shipment of life science commodities using our solution. In addition, engineering and development effort has been directed towards developing an advanced condition monitoring system, SmartPak II, which is currently in beta testing and is scheduled to be launched during the second quarter of fiscal year 2017. We use an outside software development company and other third parties to provide some of these services. These efforts are expected to lead to the introduction of additional shipper designs to meet market requirements, constructed of lower cost materials and utilizing high volume manufacturing methods.

**Interest expense.** Interest expense increased by \$362,100 for the year ended March 31, 2016, as compared to the prior year. Interest expense for the year ended March 31, 2016, included amortization of debt discount on related-party notes payable of \$261,600, the related interest expense of \$58,500, the amortization of the debt discount on the notes payable of \$221,400, related interest expense of \$3,300 as well as the fair value of the beneficial conversion feature of the related-party notes payable of \$521,100. Interest expense for the year ended March 31, 2015, included amortization of the debt discount and deferred financing fees of approximately \$1.1 million, of which \$826,900 related to the fair value of the beneficial conversion feature of the 5% Bridge Notes that was triggered by the convertible preferred stock offering, interest expense on our 5% Bridge Notes of approximately \$10,600, accrued interest on our related-party notes payable of approximately \$33,500, amortization of the debt discount on the 7% Bridge Notes of \$237,500 and related interest expense of \$15,500.

**Other expense, net.** The other expense, net for the year ended March 31, 2016 is primarily due to bank administrative charges and foreign exchange losses on accounts receivable and payable invoices.

### **Liquidity and Capital Resources**

As of December 31, 2016, the Company had cash and cash equivalents of \$4.5 million and working capital of \$3.9 million. Historically, we have financed our operations primarily through sales of our debt and equity securities.

For the nine months ended December 31, 2016, we used \$3.7 million of cash for operations primarily as a result of the net loss of \$10.4 million offset by non-cash expenses of \$6.9 million primarily comprised of warrant inducement and repricing expense of \$4.2 million, amortization of debt discounts, stock-based compensation expense, and depreciation and amortization. Also contributing to the cash impact of our net operating loss, excluding non-cash items, was an increase in accounts receivable of \$217,100 and an increase in prepaids and other current assets of \$38,200.

Net cash used in investing activities of \$662,700 during the nine-month period ended December 31, 2016 was primarily due to the purchase of Cryoport Express<sup>®</sup> CXVC1 Shippers, standard shippers, SmartPak II<sup>™</sup> Condition Monitoring Systems and computer equipment.

Net cash provided by financing activities totaled \$6.1 million during the nine-month period ended December 31, 2016, and resulted from net proceeds from the April 2016 Tender Offer of \$2.2 million, net proceeds from the rights offering of \$989,900 completed in June 2016 and net proceeds from the October 2016 Tender Offer of \$3.2 million, partially offset by the repayment of related party notes of \$325,400.

As discussed in Note 1 of the accompanying consolidated financial statements, there exists substantial doubt regarding the Company's ability to continue as a going concern. As further described in Note 10 in the accompanying consolidated financial statements, we completed three equity raises during the nine-month period ended December 31, 2016. In April 2016, we completed a tender offer for gross proceeds of \$2.5 million for the issuance of 2,020,597 shares of common stock, in June 2016, we completed a rights offering for gross proceeds of \$1.3 million in subscriptions for 841,873 shares of common stock and in October 2016, we completed a tender offer for gross proceeds of \$3.7 million for the issuance of 2,470,913 shares of common stock and issued 617,695 supplemental warrants. The funds raised are being used for working capital purposes and to continue our sales efforts to advance the Company's commercialization of the Cryoport Express® Solutions.

The Company's management recognizes that the Company will need to obtain additional capital to fund its operations until sustained profitable operations are achieved. Additional funding plans may include obtaining additional capital through equity and/or debt funding sources. No assurance can be given that additional capital, if needed, will be available when required or upon terms acceptable to the Company. See "—Risks Related to Our Financial Condition — If we are unable to obtain additional funding, we may have to reduce or discontinue our business operations" in the "Risk Factors" section in Part I, Item 1A of this Form 10-K for additional information.

### Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements within the meaning of Item 303(a)(4) of Regulation S-K.

### Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2016, and the effects such obligations are expected to have on liquidity and cash flow in future periods (\$ in '000's):

	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
Contractual obligations					
Operating lease obligations <sup>(1)</sup>	\$2,030	\$ 309	\$ 636	\$ 674	\$ 411
Related-party notes payable <sup>(2)</sup>	658	658	—	—	—
Total	\$2,688	\$ 967	\$ 636	\$ 674	\$ 411

(1)

The operating lease obligations are primarily related to the facility lease for our principal executive office in Irvine, California, which expires February 28, 2023, subject to our option to extend the lease for two additional five-year periods. The initial base rent is approximately \$24,700 per month. We also lease certain office equipment which expires March 2018.

Related-party notes payable represent outstanding unsecured indebtedness and accrued interest owed to three (2) related parties, which bear interest at the rate of 7% per annum. The unpaid principal and accrued interest is due on April 1, 2017.

### ***Impact of Inflation***

From time to time, Cryoport experiences price increases from third party manufacturers and these increases cannot always be passed on to Cryoport's customers. While these price increases have not had a material impact on Cryoport's historical operations or profitability in the past, they could affect revenues in the future.

### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our consolidated financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the U.S., or U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities reported in our consolidated financial statements. The estimation process requires assumptions to be made about future events and conditions, and is consequently inherently subjective and uncertain. Actual results could differ materially from our estimates.



The SEC defines critical accounting policies as those that are, in management's view, most important to the portrayal of our financial condition and results of operations and most demanding of our judgment. We consider the following policies to be critical to an understanding of our consolidated financial statements and the uncertainties associated with the complex judgments made by us that could impact our results of operations, financial position and cash flows. See Note 2: "*Summary of Significant Accounting Policies*" of our accompanying consolidated financial statements for a description of our critical accounting policies and estimates.

### ***New Accounting Pronouncements***

See Note 2: "*Recent Accounting Pronouncements*" of our accompanying consolidated financial statements for a description of recent accounting pronouncements that may have a significant impact on our financial reporting and our expectations of their impact on our results of operations and financial condition.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Changes in United States interest rates would affect the interest earned on our cash and cash equivalents.

Based on our overall cash and cash equivalents interest rate exposure at December 31, 2016, a near-term change in interest rates, based on historical movements, would not have a material adverse effect on our financial position or results of operations.

We have operated primarily in the United States. Accordingly, we have not had any significant exposure to foreign currency rate fluctuations.

### **Item 8. Financial Statements and Supplementary Data**

Our annual consolidated financial statements are included in Part IV, Item 15 of this 10-K.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **Item 9A. Controls and Procedures**

### ***(a) Evaluation of Disclosure Controls and Procedures***

The term “disclosure controls and procedures” (defined in Rule 13a-15(e) under the Exchange Act refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the required time periods. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as of December 31, 2016. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2016 to ensure the timely disclosure of required information in our SEC filings.

### ***(b) Management’s Report on Internal Control Over Financial Reporting.***

Management’s Report on Internal Control Over Financial Reporting which appears on the following page is incorporated herein by reference.

This Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management’s Report on Internal Control Over Financial Reporting was not subject to attestation requirements by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only Management’s Report on Internal control Over Financial Reporting in this 10-K.

### ***(c) Changes Internal Control Over Financial Reporting***

During the quarter ended December 31, 2016, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9B. Other Information**

None.

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**CRYOPORT, INC.**

**MANAGEMENT'S REPORT ON**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

The management of the Company is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) and for the assessment of the effectiveness of internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting is supported by written policies and procedures that:

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of the Company's annual consolidated financial statements, management of the Company has undertaken an assessment of the effectiveness of the Company's internal control over financial reporting based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of the Company's

internal control over financial reporting.

Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2016.

By: /s/ JERRELL W. SHELTON  
Jerrell W. Shelton,  
Chief Executive Officer and Director

By: /s/ ROBERT STEFANOVICH  
Robert Stefanovich,  
Chief Financial Officer

March 13, 2017

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets for the name and age of each director and executive officer, the year first elected as a director and/or executive officer and the position(s) held with the Company.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Date Elected</b>
Jerrell W. Shelton	71	Chairman, President and Chief Executive Officer	2012
Richard J. Berman	74	Director	2015
Robert Hariri, M.D., Ph.D.	58	Director	2015
Ramkumar Mandalam, Ph.D.	52	Director	2014
Edward J. Zecchini	57	Director	2013
Robert S. Stefanovich	52	Chief Financial Officer, Treasurer and Corporate Secretary	2011

**Jerrell W. Shelton.** Mr. Shelton became a member of our board of directors in October 2012 and was appointed President and Chief Executive Officer of the Company in November 2012. He was appointed Chairman of the Board in October 2015. He served on the Board of Directors and standing committees of Solera Holdings, Inc. from April 2007 through November 2011. From June 2004 to May 2006, Mr. Shelton was the Chairman and CEO of Wellness, Inc., a provider of advanced, integrated hospital and clinical environments. Prior to that, he served as Visiting Executive to IBM Research and Head of IBM's WebFountain. From October 1998 to October 1999, Mr. Shelton was Chairman, President and CEO of NDC Holdings II, Inc. Between October 1996 and July 1998, he was President and CEO of Continental Graphics Holdings, Inc. And from October 1991 to July 1996, Mr. Shelton served as President and CEO of Thomson Business Information Group. Mr. Shelton has a B.S. in Business Administration from the University of Tennessee and an M.B.A. from Harvard University. Mr. Shelton currently serves on the Advisory Board of Directors of the Smithsonian Institution Library. Mr. Shelton's extensive leadership, management, strategic planning and financial expertise through his various leadership and directorship roles in public, private and global companies, makes him well-qualified to serve as a member of the board of directors.

Richard J. Berman. Mr. Berman became a member of our board of directors in January 2015 and serves as Chairman of the Audit Committee and member of the Compensation Committee and Nomination and Governance Committee of our board of directors. Mr. Berman's business career spans over 35 years of venture capital, senior management and merger & acquisitions experience. Mr. Berman has served as a director and/or officer of over a dozen public and private companies. From 2006 to 2011, he was Chairman of National Investment Managers, a company with \$12 billion in pension administration assets. Mr. Berman is a director of four public healthcare companies: Advaxis, Inc., Caldarius, Inc. (formerly Neostem, Inc.), MetaStat Inc. and Cryoport Inc. From 2002 to 2010, he was a director of

Nexmed Inc. where he also served as Chairman/CEO in 2008 and 2009 (formerly Apricus Biosciences, Inc.); From 1998 to 2000, he was employed by Internet Commerce Corporation (now Easylink Services) as Chairman and CEO, and was a director from 1998 to 2012. Previously, Mr. Berman worked at Goldman Sachs; was Senior Vice President of Bankers Trust Company, where he started the M&A and Leveraged Buyout Departments; created the largest battery company in the world in the 1980's by merging Prestolite, General Battery and Exide to form Exide Technologies (XIDE); helped to create what is now Soho (NYC) by developing five buildings; and advised on over \$4 billion of M&A transactions. He is a past Director of the Stern School of Business of NYU where he obtained his BS and MBA. He also has U.S. and foreign law degrees from Boston College and The Hague Academy of International Law, respectively. Mr. Berman's financial and business expertise, including his background in biotechnology, international management and banking, and his extensive experience as a director in the public company context makes him well-qualified to serve as a member of the board of directors.

**Robert Hariri, M.D., Ph.D.** Dr. Hariri, M.D., Ph.D. became a member of our board of directors in September 2015 and serves as Chairman of the Scientific and Technology Committee and member of the Audit Committee and Nomination and Governance Committee of our board of directors. Dr. Hariri has been the chairman, founder and chief scientific officer of Celgene Cellular Therapeutics, a division of Celgene Corporation, since 2005. Prior to joining Celgene Cellular Therapeutics as president in 2002, Dr. Hariri was founder, chairman and chief scientific officer at Anthrogenesis Corporation/LIFEBANK, Inc., a privately held biomedical technology and service corporation involved in the area of human stem cell therapeutics, which was acquired by Celgene in 2002. Dr. Hariri is also co-founder and president of Human Longevity, Inc., a genomics and cell-therapy company. He serves on numerous Boards of Directors including Myos Corporation (Nasdaq: MYOS), Provista Diagnostics and Bionik Laboratories Corp (OTCQX: BNKL) and is a member of the Board of Visitors of the Columbia University School of Engineering & Applied Sciences and the Science & Technology Council of the College of Physicians and Surgeons; as well as a member of the Scientific Advisory Board for the Archon X PRIZE for Genomics, which is awarded by the X Prize Foundation. Dr. Hariri is also a Trustee of the J. Craig Venter Institute and the Liberty Science Center and has been appointed Commissioner of Cancer Research by New Jersey Governor, Chris Christie. Dr. Hariri was recipient of the Thomas Alva Edison Award in 2007 and 2011, and has received numerous other honors for his many contributions to biomedicine and aviation. Dr. Hariri received his undergraduate training at Columbia College and Columbia University School of Engineering and Applied Sciences and was awarded his M.D. and Ph.D. degrees from Cornell University Medical College. Dr. Hariri received his surgical training at The New York Hospital-Cornell Medical Center where he also directed the Aitken Neurosurgery Laboratory and the Center for Trauma Research. Dr. Hariri's training as a scientist, his knowledge and experience with respect to the biomedical and pharmaceutical industries and his extensive research and experience makes him well-qualified to serve as a member of the board of directors.

**Ramkumar Mandalam, Ph.D.** Dr. Mandalam became a member of our board of directors in June 2014 and serves as Chairman of the Governance and Nomination Committee and member of the Compensation Committee our board of directors. Dr. Mandalam is the President and CEO of Cellerant Therapeutics, Inc., a clinical stage biotechnology company developing novel cell-based and antibody therapies for cancer treatment and blood-related disorders. Prior to joining Cellerant in 2005, he was the Executive Director of Product Development at Geron Corporation, a biopharmaceutical company where he managed the development and manufacturing of cell based therapies for treatment of degenerative diseases and cancer. From 1994 to 2000, he held various positions in research and development at Aastrom Biosciences, where he was responsible for programs involving ex vivo expansion of human bone marrow stem cells and dendritic cells. Dr. Mandalam received his Ph.D. in Chemical Engineering from the University of Michigan, Ann Arbor, Michigan. Dr. Mandalam is the author or co-author of several publications, patent applications, and abstracts. Dr. Mandalam's training as a scientist, extensive background in biotechnology and management expertise and makes him well-qualified to serve as a member of the board of directors.

**Edward J. Zecchini.** Mr. Zecchini became a member of our board of directors in September 2013 and serves as Chairman of the Compensation Committee and member of the Audit Committee and Scientific and Technology Committee our board of directors. Mr. Zecchini currently serves as Chief Information Officer at Remedy Partners, Inc. Prior to that, Mr. Zecchini served as Executive Vice President and Chief Technology Officer at Sandata Technologies, LLC, from May 2010 to March 2014, President and Chief Executive Officer of IT Analytics LLC from March 2008 to April 2010, Executive Vice President of Operations and Chief Information Officer of Touchstone Healthcare Partnership from May 2007 to February 2008 and Senior Vice President and Chief Information Officer of HealthMarkets, Inc. from October 2004 to April 2007. Earlier in his career he held senior level positions at Thomson Healthcare and SportsTicker, Inc. Mr. Zecchini has over thirty years of experience in the healthcare and information technology industries. Mr. Zecchini holds a Bachelor of Arts degree from the State University of New York at Oswego. Mr. Zecchini's business expertise, including his background and extensive experience information technology and management makes him well-qualified to serve as a member of the board of directors.

**Robert S. Stefanovich.** Mr. Stefanovich became Chief Financial Officer, Treasurer and Corporate Secretary for the Company in June 2011. From June 15, 2012 to November 4, 2012, Mr. Stefanovich served as the Principal Executive Officer of the Company. From November 2007 through March 2011, Mr. Stefanovich served as Chief Financial Officer of Novalar Pharmaceuticals, Inc., a venture-backed specialty pharmaceutical company. Prior to that, he held several senior positions, including interim Chief Financial Officer of Xcorporeal, Inc., a publicly traded medical device company, Executive Vice President and Chief Financial Officer of Artemis International Solutions Corporation, a publicly traded software company, Chief Financial Officer and Secretary of Aethlon Medical Inc., a publicly traded medical device company and Vice President of Administration at SAIC, a Fortune 500 company. Mr. Stefanovich also served as a member of the Software Advisory Group and an Audit Manager with Price Waterhouse LLP's (now PricewaterhouseCoopers) hi-tech practice in San Jose, CA and Frankfurt, Germany. He currently also serves as a board member of Project InVision International, a provider of business performance improvement solutions. He received his Masters of Business Administration and Engineering from University of Darmstadt, Germany.

## **Section 16(a) Beneficial Ownership Reporting Compliance**



Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC reports of beneficial ownership and reports of changes in beneficial ownership in the Company's securities. Such directors, executive officers and 10% stockholders are also required to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms received by it, the Company believes that during the nine month transition period ended December 31, 2016, all Section 16(a) filings applicable to its directors, officers, and 10% stockholders were filed on a timely basis.

### **Director Independence**

Our board of directors is responsible for determining the independence of our directors. For purposes of determining director independence, our board of directors has applied the definitions set forth in NASDAQ Rule 5605(a)(2) and the related rules of the SEC. Based upon its evaluation, our board of directors has affirmatively determined that the following directors meet the standards of independence: Mr. Berman, Dr. Hariri, Dr. Mandalam and Mr. Zecchini.

## Committees of the Board of Directors

Our board of directors has established an Audit Committee, a Compensation Committee, Nomination and Governance Committee and a Science and Technology Committee. Charters for each of these committees is available on the Company's website at [www.cryoport.com](http://www.cryoport.com) on the "Investor Relations: Corporate Governance" page under the heading "About Us." Information on the website does not constitute a part of this registration statement.

### *Audit Committee*

The functions of the Audit Committee are to (i) review the qualifications of the independent auditors, our annual and interim financial statements, the independent auditor's report, significant reporting or operating issues and corporate policies and procedures as they relate to accounting and financial controls; and (ii) to consider and review other matters relating to our financial and accounting affairs.

The current members of the Audit Committee are Mr. Berman, who is the Audit Committee Chairman, Dr. Hariri and Mr. Zecchini. The Company has determined that (i) Mr. Berman qualifies as an "audit committee financial expert" as defined under the rules of the SEC and is "independent" within the meaning of NASDAQ Rule 5605(a)(2) and the applicable laws and regulations of the SEC, and (ii) Dr. Hariri and Mr. Zecchini meet NASDAQ's financial literacy and financial sophistication requirements and are "independent" within the meaning of NASDAQ Rule 5605(a)(2) and the applicable laws and regulations of the SEC.

### *Compensation Committee*

The purpose of the Compensation Committee is to discharge our board of directors' responsibilities relating to compensation of the Company's directors and executive officers, to produce an annual report on executive compensation for inclusion in the Company's annual proxy statement, as necessary, and to oversee and advise our board of directors on the adoption of policies that govern the Company's compensation programs, including stock incentive and benefit plans.

The current members of the Compensation Committee are Mr. Zecchini, who is the Compensation Committee Chairman, Dr. Mandalam and Mr. Berman, each of whom is independent under applicable independence requirements. Each of the current members of the Compensation Committee is a "non-employee director" under Section 16 of the Exchange Act and an "outside director" for purposes of Section 162(m) of the Code.

### ***Nomination and Governance Committee***

The functions of the Nomination and Governance Committee are to (i) make recommendations to our board of directors regarding the size of our board of directors, (ii) make recommendations to our board of directors regarding criteria for the selection of director nominees, (iii) identify and recommend to our board of directors for selection as director nominees individuals qualified to become members of the Board, (iv) recommend committee assignments to our board of directors, (v) recommend to our board of directors corporate governance principles and practices appropriate to the Company, and (vi) lead our board of directors in an annual review of its performance.

### ***Science and Technology Committee***

The purpose of the Science and Technology Committee is to oversee matters pertaining to the Company's strategic direction as related to product and services serving the cellular therapy business and investments in research, development, and technology relating thereto. The committee may include director and persons who are not directors. Currently, Dr. Robert Hariri, M.D., Ph.D. is the sole member of the Science and Technology Committee.

The current members of the Nomination and Governance Committee are Dr. Mandalam, who is the Nomination and Governance Committee Chairman, Mr. Berman and Dr. Hariri.

### **Corporate Code of Conduct**

The Company has adopted a corporate code of conduct that applies to its directors and all employees, including the Company's Chief Executive Officer and Chief Financial Officer. The Company has posted the text of its corporate code of conduct on the Company's website at [www.cryoport.com](http://www.cryoport.com) on the "Investor Relations: Corporate Governance" page under the heading "About Us."

### **Item 11. Executive Compensation**

#### **Executive Officers of the Company**

The Company's current executive officers are as follows:



Jerrell W. Shelton, age 71, became President and Chief Executive Officer of the Company on November 5, 2012. He served on the Board of Directors and standing committees of Solera Holdings, Inc. from April 2007 through November 2011. From June 2004 to May 2006, Mr. Shelton was the Chairman and CEO of Wellness, Inc., a provider of advanced, integrated hospital and clinical environments. Prior to that, he served as CEO of IBM's WebFountain. From October 1998 to October 1999, Mr. Shelton was Chairman, President and CEO of NDC Holdings II, Inc. Between October 1996 and July 1998, he was President and CEO of Continental Graphics Holdings, Inc. and from October 1991 to July 1996, Mr. Shelton served as President and CEO of Thomson Business Information Group. Mr. Shelton has a B.S. in Business Administration from the University of Tennessee and an M.B.A. from Harvard University. Mr. Shelton currently serves on the Advisory Board of Directors and the Nominating and Stewardship committee of the Smithsonian Institution Libraries.

Robert S. Stefanovich, age 52, became Chief Financial Officer, Treasurer and Corporate Secretary for the Company on June 27, 2011 following the Company's filing of its Form 10-K for the fiscal year ended March 31, 2011. From June 15, 2012 to November 4, 2012, Mr. Stefanovich served as the Principal Executive Officer of the Company. From November 2007 through March 2011, Mr. Stefanovich served as Chief Financial Officer of Novalar Pharmaceuticals, Inc., a venture-backed specialty pharmaceutical company. Prior to that, he held several senior positions, including interim Chief Financial Officer of Xcorporeal, Inc., a publicly traded medical device company, Executive Vice President and Chief Financial Officer of Artemis International Solutions Corporation, a publicly traded software company, Chief Financial Officer and Secretary of Aethlon Medical Inc., a publicly traded medical device company and Vice President of Administration at SAIC, a Fortune 500 company. Mr. Stefanovich also served as a member of the Software Advisory Group and an Audit Manager with Price Waterhouse LLP's (now PricewaterhouseCoopers) hi-tech practice in San Jose, CA and Frankfurt, Germany. He currently also serves as a board member of Project InVision International, a provider of business performance improvement solutions. He received his Masters of Business Administration and Engineering from University of Darmstadt, Germany.

## SUMMARY COMPENSATION TABLE

The following table contains information with respect to the compensation of our Chief Executive Officer and Chief Financial Officer for the nine-month transition period ended December 31, 2016 and for the years ended March 31, 2016 and 2015. We refer to our Chief Executive Officer and Chief Financial Officer as our "Named Executive Officers."

Name and Principal Position	Year	Salary (1) (\$)	Bonus (\$)	Option Awards (2) (\$)		All Other Compensation (\$)	Total Compensation (\$)
Jerrell W. Shelton President and Chief Executive Officer	2016*	225,000	—	449,256	(3)	—	674,256
	2016	300,000	—	3,111,677	(3)	—	3,411,677
	2015	300,000	—	1,625,913	(3)	—	1,925,913
Robert S. Stefanovich Chief Financial Officer	2016*	199,583	—	216,606	(4)	—	416,189
	2016	255,000	30,000(5)	740,236	(4)	—	1,025,236

2015 225,000 — 307,695 (4) — 532,695

\* For the nine-month transition period ended December 31, 2016

(1) This column represents the annual base salary paid as of the last payroll period prior to or immediately after each fiscal year indicated.

This amount represents the total grant date fair value of all stock option awards at the date of grant. Pursuant to SEC rules, the amount shown excludes the impact of estimated forfeitures related to service-based vesting

(2) conditions. For information on the valuation assumptions with respect to the grants made during the nine-month transition period ended December 31, 2016 and the years ended March 31, 2016 and 2015, see Note 2 “Summary of Significant Accounting Policies” in the accompanying consolidated financial statements.

(3) Based on the recommendation of the Compensation Committee and approval by our board of directors, on May 6, 2016, November 20, 2015, May 7, 2015 and December 18, 2014, Mr. Shelton was granted an option to purchase 280,000, 827,000, 219,892 and 387,501 shares, respectively, of common stock in connection with his service as Chief Executive Officer of the Company. The exercise prices of the options are equal to or greater than the fair value of the Company’s stock as of the respective grant dates.

(4) Based on the recommendation of the Compensation Committee and approval by our board of directors, on May 6, 2016, November 20, 2015, May 7, 2015 and December 18, 2014, Mr. Stefanovich was granted an option to purchase 135,000, 177,200, 57,484 and 73,334 shares of common stock, respectively, of common stock in connection with his service as Chief Financial Officer of the Company. The exercise prices of the options are equal to or greater than the fair value of the Company’s stock as of the respective grant dates.

(5) This amount represents the bonus earned for the year ended March 31, 2016 as approved by the Compensation Committee of our board of directors.

## **Narrative Disclosure to Summary Compensation Table**

### ***Employment Contracts***

#### *Jerrell W. Shelton*

On November 5, 2012, the Company entered into an employment agreement (the “Initial Agreement”) with Mr. Shelton with respect to his employment as President and Chief Executive Officer. The Initial Agreement provided a term of six months and an initial annual base salary of \$300,000 during the term.

In addition, on the date of the Initial Agreement, Mr. Shelton was awarded two options giving him the right to acquire an aggregate of 137,500 shares of the Company’s common stock at an exercise price equal to the closing price of the Company’s common stock on the date of the Initial Agreement, or \$2.40 per share. The aggregate number of shares was determined by dividing \$350,000 by the closing price of the Company’s common stock on the date of the Initial Agreement, or \$2.40 per share, and subtracting 8,334 shares, which is the number of shares of common stock that Mr. Shelton was given the right to purchase pursuant to the option that was issued to him in connection with his appointment to our board of directors on October 22, 2012. The first option issued in connection with the Initial Agreement was issued under the Company’s 2011 Stock Incentive Plan and provides Mr. Shelton the right to purchase 54,167 shares of the common stock of the Company, which is the maximum that may be awarded to Mr. Shelton in this fiscal year under such plan. Mr. Shelton subsequently exercised 54,167 of these shares in May and November 2013. The second option provided Mr. Shelton the right to purchase 83,334 shares of common stock of the Company and was granted outside of the Company’s incentive plans. The options vest in six equal monthly installments during the Term and expire at the earlier of (a) ten years from the date of the Initial Agreement, and (b) five (5) years from the date of the resignation and/or removal of the Mr. Shelton as a member of our board of directors.

On June 28, 2013, after the expiration of the Initial Agreement, the Company entered into a new employment agreement (the “Agreement”) with Mr. Shelton with respect to his employment as President and Chief Executive Officer. The Agreement is effective through May 14, 2017 (the “Term”).

The Agreement provides an initial annual base salary of \$300,000 during the Term. In addition, on the date of the Agreement, Mr. Shelton was awarded options giving him the right to acquire an aggregate of 325,209 shares of the Company’s common stock at an exercise price equal to the closing price of the Company’s common stock on the date of the Agreement, or \$3.24 per share, and such options were granted outside of the Company’s incentive plans. The option vests immediately with respect to 13,551 shares and the remaining right to purchase the remaining shares vests in equal monthly installments on the fifth day of each month for forty-six months beginning on July 5, 2013 and

ending on May 5, 2017. Provided that such vesting will be accelerated on the date that the Company files a Form 10-Q or Form 10-K indicating an income from operations for the Company in two consecutive fiscal quarters and immediately in the event of a change of control of the Company.

The options expire at the earlier of (a) ten years from the date of the Agreement, and (b) twenty four (24) months from the date of the resignation and/or removal of the Mr. Shelton as Chief Executive Officer of the Company.

Mr. Shelton has agreed during the Term and for a period of one year following the termination of the Agreement, not to solicit, induce, entice or attempt to solicit, induce, or entice any employee of the Company to leave employment with the Company. Payments due to Mr. Shelton upon a termination of his employment agreement are described below.

*Robert S. Stefanovich*

Although the Company does not have a written employment agreement with Mr. Stefanovich, pursuant to the terms of his offer letter, the Company agreed to pay Mr. Stefanovich an annual base salary of \$225,000 per year which was increased to \$255,000 in May 2015 and \$267,500 in May 2016. In addition, he is eligible for an incentive bonus targeted at 25% of his annual base salary. Mr. Stefanovich is eligible to participate in all employee benefits plans or arrangements which may be offered by the Company during the term of his agreement. The Company shall pay the cost of Mr. Stefanovich's health insurance coverage in accordance with the Company's plans and policies while he is an employee of the Company. Mr. Stefanovich is also eligible for fifteen (15) paid time off days a year, and is entitled to receive fringe benefits ordinarily and customarily provided by the Company to its senior officers. Payments due to Mr. Stefanovich upon a termination of his employment agreement with the Company are described below.



The Company has no other employment agreements with executive officers of the Company as of December 31, 2016.

### OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2016

The following table shows information regarding unexercised stock options held by our Named Executive Officers as of December 31, 2016:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date
Jerrell W. Shelton	8,334	(1) —	—	\$ 2.28	10/22/22
	83,334	(2) —	—	\$ 2.40	11/5/22
	298,109	(3) 27,100	—	\$ 3.24	6/28/23
	193,767	(4) 193,734	—	\$ 4.80	12/18/24
	87,045	(5) 132,847	—	\$ 7.80	5/07/25
	275,667	(6) 551,333	—	\$ 5.00	8/20/25
	40,833	(7) 239,167	—	\$ 1.87	5/06/26
Robert Stefanovich	10,417	(8) —	—	\$ 10.32	6/20/21
	5,000	(9) —	—	\$ 5.16	8/3/22
	61,182	(10) 8,736	—	\$ 3.24	6/28/23
	36,672	(11) 36,662	—	\$ 4.80	2/18/24
	22,762	(12) 34,722	—	\$ 7.80	5/07/25
	59,067	(13) 118,133	—	\$ 3.07	8/20/25
	19,688	(14) 115,312	—	\$ 1.87	5/06/26

Based on the recommendation of the Compensation Committee and approval by our board of directors, Mr. Shelton was granted an option to purchase 8,334 shares of common stock exercisable at \$2.28 per share on October (1)22, 2012 upon joining the board of directors. Options vests in twelve equal monthly installments. The exercise price for shares of common stock pursuant to the options is equal to the fair value of the Company's stock as of the grant date.

(2)Based on the recommendation of the Compensation Committee and approval our board of directors , Mr. Shelton was granted an option to purchase 137,500 shares of common stock exercisable at \$2.40 per share on November 5, 2012, which vests in six equal monthly installments. 54,166 of these options were issued under the 2011 stock

option plan and exercised in May and November 2013 and 83,884 were issued outside of a plan. The exercise price for shares of common stock pursuant to the option is equal to the fair value of the Company's stock as of the grant date.

Based on the recommendation of the Compensation Committee and approval our board of directors , Mr. Shelton was granted an option to purchase 325,209 shares of common stock exercisable at \$3.24 per share on June 28, (3)2013. The option vests 2/48<sup>th</sup> immediately with the remainder vesting 1/48<sup>th</sup> per month for 46 months. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Shelton was granted an option to purchase 387,501 shares of common stock exercisable at \$4.80 per share on (4)December 18, 2014. The option vests in monthly installments over a four year period, 262,500 shares were issued outside of a plan. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Shelton was granted an option to purchase 219,892 shares of common stock exercisable at \$7.80 per share on May (5)7, 2015. The option vests in monthly installments over a four year period, 219,892 shares were issued outside of a plan. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Shelton was granted an option to purchase 827,000 shares of common stock exercisable at \$3.07 per share on August 20, 2015, subject to stockholder approval of the 2015 Omnibus Equity Incentive Plan which occurred on (6) November 20, 2015. The award was amended on February 3, 2016 to increase the exercise price of the option from \$3.07 to \$5.00. The option vests in monthly installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to or more than the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Shelton was granted an option to purchase 280,000 shares of common stock exercisable at \$1.87 per share on May (7) 6, 2016. The option vests in monthly installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 10,417 shares of common stock exercisable at \$10.32 per share on (8) June 20, 2011. The option vests in six month installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 5,000 shares of common stock exercisable at \$5.16 per share on (9) August 3, 2012. The option vests in six month installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 69,918 shares of common stock exercisable at \$3.24 per share on (10) June 28, 2013. The options vest in equal monthly installments over four years. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 73,334 shares of common stock exercisable at \$4.80 per share on (11) December 18, 2014. The options vest in equal monthly installments over four years. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 57,484 shares of common stock exercisable at \$7.80 per share on (12) May 7, 2015. The options vest in equal monthly installments over a four year period, 57,484 shares were issued outside of a plan. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 177,200 shares of common stock exercisable at \$3.07 per share on (13) August 20, 2015, subject to stockholder approval of the 2015 Omnibus Equity Incentive Plan which occurred on November 20, 2015. The option vests in monthly installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to or more than the fair value of the Company's stock on the date of grant.

Based on the recommendation of the Compensation Committee and approval by our board of directors , Mr. Stefanovich was granted an option to purchase 135,000 shares of common stock exercisable at \$1.87 per share on (14) May 6, 2016. The option vests in monthly installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company's stock on the date of grant.

***Potential Payments On Termination Or Change In Control***

Pursuant to Mr. Shelton's employment agreement, if Mr. Shelton terminates the Agreement, dies, or is terminated for "Cause" (as defined in the agreement), he will be entitled to all compensation and benefits that he earned through the date of termination. If he is terminated for Cause, the Company may, to the extent allowed by law, set off losses, fines or damages that he has caused as a result of his misconduct. If he is terminated "without cause" (as defined in the agreement), he will be entitled to a continuation of his base salary for three months following termination and one half of unvested options as of date of termination shall become fully vested. In the event the Company terminates his employment, except if for "Cause" (as defined in the agreement), within twelve (12) months after a Change in Control (as defined in the Cryoport, Inc. 2011 Stock Incentive Plan), then, Mr. Shelton will be entitled to: (i) the continuation of his base salary for twelve (12) months following the date of termination, which shall be paid in accordance with the Company's ordinary payroll practices in effect from time to time, and which shall begin on the first payroll period immediately following the date on which the general release and waiver becomes irrevocable; and (ii) all options previously granted to Mr. Shelton will become fully vested and exercisable as of the date of termination of employment.

Pursuant to Mr. Stefanovich's employment offer, in the event that Mr. Stefanovich's employment with the Company is terminated as a result of a "change of control," as is defined in the Company's 2009 Stock Incentive Plan, he will be entitled to receive a severance payment equal to twelve months of his base salary, continuation of health benefits for a period of twelve months, and the unvested portion of his stock option grants immediately shall vest in full. Separately, in the event his employment is terminated by the Company for reasons other than cause, Mr. Stefanovich will be entitled to receive a severance payment equal to six months of his base salary plus continuation of health benefits for a period of six months following his termination of employment.

The Cryoport, Inc. 2015 Omnibus Equity Incentive Plan, the Cryoport, Inc. 2011 Stock Incentive Plan and the Cryoport, Inc. 2009 Stock Incentive Plan each provide that if a “change in control” occurs, the Compensation Committee shall have the discretion to provide in the applicable option agreement that any outstanding awards shall become fully vested and exercisable.

The Company does not provide any additional payments to named executive officers upon their resignation, termination, retirement, or upon a change of control.

### *Change in Control Agreements*

There are no understandings, arrangements or agreements known by management at this time which would result in a change in control of the Company or any subsidiary.

## **DIRECTOR COMPENSATION**

Compensation for our board of directors is governed by the Company’s Compensation Committee. The compensation plan for non-employee directors is as follows:

Director fees are paid in cash, restricted shares of the Company’s common stock or a combination thereof, at the option of the director.

Option 1: Annual cash compensation of \$40,000, paid quarterly,

Option 2: Annual cash compensation of \$13,333, paid quarterly and \$26,667 converted into common stock using the volume weighted average price (VWAP) of the stock for the last five days of the trading month ending each quarter, plus an annual grant of options, on the date of the Company’s annual meeting, to purchase 25,000 shares of the Company’s common stock; or

Option 3: No annual cash compensation but \$40,000 converted into common stock using the volume weighted average price (VWAP) of the stock for the last five days of the trading month ending each quarter and paid quarterly. This option carries a 15% premium, as there is no cash outlay to the Company. The calculation would be  $\$40,000 \times 1.15 = \$46,000/\text{VWAP}$ .

In addition to the compensation options above the following compensation apply to non-employee directors chairing a committee of our board of directors. This compensation will be paid on the same basis as the director chose from the options described above:

Chairman/Lead Director	\$25,000
Audit Committee	\$20,000
Compensation Committee	\$15,000
Nominating and Corporate Governance Committee	\$10,000
Science and Technology Committee	\$24,000

Newly appointed directors receive an initial grant of options to purchase 50,000 shares of the Company's common stock, vesting monthly over four years.

The following table sets forth the director compensation of the non-employee directors of the Company during the nine-month transition period ended December 31, 2016.

Name	Fees Earned Or Paid in Cash (\$)(1)	Stock Awards (\$)	Option Awards (\$)(2)	All Other Compensation (\$)	Total (\$)
Richard Berman	74,592	—	—	—	74,592
Robert Hariri, M.D., Ph.D	48,000	—	—	—	48,000
Ramkumar Mandalam, Ph.D.	10,090	21,848	—	—	31,938
Edward Zecchini	12,545	25,924	—	—	38,469

(1) Fees earned or paid in cash as shown in this schedule represent payments and accruals for directors' services earned during the nine-month transition period ended December 31, 2016.

This column represents the total grant date fair value of all stock options granted during the nine-month transition period ended December 31, 2016. Pursuant to SEC rules, the amounts shown exclude the impact of estimated (2) forfeitures related to service-based vesting conditions. For information on the valuation assumptions with respect to the grants made, refer to Note 2 "Summary of Significant Accounting Policies" in the accompanying consolidated financial statements.



**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table sets forth information with respect to the beneficial ownership of the Company's common stock as of March 1, 2017, by each person or group of affiliated persons known to the Company to beneficially own 5% or more of its common stock, each director, each named executive officer, and all of its directors and executive officers as a group. As of March 1, 2017, there were 17,604,283 shares of common stock outstanding. Unless otherwise indicated, the address of each beneficial owner listed below is c/o Cryoport, Inc., 17305 Daimler St, Irvine, CA 92614.

The following table gives effect to the shares of common stock issuable within 60 days of March 1, 2017, upon the exercise of all options and other rights beneficially owned by the indicated stockholders on that date. Unless otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all shares beneficially owned.

Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(2)		Percentage of Shares of Common Stock Beneficially Owned	
Named Executive Officers and Directors:				
Jerrell W. Shelton	1,440,196	(1)	7.6	%
Richard Berman	104,660	(1)(3)	*	
Robert Hariri, M.D. Ph.D.	80,600	(1)	*	
Ramkumar Mandalam Ph.D.	74,157	(1)	*	
Edward Zecchini	79,245	(1)	*	
Robert S. Stefanovich	258,532	(1)	1.4	%
All directors and executive officers as a group (6 persons)	2,037,390	(1)	10.5	%

\*Represents less than 1%

(1) Includes shares which individuals shown above have the right to acquire as of March 1, 2017, or within 60 days thereafter, pursuant to outstanding stock options and/or warrants as follows: Mr. Shelton — 1,252,935 shares; Mr. Berman — 75,126 shares; Dr. Hariri — 65,300 shares; Dr. Mandalam—54,163 shares; Mr. Zecchini—54,163 and Mr. Stefanovich — 257,532 shares.

(2) The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the holder has sole or shared voting power or investment power and also any shares which the holder has the right to acquire within 60 days.



(3) Includes 9,250 warrants and 8,138 shares owned by Mrs. Richard Berman, spouse of Mr. Berman.

*Securities Authorized for Issuance Under Equity Compensation Plans*

The following table sets forth certain information as of December 31, 2016 concerning the Company's common stock that may be issued upon the exercise of options or warrants or pursuant to purchases of stock under the Company's equity compensation plans.

Plan Category	(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options and Warrants	(b) Weighted-Average Exercise Price of Outstanding Options and Warrants	(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	3,416,588	\$ 3.68	2,355,426
Equity compensation plans not approved by stockholders(1)	8,543,440	\$ 4.38	N/A
Total	11,960,028	\$ 4.18	2,355,426

From November 5, 2012 through May 7, 2015, a total of 1,095,962 options outstanding were granted to employees (1) outside of an option plan of which 890,935 shares were issued to Mr. Shelton and 127,402 shares were issued to Mr. Stefanovich.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The Company has established policies and other procedures regarding approval of transactions between the Company and any employee, officer, director, and certain of their family members and other related persons, including those required to be reported under Item 404 of Regulation S-K. These policies and procedures are generally not in writing, but are evidenced by long standing principles set forth in our Code of Conduct or adhered to by our board of directors. As set forth in the Audit Committee Charter, the Audit Committee reviews and approves all related-party transactions after reviewing such transaction for potential conflicts of interests and improprieties. Accordingly, all such related-party transactions are submitted to the Audit Committee for ongoing review and oversight. Generally speaking, we enter into related-party transactions only on terms that we believe are at least as favorable to our company as those that we could obtain from an unrelated third party.

The following related-party transaction were approved or ratified by at least two independent directors and future material affiliated transactions will be approved by a majority of the independent directors who do not have an interest in the transaction and who had access, at the issuer's expense, to issuer's or independent legal counsel.

As of December 31, 2016 and March 31, 2016, we had an aggregate principal balance of \$646,700 and \$966,000 in unsecured indebtedness owed to three and five related parties, respectively, including former members of the Board of Directors, representing working capital advances made to us from February 2001 through March 2005.

On March 1, 2016, we entered into definitive agreements with Patrick Mullens, M.D., Maryl Petreccia and Jeffrey Dell, M.D. to amend and restate the outstanding notes pursuant to certain Second Amended and Restated Promissory Notes dated as of February 29, 2016 (the "Amended and Restated Notes"). As of December 31, 2016, the three note holders had outstanding principal balances of \$313,700, \$186,700 and \$146,300, respectively. The Amended and Restated Notes increased the interest rate to 7% per annum, extended the term to April 1, 2017, and modified the repayment provisions to provide for (i) repayment on March 1, 2016 of the outstanding amount of interest accrued through February 29, 2016, (ii) repayment of 10% of the original principal balance and accrued interest of such notes on a quarterly basis commencing April 1, 2016, and (iii) payment of the remaining outstanding balance on April 1, 2017. In addition, we issued such note holders warrants for the purchase of 11,910, 7,088, and 5,553 shares, respectively, of our common stock at an exercise price of \$1.88 per share, immediately exercisable and expiring on April 1, 2019. The Company also agreed to reimburse up to \$5,000 of legal fees incurred by the note holders. The relative fair value of the warrants issued in March 2016 of \$26,900 was recorded as a debt discount and is being amortized to interest expense using the straight-line method which approximates the effective interest method over the term of the related-party notes. During the nine-month transition period ended December 31, 2016, 2016 and for the year ended March 31, 2016, \$18,700 and \$2,000, respectively, of the debt discount was amortized to interest expense.

One note issued to Raymond Takahashi, M.D., was exchanged for (i) a new promissory note with an original principal amount equal to the outstanding principal and interest of the original note, and (ii) a warrant to purchase 1,490 shares of the Company's common stock at an exercise price of \$6.00 per share, exercisable on February 20, 2015 and expiring on February 19, 2018. The new note, which had an outstanding principal balance of \$35,800 at March 31, 2016, required interest payments on a calendar quarterly basis and payment of all outstanding principal and accrued interest on the maturity date, which was March 1, 2016. On March 1, 2016, we entered into a verbal agreement to extend the term of the related-party note to April 1, 2016. On April 1, 2016, we entered into a definitive agreement to amend and extend the term of the note to July 1, 2016. The note was repaid on July 1, 2016.

The conversion feature of the related-party notes payable at a 20% discount resulted in a BCF. The fair value of the BCF of \$521,100 was recorded as a debt discount upon the resolution of the contingency and it was amortized to interest expense over the conversion term which ended on September 29, 2015.

Related-party interest expense under these notes was \$39,500 and \$58,500 for the nine-month transition period ended December 31, 2016 and for the year ended March 31, 2016, respectively. Accrued interest, which is included in related-party notes payable in the accompanying condensed consolidated balance sheets, amounted to \$11,400 and \$6,100 as of December 31, 2016 and March 31, 2016, respectively.

One note issued to Marc Grossman, M.D., which as of March 31, 2016 had an outstanding principal balance of \$6,500, as amended, now provides for interest at a rate of 6% per annum commencing on March 13, 2015; however, no interest payments will be due if no event of default occurs and if the Company (i) complies with its regular payment obligations, reimburses the payee for attorneys' fees in connection with the negotiation of the note amendment, up to a maximum amount of \$1,000, on the later of (A) March 13, 2015, or (B) three (3) days after receiving written notice from the payee of the amount of attorneys' fees incurred by payee, and (iii) the Company immediately pays all unpaid amounts due and payable in full before the earlier of May 1, 2016 or at the same time that payee(s) of any other promissory note(s) with the Company that were issued in 2005 are paid in full before May 1, 2016, other than (Y) notes that are satisfied upon conversion into common stock, warrants or any other equity of the Company, or (Z) notes that have been paid in full before March 2, 2015. All principal and interest under the original note, as amended by the note amendment, will be due and shall be paid on May 1, 2016. The note requires monthly payments of \$20,000, except for the month of June 2015, where the monthly payment is \$72,000. The note was repaid in full in April 2016.

#### **Item 14. Principal Accountant Fees and Services**

##### ***Independent Registered Public Accounting Firms Fees***

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The following table shows the fees that were billed to us for the audit and other services provided by KMJ Corbin & Company LLP (“KMJ”) for the Company’s nine-month transition period ended December 31, 2016 and the year ended March 31, 2016.

	Nine Months Ended December 31, 2016	Year Ended March 31, 2016
Audit Fees	\$ 64,900	\$ 75,600
Audit-Related Fees	36,225	43,237
Tax Fees	13,500	13,000
	\$ 114,625	\$ 131,837

The fees billed to us by KMJ during or related to the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016 consist of audit fees, audit-related fees and tax fees, as follows:

***Audit Fees.*** Represents the aggregate fees billed to us for professional services rendered for the audit of our annual consolidated financial statements and for the reviews of our consolidated financial statements included in our Form 10-Q filings for each fiscal quarter.

***Audit-Related Fees.*** Represents the aggregate fees billed to us for assurance and related services that are reasonably related to the performance of the audit and review of our consolidated financial statements that are not already reported in Audit Fees. These services include accounting consultations and attestation services that are not required by statute such as comfort letters, S-1 and S-8 filings.

**Tax Fees.** Represents the aggregate fees billed to us for professional services rendered for tax returns, compliance and tax advice.

**All Other Fees.** We did not incur any other fees to KMJ during the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016.

***Policy on Audit Committee Pre-Approval of Fees***

The Audit Committee must pre-approve all services to be performed for us by our independent auditors. Pre-approval is granted usually at regularly scheduled meetings of the Audit Committee. If unanticipated items arise between regularly scheduled meetings of the Audit Committee, the Audit Committee has delegated authority to the chairman of the Audit Committee to pre-approve services, in which case the chairman communicates such pre-approval to the full Audit Committee at its next meeting. The Audit Committee also may approve the additional unanticipated services by either convening a special meeting or acting by unanimous written consent. During the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016, all services billed by KMJ were pre-approved by the Audit Committee in accordance with this policy.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a)(1) *Consolidated Financial Statements:*

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(a)(2) *Financial Statement Schedules*: All financial statement schedules are omitted because they are not applicable or the required information is included in the Consolidated Financial Statements or notes thereto.

(a)(3) *Exhibits*.

## Exhibits

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated Articles of Incorporation of the Company, as amended. Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2012.
3.2	Amended and Restated Bylaws of the Company. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated February 8, 2016.
3.3	Amended and Restated Certificate of Designation of Class A Preferred Stock. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated March 30, 2015.
3.4	Certificate of Designation of Class B Preferred Stock. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated February 20, 2015.
3.5	Amendment to Certificate of Designation of Class B Preferred Stock. Incorporated by reference to the Company's Amendment No. 1 to Registration Statement on Form S-1 dated April 17, 2015 and referred to as Exhibit 3.6.
3.6	Certificate of Change filed with the Nevada Secretary of State on May 12, 2015. Incorporated by reference to Exhibit 3.7 of the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2015.
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Exhibit	Description
No.	
3.7	Amendment to Certificate of Designation of Class A Preferred Stock. Incorporated by reference to the Company's Amendment No. 4 to Registration Statement on Form S-1 dated June 22, 2015 and referred to as Exhibit 3.8.
3.8	Amendment to Certificate of Designation of Class B Preferred Stock. Incorporated by reference to the Company's Amendment No. 4 to Registration Statement on Form S-1 dated June 22, 2015 and referred to as Exhibit 3.9.
3.9	Amendment to Certificate of Designation of Class A Preferred Stock. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated September 1, 2015.
3.10	Amendment to Certificate of Designation of Class B Preferred Stock. Incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K dated September 1, 2015.
3.11	Certificate of Amendment filed with the Nevada Secretary of State on November 23, 2015. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated November 23, 2015.
4.1	Form of Warrant issued with Convertible Promissory Notes. Incorporated by reference to Exhibit 4.20 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013.
4.2	Form of Warrant issued upon Conversion of Convertible Promissory Notes. Incorporated by reference to Exhibit 4.21 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013.
4.3	Form of Warrant Issued to Placement Agents. Incorporated by reference to Exhibit 4.22 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013.
4.4	Form of Warrant issued with Convertible Promissory Notes (5% Bridge Notes). Incorporated by reference to Exhibit 4.23 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2013.
4.5	Form of Warrant issued in connection with the May 2014 private placement. Incorporated by reference to Exhibit 4.24 of the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2014.
4.6	Warrant to Purchase Common Stock. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 9, 2014.
4.7	Warrant to Purchase Common Stock. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated February 20, 2015.
4.8	Form of Warrant issued in connection with the Exchange and Investment Agreement. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 9, 2015.
4.9	Form of March Warrant issued in connection with the Investment Agreement. Incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated March 9, 2015.



- 4.10 Form of March Fee Warrant issued in connection with the Investment Agreement. Incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K dated March 9, 2015.
- 4.11 Form of Warrant and Warrant Certificate issued in connection with public offering of Units. Incorporated by reference to the Company's Amendment No. 4 to Registration Statement on Form S-1 dated June 22, 2015 and referred to as Exhibit 4.28.
- 4.12 Form of Warrant issued to Aegis Capital Corp. in connection with public offering of Units. Incorporated by reference to the Company's Amendment No. 3 to Registration Statement on Form S-1 dated June 12, 2015 and referred to as Exhibit 4.29.
- 4.13 Form of Warrant issued with Second Amended and Restated Note. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 1, 2016.

Exhibit	Description
No.	
4.14	Form of Subscription Rights Certificate. Incorporated by reference to Exhibit 4.17 to the Company's Registration Statement on Form S-1 dated April 28, 2016.
4.15	Form of New Warrants issued in connection with the Company's registered warrant repricing. Incorporated by reference to Annex A to the Company's Amendment No. 3 to Registration Statement on Form S-4 dated October 14, 2016.
4.16	Form of Warrant Agreement relating to the Supplemental Warrants (including the Form of Supplemental Warrant certificate), by and between the Company and Continental Stock Transfer & Trust Company issued in connection with the Company's registered warrant repricing. Incorporated by reference to Exhibit 4.19 to the Company's Registration Statement on Form S-4 dated August 11, 2016.
4.17	Amended and Restated Master Consulting and Engineering Services Agreement, by and between KLATU Networks, LLC and Cryoport Systems, Inc., dated September 16, 2015. Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated September 16, 2015.
10.1	2009 Stock Incentive Plan of the Company. Incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K dated October 15, 2009 and referred to as Exhibit 10.21.
10.2	2009 Stock Incentive Plan of the Company. Incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K dated October 15, 2009 and referred to as Exhibit 10.21.
10.3	Form of Non-Qualified Stock Option Award Agreement under the 2009 Stock Incentive Plan of the Company. Incorporated by reference to Exhibit 10.25 of the Company's Registration Statement on Form S-8 dated April 27, 2010.
10.4	2011 Stock Incentive Plan (as amended and restated). Incorporated by reference to Exhibit B of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on July 30, 2012.
10.5	Form of Stock Option Award Agreement. Incorporated by reference to Exhibit 10.37 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.
10.6	Form of Non-Qualified Stock Option Award Agreement. Incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.
10.7	Form of Non-Qualified Stock Option Award Agreement. Incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.
10.8*	Stock Option Agreement dated November 5, 2012 between the Company and Jerrell Shelton. Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2013.
10.9*	

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Form of Non-Qualified Stock Option Award Agreement. Incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.

- 10.10 Form of Subscription Agreement in connection with the May 2014 private placement. Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2014.
- 10.11 Form of Election to Convert in connection with the May 2014 private placement. Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2014.
- 10.12 Form of Indemnification Agreement. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 16, 2014.
- 10.13 Subscription Agreement and Letter of Investment Intent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 9, 2014.

<b>Exhibit No.</b>	<b>Description</b>
10.14	Form of Note Exchange Agreement and Letter of Investment Intent, dated February 19, 2015. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 9, 2015.
10.15	Form of Exchange Note issued in connection with the Exchange and Investment Agreement. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 9, 2015.
10.16*	Stock Option Agreement dated December 18, 2014 between the Company and Jerrell Shelton. Incorporated by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2015.
10.17	Purchase and Sale Agreement, by and between KLATU Networks, LLC and Cryoport Systems, Inc., dated September 16, 2015. Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated September 16, 2015.
10.18	2015 Omnibus Equity Incentive Plan. Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on October 1, 2015.
10.19	Standard Industrial/Commercial Multi-Tenant Lease – Net dated for reference purposes only October 2, 2015 between the Cryoport Systems, Inc. and Daimler Opportunity, LLC. Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated October 21, 2015.
10.20	Guaranty between the Company and Daimler Opportunity, LLC dated as of October 2, 2015. Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated October 21, 2015.
10.21	Form of Second Amended and Restated Note. Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated March 1, 2016.
21+	Subsidiaries of Registrant.
23.1+	Consent of KMJ Corbin & Company LLP, Independent Registered Public Accounting Firm.
31.1+	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
31.2+	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
32.1+	Certification of Principal Executive Officer, pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
32.2+	

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Certification of Principal Financial Officer, pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.

101.INS+ XBRL Instance Document.

101.SCH+ XBRL Taxonomy Extension Schema Document.

101.CAL+ XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF+ XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB+ XBRL Taxonomy Extension Label Linkbase Document.

101.PRE+ XBRL Taxonomy Extension Presentation Linkbase Document.

\* Indicates a management contract or compensatory plan or arrangement.

+ Filed herewith.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Cryoport, Inc.

By: /s/ JERRELL W. SHELTON  
 Jerrell W. Shelton  
 Chief Executive Officer and Director

Date: March 13, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ JERRELL W. SHELTON Jerrell W. Shelton	Chief Executive Officer and Director (Principal Executive Officer)	March 13, 2017
/s/ ROBERT S. STEFANOVICH Robert S. Stefanovich	Chief Financial Officer (Principal Financial and Accounting Officer)	March 13, 2017
/s/ RICHARD BERMAN Richard Berman	Director	March 13, 2017
/s/ ROBERT HARIRI Robert Hariri, M.D., Ph.D.	Director	March 13, 2017
/s/ RAMKUMAR MANDALAM, PH.D. Ramkumar Mandalam Ph.D.	Director	March 13, 2017
/s/ EDWARD ZECCHINI Edward Zecchini	Director	March 13, 2017

**Cryoport, Inc. and Subsidiary**

**Consolidated Financial Statements**

*As of December 31, 2016 and March 31, 2016*

*Nine Months Ended December 31, 2016 and Year Ended March 31, 2016*

**Cryoport, Inc. and Subsidiary**

**Consolidated Financial Statements**

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## **Report of Independent Registered Public Accounting Firm**

The Board of Directors and  
Stockholders of Cryoport, Inc.

We have audited the accompanying consolidated balance sheets of Cryoport, Inc. and subsidiary (the “Company”) as of December 31, 2016 and March 31, 2016, and the related consolidated statements of operations, stockholders’ equity (deficit) and cash flows for the nine month period ended December 31, 2016 and the year ended March 31, 2016. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cryoport, Inc. and subsidiary as of December 31, 2016 and March 31, 2016, and the results of their operations and their cash flows for the nine month period ended December 31, 2016 and the year ended March 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, in 2016 the Company changed its fiscal year end from March 31 to December 31.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has experienced recurring operating losses from inception and has used substantial amounts of working capital in its operations. Although the Company has cash and cash equivalents of \$4.5 million at December 31, 2016, management has

estimated that cash on hand will only be sufficient to allow the Company to continue its operations through the third quarter of calendar year 2017. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KMJ Corbin & Company LLP

Costa Mesa, California  
March 13, 2017

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**Cryoport, Inc. and Subsidiary****Consolidated Balance Sheets**

	December 31, 2016	March 31, 2016
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$4,524,529	\$2,792,526
Accounts receivable, net of allowance for doubtful accounts of \$75,000 and \$22,100, respectively	1,195,479	1,020,999
Inventories	89,499	69,801
Prepaid expenses and other current assets	286,919	248,729
Total current assets	6,096,426	4,132,055
Property and equipment, net	1,647,104	1,319,741
Intangible assets, net	5,000	8,581
Deposits	363,403	363,403
Total assets	\$8,111,933	\$5,823,780
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and other accrued expenses	\$1,160,299	\$1,271,926
Accrued compensation and related expenses	419,034	508,754
Related-party notes payable and accrued interest, net of discount of \$6,100 and \$12,400, respectively	651,934	392,898
Total current liabilities	2,231,267	2,173,578
Related-party notes payable, net of current portion	—	554,275
Deferred rent liability	200,264	—
Total liabilities	2,431,531	2,727,853
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, \$0.001 par value; 2,500,000 shares authorized:		
Class A convertible preferred stock, \$0.001 par value; 800,000 shares authorized; none issued and outstanding	—	—
Class B convertible preferred stock, \$0.001 par value; 585,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 50,000,000 shares authorized; 17,604,283 and 12,251,313 issued and outstanding at December 31, 2016 and March 31, 2016, respectively	17,604	12,251
Additional paid-in capital	129,196,680	116,214,522
Accumulated deficit	(123,533,882)	(113,130,846)
Total stockholders' equity	5,680,402	3,095,927
Total liabilities and stockholders' equity	\$8,111,933	\$5,823,780

See accompanying notes to consolidated financial statements.

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**Cryoport, Inc. and Subsidiary****Consolidated Statements of Operations**

	Nine Months Ended December 31,		Year Ended March 31,
	2016	2015 (unaudited)	2016
Revenues	\$6,123,271	\$4,326,654	\$5,882,199
Cost of revenues	3,603,655	3,018,147	3,991,885
Gross margin	2,519,616	1,308,507	1,890,314
Operating costs and expenses:			
General and administrative	4,634,775	4,110,750	5,925,171
Sales and marketing	3,573,204	2,908,750	4,155,776
Engineering and development	453,628	405,785	550,263
Total operating costs and expenses	8,661,607	7,425,285	10,631,210
Loss from operations	(6,141,991 )	(6,116,778 )	(8,740,896 )
Other expense:			
Interest expense	(58,222 )	(984,748 )	(1,065,942 )
Warrant inducement and repricing expense	(4,195,252 )	—	—
Other expense, net	(1,898 )	(5,029 )	(9,901 )
Loss before provision for income taxes	(10,397,363)	(7,106,555 )	(9,816,739 )
Provision for income taxes	(5,673 )	(3,625 )	(3,625 )
Net loss	(10,403,036)	(7,110,180 )	(9,820,364 )
Preferred stock beneficial conversion charge	—	(4,474,348 )	(4,474,348 )
Undeclared cumulative preferred dividends	—	(687,267 )	(762,727 )
Net loss attributable to common stockholders	\$(10,403,036)	\$(12,271,795)	\$(15,057,439)
Net loss per share attributable to common stockholders – basic and diluted	\$(0.68 )	\$(1.96 )	\$(2.05 )
Weighted average common shares outstanding – basic and diluted	15,393,402	6,259,686	7,339,855

See accompanying notes to consolidated financial statements.

**Cryoport, Inc. and Subsidiary****Consolidated Statements of Stockholders' Equity (Deficit)**

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Additional Paid-In Capital	<b>Accumulated Deficit</b>	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at March 31, 2015	454,750	\$455	161,709	\$162	5,026,585	\$5,026	\$97,346,137	\$(97,768,079 )	\$(416,299 )
Net loss	—	—	—	—	—	—	—	(9,820,364 )	(9,820,364 )
Stock-based compensation expense	—	—	—	—	—	—	2,572,296	—	2,572,296
Issuance of Class B convertible preferred stock, net of offering costs of \$577,700	—	—	372,862	373	—	—	3,896,305	—	3,896,678
Issuance of common stock in public offering, net of costs of \$856,800	—	—	—	—	2,090,750	2,091	5,936,008	—	5,938,099
Mandatory conversion of Class A convertible preferred stock and Class B convertible preferred stock	(454,750)	(455)	(534,571)	(535)	4,977,038	4,977	1,064,068	(1,068,055 )	—
Issuance of common stock upon exercise of options and warrants	—	—	—	—	40,137	40	10,841	—	10,881
Accretion of the fair value	—	—	—	—	—	—	4,474,348	(4,474,348 )	—

of the Class B convertible preferred stock beneficial conversion features and relative fair value of warrants									
Estimated relative fair value of beneficial conversion feature of related-party notes payable	—	—	—	—	—	—	521,056	—	521,056
Estimated relative fair value of warrants issued in connection with related-party notes payable amendment	—	—	—	—	—	—	26,901	—	26,901
Issuance of restricted stock in connection with consulting agreement	—	—	—	—	55,000	55	150,095	—	150,150
Issuance of common stock for board of director compensation	—	—	—	—	61,803	62	216,467	—	216,529
Balance at March 31, 2016	—	—	—	—	12,251,313	12,251	116,214,522	(113,130,846)	3,095,927
Net loss	—	—	—	—	—	—	—	(10,403,036 )	(10,403,036)
Stock-based compensation expense	—	—	—	—	—	—	2,281,232	—	2,281,233
Issuance of common stock for April tender offer,	—	—	—	—	2,020,597	2,021	2,242,226	—	2,244,247

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net of costs of \$281,500									
Issuance of common stock for October tender offer, net of costs of \$477,300	—	—	—	—	2,470,913	2,471	3,226,640	—	3,229,111
Supplemental warrant expense in connection with the October tender offer	—	—	—	—	—	—	615,899	—	615,899
Warrant repricing expense	—	—	—	—	—	—	3,579,353	—	3,579,352
Issuance of common stock for Rights Offering, net of costs of \$315,000	—	—	—	—	841,873	842	989,056	—	989,898
Issuance of common stock for board of director compensation	—	—	—	—	19,587	19	47,752	—	47,771
Balance at December 31, 2016	—	\$—	—	\$—	17,604,283	\$17,604	\$129,196,680	\$(123,533,882)	\$5,680,402

See accompanying notes to consolidated financial statements.



**Cryoport, Inc. and Subsidiary****Consolidated Statements of Cash Flows**

	Nine Months Ended December 31,		Year
	2016	2015	Ended
		(unaudited)	March 31,
			2016
<b>Cash Flows From Operating Activities:</b>			
Net loss	\$ (10,403,036 )	\$ (7,110,180 )	\$ (9,820,364 )
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	301,297	166,324	239,228
Amortization of debt discount and deferred financing costs	18,729	417,003	483,058
Stock-based compensation expense to employees, directors and consultants	2,329,003	2,057,236	2,884,162
Warrant inducement and repricing expense	4,195,252	—	—
Estimated relative fair value of beneficial conversion feature on related-party notes payable	—	521,056	521,056
Loss on disposal of property and equipment	37,588	37,247	168,712
Loss on write-off of patents	—	98,086	98,086
Provision for bad debt	42,646	36,006	38,509
Changes in operating assets and liabilities:			
Accounts receivable	(217,126 )	(63,092 )	(469,809 )
Inventories	(19,698 )	(15,274 )	(70,471 )
Prepaid expenses and other current assets	(38,190 )	(479,956 )	(151,392 )
Deposits	—	—	(363,403 )
Accounts payable and other accrued expenses	88,637	350,547	313,230
Accrued compensation and related expenses	(89,720 )	(330,878 )	(162,145 )
Accrued interest	11,410	(20,174 )	(14,147 )
Net cash used in operating activities	(3,743,208 )	(4,336,049 )	(6,305,690 )
<b>Cash Flows From Investing Activities:</b>			
Purchases of property and equipment	(657,667 )	(713,993 )	(1,119,251 )
Patent costs	(5,000 )	—	—
Net cash used in investing activities	(662,667 )	(713,993 )	(1,119,251 )
<b>Cash Flows From Financing Activities:</b>			
Proceeds from the issuance of Class A and Class B convertible preferred stock, net of offering costs	—	3,896,678	3,896,678
Proceeds from exercise of stock options and warrants	—	10,881	10,881
Proceeds from the April 2016 tender offer, net of offering costs	2,244,247	—	—

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Proceeds from the rights offering, net of offering costs	989,898	—	—
Proceeds from the October 2016 tender offer, net of offering costs	3,229,111	—	—
Proceeds from public offering, net of offering costs	—	5,938,099	5,938,099
Repayment of notes payable	—	(741,377 )	(741,377 )
Repayment of related-party notes payable	(325,378 )	(212,000 )	(292,000 )
Net cash provided by financing activities	6,137,878	8,892,281	8,812,281
Net change in cash and cash equivalents	1,732,003	3,842,239	1,387,340
Cash and cash equivalents — beginning of period	2,792,526	1,405,186	1,405,186
Cash and cash equivalents — end of period	\$ 4,524,529	\$ 5,247,425	\$ 2,792,526
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest	\$ 43,223	\$ 48,010	\$ 57,121
Cash paid for income taxes	\$ 5,673	\$ 3,625	\$ 3,625
Supplemental Disclosure of Non-Cash Investing and Financing Activities:			
Issuance of common stock for accrued board of director compensation	\$ —	\$ 54,813	\$ 54,813
Cumulative undeclared preferred dividends recorded upon conversion of Class A convertible preferred stock and Class B convertible preferred stock into common stock	\$ —	\$ —	\$ 1,068,055
Estimated relative fair value of warrants issued in connection with related-party notes payable	\$ —	\$ —	\$ 26,901
Leasehold improvements paid by tenant allowance included in accounts payable and accrued expenses	\$ —	\$ —	\$ 200,000
Reclassification of shipper inventory to property and equipment	\$ —	\$ 32,074	\$ 70,350
Fair value of common stock issued to consultant for future services included in other current assets	\$ —	\$ 75,075	\$ —
Accretion of convertible preferred stock beneficial conversion feature and relative fair value of warrants issued in connection with the convertible preferred stock units to accumulated deficit	\$ —	\$ 4,474,348	\$ 4,474,348

See accompanying notes to consolidated financial statements.

## **Cryoport, Inc. and Subsidiary**

### **Notes to Consolidated Financial Statements**

#### **Note 1. Nature of the Business**

Cryoport, Inc. (“Cryoport”) is the premier provider of cryogenic logistics solutions to the life sciences industry through its purpose-built proprietary packaging, information technology and specialized cold chain logistics expertise. The Company provides leading edge logistics solutions for biologic materials, such as immunotherapies, stem cells, CAR-T cells and reproductive cells for clients worldwide. Leading global companies, such as FedEx, UPS and DHL have each separately selected Cryoport as the preferred cryogenic logistics provider for time- and temperature-sensitive biological material. Cryoport actively supports points-of-care, contract research organizations, central laboratories, pharmaceutical companies, contract manufacturers and university researchers.

The Company is a Nevada corporation and its common stock is traded on the NASDAQ Capital Market exchange under the ticker symbol “CYRX.”

#### ***Going Concern***

The accompanying consolidated financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. We have sustained operating losses since our inception and have used substantial amounts of working capital in our operations. At December 31, 2016, we had an accumulated deficit of \$123.5 million. During the nine months ended December 31, 2016, we used cash in operations of \$3.7 million and had a net loss of \$10.4 million.

We expect to continue to incur substantial additional operating losses from costs related to the commercialization of our Cryoport Express® Solutions and do not expect that revenues from operations will be sufficient to satisfy our funding requirements in the near term. We believe that our cash and cash equivalents of \$4.5 million at December 31, 2016 and revenues generated from our services will be sufficient to sustain our planned operations through the third quarter of calendar year 2017; however, we must obtain additional capital to fund operations thereafter and for the achievement of sustained profitable operations. These factors raise substantial doubt about our ability to continue as a going concern. We are currently working on funding alternatives in order to secure sufficient operating capital to allow us to continue to operate as a going concern.

Future capital requirements will depend upon many factors, including the success of our commercialization efforts and the level of customer adoption of our Cryoport Express® Solutions as well as our ability to establish additional collaborative arrangements. We cannot make any assurances that the sales ramp will lead to achievement of sustained profitable operations or that any additional financing will be completed on a timely basis and on acceptable terms or at all. Management's inability to successfully achieve significant revenue increases or implement cost reduction strategies or to complete any other financing will adversely impact our ability to continue as a going concern. To address this issue, we are seeking additional capitalization to properly fund our efforts to become a self-sustaining financially viable entity.

## **Note 2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

In September 2016, the Company elected to change its fiscal year end from March 31 to a new fiscal year end of December 31. Accordingly, the accompanying consolidated financial statements include audited financial statements for the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016 and unaudited financial statements for the nine months ended December 31, 2015. As a result of the change, the Company's quarterly reporting periods will be comprised of the three calendar months ending March 31, June 30 and September 30.

### ***Stock Split***

On May 12, 2015, our Board of Directors approved an amendment to our certificate of incorporation to effect a reverse stock split by a ratio of 1-for-12. The reverse stock split was effective on May 19, 2015. Unless otherwise noted, all share and per share data in the accompanying consolidated financial statements give effect to the 1-for-12 reverse stock split of our common stock. Financial information updated by this capital change includes loss per common share, stock price per common share, weighted average common shares, outstanding common shares, common stock and additional paid-in capital.

### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Cryoport, Inc. and its wholly owned subsidiary, Cryoport Systems, Inc. (collectively, the “Company”). All intercompany accounts and transactions have been eliminated.

### ***Use of Estimates***

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from estimated amounts. The Company’s significant estimates include the allowance for doubtful accounts, recoverability of long-lived assets, allowance for inventory obsolescence, deferred taxes and their accompanying valuations, and valuation of equity instruments and conversion features.

### ***Fair Value of Financial Instruments***

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, related-party notes payable, accounts payable and accrued expenses. The carrying value for all such instruments, except for related-party notes payable, approximates fair value at December 31, 2016 and March 31, 2016 due to their short-term nature. The difference between the fair value and recorded values of the related-party notes payable is not significant.

### ***Cash and Cash Equivalents***

The Company considers highly liquid investments with original maturities of 90 days or less to be cash equivalents.

### ***Concentrations of Credit Risk***

The Company maintains its cash accounts in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) with basic deposit insurance coverage limits up to \$250,000 per owner. At December 31, 2016, the Company had cash balances of approximately \$4.3 million which exceeded the FDIC insurance limit. The Company performs ongoing evaluations of these institutions to limit its concentration risk exposure.

### *Customers*

The Company grants credit to customers within the U.S. and to a limited number of international customers and does not require collateral. Revenues from international customers are generally secured by advance payments except for a limited number of established foreign customers. The Company generally requires advance or credit card payments for initial revenues from new customers. The Company’s ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by the Company. Reserves for uncollectible amounts are provided based on past experience and a specific analysis of the accounts, which management believes is sufficient. Accounts receivable at December 31, 2016 and March 31, 2016 are net of reserves for doubtful accounts of \$75,000 and \$22,100, respectively. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts. The Company maintains reserves for bad debt and such losses, in the aggregate, historically have not exceeded its estimates.

The majority of the Company’s customers are in the biotechnology, pharmaceutical and life science industries. Consequently, there is a concentration of accounts receivable within these industries, which is subject to normal credit risk. At March 31, 2016, there was one customer that accounted for 25.5% of net accounts receivable. No other single customer owed us more than 10% of net accounts receivable at December 31, 2016 and March 31, 2016.

The Company has revenue from foreign customers primarily in Europe, Japan, Canada, India and Australia. During the nine-month transition period ended December 31, 2016 and year ended March 31, 2016, the Company had revenues from foreign customers of approximately \$922,800 and \$825,100, respectively, which constituted approximately 15.1% and 14.0%, respectively, of total revenues. For the year ended March 31, 2016, there was one customer that accounted for 14.0% of net revenues. No other single customer generated over 10% of net revenues during the nine-month transition period ended December 31, 2016 and year ended March 31, 2016.

### ***Inventories***

The Company's inventories consist of packaging materials and accessories that are sold to customers. Inventories are stated at the lower of cost or current estimated market value. Cost is determined using the standard cost method which approximates the first-in, first-to-expire method. Inventories are reviewed periodically for slow-moving or obsolete status. The Company writes down the carrying value of its inventories to reflect situations in which the cost of inventories is not expected to be recovered. Once established, write-downs of inventories are considered permanent adjustments to the cost basis of the obsolete or excess inventories. Raw materials and finished goods include material costs less reserves for obsolete or excess inventories. The Company evaluates the current level of inventories considering historical trends and other factors, and based on the evaluation, records adjustments to reflect inventories at their net realizable value. These adjustments are estimates, which could vary significantly from actual results if future economic conditions, customer demand, competition or other relevant factors differ from expectations. These estimates require us to make assessments about future demand for the Company's products in order to categorize the status of such inventories items as slow-moving, obsolete or in excess-of-need. These estimates are subject to the ongoing accuracy of the Company's forecasts of market conditions, industry trends, competition and other factors.

### ***Property and Equipment***

The Company provides shipping containers to its customers and charges a fee in exchange for the use of the container. The Company's arrangements are similar to the accounting standard for leases since they convey the right to use the container over a period of time. The Company retains the title to the containers and provides its customers the use of the container for a specific shipping cycle. At the culmination of the customer's shipping cycle, the container is returned to the Company. As a result, the Company classifies the containers as property and equipment for the per-use container program.

Property and equipment are recorded at cost. Cryogenic shippers and data loggers, which comprise of 44% and 35% of the Company's net property and equipment balance at December 31, 2016 and March 31, 2016, respectively, are depreciated using the straight-line method over their estimated useful lives of three years. Equipment and furniture are depreciated using the straight-line method over their estimated useful lives (generally three to seven years) and leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the lease term, whichever is shorter. Equipment acquired under capital leases is amortized over the estimated useful life of the assets or term of the lease, whichever is shorter and included in depreciation and amortization expense.

Betterments, renewals and extraordinary repairs that extend the lives of the assets are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation and amortization applicable to assets retired are removed from the accounts, and the gain or loss on disposition is recognized in the consolidated statements of operations.

***Intangible Assets***

Intangible assets are comprised of patents and trademarks and software development costs. The Company capitalizes costs of obtaining patents and trademarks, which are amortized, using the straight-line method over their estimated useful life of five years once the patent or trademark has been issued. During the year ended March 31, 2016, the Company wrote off patents aggregating \$98,100 to engineering and development expense in the accompanying consolidated statement of operations. The Company capitalizes certain costs related to software developed for internal use. Software development costs incurred during the preliminary or maintenance project stages are expensed as incurred, while costs incurred during the application development stage are capitalized and amortized using the straight-line method over the estimated useful life of the software, which is five years. Capitalized costs include purchased materials and costs of services including the valuation of warrants issued to consultants.

***Long-lived Assets***

If indicators of impairment exist, we assess the recoverability of the affected long-lived assets by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If impairment is indicated, we measure the amount of such impairment by comparing the fair value to the carrying value. We believe the future cash flows to be received from the long-lived assets will exceed the assets' carrying value, and accordingly, we have not recognized any impairment losses through December 31, 2016.



### ***Deferred Financing Costs***

Deferred financing costs represent costs incurred in connection with the issuance of the convertible notes payable and equity financings. Deferred financing costs related to the issuance of debt are amortized over the term of the financing instrument using the effective interest method while offering costs from equity financings are netted against the gross proceeds received from the equity financings.

### ***Conversion Features***

If a conversion feature of convertible debt is not accounted for as a derivative instrument and provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount. The convertible debt is recorded net of the discount related to the BCF. The Company amortizes the discount to interest expense over the life of the debt using the effective interest rate method.

Preferred stock which is convertible to common stock at a rate of conversion that is below market value is characterized as a BCF. The Company records this BCF as a discount to the preferred stock and accretes the discount to accumulated deficit as a deemed dividend through the earliest conversion date or upon issuance if the preferred stock can be immediately converted.

### ***Income Taxes***

The Company accounts for income taxes under the provision of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740, *Income Taxes*, or ASC 740. As of December 31, 2016 and March 31, 2016, there were no unrecognized tax benefits included in the accompanying consolidated balance sheets that would, if recognized, affect the effective tax rate.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. Based on the weight of available evidence, the Company’s management has determined that it is more likely than not that the net deferred tax assets will not be realized. Therefore, the

Company has recorded a full valuation allowance against the net deferred tax assets. The Company's provision for income taxes consists of state minimum taxes.

The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties on its consolidated balance sheets at December 31, 2016 and March 31, 2016 and has not recognized interest and/or penalties in the consolidated statements of operations for the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016. The Company is subject to taxation in the U.S. and various state jurisdictions. As of December 31, 2016, the Company is no longer subject to U.S. federal examinations for years before 2012 and for California franchise and income tax examinations for years before 2011. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating losses were generated and carried forward, and make adjustments up to the amount of the net operating loss carry forward amount. The Company is not currently under examination by U.S. federal or state jurisdictions.

### ***Revenue Recognition***

The Company provides shipping containers to its customers and charges a fee in exchange for the use of the containers. The Company's arrangements are similar to the accounting standard for leases since they convey the right to use the containers over a period of time. The Company retains title to the containers and provides its customers the use of the containers for a specified shipping cycle. At the culmination of the customer's shipping cycle, the container is returned to the Company.

The Company recognizes revenue for the use of the shipper at the time of the delivery of the shipper to the end user of the enclosed materials, and at the time that collectability is reasonably certain. Revenue is based on gross amounts, net of discounts and allowances.

The Company also provides logistics support and management to some customers, which may include onsite logistics personnel. Revenue is recognized for these services as services are rendered and at the time that collectability is reasonably certain.

### ***Accounting for Shipping and Handling Revenue, Fees and Costs***

The Company classifies amounts billed for shipping and handling as revenue. Shipping and handling fees and costs are included in cost of revenues in the accompanying consolidated statements of operations.

### ***Engineering and Development Expenses***

Expenditures relating to engineering and development are expensed in the period incurred.

### ***Stock-Based Compensation***

The Company accounts for stock-based payments to employees and directors in accordance with stock-based payment accounting guidance which requires all stock-based payments to employees and directors, including grants of employee stock options and warrants, to be recognized based upon their estimated fair values. The fair value of stock-based awards is estimated at grant date using the Black-Scholes Option Pricing Method (“Black-Scholes”) and the portion that is ultimately expected to vest is recognized as compensation cost over the requisite service period.

Since stock-based compensation is recognized only for those awards that are ultimately expected to vest, the Company has applied an estimated forfeiture rate to unvested awards for the purpose of calculating compensation cost. These estimates will be revised, if necessary, in future periods if actual forfeitures differ from estimates. Changes in forfeiture estimates impact compensation cost in the period in which the change in estimate occurs. The estimated forfeiture rates at December 31, 2016 and March 31, 2016 were zero as the Company has not had a significant history of forfeitures and does not expect significant forfeitures in the future.

Cash flows from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options or warrants are classified as financing cash flows. Due to the Company’s loss position, there were no such tax benefits during the nine months ended December 31, 2016 and the year ended March 31, 2016.

The Company uses Black-Scholes to estimate the fair value of stock-based awards. The determination of fair value using Black-Scholes is affected by the Company’s stock price as well as assumptions regarding a number of complex and subjective variables, including expected stock price volatility, risk-free interest rate, expected dividends and

projected employee stock option exercise behaviors.

The Company's stock-based compensation plans are discussed further in Note 10.

***Equity Instruments Issued to Non-Employees for Acquiring Goods or Services***

Issuances of the Company's common stock for acquiring goods or services are measured at the estimated fair value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The measurement date for the estimated fair value of the equity instruments issued to consultants or vendors is determined at the earlier of (i) the date at which a commitment for performance to earn the equity instruments is reached (a "performance commitment" which would include a penalty considered to be of a magnitude that is a sufficiently large disincentive for nonperformance) or (ii) the date at which performance is complete. When it is appropriate for the Company to recognize the cost of a transaction during financial reporting periods prior to the measurement date, for purposes of recognition of costs during those periods, the equity instrument is measured at the then-current estimated fair values at each of those interim financial reporting dates.

***Basic and Diluted Net Income (Loss) Per Share***

We calculate basic and diluted net income (loss) per share attributable to common stockholders using the weighted average number of common shares outstanding during the periods presented, and adjust the amount of net income (loss) used in this calculation for deemed dividends and cumulative preferred stock dividends (if any), whether they are earned or not during the period. In periods of a net loss position, basic and diluted weighted average common shares are the same. For the diluted earnings per share calculation, we adjust the weighted average number of common shares outstanding to include dilutive stock options, warrants and shares associated with the conversion of convertible debt and convertible preferred stock outstanding during the periods. During the year ended March 31, 2016, undeclared dividends prior to the conversion of the preferred stock into common stock in 2016 totaling \$762,700, were added to the net loss on the consolidated statement of operations in order to calculate net loss per share attributable to common stockholders.

The following shows the amounts used in computing net loss per share for the nine months ended December 31, 2016 and the year ended March 31, 2016:

	Nine Months Ended December 31, 2016	Year Ended March 31, 2016
Net loss	\$ (10,403,036	) \$ (9,820,364 )
Less:		
Preferred stock beneficial conversion charge	—	(4,474,348 )
Undeclared cumulative preferred dividends	—	(762,727 )
Net loss attributable to common stockholders	\$ (10,403,036	) \$ (15,057,439 )
Weighted average common shares outstanding – basic and diluted	15,393,402	7,339,855
Basic and diluted net loss per share attributable to common stockholders	\$ (0.68	) \$ (2.05 )

The following table sets forth the number of shares excluded from the computation of diluted earnings per share, as their inclusion would have been anti-dilutive:

	Nine Months Ended December 31, 2016	Year Ended March 31, 2016
Stock options	154,479	472,510
Warrants	10,710	703,424
	165,189	1,175,934

### ***Segment Reporting***

We currently operate in one reportable segment and the chief operating decision maker is our Chief Executive Officer.

### ***Fair Value Measurements***

We measure fair value based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. These tiers include the following:

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

*Level 2:* Observable prices that are based on inputs not quoted on active markets, but corroborated by market data. These inputs include quoted prices for similar assets or liabilities; quoted market prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the 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.

In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in the assessment of fair value.

We have no assets or liabilities that are required to be measured at fair value on a recurring basis as of December 31, 2016 and March 31, 2016.

### ***Foreign Currency Transactions***

We record foreign currency transactions at the exchange rate prevailing at the date of the transaction with resultant gains and losses being included in results of operations. Foreign currency transaction gains and losses have not been significant for any of the periods presented.

### ***Recent Accounting Pronouncements***

In May 2014, the FASB issued Accounting Standard Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers”. ASU 2014-09 supersedes the revenue recognition requirements in FASB Topic 605, “Revenue Recognition”. The ASU implements a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. In August 2015, the FASB issued ASU No. 2015-14 which deferred the effective date by one year for public entities and others. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2017 for public business entities, certain not-for-profit entities, and certain employee benefit plans. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. Management has not selected a transition method and is currently assessing the impact the adoption of ASU 2014-09 will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements-Going Concern”. Currently, there is no guidance in U.S. GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related footnote disclosures. The amendments require management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this ASU are effective for the reporting periods ending after December 15, 2016. The Company adopted the guidance and disclosure provisions of the new standard in its December 31, 2016 consolidated financial statements and the adoption of the standard did not have a material impact on our consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, “Simplifying the Measurement of Inventory”. The amendments in this update apply to inventory that is measured using first-in, first-out (FIFO) or average cost. They do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. Other than the change in the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of this update, there are no other substantive changes to the guidance on measurement of inventory. The amendments in this update more closely align the measurement of inventory in International Financial Reporting Standards (IFRS) and are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Management is currently assessing the impact the adoption of ASU 2015-11 will have on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases”, which provides for a comprehensive change to lease accounting. The new standard requires that a lessee recognize a lease obligation liability and a right-to-use asset for virtually all leases of property, plant and equipment, subsequently amortized over the lease term. The new standard is effective for fiscal years beginning after December 15, 2018, with a modified retrospective transition. Management is currently evaluating the impact this standard will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting” which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The amendments in this ASU are effective for the reporting periods beginning after December 15, 2016 and early application is permitted. Management is currently evaluating the impact this standard will have on our consolidated financial statements.



**Note 3. Inventories**

Inventories consist of the following:

	December 31, 2016	March 31, 2016
Raw materials	\$ 58,655	\$ 56,923
Finished goods	30,844	12,878
	\$ 89,499	\$ 69,801

**Note 4. Property and Equipment**

Property and equipment consist of the following:

	December 31, 2016	March 31, 2016
Cryogenic shippers and data loggers	\$ 1,525,409	\$ 1,287,781
Furniture and fixtures	59,961	50,615
Computers and software	474,681	494,848
Machinery and equipment	310,398	301,722
Leasehold improvements	426,105	406,471
Fixed assets in process	106,598	—
	2,903,152	2,541,437
Less accumulated depreciation and amortization	(1,256,048 )	(1,221,696)
	\$ 1,647,104	\$ 1,319,741

Total depreciation and amortization expense related to property and equipment amounted to \$292,700 and \$209,100 for the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016, respectively.

**Note 5. Intangible Assets**

Intangible assets consist of the following:

December 31, 2016

	<b>Gross</b>	<b>Accumulated</b>	<b>Net</b>	<b>Weighted</b>
	<b>Amount</b>	<b>Amortization</b>	<b>Amount</b>	<b>Average</b>
				<b>Amortization</b>
				<b>Period (years)</b>
Patents and trademarks	\$52,375	\$ (47,375 )	\$ 5,000	—
Software development costs	545,445	(545,445 )	—	—
Total intangible assets	\$597,820	\$ (592,820 )	\$ 5,000	

March 31, 2016

	<b>Gross</b>	<b>Accumulated</b>	<b>Net</b>	<b>Weighted</b>
	<b>Amount</b>	<b>Amortization</b>	<b>Amount</b>	<b>Average</b>
				<b>Amortization</b>
				<b>Period (years)</b>
Patents and trademarks	\$47,375	\$ (47,375 )	\$ —	—
Software development costs	547,127	(538,546 )	8,581	0.6
Total intangible assets	\$594,502	\$ (585,921 )	\$ 8,581	

Amortization expense for intangible assets for the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016 was \$8,600 and \$30,100, respectively. Estimated amortization expense in calendar year 2017 is expected to be \$0.

**Note 6. Accrued Compensation and Related Expenses**

Accrued compensation and related expenses consist of the following:

	December 31, 2016	March 31, 2016
Accrued salaries and wages	\$ 156,945	\$ 261,064
Accrued paid time off	207,026	199,190
Accrued board of director fees	46,000	48,500
Other accrued obligations	9,063	—
	\$ 419,034	\$ 508,754

**Note 7. Debt*****7% Bridge Notes***

From December 2014 through February 2015, the Company issued to certain accredited investors 2014 Series Secured Promissory Notes (the “7% Bridge Notes”) in the aggregate original principal amount of \$915,000. The 7% Bridge Notes accrued interest at a rate of 7% per annum. All principal and interest under the 7% Bridge Notes was due on July 1, 2015, however, the Company could have elected to extend the maturity date of the notes to January 1, 2016 by providing written notice to the note holders and a warrant to purchase a number of shares of the Company’s common stock equal to (a) the then outstanding principal balance of the note, divided by (b) \$6.00 multiplied by 125%. The Company could have prepaid the 7% Bridge Notes at any time without penalty and prepaid the 7% Bridge Notes in an amount equal to 25% of the net cash proceeds received by the Company during each month from the issuance of either debt or equity.

The 7% Bridge Notes were secured by all tangible assets of the Company pursuant to the terms of that certain Security Agreement dated December 3, 2014 between the Company and the note holders. The Company was obligated to keep the collateral and all of its other personal property and assets free and clear of all other security interests, except for certain limited exceptions.

In connection with the issuance of the 7% Bridge Notes, the Company issued the note holders warrants to purchase 190,625 shares of common stock at an exercise price of \$6.00 per share. The warrants were exercisable on May 31, 2015 and expire on November 30, 2021. The relative fair value of the warrants of \$458,900 was recorded as a debt

discount and was amortized to interest expense using the straight-line method which approximated the effective interest method over the term of the notes. During the year ended March 31, 2016, the Company amortized \$221,400 of the debt discount to interest expense for these notes.

The Company did not pay any discounts or commissions with respect to the issuance of the 7% Bridge Notes or the warrants. In January and March 2015, the Company repaid an aggregate of \$173,600 of the original principal balance outstanding, representing 25% of the net proceeds received from the Class A and Class B convertible preferred stock offering through February 28, 2015. All remaining principal and accrued interest at March 31, 2015 was repaid in April 2015.

#### **Note 8. Related-Party Transactions**

As of December 31, 2016 and March 31, 2016, the Company had aggregate principal balances of \$646,700 and \$966,000, respectively, in outstanding unsecured indebtedness owed to three and five related parties, respectively, including former members of the Board of Directors, representing working capital advances made to the Company from February 2001 through March 2005.

##### ***Related-Party Notes Payable***

In March 2015, we entered into definitive agreements relating to the exchange or amendment of the notes evidencing such working capital advances. Three of the notes issued to Patrick Mullins, M.D., Maryl Petreccia and Jeffrey Dell, M.D., which as of March 31, 2016 had outstanding principal balances of \$448,200, \$266,700 and \$208,900, respectively, were amended and restated, and the holders received warrants to purchase 37,347, 22,224, and 17,412 shares, respectively, of our common stock at an exercise price of \$6.00 per share, exercisable on March 2, 2015 and expiring on March 1, 2020, and warrants to purchase 834, 417, and 417 shares, respectively, of our common stock at an exercise price of \$6.00 per share, exercisable on March 2, 2015 and expiring on March 1, 2020, to reimburse the three note holders for any fees or other expenses incurred in connection with this transaction. The notes, as amended and restated, required interest payments on a calendar quarterly basis and payment of all outstanding principal and accrued interest on the maturity date, which was the earlier to occur of (i) March 1, 2016, (ii) the sale of all or substantially all of our assets, or (iii) the merger, consolidation or other similar reorganization of the Company or an affiliate of our Company with another entity. Under the terms of such notes, upon the closing of the public offering in July 2015, the holders had the option to convert into the securities issued in such offering at a twenty percent (20%) discount to the price per unit issued by the Company in such offering. The holders elected not to convert into such securities issued by the Company.

The relative fair value of the related-party warrants issued in 2015 of \$280,400 was recorded as a debt discount and was amortized to interest expense using the straight-line method which approximated the effective interest method over the term of the convertible notes. During the year ended March 31, 2016, the Company amortized \$259,600 of the debt discount to interest expense for these convertible notes.

On March 1, 2016, we entered into definitive agreements with Patrick Mullens, M.D., Maryl Petreccia and Jeffrey Dell, M.D. to amend and restate the outstanding notes pursuant to certain Second Amended and Restated Promissory Notes dated as of February 29, 2016 (the "Amended and Restated Notes"). As of December 31, 2016, the three note holders had outstanding principal balances of \$313,700, \$186,700 and \$146,300, respectively. The Amended and Restated Notes increased the interest rate to 7% per annum, extended the term to April 1, 2017, and modified the repayment provisions to provide for (i) repayment on March 1, 2016 of the outstanding amount of interest accrued through February 29, 2016, (ii) repayment of 10% of the original principal balance and accrued interest of such notes on a quarterly basis commencing April 1, 2016, and (iii) payment of the remaining outstanding balance on April 1, 2017. In addition, we issued such note holders warrants for the purchase of 11,910, 7,088, and 5,553 shares, respectively, of our common stock at an exercise price of \$1.88 per share, immediately exercisable and expiring on April 1, 2019. The Company also agreed to reimburse up to \$5,000 of legal fees incurred by the note holders. The relative fair value of the warrants issued in March 2016 of \$26,900 was recorded as a debt discount and is being amortized to interest expense using the straight-line method which approximates the effective interest method over the term of the related-party notes. During the nine-month transition period ended December 31, 2016 and for the year ended March 31, 2016, \$18,700 and \$2,000, respectively, of the debt discount was amortized to interest expense.

One note issued to Raymond Takahashi, M.D., was exchanged for (i) a new promissory note with an original principal amount equal to the outstanding principal and interest of the original note, and (ii) a warrant to purchase 1,490 shares of the Company's common stock at an exercise price of \$6.00 per share, exercisable on February 20, 2015 and expiring on February 19, 2018. The new note, which had an outstanding principal balance of \$35,800 at March 31, 2016 required interest payments on a calendar quarterly basis and payment of all outstanding principal and accrued interest on the maturity date, which was March 1, 2016. On March 1, 2016, we entered into a verbal agreement to extend the term of the related-party note to April 1, 2016. On April 1, 2016, we entered into a definitive agreement to amend and extend the term of the note to July 1, 2016. The note was repaid on July 1, 2016.

The conversion feature of the related-party notes payable at a 20% discount resulted in a BCF. The fair value of the BCF of \$521,100 was recorded as a debt discount upon the resolution of the contingency and it was amortized to interest expense over the conversion term which ended on September 29, 2015.

Related-party interest expense under these notes was \$39,500 and \$58,500 for the nine-month transition period ended December 31, 2016 and for the year ended March 31, 2016, respectively. Accrued interest, which is included in related-party notes payable in the accompanying consolidated balance sheets, amounted to \$11,400 and \$6,100 as of December 31, 2016 and March 31, 2016, respectively.

One note issued to Marc Grossman, M.D., which as of March 31, 2016 had an outstanding principal balance of \$6,500, as amended, provided for interest at a rate of 6% per annum commencing on March 13, 2015; however, no interest payments were required if no event of default occurred and if the Company (i) complied with its regular payment obligations, reimbursed the payee for attorneys' fees in connection with the negotiation of the note amendment, up to a maximum amount of \$1,000, on the later of (A) March 13, 2015, or (B) three (3) days after receiving written notice from the payee of the amount of attorneys' fees incurred by payee, and (iii) the Company immediately paid all unpaid amounts due and payable in full before the earlier of May 1, 2016 or at the same time that payee(s) of any other promissory note(s) with the Company that were issued in 2005 were paid in full before May 1, 2016, other than (Y) notes that are satisfied upon conversion into common stock, warrants or any other equity of the Company, or (Z) notes that have been paid in full before March 2, 2015. All principal and interest under the original note, as amended by the note amendment, was due on May 1, 2016. The note required monthly payments of \$20,000, except for the month of June 2015, where the monthly payment was \$72,000. The note was repaid in full in April 2016.

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**Note 9. Commitments and Contingencies*****Facility and Equipment Leases***

We lease 27,600 square feet of corporate, research and development, and warehouse facilities in Irvine, California under an operating lease expiring February 28, 2023, subject to our option to extend the lease for two additional five-year periods. The initial base rent is approximately \$24,700 per month. This lease agreement contains certain scheduled annual rent increases which will be accounted for on a straight-line basis. We also lease certain office equipment which expires in March 2018.

Future minimum lease payments are approximately as follows:

Years ending December 31,	Operating Leases
2017	\$309,093
2018	314,079
2019	322,086
2020	331,749
2021	341,701
Thereafter	410,897
	\$2,029,605

Rent expense for the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016 was approximately \$222,700 and \$134,000, respectively.

***Employment Agreements***

We have entered into employment agreements with certain of our officers under which payment and benefits would become payable in the event of termination by us for any reason other than cause, or upon a change in control of our Company, or by the employee for good reason.

***Consulting and Engineering Services***

On September 16, 2015, the Company entered into the Purchase and Sale Agreement (the “Purchase and Sale Agreement”), by and between KLATU Networks, LLC (“KLATU”) and the Company. Pursuant to the Purchase and Sale Agreement, the Company purchased from KLATU certain intellectual property and intellectual property rights related to the Company’s Cryoport<sup>TM</sup> logistics management platform (the “Developed Technology”), which KLATU previously developed for and licensed to the Company pursuant to the Master Consulting and Engineering Services Agreement, by and between KLATU and the Company, dated October 9, 2007 (as amended, the “Master Consulting and Engineering Services Agreement”). As full compensation for the sale and assignment of the Developed Technology from KLATU to the Company, the Company paid KLATU an aggregate amount of \$400,000 in two equal installments of \$200,000.

Concurrently with entering into the Purchase and Sale Agreement, on September 16, 2015, the Company and KLATU entered into the Amended and Restated Master Consulting and Engineering Services Agreement (the “Amended and Restated Master Consulting and Engineering Services Agreement”) to amend and restate the Master Consulting and Engineering Services Agreement. The Amended and Restated Master Consulting and Engineering Services Agreement provides a framework for KLATU to perform certain consulting, software and hardware engineering development services as mutually agreed upon and further set forth in one or more Statements of Work (as defined in the Amended and Restated Master Consulting and Engineering Services Agreement). To ensure the availability of KLATU personnel to perform services pursuant to the Amended and Restated Master Consulting and Engineering Services Agreement, the Company agreed to pay KLATU a minimum of \$25,000 per month for services fees, which may be carried forward as advance payment for future services under certain conditions. The initial term of the agreement is until December 31, 2017 and will thereafter automatically renew for subsequent one year terms, unless notice of termination is given.

Consulting fees for services provided by KLATU were \$252,600 and \$290,100 for the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016, respectively.

### *Litigation*

The Company may become a party to product litigation in the normal course of business. The Company accrues for open claims based on its historical experience and available insurance coverage. In the opinion of management, there are no legal matters involving the Company that would have a material adverse effect upon the Company’s consolidated financial condition or results of operations.



### *Indemnities and Guarantees*

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheets.

The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the States of California and Nevada. In connection with its facility lease, the Company has indemnified its lessor for certain claims arising from the use of the facility. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement.

### **Note 10. Stockholders' Equity**

#### *Authorized Stock*

The Company has 50,000,000 authorized shares of common stock with a par value of \$0.001 per share which were increased in November 2015 from 20,833,333 authorized shares upon approval from the Company's stockholders.

In September 2011, our stockholders approved an amendment to the Amended and Restated Articles of Incorporation to authorize a class of undesignated or "blank check" preferred stock, consisting of 2,500,000 shares at \$0.001 par value per share. Shares of preferred stock may be issued in one or more series, with such rights, preferences, privileges and restrictions to be fixed by the Board of Directors. In May 2014, the Company designated 800,000 shares of the authorized preferred stock as Class A Convertible Preferred Stock. In February 2015, the Company designated 400,000 shares of the Company's authorized preferred stock as Class B Convertible Preferred Stock. In April 2015, the Company increased the number shares of Class B Convertible Preferred Stock from 400,000 shares to 585,000 shares.

#### *Common Stock Issuances For Services*

During the nine-month transition period ended December 31, 2016, 19,587 shares of common stock with a fair value of \$47,800 were issued to two members of the board of directors as compensation for services.

During the year ended March 31, 2016, 61,803 shares of common stock with a fair value of \$216,500 were issued to members of the board of directors as compensation for services.

During the year ended March 31, 2016, the Company issued 55,000 shares of common stock with a fair value of \$150,200 to a consultant for investor relation services under a consulting agreement that expired on April 1, 2016.

### *October 2016 Tender Offer*

On October 28, 2016, we completed a tender offer (the “October 2016 Tender Offer”) to holders of the Company’s outstanding warrants to purchase one share of common stock at an exercise price of \$3.57 per share (“Original Warrants”) to exchange up to 5,000,000 of such Original Warrants for (1) an equal number of warrants to purchase one share of common stock at an exercise price of \$1.50 per share (“New Warrants”), conditioned upon the immediate exercise of such New Warrants, and (2) one warrant to purchase one share of common stock at an exercise price of \$3.00 per share for every four New Warrants exercised (“Supplemental Warrants”).

The Supplemental Warrants are exercisable upon issuance and expire on the earlier of (i) October 28, 2019 and (ii) the thirtieth (30th) day after the date that the closing price of the Company’s common stock equals or exceeds \$4.50 for ten consecutive trading days. The Supplemental Warrants will have a cashless exercise right in the event that the Supplemental Warrant Shares are not covered by an effective registration statement at the time of such exercise.

In connection with this offering, the Company incurred \$477,300 in offering costs that have been offset against proceeds from this offering.

Pursuant to the October 2016 Tender Offer, warrants to purchase 2,470,913 Original Warrants were tendered, resulting in the issuance by the Company of an aggregate of 2,470,913 shares of its common stock and 617,695 Supplemental Warrants to the Original Warrant holders for aggregate gross proceeds to the Company of approximately \$3.7 million.

The New Warrants, which have a lower exercise price than the Original Warrants, and the Supplemental Warrants are treated as an inducement to enter into the October 2016 Tender Offer. As such, the difference between the fair value of the Original Warrants as of the date of their exchange and the fair value of the New Warrants at issuance, amounting to \$1,649,600, and the fair value of the Supplemental Warrants issued of \$615,900 resulted in a warrant inducement and repricing expense of \$2,265,400 in the quarter ended December 31, 2016, with an offsetting amount recorded as additional paid-in-capital. The fair value of the Original Warrants exchanged, the New warrants and the Supplemental Warrants was determined using the Black-Scholes pricing model as of the closing date of October 28, 2016.

### *April 2016 Tender Offer*

On April 7, 2016, we completed a tender offer with respect to certain warrants to purchase up to 2,448,000 shares of common stock of the Company (the “April 2016 Tender Offer”).

Pursuant to the April 2016 Tender Offer, warrants to purchase 2,020,597 shares of the Company’s common stock were tendered by holders of warrants and were amended (the “Amended Warrants”) and exercised in connection therewith, resulting in the issuance by the Company of an aggregate of 2,020,597 shares of its common stock (the “Exercise Shares”) for aggregate gross proceeds of \$2.5 million.

The warrants of holders who elected to participate in the April 2016 Tender Offer were amended to: (i) reduce the exercise price to \$1.25 per share; and (ii) shorten the exercise period to expire concurrently with the expiration date of April 7, 2016 (the “Expiration Date”). In addition, such holders also agreed: (A) to not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of the Exercise Shares without the prior written consent of the Company for a period of sixty (60) days after the Expiration Date (the “Lock-Up Period”); and (B) acting alone or with others, to not effect any purchases or sales of any securities of the Company in any “short sales” as defined in Rule 200 promulgated under Regulation SHO under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or any type of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps, “put equivalent positions” (as defined in Rule 16a-1(h) under the Exchange Act) or similar arrangements, or sales or other transactions through non-U.S. broker dealers or foreign regulated brokers through the expiration of the Lock-Up Period.

The Amended Warrants also provided that, on or prior to June 30, 2016, the Company was required to prepare and file with the SEC a registration statement on Form S-1 covering resales of the Exercise Shares. In addition, the Company was required to use commercially reasonable efforts to cause such registration statement to be declared effective by the SEC. The Company filed the Form S-1 on June 30, 2016, which was declared effective on August 10, 2016. In connection with this offering, the Company incurred \$281,500 in offering costs that have been offset against the proceeds from this offering.

As a result of reducing the exercise price of certain warrants in connection with the April 2016 Tender Offer, a warrant repricing expense of \$1.9 million was incurred which was determined using the Black-Scholes option pricing model and was calculated as the difference between the fair value of the warrants prior to, and immediately after, the reduction in the exercise price on the date of repricing. Such amount is included in warrant inducement and repricing expense in the accompanying consolidated statement of operations for the nine months ended December 30, 2016.

### ***Rights Offering***

On June 20, 2016, we completed a rights offering for gross proceeds of \$1.3 million in subscriptions (including both basic and oversubscriptions) for 841,873 shares of common stock.

The rights offering was made through a distribution of non-transferable subscription rights to purchase one share of common stock for \$1.55, which was 85% of the volume weighted average price per share of our common stock on NASDAQ for the five consecutive trading days immediately preceding and including May 31, 2016. The subscription rights were distributed to holders of our common stock and holders of our warrants as of the record date, May 31, 2016.

Under the terms of the offering, rights holders had the ability to oversubscribe, which entitled each rights holder that exercised their basic subscription privilege in full the right to purchase additional shares of common stock that remained unsubscribed at the expiration of the rights offering. In connection with this offering, the Company incurred \$315,000 in offering costs that have been offset against the proceeds from this offering.

### ***Issuance of Class B Convertible Preferred Stock***

In February 2015, the Company entered into definitive agreements for a private placement of its securities to certain institutional and accredited investors (the “Class B Investors”) pursuant to certain subscription agreements and elections to convert between the Company and the Class B Investors. During the year ended March 31, 2016, aggregate gross cash proceeds of \$4.5 million (approximately \$3.9 million after offering costs), were collected in exchange for the issuance of 372,862 shares of our Class B Convertible Preferred Stock, and warrants, exercisable for five years, to purchase up to a total of 248,575 shares of our common stock at an exercise price of \$6.00 per share. The Company used the net proceeds for working capital purposes.

Pursuant to the subscription agreements, the Company issued shares of a newly established Class B Convertible Preferred Stock and warrants to purchase common stock of Cryoport. The shares and warrants were issued as a unit (a “Unit”) consisting of (i) one share of Class B Convertible Preferred Stock and (ii) one warrant to purchase 0.67 shares of the Company’s common stock at an exercise price of \$6.00 per share, which were immediately exercisable and may be exercised at any time on or before May 31, 2020.

The fair value of the beneficial conversion feature of the convertible preferred stock issuance and the relative fair value of the warrants issued, aggregated \$4.5 million during the year ended March 31, 2016. This amount was accreted to accumulated deficit and additional paid-in capital during the year ended March 31, 2016.

### ***Preferred Stock Conversion***

On January 30, 2016 (the “Mandatory Exchange Time”), the Company caused the mandatory exchange (the “Mandatory Exchange”) of all its outstanding Class A Convertible Preferred Stock and Class B Convertible Preferred Stock (together, the “Preferred Stock”), consisting of 454,750 shares of Class A Convertible Preferred Stock and 534,571 shares of Class B Convertible Preferred Stock, into (i) an aggregate of 4,977,038 shares (the “Shares”) of common stock, \$0.001 par value per share (the “Common Stock”), of the Company and (ii) an aggregate of 4,977,038 warrants with an exercise price of \$3.57, each warrant representing the right to purchase one share of Common Stock (the “Warrants” and together with the Shares, the “Securities”).

The Mandatory Exchange was effected in accordance with the terms and conditions of the Company’s Amended and Restated Certificate of Designation of Class A Convertible Preferred Stock and the Company’s Amended and Restated Certificate of Designation of Class B Convertible Preferred Stock (together, as amended to date, the “Certificates of Designation”). In accordance with each of the Certificates of Designation, a mandatory exchange of the Preferred Stock is triggered upon a Qualified Offering (as defined in the Certificates of Designation). The Mandatory Exchange

occurs on the day that is six months and one day after the closing of such Qualified Offering. On July 29, 2015, the Company completed its public offering of 2,090,750 units (consisting of one share of Common Stock and one Warrant) at the public offering price of \$3.25 per unit, which constituted a Qualified Offering (see below). As a result, all outstanding shares of Preferred Stock were automatically exchanged at the Mandatory Exchange Time for such units sold in the Qualified Offering (consisting of one share of Common Stock and one Warrant). at an exchange rate determined by:

- 1) multiplying the number of shares of Preferred Stock to be exchanged by the Class A Original Issue Price or Class B Original Issue Price (as defined in the Certificates of Designation), or \$12.00 per share;
- 2) adding to the result all dividends then accrued but unpaid on such shares of Preferred Stock to be exchanged of \$1,068,100; then
- 3) dividing the result by \$2.60 (which is eighty percent (80%) of the price per unit issued in the Qualified Offering).

The issuance of the Securities in connection with the Mandatory Exchange was exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended.

### ***Public Equity Offering***

On July 29, 2015, the Company completed the sale of common stock and warrants (the “Units”) under a registered public offering. The gross proceeds to Cryoport from the offering, including the partial exercise of the over-allotment option, were approximately \$6.8 million, before underwriting discounts and commissions and other offering expenses (approximately \$6.2 million after underwriting discounts, commissions and expenses).

The public offering price per Unit was \$3.25. Each Unit consists of one share of common stock and a warrant to purchase one share of common stock. Under the terms of the offering, Cryoport issued 2,090,750 shares of common stock and warrants to purchase up to an aggregate of 2,090,750 shares of common stock, inclusive of the partial exercise of the over-allotment option. The warrants have a per share exercise price of \$3.57, are exercisable immediately and will expire five years from the date of issuance.

In connection with this offering, the Company issued to Aegis Capital Corp. (“Aegis”), the underwriters' representative in the offering, a warrant to purchase up to 80,000 shares of the Company's common stock and Aegis received a total cash consideration, including the reimbursement of public offering-related expenses, of \$0.6 million. If such warrant is exercised, each share of common stock may be purchased at \$4.47 per share (137.5% of the price of the units sold in the offering), commencing on July 23, 2016 and expiring July 23, 2020.

In connection with this offering, the Company incurred \$266,100 in offering costs that have been offset against the proceeds from this offering.

### ***Common Stock Reserved for Future Issuance***

As of December 31, 2016, approximately 12.0 million shares of common stock were issuable upon exercise of stock options and warrants, as follows:

Exercise of stock options	4,512,550
Exercise of warrants	7,447,478
Total shares of common stock reserved for future issuances	11,960,028

### **Note 11. Stock-Based Compensation**

#### ***Warrants***

We typically issue warrants to purchase shares of our common stock to investors as part of a financing transaction or in connection with services rendered by placement agents and consultants. Our outstanding warrants expire on various dates through November 2021. A summary of warrant activity is as follows:

	Number of Shares	Weighted- Average Exercise Price/Share	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (1)
Outstanding — March 31, 2015	5,475,806	7.20		
Issued	7,513,768	3.68		
Exercised	(49,339 )	2.40		
Expired	(1,786,367 )	9.28		
Outstanding — March 31, 2016	11,153,868	3.30		
Issued	795,927	2.79		
Exercised	(4,491,510 )	1.39		
Expired	(10,807 )	82.12		
Outstanding — December 31, 2016	7,447,478	\$ 4.29	3.0	\$ 523,000
Vested (exercisable) — December 31, 2016	7,447,478	\$ 4.29	3.0	\$ 523,000

(1) Aggregate intrinsic value represents the difference between the exercise price of the warrant and the closing market price of the Company's common stock on December 31, 2016, which was \$3.24 per share.



During the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016, the fair value of each warrant grant was estimated on the date of grant using Black-Scholes with the following assumptions:

	December 31, 2016	March 31, 2016
Expected life (years)	2.4 – 5.0	3.1– 5.2
Risk-free interest rate	0.93% - 1.14%	0.99% - 1.73%
Volatility	103% - 116%	99% - 121%
Dividend yield	0%	0%

The following table summarizes information with respect to warrants outstanding and exercisable at December 31, 2016:

Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ 1.88 – 2.40	348,252	3.0	\$ 2.16	348,252	\$ 2.16
\$ 3.00 – 3.57	5,214,570	3.5	\$ 3.50	5,214,570	\$ 3.50
\$ 4.44 – 4.47	687,297	2.0	\$ 4.44	687,297	\$ 4.44
\$ 5.88 – 6.00	556,914	2.9	\$ 5.99	556,914	\$ 5.99
\$ 8.28 – 8.28	625,108	0.1	\$ 8.28	625,108	\$ 8.28
\$ 33.60 – 129.60	15,337	1.3	\$ 88.90	15,337	\$ 88.90
	7,447,478			7,447,478	

The total intrinsic value of warrants exercised during the nine month transition period ended December 31, 2016 and the year ended March 31, 2016 was \$3,179,700 and \$170,900, respectively.

### ***Stock Options***

We have four stock incentive plans: the 2002 Stock Incentive Plan (the “2002 Plan”), the 2009 Stock Incentive Plan (the “2009 Plan”), the 2011 Stock Incentive Plan (the “2011 Plan”) and the 2015 Omnibus Equity Incentive Plan (the “2015 Plan”), (collectively, the “Plans”). The 2002 Plan, the 2009 Plan, and the 2011 Plan (the “Prior Plans”) have been superseded by the 2015 Plan. In October 2015, the stockholders approved the 2015 Plan for 5,000,000 shares. The Prior Plans will remain in effect until all awards granted under such Prior Plans have been exercised, forfeited, cancelled, or have otherwise expired or terminated in accordance with the terms of such awards, but no awards will be

made pursuant to the Prior Plans after the effectiveness of the 2015 Plan. As of December 31, 2016, the Company had 2,355,426 shares available for future awards under the 2015 Plan.

In May 2015, the Company granted employees and members of the board of directors options to purchase 465,633 and 20,835 shares of common stock, respectively, with an exercise price of \$7.80 per share, of which 355,001 shares were issued outside of a plan. The exercise price for the shares of common stock pursuant to the option is equal to the fair market value of the Company's common stock on the date of grant. During the nine-month transition period ended December 31, 2016 and the year ended March 31, 2016, we granted stock options at exercise prices equal to or greater than the quoted market price of our common stock on the grant date. The fair value of each option grant was estimated on the date of grant using Black-Scholes with the following assumptions:

	December 31, 2016	March 31, 2016
Expected life (years)	6.0 – 6.1	5.2 – 6.4
Risk-free interest rate	1.17% - 2.09%	1.30% - 1.93%
Volatility	113% - 118%	116% - 122%
Dividend yield	0%	0%

The expected option life assumption is estimated based on the simplified method. Accordingly, the Company has utilized the average of the contractual term of the options and the weighted average vesting period for all options to calculate the expected option term. The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected term of our employee stock options. The expected volatility is based on the historical volatility of our stock commensurate with the expected life of the stock-based award. We do not anticipate paying dividends on the common stock in the foreseeable future.

We recognize stock-based compensation cost over the vesting period using the straight-line single option method. Stock-based compensation expense is recognized only for those awards that are ultimately expected to vest. An estimated forfeiture rate has been applied to unvested awards for the purpose of calculating compensation cost. The estimated forfeiture rate of 0% per year is based on the historical forfeiture activity of unvested stock options. These estimates are revised, if necessary, in future periods if actual forfeitures differ from the estimates. Changes in forfeiture estimates impact compensation cost in the period in which the change in estimate occurs.

Total stock-based compensation expense related to all of our share-based payment awards is comprised of the following:

	Nine Months Ended December 31, 2016	<b>Year Ended March 31, 2016</b>
Cost of revenues	\$ 198,315	\$ 7,461
General and administrative	1,791,982	1,966,453
Sales and marketing	462,307	592,045
Engineering and development	8,589	6,337
	\$ 2,281,233	\$ 2,572,296

A summary of stock option activity is as follows:

	Number of Shares	Weighted- Average Exercise Price/Share	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (1)
Outstanding — March 31, 2015	1,793,745	\$ 4.56		
Granted (weighted-average fair value of \$2.83 per share)	2,536,968	4.49		
Exercised	(4,601 )	2.47		
Forfeited	(322,760 )	4.37		
Expired	(4,027 )	5.55		
Outstanding — March 31, 2016	3,999,325	\$ 4.44		
Granted (weighted-average fair value of \$1.62 per share)	892,774	1.89		
Forfeited	(294,799 )	3.28		
Expired	(84,750 )	4.61		
Outstanding — December 31, 2016	4,512,550	\$ 4.01	8.1	\$1,611,600
Vested (exercisable) — December 31, 2016	1,962,170	\$ 4.22	7.4	\$412,900
Expected to vest after December 31, 2016 (unexercisable)	2,550,380	\$ 3.85	2.4	\$1,198,700

(1) Aggregate intrinsic value represents the difference between the exercise price of the option and the closing market price of the common stock on December 31, 2016, which was \$3.24 per share.

The following table summarizes information with respect to stock options outstanding and exercisable at December 31, 2016:

Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$1.08 – 2.66	1,075,093	8.8	\$ 1.88	316,481	\$ 2.09
\$3.00 – 3.96	1,321,771	7.8	\$ 3.13	707,575	\$ 3.18
\$4.32 – 4.92	710,365	7.8	\$ 4.76	362,938	\$ 4.76
\$5.00 – 6.36	906,969	8.4	\$ 5.04	341,153	\$ 5.09
\$7.80 – 7.92	485,401	7.6	\$ 7.81	221,072	\$ 7.83
\$10.32 – 99.60	12,951	4.2	\$ 13.19	12,951	\$ 13.19
	4,512,550			1,962,170	

As of December 31, 2016, there was unrecognized compensation expense of \$6.6 million related to unvested stock options, which we expect to recognize over a weighted average period of 2.5 years.

The total intrinsic value of options exercised during the year ended March 31, 2016 was \$20,900.

**Note 12. Income Taxes**

Significant components of the Company's deferred tax assets as of December 31, 2016 and March 31, 2016 shown below:

	December 31, 2016 (000's)	March 31, 2016
Deferred tax assets:		
Net operating loss carryforward	\$20,668	\$ 19,209
Research credits	56	56
Expenses recognized for granting of options and warrants	2,316	2,120
Accrued expenses and reserves	43	35
Valuation allowance	(23,083)	(21,420 )
	\$—	\$—

Based on the weight of available evidence, the Company's management has determined that it is more likely than not that the net deferred tax assets will not be realized. Therefore, the Company has recorded a full valuation allowance against the net deferred tax assets. The Company's income tax provision consists of state minimum taxes.

The income tax provision differs from that computed using the federal statutory rate applied to income before taxes as follows:

	December 31, 2016 (000's)	March 31, 2016
Computed tax benefit at federal statutory rate	\$(3,535)	\$ (3,338 )
State tax, net of federal benefit	(196 )	(349 )
Stock compensation	607	270
Warrant inducement and repricing costs	1,426	—
Interest expense	—	76
Permanent items and other	41	184
Valuation allowance	1,663	3,161
	\$6	\$ 4

At December 31, 2016, the Company has federal and state net operating loss carryforwards of approximately \$53,715,000 and \$42,615,000 which will begin to expire in 2019, unless previously utilized, and as of 2012 have already begun to expire for state carryforwards. At December 31, 2016, the Company has federal and California research and development tax credits of approximately \$18,000 and \$58,000, respectively. The federal research tax credit begins to expire in 2026 unless previously utilized and the California research tax credit has no expiration date.

Utilization of the net operating loss and research and development carryforwards might be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL and R&D credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. Since the Company's formation, the Company has raised capital through the issuance of capital stock on several occasions which, combined with the purchasing stockholders' subsequent disposition of those shares, may have resulted in such an ownership change, or could result in an ownership change in the future upon subsequent disposition.

The Company has not completed a study to assess whether an ownership change has occurred. If the Company has experienced an ownership change, utilization of the NOL or R&D credit carryforwards would be subject to an annual limitation under Section 382 of the Code, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term, tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the NOL or R&D credit carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being considered as an uncertain tax position or disclosed as an unrecognized tax benefit. Due to the existence of the valuation allowance, future changes in the Company's unrecognized tax benefits will not impact its effective tax rate. Any carryforwards that will expire prior to utilization as a result of such limitations will be removed from deferred tax assets with a corresponding reduction of the valuation allowance.

**Note 13. Quarterly Financial Data (Unaudited)**

A summary of quarterly financial data is as follows (\$ in '000's):

	Quarter Ended			
	June 30	September 30	December 31	March 31
Nine months ended December 31, 2016				
Total revenues	\$1,918	\$ 1,977	\$ 2,229	\$ —
Gross margin	\$782	\$ 797	\$ 941	\$ —
Loss from operations	\$(1,979)	\$( 2,161 )	\$( 2,002 )	\$( — )
Net loss	\$(3,935)	\$( 2,184 )	\$( 4,284 )	\$( — )
Net loss per share attributable to common stockholders - basic and diluted	\$(0.28 )	\$( 0.14 )	\$( 0.25 )	\$( — )
Year ended March 31, 2016				
Total revenues	\$1,431	\$ 1,437	\$ 1,459	\$ 1,555
Gross margin	\$488	\$ 436	\$ 384	\$ 582
Loss from operations	\$(1,616)	\$( 1,822 )	\$( 2,679 )	\$( 2,624 )
Net loss	\$(6,607)	\$( 2,665 )	\$( 3,000 )	\$( 2,785 )
Net loss per share attributable to common stockholders - basic and diluted	\$(1.31 )	\$( 0.41 )	\$( 0.42 )	\$( 0.26 )

Earnings per basic and diluted shares are computed independently for each of the quarters presented based on basic and diluted shares outstanding per quarter and, therefore, may not sum to the totals for the periods shown.

**Index to Exhibits,**

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated Articles of Incorporation of the Company, as amended. Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2012.
3.2	Amended and Restated Bylaws of the Company. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated February 8, 2016.
3.3	Amended and Restated Certificate of Designation of Class A Preferred Stock. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated March 30, 2015.
3.4	Certificate of Designation of Class B Preferred Stock. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated February 20, 2015.
3.5	Amendment to Certificate of Designation of Class B Preferred Stock. Incorporated by reference to the Company's Amendment No. 1 to Registration Statement on Form S-1 dated April 17, 2015 and referred to as Exhibit 3.6.
3.6	Certificate of Change filed with the Nevada Secretary of State on May 12, 2015. Incorporated by reference to Exhibit 3.7 of the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2015.
3.7	Amendment to Certificate of Designation of Class A Preferred Stock. Incorporated by reference to the Company's Amendment No. 4 to Registration Statement on Form S-1 dated June 22, 2015 and referred to as Exhibit 3.8.
3.8	Amendment to Certificate of Designation of Class B Preferred Stock. Incorporated by reference to the Company's Amendment No. 4 to Registration Statement on Form S-1 dated June 22, 2015 and referred to as Exhibit 3.9.
3.9	Amendment to Certificate of Designation of Class A Preferred Stock. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated September 1, 2015.
3.10	Amendment to Certificate of Designation of Class B Preferred Stock. Incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K dated September 1, 2015.
3.11	Certificate of Amendment filed with the Nevada Secretary of State on November 23, 2015. Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated November 23, 2015.
4.1	Form of Warrant issued with Convertible Promissory Notes. Incorporated by reference to Exhibit 4.20 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013.



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- 4.2 Form of Warrant issued upon Conversion of Convertible Promissory Notes. Incorporated by reference to Exhibit 4.21 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013.
- 4.3 Form of Warrant Issued to Placement Agents. Incorporated by reference to Exhibit 4.22 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013.
- 4.4 Form of Warrant issued with Convertible Promissory Notes (5% Bridge Notes). Incorporated by reference to Exhibit 4.23 of the Company's Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2013.
- 4.5 Form of Warrant issued in connection with the May 2014 private placement. Incorporated by reference to Exhibit 4.24 of the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2014.
- 4.6 Warrant to Purchase Common Stock. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 9, 2014.
- 4.7 Warrant to Purchase Common Stock. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated February 20, 2015.

Exhibit No.	Description
4.8	Form of Warrant issued in connection with the Exchange and Investment Agreement. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 9, 2015.
4.9	Form of March Warrant issued in connection with the Investment Agreement. Incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated March 9, 2015.
4.10	Form of March Fee Warrant issued in connection with the Investment Agreement. Incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K dated March 9, 2015.
4.11	Form of Warrant and Warrant Certificate issued in connection with public offering of Units. Incorporated by reference to the Company's Amendment No. 4 to Registration Statement on Form S-1 dated June 22, 2015 and referred to as Exhibit 4.28.
4.12	Form of Warrant issued to Aegis Capital Corp. in connection with public offering of Units. Incorporated by reference to the Company's Amendment No. 3 to Registration Statement on Form S-1 dated June 12, 2015 and referred to as Exhibit 4.29.
4.13	Form of Warrant issued with Second Amended and Restated Note. Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated March 1, 2016.
4.14	Form of Subscription Rights Certificate. Incorporated by reference to Exhibit 4.17 to the Company's Registration Statement on Form S-1 dated April 28, 2016.
4.15	Form of New Warrants issued in connection with the Company's registered warrant repricing. Incorporated by reference to Annex A to the Company's Amendment No. 3 to Registration Statement on Form S-4 dated October 14, 2016.
4.16	Form of Warrant Agreement relating to the Supplemental Warrants (including the Form of Supplemental Warrant certificate), by and between the Company and Continental Stock Transfer & Trust Company issued in connection with the Company's registered warrant repricing. Incorporated by reference to Exhibit 4.19 to the Company's Registration Statement on Form S-4 dated August 11, 2016.
10.1	Amended and Restated Master Consulting and Engineering Services Agreement, by and between KLATU Networks, LLC and Cryoport Systems, Inc., dated September 16, 2015. Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated September 16, 2015.
10.2	2009 Stock Incentive Plan of the Company. Incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K dated October 15, 2009 and referred to as Exhibit 10.21.
10.3	Form Incentive Stock Option Award Agreement under the 2009 Stock Incentive Plan of the Company. Incorporated by reference to Exhibit 10.22 of the Company's Current Report on Form 8-K dated October 9, 2009.

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- 10.4 Form of Non-Qualified Stock Option Award Agreement under the 2009 Stock Incentive Plan of the Company. Incorporated by reference to Exhibit 10.25 of the Company's Registration Statement on Form S-8 dated April 27, 2010.
- 10.5 2011 Stock Incentive Plan (as amended and restated). Incorporated by reference to Exhibit B of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on July 30, 2012.
- 10.6 Form of Stock Option Award Agreement. Incorporated by reference to Exhibit 10.37 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.
- 10.7 Form of Non-Qualified Stock Option Award Agreement. Incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.
- 10.8\* Stock Option Agreement dated November 5, 2012 between the Company and Jerrell Shelton. Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2013.

Exhibit	Description
No.	
10.9*	Form of Non-Qualified Stock Option Award Agreement. Incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2011.
10.10	Form of Subscription Agreement in connection with the May 2014 private placement. Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2014.
10.11	Form of Election to Convert in connection with the May 2014 private placement. Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2014.
10.12	Form of Indemnification Agreement. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 16, 2014.
10.13	Subscription Agreement and Letter of Investment Intent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 9, 2014.
10.14	Form of Note Exchange Agreement and Letter of Investment Intent, dated February 19, 2015. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 9, 2015.
10.15	Form of Exchange Note issued in connection with the Exchange and Investment Agreement. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 9, 2015.
10.16*	Stock Option Agreement dated December 18, 2014 between the Company and Jerrell Shelton. Incorporated by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2015.
10.17	Purchase and Sale Agreement, by and between KLATU Networks, LLC and Cryoport Systems, Inc., dated September 16, 2015. Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated September 16, 2015.
10.18	2015 Omnibus Equity Incentive Plan. Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on October 1, 2015.
10.19	Standard Industrial/Commercial Multi-Tenant Lease – Net dated for reference purposes only October 2, 2015 between the Cryoport Systems, Inc. and Daimler Opportunity, LLC. Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated October 21, 2015.
10.20	Guaranty between the Company and Daimler Opportunity, LLC dated as of October 2, 2015. Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated October 21, 2015.
10.21	

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Form of Second Amended and Restated Note. Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated March 1, 2016.

- 21+ Subsidiaries of Registrant.
- 23.1+ Consent of KMJ Corbin & Company LLP, Independent Registered Public Accounting Firm.
- 31.1+ Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
- 31.2+ Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
- 32.1+ Certification of Principal Executive Officer, pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
- 32.2+ Certification of Principal Financial Officer, pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
- 101.INS+ XBRL Instance Document.

**Exhibit**

**Description**

**No.**

101.SCH+ XBRL Taxonomy Extension Schema Document.

101.CAL+ XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF+ XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB+ XBRL Taxonomy Extension Label Linkbase Document.

101.PRE+ XBRL Taxonomy Extension Presentation Linkbase Document.

\* Indicates a management contract or compensatory plan or arrangement.

+ Filed herewith.