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

Form 10-Q

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

For the quarterly period ended September 30, 2017

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

Commission File Number: 001-34632

CRYOPORT, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**88-0313393**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

17305 Daimler St.
Irvine, CA 92614
(Address of principal executive offices)

(949) 470-2300
(Registrant's telephone number, including area code)

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 x 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 (§ 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 x No ¨

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	x
Emerging growth company	¨		

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

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

As of October 31, 2017 there were 25,540,912 shares of the registrant's common stock outstanding.

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Cryoport, Inc. and Subsidiary
Condensed Consolidated Balance Sheets

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 15,397,512	$ 4,524,529
Accounts receivable, net of allowance for doubtful accounts of $70,000 and $75,000, respectively	1,464,136	1,195,479
Inventories	90,254	89,499
Prepaid expenses and other current assets	264,343	286,919
Total current assets	17,216,245	6,096,426
Property and equipment, net	2,083,467	1,647,104
Intangible assets, net	56,533	5,000
Deposits	363,403	363,403
Total assets	$ 19,719,648	$ 8,111,933
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and other accrued expenses	$ 1,141,821	$ 1,160,299
Accrued compensation and related expenses	628,793	419,034
Related-party notes payable and accrued interest, net of discount of $0 and $6,100, respectively	—	651,934
Total current liabilities	1,770,614	2,231,267
Deferred rent liability	194,588	200,264
Total liabilities	1,965,202	2,431,531
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; 25,217,535 and 17,604,283 issued and outstanding at September 30, 2017 and December 31, 2016, respectively	25,218	17,604
Additional paid-in capital	146,892,442	129,196,680
Accumulated deficit	(129,163,214)	(123,533,882)
Total stockholders' equity	17,754,446	5,680,402
Total liabilities and stockholders' equity	$ 19,719,648	$ 8,111,933

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiary
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	$ 3,002,655	$ 1,976,826	$ 8,632,267	$ 5,449,937
Cost of revenues	1,396,158	1,179,991	4,379,084	3,289,345
Gross margin	1,606,497	796,835	4,253,183	2,160,592
Operating costs and expenses:				
General and administrative	1,896,845	1,507,634	5,389,391	4,751,823
Sales and marketing	1,352,974	1,235,353	3,659,742	3,678,017
Engineering and development	344,798	214,680	825,377	494,957
Total operating costs and expenses	3,594,617	2,957,667	9,874,510	8,924,797
Loss from operations	(1,988,120)	(2,160,832)	(5,621,327)	(6,764,205)
Other income (expense):				
Interest expense	—	(19,305)	(15,693)	(121,741)
Warrant repricing expense	—	—	—	(1,929,818)
Other income (expense), net	8,456	(1,453)	11,919	(8,240)
Loss before provision for income taxes	(1,979,664)	(2,181,590)	(5,625,101)	(8,824,004)
Provision for income taxes	—	(2,878)	(4,231)	(5,362)
Net loss	(1,979,664)	(2,184,468)	(5,629,332)	(8,829,366)
Undeclared cumulative preferred dividends	—	—	—	(75,460)
Net loss attributable to common stockholders	$ (1,979,664)	$ (2,184,468)	$ (5,629,332)	$ (8,904,826)
Net loss per share attributable to common stockholders – basic and diluted	$ (0.08)	$ (0.14)	$ (0.25)	$ (0.67)
Weighted average shares outstanding – basic and diluted	24,632,169	15,120,479	22,093,169	13,336,013

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30,	
	2017	**2016**
Cash Flows From Operating Activities:		
Net loss	$ (5,629,332)	$ (8,829,366)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	491,980	271,521
Amortization of debt discounts and deferred financing costs	6,130	78,518
Stock-based compensation expense	2,529,858	2,337,936
Warrant repricing expense	—	1,929,818
Loss on disposal of property and equipment	76,222	147,837
Provision for bad debt	11,636	2,503
Changes in operating assets and liabilities:		
Accounts receivable	(280,293)	(385,944)
Inventories	(755)	(67,587)
Prepaid expenses and other current assets	22,576	(317,858)
Accounts payable and other accrued expenses	200,952	(124,913)
Accrued compensation and related expenses	209,759	(8,878)
Accrued interest	(1,843)	13,039
Net cash used in operating activities	(2,363,110)	(4,953,374)
Cash Flows From Investing Activities:		
Purchases of property and equipment	(1,229,671)	(666,455)
Trademark costs	(51,533)	(5,000)
Net cash used in investing activities	(1,281,204)	(671,455)
Cash Flows From Financing Activities:		
Proceeds from the common stock offering, net of offering costs	11,405,924	—
Proceeds from April 2016 tender offer, net of offering costs	—	2,244,247
Proceeds from the rights offering, net of offering costs	—	998,156
Proceeds from exercise of stock options and warrants, net of costs	3,767,594	—
Repayment of related-party notes payable	(656,221)	(306,971)
Net cash provided by financing activities	14,517,297	2,935,432
Net change in cash and cash equivalents	10,872,983	(2,689,397)
Cash and cash equivalents — beginning of period	4,524,529	5,247,425
Cash and cash equivalents — end of period	$ 15,397,512	$ 2,558,028
Supplemental Disclosure of Non-Cash Financing Activities:		
Cumulative undeclared preferred dividends recorded upon conversion of Class A convertible preferred stock and Class B convertible preferred stock into common	$ —	$ 1,068,055
Reduction of accounts payable for returned fixed assets	$ 225,106	$ —
Reclassification of shipper inventory to fixed assets	$ —	$ 38,276
Leasehold improvements paid by tenant allowance included in accounts payable and other accrued expenses	$ —	$ 200,000
Issuance of common stock for accrued board of director compensation	$ —	$ 26,901

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited)

Note 1. Management's Representation and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Cryoport, Inc. (the "Company", "our" or "we") in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statement presentation. However, the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting primarily of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the three and nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Transition Report on Form 10-K for the period ended December 31, 2016.

The Company has evaluated subsequent events through the date of this filing, and determined that no subsequent events have occurred that would require recognition in the unaudited condensed consolidated financial statements or disclosure in the notes thereto other than as disclosed in the accompanying notes.

Note 2. Nature of the Business

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 and biotechnology 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."

Note 3. Summary of Significant Accounting Policies

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Cryoport, Inc. and its wholly owned subsidiary, Cryoport Systems, Inc. All intercompany accounts and transactions have been eliminated. In June 2017, the Company established Cryoport Europe Limited, an English company, as a wholly owned subsidiary of Cryoport Systems, Inc.

Use of Estimates

The preparation of the condensed 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 September 30, 2017 and December 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.

Customers

The Company grants credit to customers within the United States 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 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 can be 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 September 30, 2017 and December 31, 2016 are net of reserves for doubtful accounts of $70,000 and $75,000, 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 Company's customers are in the biotechnology, pharmaceutical and life sciences industries. Consequently, there is a concentration of accounts receivable within these industries, which is subject to normal credit risk. There were no customers that accounted for more than 10% of net accounts receivable at September 30, 2017 and December 31, 2016.

The Company has revenue from foreign customers primarily in Europe, Japan, Canada, India and Australia. During the nine months ended September 30, 2017 and 2016, the Company had revenues from foreign customers of approximately $1.1 million and $776,800, respectively, which constituted approximately 12.6% and 14.3%, respectively, of total revenues. For the nine months ended September 30, 2016, there was one customer that accounted for 10.1% of total revenues. No other single customer generated over 10% of total revenues during the nine months ended September 30, 2017 and 2016.

Inventories

The Company's inventories consist of packaging materials and accessories that are used as part of the solutions provided by the Company to its customers or are sold to customers directly. Inventories are stated at the lower of cost and net realizable 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, such as selling prices and costs of completion, disposal and transportation, and based on the evaluation, records adjustments to reflect inventories at 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, the Cryoport Express® Shippers, 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. Cryoport Express® Shippers and data loggers, used as part of the Company's SmartPak II™ Condition Monitoring Systems, which comprise 42% and 44% of the Company's net property and equipment balance at September 30, 2017 and December 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 condensed 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. 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 September 30, 2017.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of notes payable and equity financings. Deferred financing costs related to the issuance of debt are reported as a direct deduction from the face amount of the related debt, and are amortized over the term of the financing instrument using the effective interest method. Offering costs from equity financings are netted against the gross proceeds received from the related equity financing.

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 September 30, 2017 and December 31, 2016, there were no unrecognized tax benefits included in the accompanying condensed consolidated balance sheets that would, if recognized, affect the effective tax rates.

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 income tax provision 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 condensed consolidated balance sheets at September 30, 2017 and December 31, 2016 and has not recognized interest and/or penalties in the condensed consolidated statements of operations for the nine months ended September 30, 2017 and 2016. The Company is subject to taxation in the U.S. and various state jurisdictions. As of September 30, 2017, 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 United States 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 container. 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 container 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 condensed 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 fair values. The fair value of stock-based awards is estimated at the grant date using the Black-Scholes Option Pricing Model ("Black-Scholes") and the portion that is ultimately expected to vest is recognized as compensation cost over the requisite service period. 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 accounts for forfeitures of unvested awards as they occur. The Company's stock-based compensation plans are discussed further in Note 7.

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 fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The measurement date for the 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 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 preferred stock dividends and cumulative preferred stock dividends, whether they are earned or not during the period. In periods of a net loss position, basic and diluted weighted average 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. As of September 30, 2017 and December 31, 2016, the Company had no cumulative, undeclared dividends that have not been accrued related to its preferred stock. During the nine months ended September 30, 2017 and 2016, undeclared dividends totaling $0 and $75,460, respectively, were added to the net loss on the condensed consolidated statements 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 September 30, 2017 and 2016:

	Nine Months Ended September 30,	
	2017	2016
Net loss	$ (5,629,332)	$ (8,829,366)
Add:		
Undeclared cumulative preferred dividends	—	(75,460)
Net loss attributable to common stockholders	$ (5,629,332)	$ (8,904,826)
Weighted average common shares issued and outstanding - basic and diluted	22,093,169	13,336,013
Basic and diluted net loss per share attributable to common stockholders	$ (0.25)	$ (0.67)

	Three Months Ended September 30,	
	2017	2016
Net loss	$ (1,979,664)	$ (2,184,468)
Add:		
Undeclared cumulative preferred dividends	—	—
Net loss attributable to common stockholders	$ (1,979,664)	$ (2,184,468)
Weighted average common shares issued and outstanding - basic and diluted	24,632,169	15,120,479
Basic and diluted net loss per share attributable to common stockholders	$ (0.08)	$ (0.14)

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

	Nine Months Ended September 30,	
	2017	2016
Stock options	1,236,253	71,213
Warrants	4,956,509	532,314
	6,192,762	603,527

Segment Reporting

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

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 September 30, 2017 and December 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.

Balance Sheet Arrangements

We do not currently have any off balance sheet arrangements.

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 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. The Company adopted this guidance on January 1, 2017 and the adoption of ASU No. 2015-11 did not have an impact on its 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. The Company adopted this guidance on January 1, 2017 and the adoption of ASU No. 2016-09 did not have an impact on its consolidated financial statements.

Note 4. Related-Party Transactions

As of September 30, 2017 and December 31, 2016, the Company had aggregate principal balances of $0 and $646,700, respectively, in outstanding unsecured indebtedness owed to three related parties, 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

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 March 31, 2017, the three note holders had outstanding principal balances of $268,900, $160,000 and $125,400, 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 was amortized to interest expense using the straight-line method which approximated the effective interest method over the term of the related-party notes. During the nine months ended September 30, 2017 and 2016, $6,100 and $78,500 of the debt discount was amortized to interest expense. The notes were repaid in full in April 2017.

Related-party interest expense under these notes was $9,600 and $43,200 for the nine months ended September 30, 2017 and 2016, respectively. Accrued interest, which is included in related-party notes payable in the accompanying condensed consolidated balance sheets, amounted to $0 and $11,400 as of September 30, 2017 and December 31, 2016, respectively.

Note 5. Commitments and Contingencies

Facility and Equipment Leases

We lease 27,600 square feet of corporate, engineering 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 are accounted for on a straight-line basis. We also lease certain office equipment which expires in March 2018.

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 Cryoportal^{TM} 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 $145,600 and $299,000 for the nine months ended September 30, 2017 and 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 condensed 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 6. 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 upon approval from our stockholders from 20,833,333 authorized shares. 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 filed with the Secretary of State of the State of Nevada a Certificate of Designation which designated 800,000 shares of the Company's previously authorized preferred stock, par value $0.001, as Class A Convertible Preferred Stock. In February 2015, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation which designated 400,000 shares of the Company's previously authorized preferred stock, par value $0.001, as Class B Convertible Preferred Stock. In April 2015, the Company filed with the Secretary of State of the State of Nevada an Amendment to the Certificate of Designation to increase the number shares of Class B Convertible Preferred Stock from 400,000 shares to 585,000 shares.

Common Stock Issued for Services

During the nine months ended September 30, 2017, 13,875 shares of common stock with a fair value of $52,500 were issued to two members of the board of directors as compensation for services.

Common Stock Reserved for Future Issuance

As of September 30, 2017, approximately 10.9 million shares of common stock were issuable upon exercise of rights granted under prior financing arrangements, stock options and warrants, as follows:

Exercise of stock options	5,374,843
Exercise of warrants	5,533,661
Total shares of common stock reserved for future issuances	10,908,504

Common Stock Offering

On March 31, 2017, we completed an underwritten public offering (the "Offering") for gross proceeds of $12.7 million for 6,325,000 shares of our common stock (the "Shares") pursuant to a registration statement on Form S-3 that was previously filed and declared effective by the SEC. The Shares were issued and sold pursuant to an underwriting agreement (the "Underwriting Agreement"), dated March 28, 2017, by and among the Company and Cowen and Company, LLC and Needham & Company, LLC, as Representatives of the underwriters, at a public offering price per share of $2.00. The Shares include 825,000 shares issued and sold pursuant to the Underwriters' exercise in full of their option to purchase additional shares of common stock pursuant to the Underwriting Agreement. The Company received net proceeds of approximately $11.4 million from the Offering after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. In connection with this offering, the Company incurred $170,300 in offering costs which were offset against the proceeds from this offering.

Supplemental Warrant Exercises

In July 2017, the Company received proceeds of $1.8 million from the exercise of 605,114 supplemental warrants which were issued in connection with the October 2016 tender offer. The warrants were exercisable upon issuance and expired 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 exceeded $4.50 for ten consecutive trading days.

As of June 27, 2017, the closing price of the Company's common stock was equal to or exceeded $4.50 for ten consecutive trading days. As a result, the supplemental warrants expiration date was accelerated to July 27, 2017 unless exercised prior to that date.

Warrant Activity

We typically issued 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. Cryoport did not issue any warrants in connection with the March 31, 2017 offering. Our outstanding warrants expire on varying 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 — December 31, 2016	7,447,478	$ 4.29		
Issued	—	—		
Exercised	(1,271,683)	3.17		
Expired	(642,134)	8.55		
Outstanding — September 30, 2017	5,533,661	$ 4.05	2.5	$ 33,062,500
Vested (exercisable) — September 30, 2017	5,533,661	$ 4.05	2.5	$ 33,062,500

(1) Aggregate intrinsic value represents the difference between the exercise price of the warrant and the closing market price of our common stock on September 30, 2017, which was $9.85 per share.

During the nine months ended September 30, 2017, the Company issued 472,870 shares of common stock in connection with the exercise of warrants for proceeds of $1.7 million, excluding the supplemental warrant exercises discussed above. These warrants were issued in connection with certain Company financings or for services performed.

During the nine months ended September 30, 2017, the Company issued 105,660 shares of common stock in connection with the cashless exercise of warrants to purchase 193,699 shares of common stock.

The total intrinsic value of warrants exercised during the nine months ended September 30, 2017 was $5.1 million.

Note 7. Stock-Based Compensation

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 (collectively 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 September 30, 2017, the Company had 1,387,971 shares available for future awards under the 2015 Plan.

During the nine months ended September 30, 2017, 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 weighted average assumptions:

Expected life (years)	5.3 – 6.6
Risk-free interest rate	1.8% - 2.1%
Volatility	111% – 115%
Dividend yield	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 expense over the vesting period using the straight-line single option method. Stock-based compensation expense is recognized only for those awards that vest. We account for the forfeitures of unvested awards as they occur.

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

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cost of revenues	$ 33,477	$ 14,241
General and administrative	1,958,658	1,838,054
Sales and marketing	502,851	476,282
Engineering and development	34,872	9,358
	$ 2,529,858	$ 2,337,936

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 — December 31, 2016	4,512,550	$ 4.01		
Granted (weighted-average fair value of $3.44 per share)	1,054,300	4.11		
Exercised	(90,733)	3.54		
Forfeited	(46,886)	3.22		
Expired	(54,388)	7.95		
Outstanding — September 30, 2017	5,374,843	$ 4.01	7.9	$ 31,419,500
Vested (exercisable) — September 30, 2017	2,677,235	$ 4.12	7.3	$ 15,369,200
Expected to vest after September 30, 2017 (unexercisable)	2,697,608	$ 3.90	2.4	$ 16,040,300

(1) Aggregate intrinsic value represents the difference between the exercise price of the option and the closing market price of our common stock on September 30, 2017, which was $9.85 per share.

The total intrinsic value of options exercised during the nine months ended September 30, 2017 was $248,500.

As of September 30, 2017, there was unrecognized compensation expense of $7.6 million related to unvested stock options, which we expect to recognize over a weighted average period of 2.4 years.

Note 8. Subsequent Event

In October 2017, the Company issued 284,873 shares of common stock in connection with the exercise of stock options and warrants for proceeds of $980,000. In addition, the Company issued 38,504 shares of common stock in connection with the cashless exercise of warrants to purchase 67,384 shares of common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

In this Form 10-Q, the terms "Cryoport", "Company" and similar terms refer to Cryoport, Inc., and its wholly owned subsidiary, Cryoport Systems, Inc.

SAFE HARBOR FOR FORWARD LOOKING STATEMENTS:

This Quarterly Report on Form 10-Q contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995 and concern matters that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. In some cases, you can identify these statements by terminology such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or similar words which are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this Quarterly Report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this Quarterly Report. You should be aware that these statements are projections or estimates as to future events and are subject to a number of factors that may tend to influence the accuracy of the statements. These forward-looking statements should not be regarded as a representation by the Company or any other person that the events or plans of the Company will be achieved. You should not unduly rely on these forward-looking statements, which speak only as of the date of this Quarterly Report. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Quarterly Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe in the reports we file from time to time with the Securities and Exchange Commission ("SEC"), including those contained in our Transition Report on Form 10-K for the nine months ended December 31, 2016, as filed with the SEC on March 13, 2017 and those reports filed after the date of this Quarterly Report. Actual results may differ materially from any forward looking statement.

The following management's discussion and analysis of the Company's financial condition and results of operations ("MD&A") should be read in conjunction with the condensed consolidated balance sheet as of September 30, 2017 (unaudited) and the consolidated balance sheet as of December 31, 2016 (audited) and the related unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2017 and 2016, and condensed consolidated statements of cash flows for the nine months ended September 30, 2017 and 2016 and the related notes thereto (see Item 1. Financial Statements), as well as the audited consolidated financial statements of the Company for the nine month period ended December 31, 2016 and the year ended March 31, 2016 included in the Company's Transition Report on Form 10-K for the nine months ended December 31, 2016.

General Overview

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 Cryoportal™. The Cryoportal™ 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 Cryoportal™ 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 consists of cost-effective and reusable cryogenic transport shippers, which utilize an innovative application of "dry vapor" liquid nitrogen ("LN2") technology and SmartPak II™ 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 Cryoportal™ 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. The Cryoportal™ 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:

- "***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.

- "***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 Cryoportal™ 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.

Cryoport is continuously expanding its solutions offerings in response to its customers' 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.

In August 2017, Cryoport announced the expansion of its portfolio of cold chain logistics solutions with the launch of its 'Cryoport. Certified. Cool.' solution, branded as "C^3 ™", in support of the new high value regenerative therapies that require temperature-controlled transportation within the 2-8°C temperature range during the logistics of processing these new therapies. Cryoport's C^3 ™ shipper offers the first 2-8°C shipping solution designed for synergistic integration into its intuitive informatics platform, the Cryoportal™ Logistics Management Platform. The C^3 ™ solution provides enhanced, real-time visibility, security and risk mitigation from temperature excursions for the client's critical biological commodities. The introduction of C^3 ™ allows Cryoport to support the entire logistics continuum for regenerative medicine clinical and commercial programs. Cryoport integrated its Smartpak II™ Condition Monitoring System, which provides real-time visibility into the location and key aspects of critical shipments with the well-established, validated, and reusable Credo Cube™ from Pelican BioThermal for its proven temperature protection, and seamlessly integrated the system into its Cryoportal™ Logistics Management Platform for cold chain transparency, monitoring and responsiveness. The C^3 ™ solution includes Cryoport's 24/7/365 Client Support, which proactively monitors all shipments, allowing for timely intervention to mitigate risks when they occur.

Strategic Logistics Alliances

We have established strategic alliances to market our solutions 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^{SM}" 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 Cryoportal^{TM} 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® 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 Cryoportal^{TM} software platform, which is "powered by Cryoport^{SM}" 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*℠". In addition, DHL's customers have direct access to our cloud-based order entry and tracking portal to order Cryoport Express® Solutions and receive preferred DHL shipping rates and discounts. Our proprietary logistics management operating platform, the Cryoportal™, 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® 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 Cryoportal™, 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.

Cryoport has and continues to build strategic relationships with leaders supporting the life sciences industry, in areas of cGMP compliant climate- and temperature controlled biorepositories as well as in the design and manufacture of biostorage and logistics equipment. This enables us to further advance and expand our cold chain solutions to meet the growing and varied demands in the life sciences market. This provides us with additional opportunities to increases our revenues as well as enables us to rapidly scale our capabilities in support our client's commercialization activities.

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 2017 edition of *Pharmaceutical Commerce's* annual *Biopharma Cold Chain Sourcebook* estimates that managing the transportation of temperature-controlled products (refrigerated and frozen) will total $13.4 billion this year. The growth of temperature-controlled products is continuing at more than double the rate of non-temperature-controlled products, indicating that the cold chain business in biopharma will continue to grow at healthy rates.

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 136ºC) 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°C), chilled (between 2° and 8°C) or frozen (minus 10°C 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 Cryoportal™ 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 dewar flask 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.

Novartis. In July 2017, we announced our engagement by Novartis for the commercial support of its cell therapy CTL019/CD19 (now named Kymriah™) for an initial three-year term, subject to certain termination and extension provisions. Kymriah is approved to treat relapsed or refractory pediatric and young adult patients with B-cell acute lymphoblastic leukemia (ALL). Under the agreement, Cryoport is providing cryogenic logistics solutions, which includes the employment of Cryoport Express® Shippers, SmartPak II™ Condition Monitoring Systems, the Cryoportal™ Logistics Management Platform, and 24/7/365 logistics support.

Kite Pharma/Gilead. In September 2017, we announced that Cryoport was chosen for the commercial support of Kite Pharma's lead chimeric antigen receptor (CAR) T-cell therapy, axicabtagene ciloleucel (now named Yescarta™), for the treatment of aggressive Non-Hodgkin Lymphoma (NHL). The initial three-year engagement, subject to certain termination and extension provisions, is structured to support Gilead's Kite Pharma throughout the lifecycle of Yescarta. Under the terms of the agreement, Cryoport will provide logistics support throughout the United States in accordance with Gilead's plans for patient adoption of Yescarta. In addition to supporting the commercial launch described above, Cryoport also continues to support Kite Pharma's clinical stage therapies. Cryoport's advanced cryogenic logistics solutions are designed to meet Kite Pharma's expanding cryogenic logistics requirements, which includes the employment of Cryoport Express® Shippers, SmartPak II™ Condition Monitoring Systems, the Cryoportal™ Logistics Management Platform, and 24/7/365 logistics support.

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.

Recent Developments

Common Stock Offering

On March 31, 2017, we completed an underwritten public offering (the "Offering") for gross proceeds of $12.7 million for 6,325,000 shares of our common stock (the "Shares") pursuant to a registration statement on Form S-3 that was previously filed and declared effective by the SEC. The Shares were issued and sold pursuant to an underwriting agreement (the "Underwriting Agreement"), dated March 28, 2017, by and among the Company and Cowen and Company, LLC and Needham & Company, LLC, as Representatives of the underwriters, at a public offering price per share of $2.00. The Shares include 825,000 shares issued and sold pursuant to the Underwriters' exercise in full of their option to purchase additional shares of common stock pursuant to the Underwriting Agreement. The Company received net proceeds of approximately $11.4 million from the Offering after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. In connection with this offering, the Company incurred $170,300 in offering costs which were offset against the proceeds from this offering.

Supplemental Warrant Exercises

In July 2017, the Company received proceeds of $1.8 million from the exercise of 605,114 supplemental warrants which were issued in connection with the October 2016 tender offer. The warrants were exercisable upon issuance and expired 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.

As of June 27, 2017, the closing price of the Company's common stock was equal to or exceeded $4.50 for ten consecutive trading days. As a result, the supplemental warrants expiration date was accelerated to July 27, 2017 unless exercised prior to that date.

Results of Operations

Three months ended September 30, 2017 compared to three months ended September 30, 2016:

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

	Three Months Ended September 30,			
	2017	2016	$ Change	% Change
	($ in 000's)			
Revenues	$ 3,003	$ 1,977	$ 1,026	51.9%
Cost of revenues	(1,396)	(1,180)	(216)	18.3%
Gross margin	1,607	797	810	101.6%
General and administrative	(1,897)	(1,508)	(389)	25.8%
Sales and marketing	(1,353)	(1,235)	(118)	9.5%
Engineering and development	(345)	(215)	(130)	60.6%
Interest expense	—	(19)	19	(100)%
Other income (expense), net	8	(1)	9	(682)%
Provision for income taxes	—	(3)	3	(100)%
Net loss	$ (1,980)	$ (2,184)	$ 204	(9.4)%

Total revenues

	Three Months Ended September 30,			
	2017	2016	$ Change	% Change
	($ in 000's)			
Biopharmaceutical	$ 2,346	$ 1,424	$ 922	64.7%
Reproductive medicine	409	366	43	11.9%
Animal health	248	187	61	32.6%
Total revenues	$ 3,003	$ 1,977	$ 1,026	51.9%

Revenues. We generated revenues from customers in all of our target life sciences markets, such as biopharma, animal health and reproductive medicine. Revenues increased $1.0 million or 51.9% to $3.0 million for the three months ended September 30, 2017, as compared to $2.0 million for the three months ended September 30, 2016. 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 $921,600 or 64.7%, to $2.3 million for the quarter compared to $1.4 million in the same quarter last year. During the three months ended September 30, 2017, we added approximately 20 new biopharma clients and supported 195 clinical trials, of which 20 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 11.9% for the three months ended September 30, 2017, as compared to the same period in 2016. This increase was driven by a 62.1% increase in revenues in the U.S. market through continued success of our targeted marketing campaigns and was partially offset by a 55.0% decrease in revenues in the international markets as a result of regulatory uncertainties. Our revenues from animal health increased 32.6% for the three months ended September 30, 2017, as compared to the same period in 2016, driven by increased volume from existing clients and the international relocation of cell banks for a new client.

Gross margin and cost of revenues. Gross margin for the three months ended September 30, 2017 was 53.5% of revenues, as compared to 40.3% of revenues for the three months ended September 30, 2016. The increase in gross margin by thirteen percentage points is 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 $216,200, or 18.3%, to $1.4 million for the three months ended September 30, 2017, as compared to $1.2 million in the same period in 2016. 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 $389,100 for the three months ended September 30, 2017 or 25.8% as compared to the three months ended September 30, 2016. This increase is primarily due to an increase in salaries and associated employee costs of $151,000, an increase of $132,200 for public company related expenses, including legal fees, an increase in stock-based compensation expense of $115,100, an increase of $22,100 for insurance premiums and implementation and costs for a new ERP system of $16,300. These increases were partially offset by a $49,800 decrease in allocated facility costs.

Sales and marketing. Sales and marketing expenses increased $117,600 or 9.5% for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. This increase is primarily due to a $166,700 increase in salaries and associated costs, including recruiting fees, incurred to expand our sales force, a $30,800 increase in allocated facility costs, an increase in travel and lodging expense of $18,400, an increase in implementation costs for a new ERP system of $17,200 and an increase in stock-based compensation expense of $17,400. These increases were partially offset by a reduction in outsourced marketing consulting of $149,900 as a result of bringing this function in-house.

Engineering and development expenses. Engineering and development expenses increased $130,100 or 60.6% for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016. The increase was primarily due to an increase of $96,900 in wages and associated employee costs to add a software development product manager and Chief Technology Officer, facility expenses of $76,200, testing expenses of $29,200 and an increase of $22,700 in stock-based compensation expense. These increases were partially offset by a reduction of $110,600 in web portal expenses. We continually strive to improve and expand the features of our Cryoport Express® Solutions. Our developments are directed towards facilitating the safe, reliable and efficient shipment of life science commodities through innovative and technology-based solutions. We also incurred costs to design and validate additional new primary and secondary packaging solutions and accessories in response to requests from our customers. We supplement our internal engineering and development resources with subject matter experts and consultants.

Interest expense. Interest expense decreased $19,300 for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016. There was no interest expense during the three months ended September 30, 2017 as the related party notes were paid in full April 1, 2017. Interest expense for the three months ended September 30, 2016 included amortization of the debt discount on the related-party notes of $6,300 and the stated interest expense of $13,000.

Other income (expense), net. The other income, net for the three months ended September 30, 2017 increased $9,900 as compared to the three months ended September 30, 2016 primarily due to an increase in interest income on larger cash balances and foreign exchange gains on accounts receivable and payable invoices partially offset by bank administrative charges.

Nine months ended September 30, 2017 compared to nine months ended September 30, 2016:

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

	Nine Months Ended September 30,			
	2017	2016	$ Change	% Change
	($ in 000's)			
Revenues	$ 8,632	$ 5,450	$ 3,182	58.4%
Cost of revenues	(4,380)	(3,289)	(1,091)	33.1%
Gross margin	4,252	2,161	2,091	96.9%
General and administrative	(5,389)	(4,752)	(637)	13.4%
Sales and marketing	(3,659)	(3,678)	19	(0.5)%
Engineering and development	(825)	(495)	(330)	66.8%
Interest expense	(16)	(122)	106	(87.1)%
Warrant repricing expense	—	(1,930)	1,930	(100)%
Other income (expense), net	12	(8)	20	(244.6)%
Provision for income taxes	(4)	(5)	1	(21.1)%
Net loss	$ (5,629)	$ (8,829)	$ 3,200	(36.2)%

Total revenues

	Nine Months Ended September 30,			
	2017	2016	$ Change	% Change
	($ in 000's)			
Biopharmaceutical	$ 6,597	$ 3,756	$ 2,841	75.6%
Reproductive medicine	1,253	1,066	187	17.5%
Animal health	782	628	154	24.6%
Total revenues	$ 8,632	$ 5,450	$ 3,182	58.4%

Revenues. We generated revenues from customers in all of our target life sciences markets, such as biopharma, animal health and reproductive medicine. Revenues increased $3.2 million or 58.4% to $8.6 million for the nine months ended September 30, 2017, as compared to $5.4 million for the nine months ended September 30, 2016. 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 $2.8 million or 75.6%, to $6.6 million for the nine months ended September 30, 2017 as compared to $3.8 million in the same period last year. During the nine months ended September 30, 2017, we added approximately 66 new biopharma clients and supported 195 clinical trials, of which 20 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 17.5% for the nine months ended September 30, 2017, as compared to the same period in 2016. This increase was driven by a 56.9% increase in revenues in the U.S. market through continued success of our targeted marketing campaigns and was partially offset by a 34.6% decrease in revenues in the international markets as a result of regulatory uncertainties. Our revenues from animal health increased 24.6% for the nine months ended September 30, 2017, as compared to the same period in 2016, driven by increased volume from existing clients and the international relocation of cell banks for a new client.

Gross margin and cost of revenues. Gross margin for the nine months ended September 30, 2017 was 49.3% of revenues, as compared to 39.6% of revenues for the nine months ended September 30, 2016. The increase in gross margin by almost ten percentage points is 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, and depreciation expenses of our Cryoport Express® Shippers and supplies and consumables used for our solutions. Cost of revenues increased $1.1 million, or 33.1%, to $4.4 million for the nine months ended September 30, 2017, as compared to $3.3 million in the same period in 2016. 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 $637,600 for the nine months ended September 30, 2017 or 13.4% as compared to the nine months ended September 30, 2016. This increase is primarily due to an increase in salaries and associated employee costs of $224,000, an increase in public company related expenses in the amount of $160,700, an increase in stock-based compensation expense of $150,500 including legal fees, an increase of $126,500 for legal settlements, an increase of $88,800 for insurance premiums, implementation costs for a new ERP system of $84,800, and patent legal fees of $34,900. These increases were partially offset by the 2016 disposal of components used to manufacture our shippers in the amount of $121,700 due to our decision to co-develop and outsource the manufacturing of our shippers that was not incurred in 2017, a decrease of $52,800 for charitable donations, a decrease of $23,600 for estimated bad debt, a decrease in allocated facility expenses of $13,300 and a decrease in moving expenses incurred in 2016 of $10,000.

Sales and marketing. Sales and marketing expenses decreased $18,300 or 0.5% for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. This decrease is primarily due to a reduction in outsourced marketing consulting of $391,800 as a result of bringing this function in-house. This decrease was partially offset by implementation costs for a new ERP system of $102,500, an increase in salaries and associated employee costs of $95,300, an increase in facility expenses of $64,500, an increase in travel and lodging expense of $36,200, an increase in marketing trade shows of $35,500 and an increase in stock-based compensation expense of $26,600.

Engineering and development expenses. Engineering and development expenses increased $330,400 or 66.8% for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. The increase is primarily due to $202,100 in testing expenses, $152,700 in wages and associated employee costs to add a software development product manager and Chief Technology Officer, facility expenses of $97,600 and an increase in stock-based compensation of $25,500. These increases were partially offset by a reduction of $152,400 in web portal expenses. We continually strive to improve and expand the features of our Cryoport Express® Solutions. Our developments are directed towards facilitating the safe, reliable and efficient shipment of life science commodities through innovative and technology-based solutions. During the nine months ended September 30, 2017, we tested and upgraded the firmware and software of our SmartPak II™ Condition Monitoring System that tracks the key aspects of each shipment that could affect the quality and/or timing of delivery of the commodities shipped to its intended destination. We also incurred costs to design and validate additional new primary and secondary packaging solutions and accessories in response to requests from our customers. We supplement our internal engineering and development resources with subject matter experts and consultants.

Interest expense. Interest expense decreased $106,000 for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. Interest expense for the nine months ended September 30, 2017 included amortization of the debt discount on the related-party notes of $6,100 and the stated interest expense of $9,600. Interest expense for the nine months ended September 30, 2016 included amortization of the debt discount on the related-party notes of $78,500 and the stated interest expense of $43,200.

Warrant repricing expense. Warrant repricing expense for the nine months ended September 30, 2016 was due to the repricing of certain warrants for the tender offer that was completed April 7, 2016.

Other income (expense), net. The other income, net for the nine months ended September 30, 2017 increased $20,200, as compared to the nine months ended September 30, 2016 primarily due to an increase in interest income on larger cash balances and foreign exchange gains on accounts receivable and payable invoices partially offset by bank administrative charges.

Liquidity and Capital Resources

As of September 30, 2017, the Company had cash and cash equivalents of $15.4 million and working capital of $15.4 million. Historically, we have financed our operations primarily through sales of our debt and equity securities.

For the nine months ended September 30, 2017, we used $2.4 million of cash for operations primarily as a result of the net loss of $5.6 million offset by non-cash expenses of $3.1 million primarily comprised of depreciation and amortization, stock-based compensation expense, and loss on disposal of fixed assets. Also contributing to the cash impact of our net operating loss (excluding non-cash items) was an increase in accounts receivable of $280,300 as a result of an increase in sales offset by an increase in accounts payable and other accrued expenses and accrued compensation of $410,700.

Net cash used in investing activities of $1.3 million during the nine months ended September 30, 2017 was primarily due to the purchase of Cryoport Express® CXVC1 Shippers, Smart Pak II™ Condition Monitoring Systems and computer equipment as well as legal expenses incurred for trademark applications.

Net cash provided by financing activities totaled $14.5 million during the nine months ended September 30, 2017, and resulted from net proceeds of $11.4 million from the March 2017 common stock offering, proceeds from the exercise of stock options and warrants of $3.8 million, which were partially offset by the repayment of related party notes payable of $656,200.

The Company's management believes that, based on its current plans and assumptions, the current cash on hand, together with projected cash flows, will satisfy our operational and capital needs for at least the next twelve months. The Company's management recognizes that the Company may 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.

Off-Balance Sheet Arrangements

We do not currently have any off balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the timelines specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Securities and Exchange Commission Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Principal Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2017 at the reasonable assurance level.

Changes in internal control over financial reporting.

There were no changes in our internal controls over financial reporting during the fiscal quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

The risks described in *Part I*, *Item 1A*, *Risk Factors*, in our Transition Report on Form 10-K for the nine months ended December 31, 2016, could materially and adversely affect our business, financial condition and results of operations. These risk factors do not identify all of the risks that we face. Our business, financial condition and results of operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial. There have been no material changes to the "Risk Factors" section included in our Transition Report on Form 10-K for the nine months ended December 31, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Index	
31.1+	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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.

+ Filed herewith.

SIGNATURES

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

Cryoport, Inc.

Dated: November 2, 2017

By: */s/ Jerrell W. Shelton*

Jerrell W. Shelton
Chief Executive Officer

Dated: November 2, 2017

By: */s/ Robert S. Stefanovich*

Robert S. Stefanovich
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION
CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jerrell W. Shelton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cryoport, Inc.

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

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

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

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

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 2, 2017

/s/ Jerrell W. Shelton

JERRELL W. SHELTON
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION
CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert S. Stefanovich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cryoport, Inc.

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

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

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

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

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 2, 2017

/s/ Robert S. Stefanovich

ROBERT S. STEFANOVICH
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Cryoport, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jerrell W. Shelton, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

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

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

/s/ Jerrell W. Shelton

JERRELL W. SHELTON
President and Chief Executive Officer

November 2, 2017

In connection with the Quarterly Report of Cryoport, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert S. Stefanovich, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

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

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

/s/ Robert S. Stefanovich

ROBERT S. STEFANOVICH
Chief Financial Officer

November 2, 2017

A signed original of this written statement required by Section 906 has been provided to Cryoport, Inc. and will be retained by Cryoport, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification is being furnished pursuant to Rule 15(d) and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. This Certification shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.