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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

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

For the transition period from ______ to ______.

Commission File Number: 001-34632

CRYOPORT, INC.
(Exact Name of Registrant as Specified in its Charter)

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

112 Westwood Place, Suite 350
Brentwood, TN 37027
(Address of principal executive offices, including zip code)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, $0.001 par value	CYRX	The Nasdaq Stock Market LLC (The Nasdaq Capital Market)

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

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

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

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

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

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

As of July 31, 2024 there were 49,412,294 shares of the registrant's common stock outstanding.

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Cryoport, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except share data)

	June 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 46,458	$ 46,346
Short-term investments	380,684	410,409
Accounts receivable, net	40,160	42,074
Inventories	23,609	26,206
Prepaid expenses and other current assets	11,075	10,077
Total current assets	501,986	535,112
Property and equipment, net	86,653	84,858
Operating lease right-of-use assets	29,684	32,653
Intangible assets, net	178,388	194,382
Goodwill	52,384	108,403
Deposits	1,668	1,680
Deferred tax assets	1,578	656
Total assets	$ 852,341	$ 957,744
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and other accrued expenses	$ 24,805	$ 26,995
Accrued compensation and related expenses	10,690	11,409
Deferred revenue	1,317	1,308
Current portion of operating lease liabilities	5,299	5,371
Current portion of finance lease liabilities	365	286
Current portion of convertible senior notes, net of discount of $0.1 million	14,244	—
Current portion of notes payable	110	149
Current portion of contingent consideration	3,055	92
Total current liabilities	59,885	45,610
Convertible senior notes, net of discount of $5.5 million and $7.0 million, respectively	355,665	378,553
Notes payable	1,258	1,335
Operating lease liabilities, net of current portion	26,523	29,355
Finance lease liabilities, net of current portion	1,137	954
Deferred tax liabilities	2,651	2,816
Other long-term liabilities	427	601
Contingent consideration, net of current portion	4,700	9,497
Total liabilities	452,246	468,721
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	—	—
Class C convertible preferred stock - $0.001 par value; 250,000 shares authorized; 200,000 issued and outstanding	30,275	26,275
Common stock, $0.001 par value; 100,000,000 shares authorized; 49,412,294 and 48,971,026 issued and outstanding at June 30, 2024 and December 31, 2023, respectively	49	49
Additional paid-in capital	1,138,263	1,131,183
Accumulated deficit	(739,303)	(642,419)
Accumulated other comprehensive loss	(29,189)	(26,065)
Total stockholders' equity	400,095	489,023
Total liabilities and stockholders' equity	$ 852,341	$ 957,744

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Life Sciences Services revenue	$ 38,040	$ 35,204	$ 74,826	$ 71,040
Life Sciences Products revenue	19,557	21,817	37,363	48,798
Total revenue	57,597	57,021	112,189	119,838
Cost of services revenue	21,105	20,008	42,707	39,084
Cost of products revenue	11,302	12,280	22,517	28,949
Total cost of revenue	32,407	32,288	65,224	68,033
Gross margin	25,190	24,733	46,965	51,805
Operating costs and expenses:				
Selling, general and administrative	35,963	38,802	74,267	72,043
Engineering and development	4,646	4,263	9,398	8,139
Impairment loss	63,809	—	63,809	—
Total operating costs and expenses	104,418	43,065	147,474	80,182
Loss from operations	(79,228)	(18,332)	(100,509)	(28,377)
Other income (expense):				
Investment income	2,809	2,647	5,409	5,114
Interest expense	(1,245)	(1,331)	(2,583)	(2,840)
Gain on extinguishment of debt, net	1,179	—	1,179	—
Other income (expense), net	(1,121)	(704)	218	3,301
Total other income, net	1,622	612	4,223	5,575
Loss before provision for income taxes	(77,606)	(17,720)	(96,286)	(22,802)
Provision for income taxes	(383)	(635)	(598)	(1,127)
Net loss	$ (77,989)	$ (18,355)	$ (96,884)	$ (23,929)
Paid-in-kind dividend on Series C convertible preferred stock	(2,000)	(2,000)	(4,000)	(4,000)
Net loss attributable to common stockholders	$ (79,989)	$ (20,355)	$ (100,884)	$ (27,929)
Net loss per share - basic and diluted	$ (1.62)	$ (0.42)	$ (2.05)	$ (0.58)
Weighted average shares outstanding – basic and diluted	49,345,644	48,709,384	49,182,830	48,536,901

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	$ (77,989)	$ (18,355)	$ (96,884)	$ (23,929)
Other comprehensive income (loss), net of tax:				
Net unrealized gain on available-for-sale debt securities	994	(1,223)	1,255	2,452
Reclassification of realized (gain) loss on available-for-sale debt securities to earnings	695	532	(1,619)	631
Foreign currency translation adjustments	(801)	(4,226)	(2,760)	(3,022)
Other comprehensive income (loss)	888	(4,917)	(3,124)	61
Total comprehensive loss	$ (77,101)	$ (23,272)	$ (100,008)	$ (23,868)

See accompanying notes to condensed consolidated financial statements.

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Cryoport, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share data)
(unaudited)

	Class A Preferred Stock		Class B Preferred Stock		Class C Preferred Stock		Common Stock		Additional	Accumulated	Other Comprehensive	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid–In Capital	Deficit	Loss	Equity (Deficit)
Balance at March 31, 2023	—	$ —	—	$ —	200,000	$ 20,275	48,501,406	$ 48	$ 1,118,172	$ (548,406)	$ (29,571)	$ 560,518
Net loss	—	—	—	—	—	—	—	—	—	(18,355)	—	(18,355)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	—	—	—	—	(4,917)	(4,917)
Stock-based compensation expense	—	—	—	—	—	—	—	—	5,800	—	—	5,800
Paid-in-kind preferred stock dividend	—	—	—	—	—	2,000	—	—	(2,000)	—	—	—
Vesting of restricted stock units	—	—	—	—	—	—	52,536	—	—	—	—	—
Proceeds from exercise of stock options	—	—	—	—	—	—	325,076	1	1,208	—	—	1,209
Balance at June 30, 2023	—	$ —	—	$ —	200,000	$ 22,275	48,879,018	$ 49	$ 1,123,180	$ (566,761)	$ (34,488)	$ 544,255
Balance at March 31, 2024	—	$ —	—	$ —	200,000	$ 28,275	49,256,794	$ 49	$ 1,135,257	$ (661,314)	$ (30,077)	$ 472,190
Net loss	—	—	—	—	—	—	—	—	—	(77,989)	—	(77,989)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	—	—	—	—	888	888
Stock-based compensation expense	—	—	—	—	—	—	—	—	4,997	—	—	4,997
Paid-in-kind preferred stock dividend	—	—	—	—	—	2,000	—	—	(2,000)	—	—	—
Vesting of restricted stock units	—	—	—	—	—	—	154,850	—	—	—	—	—
Proceeds from exercise of stock options	—	—	—	—	—	—	650	—	9	—	—	9
Balance at June 30, 2024	—	$ —	—	$ —	200,000	$ 30,275	49,412,294	$ 49	$ 1,138,263	$ (739,303)	$ (29,189)	$ 400,095
Balance at December 31, 2022	—	$ —	—	$ —	200,000	$ 18,275	48,334,280	$ 48	$ 1,114,896	$ (542,832)	$ (34,549)	$ 555,838
Net loss	—	—	—	—	—	—	—	—	—	(23,929)	—	(23,929)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	—	—	—	—	61	61
Stock-based compensation expense	—	—	—	—	—	—	—	—	10,984	—	—	10,984
Paid-in-kind preferred stock dividend	—	—	—	—	—	4,000	—	—	(4,000)	—	—	—
Vesting of restricted stock units	—	—	—	—	—	—	209,124	—	—	—	—	—
Proceeds from exercise of stock options	—	—	—	—	—	—	335,614	1	1,300	—	—	1,301
Balance at June 30, 2023	—	$ —	—	$ —	200,000	$ 22,275	48,879,018	$ 49	$ 1,123,180	$ (566,761)	$ (34,488)	$ 544,255
Balance at December 31, 2023	—	$ —	—	$ —	200,000	$ 26,275	48,971,026	$ 49	$ 1,131,183	$ (642,419)	$ (26,065)	$ 489,023
Net loss	—	—	—	—	—	—	—	—	—	(96,884)	—	(96,884)
Other comprehensive income, net of taxes	—	—	—	—	—	—	—	—	—	—	(3,124)	(3,124)
Stock-based compensation expense	—	—	—	—	—	—	—	—	10,453	—	—	10,453
Paid-in-kind preferred stock dividend	—	—	—	—	—	4,000	—	—	(4,000)	—	—	—
Vesting of restricted stock units	—	—	—	—	—	—	324,754	—	—	—	—	—
Proceeds from exercise of stock options	—	—	—	—	—	—	116,514	0	627	—	—	627
Balance at June 30, 2024	—	$ —	—	$ —	200,000	$ 30,275	49,412,294	$ 49	$ 1,138,263	$ (739,303)	$ (29,189)	$ 400,095

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	For the Six Months Ended June 30, 2024	2023
Cash Flows From Operating Activities:		
Net loss	$ (96,884)	$ (23,929)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment loss	63,809	—
Depreciation and amortization	15,027	13,127
Amortization of debt discount	1,198	1,283
Non-cash operating lease expense	2,826	2,281
Unrealized (gain) loss on investments in equity securities	1,026	(105)
Realized (gain) loss on available-for-sale investments	(1,968)	69
Gain on extinguishment of debt	(1,179)	—
Stock-based compensation expense	10,453	10,984
Loss on disposal of property and equipment	238	190
Gain on insurance settlement	—	(2,642)
Change in credit losses	(18)	(133)
Insurance proceeds for operations	—	1,212
Change in contingent consideration	(1,741)	(68)
Changes in operating assets and liabilities:		
Accounts receivable	1,558	1,104
Inventories	2,432	(1,247)
Prepaid expenses and other current assets	(1,381)	1,251
Deposits	(9)	(197)
Operating lease liabilities	(2,754)	(2,102)
Accounts payable and other accrued expenses	(2,294)	(2,874)
Accrued compensation and related expenses	(630)	248
Deferred revenue	23	488
Net deferred tax asset	(1,022)	(220)
Net cash used in operating activities	(11,290)	(1,280)
Cash Flows From Investing Activities:		
Purchases of property and equipment	(7,796)	(18,243)
Insurance proceeds for loss of fixed assets	—	976
Software development costs	(2,074)	(2,534)
Purchases of short-term investments	(49,922)	—
Sales/maturities of short-term investments	80,225	52,487
Patent and trademark costs	(667)	(391)
Net cash provided by investing activities	19,766	32,295
Cash Flows From Financing Activities:		
Proceeds from exercise of stock options	627	1,300
Cash paid to repurchase of 2026 Senior Notes	(8,663)	—
Repayment of notes payable	(72)	(11)
Repayment of finance lease liabilities	(144)	(70)
Net cash provided by (used in) financing activities	(8,252)	1,219
Effect of exchange rates on cash and cash equivalents	(112)	(1,515)
Net change in cash and cash equivalents	112	30,719
Cash and cash equivalents — beginning of period	46,346	36,595
Cash and cash equivalents — end of period	$ 46,458	$ 67,314
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 1,611	$ 1,725
Cash paid for income taxes	$ 707	$ 1,103
Supplemental Disclosure of Non-Cash Financing Activities:		
Operating lease right-of-use assets and operating lease liabilities	$ 186	$ 5,603
Net unrealized gain (loss) on available-for-sale debt securities	$ 1,255	$ 2,452
Reclassification of realized gain (loss) on available-for-sale debt securities to earnings	$ 1,619	$ (631)
Paid-in-kind preferred stock dividend, including beneficial conversion feature	$ 4,000	$ 4,000
Fixed assets included in accounts payable and accrued liabilities	$ 464	$ 822

See accompanying notes to condensed consolidated financial statements.

Cryoport, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2023 and 2023
(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", "Cryoport", "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 10 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 six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. 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 Annual Report on Form 10-K for the year ended December 31, 2023.

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 a leading global provider of innovative products and services supporting the life sciences. Our mission is to enable the future of medicine for a new era of life sciences. With over 50 strategic locations covering the Americas, EMEA (Europe, the Middle East and Africa) and APAC (Asia Pacific), Cryoport's global platform provides mission-critical bio-logistics, bio-storage, bio-processing, and cryogenic systems to over 3,000 customers worldwide. Our platform of solutions and services, together with our global team of over 1,100 dedicated colleagues, delivers a unique combination of innovative supply chain technologies and services through our industry-leading brands, including Cryoport Systems, MVE Biological Solutions (MVE), CRYOPDP, and CRYOGENE.

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

There have been no material changes to the Company's significant accounting policies during the six months ended June 30, 2024, as compared to the significant accounting policies disclosed in Note 2 – Summary of Significant Accounting Policies to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Foreign Currency Transactions

Management has determined that the functional currency of its subsidiaries is the local currency. Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the period-end exchange rates. Income and expenses are translated at an average exchange rate for the period and the resulting translation gain (loss) adjustments are accumulated as a separate component of stockholders' equity. The translation loss adjustment totaled $2.8 million and $3.0 million for the six months ended June 30, 2024 and 2023, respectively. Foreign currency gains and losses from transactions denominated in other than respective local currencies are included in earnings.

Recently Adopted Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," which amends the guidance in Topic 820, *Fair Value Measurement*, to clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. In addition, the ASU introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years for public business entities. We adopted ASU 2022-03 on January 1, 2024. The adoption of this standard did not have an impact on the Company's consolidated financial statements or disclosures.

Accounting Guidance Issued but Not Adopted at June 30, 2024

In March 2024, the FASB issued ASU 2024-02 "Codification Improvements—Amendments to Remove References to the Concept Statements," which amends the Codification to remove references to various FASB Concepts Statements and impacts a variety of Topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance, but in most instances the references removed are extraneous and are not required to understand or apply the guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. ASU 2024-02 is effective for the Company for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Entities may apply the guidance either retrospectively to the beginning of the earliest comparative period presented or prospectively to all new or modified transactions recognized on or after the date of adoption. We are currently evaluating the impact of this standard on our consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, "Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards," which clarifies how an entity determines whether a profits interest or similar award is within the scope of Topic 718, or is not a share-based payment arrangement and therefore within the scope of other guidance. ASU 2024-01 adds an example with multiple fact patterns and illustrates how an entity evaluates common terms and characteristics of profits interests and similar awards to reach a conclusion about whether an award meets the conditions in Topic 718. It also amends certain language in the "Scope" and "Scope Exceptions" sections of Topic 718 to improve its clarity and operability without changing the guidance. ASU 2024-01 is effective for the Company for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Entities may apply the guidance either retrospectively to all periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date of adoption. We are currently evaluating the impact of this standard on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which is intended to enhance the transparency and decision usefulness of income tax disclosures. Notably, the ASU requires entities to disclose specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, as well as disclosures of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Retrospective application to each period presented in the financial statements is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which requires all public entities, including those that have a single reportable segment, to provide enhanced disclosures primarily about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The new guidance is required to be applied on a retrospective basis, with all required disclosures to be made for all prior periods presented in the financial statements. The segment expense categories and amounts disclosed in prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. We are currently evaluating the impact of this standard on our consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, "Disclosure Improvements—Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative." This ASU modifies the disclosure or presentation requirements of a variety of Topics in the Codification by aligning them with the SEC's regulations. The amendments to the various Topics should be applied prospectively, and the effective date for the Company for each amendment will be determined based on the effective date of the SEC's removal of the related disclosure from Regulation S-X or Regulation S-K. If the SEC has not removed the applicable requirement by June 30, 2027, then the related amendment in ASU 2023-06 will be removed from the Codification and will not become effective. Early adoption of this ASU is prohibited. We do not expect the amendments in this ASU to have a material impact on the disclosures or presentation in our consolidated financial statements.

Note 4. Revenue, Concentrations and Geographic Information

Customers

The Company grants credit to customers within the U.S. and international customers and does not require collateral. Revenue from international customers is generally secured by advance payments except for established foreign customers. The Company generally requires advance or credit card payments for initial revenue 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.

The Company's customers are in the biopharma, pharmaceutical, animal health, reproductive medicine, and other life science 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 June 30, 2024 and December 31, 2023.

The Company has revenue from foreign customers primarily in the United Kingdom, France, Germany, China and India. During the three months ended June 30, 2024 and 2023, the Company had revenue from foreign customers of approximately $24.5 million and $25.9 million, respectively, which constituted approximately 42.5% and 45.3%, respectively, of total revenue. No single customer generated over 10% of revenue during the three months ended June 30, 2024 and 2023.

During the six months ended June 30, 2024 and 2023, the Company had revenue from foreign customers of approximately $49.2 million and $55.1 million, respectively, which constituted approximately 43.8% and 45.9%, respectively, of total revenue. No single customer generated over 10% of revenue during the six months ended June 30, 2024 and 2023.

Revenue Disaggregation

The Company views its operations, makes decisions regarding how to allocate resources and manages its business as one reportable segment and one reporting unit. As a result, the financial information disclosed herein represents all of the material financial information related to the Company. When disaggregating revenue, the Company considered all of the economic factors that may affect its revenue. Effective the first quarter of 2024, the Company began reporting its services revenue in the following categories: BioLogistics Solutions and BioStorage/BioServices as Life Sciences Services, and its products revenue as Life Sciences Products. The Company believes this change better aligns its revenue categories with its strategic priorities. The following table disaggregates the Company's revenues by such categories for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
BioLogistics Solutions	$ 34,517	$ 32,003	$ 67,775	$ 64,608
BioStorage/BioServices	3,523	3,201	7,051	6,432
Life Sciences Services	38,040	35,204	74,826	71,040
Life Sciences Products	19,557	21,817	37,363	48,798
Total revenue	$ 57,597	$ 57,021	$ 112,189	$ 119,838

Given that the Company's revenues are generated in different geographic regions, factors such as regulatory and geopolitical factors within those regions could impact the nature, timing and uncertainty of the Company's revenues and cash flows. The Company's geographical revenues, by origin, for the three and six months ended June 30, 2024 and 2023, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Americas	$ 33,123	$ 31,164	$ 63,027	$ 64,781
Europe, the Middle East, and Africa (EMEA)	14,652	15,112	30,262	33,271
Asia Pacific (APAC)	9,822	10,745	18,900	21,786
Total revenue	$ 57,597	$ 57,021	$ 112,189	$ 119,838

Contract Liabilities (Deferred Revenue)

Contract liabilities are recorded when cash payments are received in advance of the Company's performance. Deferred revenue was $1.3 million and $1.3 million at June 30, 2024 and December 31, 2023, respectively. During the three months ended June 30, 2024 and 2023, the Company recognized revenues of $0.2 million and $0.5 million, respectively, from the related contract liabilities outstanding as the services were performed. During the six months ended June 30, 2024 and 2023, the Company recognized revenues of $0.6 million and $0.9 million, respectively, from the related contract liabilities outstanding as the services were performed.

Credit Losses

Accounts receivable at June 30, 2024 and December 31, 2023 are net of allowance for credit losses of $2.1 million and $2.0 million, respectively. The following table provides a roll-forward of the allowance for credit losses that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Balance of allowance for credit losses, beginning of period	$ 1,992	1,275
Change in expected credit losses	147	812
Write-offs, net of recoveries	(57)	(95)
Balance of allowance for credit losses, end of period	$ 2,082	1,992

Note 5. Net Loss Per Share

We calculate basic and diluted net loss per share using the weighted average number of common shares outstanding during the periods presented. In periods of a net loss position, basic and diluted weighted average common shares are the same. For the diluted earnings per share calculation, we adjust the weighted average number of common shares outstanding to include dilutive stock options, unvested restricted stock units and shares associated with the conversion of the Company's 0.75% Convertible Senior Notes due in 2026 (the "2026 Senior Notes"), the Company's 3.0% Convertible Senior Notes due in 2025 (the "2025 Senior Notes" and together with the 2026 Senior Notes, the "Convertible Senior Notes") and the Company's 4.0% Series C Convertible Preferred Stock ("Series C Preferred Stock") outstanding during the periods, using the treasury stock method or the "if converted" method as applicable.

The following shows the amounts used in computing net loss per share (in thousands except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	$ (77,989)	$ (18,355)	$ (96,884)	$ (23,929)
Paid-in-kind dividend on Series C convertible preferred stock	(2,000)	(2,000)	(4,000)	(4,000)
Net loss attributable to common shareholders	$ (79,989)	$ (20,355)	$ (100,884)	$ (27,929)
Weighted average common shares issued and outstanding - basic and diluted	49,345,644	48,709,384	49,182,830	48,536,901
Basic and diluted net loss per share	$ (1.62)	$ (0.42)	$ (2.05)	$ (0.58)

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options	1,910,321	3,012,284	1,575,421	3,100,326
Restricted stock units	1,108,779	1,093,390	1,108,779	1,093,390
Series C convertible preferred stock	6,013,015	5,778,389	6,013,015	5,778,389
Conversion of 2026 Senior Notes	3,071,445	3,422,780	3,071,445	3,422,780
Conversion of 2025 Senior Notes	599,954	599,954	599,954	599,954
	12,703,514	13,906,797	12,368,614	13,994,839

Note 6. Acquisitions

2022 Acquisitions

In April 2022, the Company completed the acquisition of Cell&Co BioServices (Cell&Co) in Clermont-Ferrand, France with additional operations in Pont-du-Château, France to further enhance its existing global temperature-controlled supply chain capabilities. Cell&Co is a bioservices business providing biorepository, kitting, and logistics services to the life sciences industry. The purchase consideration was €5.7 million ($6.2 million), comprised of upfront consideration of €3.2 million ($3.5 million) in cash, 15,152 shares of the Company's common stock with a fair value of $0.4 million, and an earn-out provision with a fair value of €2.0 million ($2.2 million) based on achieving annual EBITDA targets through 2025, as defined in the share purchase agreement, of which $0.3 million was paid to the sellers in 2023. Of the purchase consideration, $2.7 million was allocated to goodwill and $3.4 million to identifiable intangible assets. The acquired goodwill and intangible assets are not deductible for tax purposes.

In July 2022, the Company completed the acquisition of Polar Expres based in Madrid, Spain, which provides temperature-controlled logistics solutions dedicated to the life sciences industry. Polar Expres operates logistics centers in Madrid and Barcelona supporting the rapidly growing life science market. This acquisition further expands CRYOPDP's footprint which enhances our existing global temperature-controlled supply chain capabilities and provides us with additional growth opportunities in the EMEA region. The purchase consideration was €2.8 million ($2.8 million), comprised of cash consideration of €1.4 million ($1.4 million) and an earn-out provision with a fair value of €1.4 million ($1.4 million) based on achieving 2024 and 2026 EBITDA targets as defined in the share purchase agreement. Of the purchase consideration, $1.7 million was allocated to goodwill and $1.0 million to identifiable intangible assets. The acquired goodwill and intangible assets are not deductible for tax purposes.

In July 2022, the Company also completed the acquisition of Cell Matters based in Liège, Belgium, which provides cryo-process optimization, cryoprocessing, and cryopreservation solutions to the life sciences industry. The purchase consideration was €3.9 million ($4.0 million). The purchase consideration, including the reimbursement of financial indebtedness at the closing date, in the amount of €4.7 million ($4.7 million) in aggregate was allocated to goodwill. The value of this acquisition is assigned to Cell Matters' assembled workforce which has significant expertise in cryo-process optimization and cryopreservation. Through September 30, 2023, the Company recorded a measurement period adjustment of $0.1 million comprised of a refund from the sellers following payments made from Cell Matters to the sellers between the locked box date and the closing date, in accordance with the locked box mechanism as defined in the share purchase agreement. The acquired goodwill is not deductible for tax purposes.

2023 Acquisitions

In October 2023, the Company completed the asset acquisition of SCI JA8, consisting substantially of real estate property used as administrative offices and a Global Supply Chain Center located in Clermont Ferrand, France. The purchase consideration was €0.6 million ($0.6 million), comprised of property with a fair value of €1.8 million ($1.9 million) and notes payable of €1.0 million ($1.1 million).

Tec4med Life Science Acquisition

In November 2023, the Company completed the acquisition of TEC4MED LifeScience GmbH (Tec4med) based in Darmstadt, Germany. Tec4med provides next generation pharmaceutical supply chain visibility by integrating condition monitoring, cloud and artificial intelligence (AI) solutions. ISO 9001-certified, Tec4med works with pharmaceutical-compliant, ready-to-use devices and software, offering customer-specific integrations. Tec4med broadens Cryoport's portfolio of condition monitoring solutions and provides additional resources and capabilities to drive new product development and accelerate its European market expansion, particularly in the DACH region (Germany, Austria, Switzerland). The purchase consideration was €3.0 million ($3.2 million), of which €2.5 million ($2.7 million) was allocated to goodwill and €0.3 million ($0.4 million) to identifiable intangible assets. The valuation of the intangible assets and opening balance sheet are preliminary estimates subject to change as we complete our procedures. The acquired goodwill and intangible assets are not deductible for tax purposes.

Bluebird Express Acquisition

In November 2023, the Company also acquired Bluebird Express, LLC ("Bluebird Express"), a provider of time-sensitive domestic and international transportation services with key operations centers in Los Angeles (LAX) and New York (JFK). Bluebird Express has over 20 years of experience in providing these services, is a fully accredited cargo agent certified by the International Air Transport Association (IATA) and an indirect air carrier (IAC) authorized and regulated by the Transportation Security Administration (TSA).

The Bluebird Express acquisition was accounted for under the acquisition method of accounting in accordance with FASB ASC Topic 805, "Business Combinations," and, therefore, the total purchase price was allocated to the identifiable tangible and intangible assets acquired and the liabilities assumed based on their respective fair values on the acquisition date. Fair values were determined by management based in part on an independent valuation performed by a third-party valuation specialist and required the use of significant assumptions and estimates. Critical estimates included, but were not limited to, future expected cash flows, including projected revenue and expenses, and the applicable discount rates. These estimates were based on assumptions that the Company believes to be reasonable; however, actual results may differ from these estimates.

The purchase consideration was $10.2 million, comprised of upfront consideration of $4.5 million and an earn-out provision with a fair value of $5.7 million, based on achieving certain revenue and EBITDA targets through 2026, as defined in the share purchase agreement. Of the purchase consideration, $4.4 million was allocated to goodwill and $3.7 million to identifiable intangible assets. The valuation of the intangible assets, contingent consideration liability and opening balance sheet are preliminary estimates subject to change as we complete our procedures. The acquired goodwill and intangible assets are deductible for tax purposes.

The following table summarizes the allocation of the purchase price as of the acquisition date (in thousands):

Total purchase consideration paid	$ 10,229
Purchase price allocation:	
Cash and cash equivalents	868
Accounts receivable	2,299
Prepaid and other current assets	38
Property and equipment	89
Operating lease right-of-use assets	709
Intangible assets	3,650
Accounts payable and other accrued expenses	(1,160)
Operating lease liabilities	(709)
Total identifiable net assets	5,784
Goodwill	4,445
	$ 10,229

The following table summarizes the estimated fair values of Bluebird Express' identifiable intangible assets at the date of acquisition and their estimated useful lives and amortization expense based on their respective useful lives (in thousands):

	Estimated Fair Value	Estimated Useful Life	Amortization Method	Annual Amortization Expense
Customer relationships	$ 220	8.3	Straight-line	$ 27
Non-competition agreement	420	5	Straight-line	84
Agent network	2,890	4	Straight-line	723
Trade names/trademarks - finite-lived	120	1.5	Straight-line	80
Total	$ 3,650			$ 914

Goodwill is calculated as the excess of the purchase price over the fair value of net assets acquired and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Among the factors that contributed to a purchase price in excess of the fair value of the net tangible and intangible assets acquired were the acquisition of an assembled workforce, the expected synergies, and other benefits that we believe will result from combining the operations of Bluebird Express with our operations. The goodwill recognized of $4.4 million is deductible for income tax purposes. The valuation of the intangible assets, contingent consideration liability and opening balance sheet are preliminary estimates subject to change as we complete our procedures.

Acquisition-related transaction costs (included in selling, general and administrative expenses) totaled approximately $0.4 million.

Note 7. Cash, Cash Equivalents and Short-Term Investments

Cash, cash equivalents and short-term investments consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Cash	$ 40,988	$ 40,979
Cash equivalents:		
Money market mutual fund	5,470	5,367
Total cash and cash equivalents	46,458	46,346
Short-term investments:		
U.S. Treasury notes and bills	126,181	136,665
Mutual funds	100,059	101,085
Corporate debt securities	154,444	172,658
Total short-term investments	380,684	410,409
Cash, cash equivalents and short-term investments	$ 427,142	$ 456,755

Available-for-sale investments

The amortized cost, gross unrealized gains, gross unrealized losses and fair value of available-for-sale investments by type of security at June 30, 2024 were as follows (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury notes	$ 125,636	$ 884	$ (339)	$ 126,181
Corporate debt securities	153,734	1,008	(299)	154,444
Total available-for-sale investments	$ 279,370	$ 1,893	$ (638)	$ 280,625

The following table summarizes the fair value of available-for-sale investments based on stated contractual maturities as of June 30, 2024:

	Amortized Cost	Fair Value
Due within one year	$ 111,715	$ 113,011
Due after one year through five years	167,655	167,614
Due after five years through ten years	—	—
Total	$ 279,370	$ 280,625

The amortized cost, gross unrealized gains, gross unrealized losses and fair value of available-for-sale investments by type of security at December 31, 2023 were as follows (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury notes	$ 133,989	$ 2,697	$ (21)	$ 136,665
Corporate debt securities	168,592	4,067	(1)	172,658
Total available-for-sale investments	$ 302,581	$ 6,764	$ (22)	$ 309,323

The following table summarizes the fair value of available-for-sale investments based on stated contractual maturities as of December 31, 2023:

	Amortized Cost	Fair Value
Due within one year	$ 101,252	$ 103,802
Due after one year through five years	201,329	205,521
Due after five years through ten years	—	—
Total	$ 302,581	$ 309,323

The primary objective of our investment portfolio is to enhance overall returns in an efficient manner while maintaining safety of principal, prudent levels of liquidity and acceptable levels of risk. Our investment policy limits interest-bearing security investments to certain types of debt and money market instruments issued by institutions with primarily investment-grade credit ratings, and it places restrictions on maturities and concentration by asset class and issuer.

We review our available-for-sale investments for other-than-temporary declines in fair value below our cost basis each quarter and whenever events or changes in circumstances indicate that the cost basis of an asset may not be recoverable. The evaluation is based on a number of factors, including the length of time and the extent to which the fair value has been below our cost basis, as well as adverse conditions related specifically to the security such as any changes to the credit rating of the security and the intent to sell or whether we will more likely than not be required to sell the security before recovery of its amortized cost basis. Our assessment of whether a security is other-than-temporarily impaired could change in the future based on new developments or changes in assumptions related to that particular security.

The following table shows the Company's gross unrealized losses and fair value of available-for-sale debt securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2024:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury notes	$ 53,340	$ (307)	$ 72,841	$ (32)	$ 126,181	$ (339)
Corporate debt securities	25,928	(28)	128,516	(270)	154,444	(298)
Total	$ 79,268	$ (335)	$ 201,357	$ (302)	$ 280,625	$ (637)

For U.S. Treasury notes, the unrealized losses were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider the U.S. Treasury notes to be other-than-temporarily impaired at June 30, 2024. For corporate debt securities, the unrealized losses were primarily caused by interest rate increases. The Company does not intend to sell these debt securities that are in an unrealized loss position, and it is not more likely than not that the Company will be required to sell these debt securities before recovery of their amortized cost bases, which may be at maturity. Based on the credit quality of the debt securities, and the Company's estimates of future cash flows to be collected from those securities, the Company believes the unrealized losses are not credit losses. Accordingly, the Company does not consider the corporate debt securities to be other-than-temporarily impaired at June 30, 2024.

During the three months ended June 30, 2024 and 2023 we had realized gains (losses) of $(0.45) million and $0.02 million on available-for-sale investments, respectively.

During the six months ended June 30, 2024 and 2023 we had realized losses of $1.97 million and $(0.07) million on available-for-sale investments, respectively.

Equity Investments

We held investments in equity securities with readily determinable fair values of $100.1 million at June 30, 2024. These investments consist of mutual funds that invest primarily in tax-free municipal bonds and treasury inflation protected securities.

Unrealized gains (losses) during the six months ended June 30, 2024 and 2024 related to equity securities held at June 30, 2024 and 2023 are as follows (in thousands):

	Six Months Ended June 30,	
	2024	**2023**
Net losses recognized during the six months on equity securities	$ (1,026)	$ (1,405)
Less: net gains (losses) recognized during the year on equity securities sold during the period	—	1,510
Unrealized gains (losses) recognized during the six months on equity securities still held at June 30, 2024 and 2023	$ (1,026)	$ 105

Note 8. 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 did not elect the fair value option, as allowed, to account for financial assets and liabilities that were not previously carried at fair value. Therefore, material financial assets and liabilities that are not carried at fair value, such as trade accounts receivable and payable, are reported at their historical carrying values.

The carrying values of our assets that are required to be measured at fair value on a recurring basis as of June 30, 2024 and 2023 approximate fair value because of our ability to immediately convert these instruments into cash with minimal expected change in value which are classified in the table below in one of the three categories of the fair value hierarchy described above (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
June 30, 2024				
Assets:				
Money market mutual fund	$ 5,470	$ —	$ —	$ 5,470
Mutual funds	100,059	—	—	100,059
U.S. Treasury notes	126,181	—	—	126,181
Corporate debt securities	154,444	—	—	154,444
	$ 386,154	$ —	$ —	$ 386,154
Liabilities:				
Convertible Senior Notes	$ —	$ 369,909	$ —	$ 369,909
Contingent consideration	—	—	7,755	7,755
	$ —	$ 369,909	$ 7,755	$ 377,664

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
December 31, 2023				
Assets:				
Money market mutual fund	$ 5,367	$ —	$ —	$ 5,367
Mutual funds	101,085	—	—	101,085
U.S. Treasury notes	136,665	—	—	136,665
Corporate debt securities	172,658	—	—	172,658
	$ 415,775	$ —	$ —	$ 415,775
Liabilities:				
Convertible Senior Notes	$ —	$ 378,553	$ —	$ 378,553
Contingent consideration	—	—	9,589	9,589
	$ —	$ 378,553	$ 9,589	$ 388,142

Our equity securities and available-for-sale debt securities, including U.S. treasury notes and U.S. treasury bills are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within the fair value hierarchy.

We did not have any financial liabilities measured at fair value on a recurring basis as of June 30, 2024.

We carry the Convertible Senior Notes (see Note 11) at face value less the unamortized discount and issuance costs on our consolidated balance sheets and present fair value for disclosure purposes only. We estimate the fair value of the Convertible Senior Notes using the net present value of the payments, discounted at an interest rate that is consistent with market and risk-adjusted interest rates, which is a Level 2 input.

The following table presents the estimated fair values and the carrying values (in thousands):

	June 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2026 Senior Notes	$ 355,665	$ 308,050	$ 364,362	$ 306,355
2025 Senior Notes	$ 14,244	$ 13,760	$ 14,191	$ 13,495

Under the terms of the Critical Transport Solutions Australia ("CTSA") acquisition, contingent consideration may be payable in cash based on the achievement of a certain EBITDA target for 2024, with no maximum limit as to the contingent consideration achievable. Under the terms of the F-airGate, Cell&Co, Polar Expres, and Bluebird Express acquisitions, contingent consideration may be payable in cash based on the achievement of certain future revenue and/or EBITDA targets during each annual period following the acquisition dates for a total of four years, up to a maximum of $26.1 million (undiscounted) in the aggregate. The fair value of the contingent consideration was measured at the end of each reporting period using Level 3 inputs. The fair value of the contingent consideration for the F-airGate and Polar Expres acquisitions was determined using a probability-weighted discounted cash flow model.

The fair value of the contingent consideration for the CTSA, Cell&Co and Bluebird Express acquisitions was valued based on unobservable inputs using a Monte Carlo simulation. These inputs included the estimated amount and timing of projected future revenue, a discount rate, a risk-free rate, asset volatility and revenue volatility. Significant increases (decreases) in any of those inputs in isolation would result in a significantly higher (lower) fair value measurement. The contingent consideration was determined to have an aggregate fair value of $7.8 million and $9.6 million which is reflected as contingent consideration liability in the accompanying consolidated balance sheets as of June 30, 2024 and December 31, 2023, respectively. Certain assumptions used in estimating the fair value of the contingent consideration are uncertain by nature. Actual results may differ materially from estimates.

The gains recognized in earnings and the change in net assets related to the contingent consideration at June 30, 2024 were as follows (in thousands):

	Fair Value December 31, 2023	Gains recognized in earnings	Payments	Foreign Currency Adjustment	Fair Value June 30, 2024
2021 Acquisitions	$ 1,006	$ (593)	$ —	$ (21)	$ 392
2022 Acquisitions	2,596	(641)	—	(72)	1,883
2023 Acquisitions	5,987	(412)	(95)	—	5,480
	$ 9,589	$ (1,646)	$ (95)	$ (93)	$ 7,755

The net gains recognized in earnings have been reported in operating expenses in the consolidated statement of operations for the six months ended June 30, 2024.

Note 9. Inventory

Inventories consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Raw materials	$ 14,831	$ 15,335
Work-in-process	1,156	1,375
Finished goods	7,622	9,496
Total	$ 23,609	$ 26,206

Note 10. Goodwill and Intangible Assets

Goodwill

The following table represents the changes in the carrying value of goodwill as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Balance at beginning of year	$ 108,403	$ 151,117
Foreign currency adjustment	(1,456)	(284)
Goodwill impairment	(54,563)	(49,569)
Goodwill related to Tec4med acquisition	—	2,694
Goodwill related to Bluebird acquisition	—	4,445
Total	$ 52,384	$ 108,403

Impairment of Goodwill

Due to a sustained decrease in the Company's share price in the second quarter of 2024, and a reduction in the projected operating performance of the MVE reporting unit, which management deemed to be triggering events related to goodwill and indefinite-lived intangible assets, we performed an interim impairment assessment of goodwill for the MVE and CRYOPDP reporting units as of June 30, 2024, with the assistance of an independent third party valuation specialist, using management's updated interim financial and operational plans. Based on our analysis, we concluded that there has been no impairment of the goodwill associated with the CRYOPDP reporting unit as its carrying value did not exceed its estimated fair value. We further concluded that our MVE reporting unit's carrying value exceeded its estimated fair value, and as a result, we recorded an impairment charge of $54.6 million related to full impairment of the goodwill related to the MVE reporting unit in the consolidated statement of operations for the six months ended June 30, 2024.

Our goodwill impairment test was performed using a combination of both an income and a market approach to determine the fair value of the MVE reporting unit. The income approach utilized the estimated discounted cash flows for MVE while the market approach utilized comparable peer group information. Estimates and assumptions used in the income approach included projected cash flows for MVE and a discount rate determined using a weighted average cost of capital for risk factors specific to MVE and other market and industry data. The discount rate selected was 12.5%. The other key estimates and assumptions used in the discounted cash flow method include, but are not limited to, revenue and EBITDA growth rates, and a terminal growth rate. The estimates and assumptions used in our assessment represent a Level 3 measurement because they are supported by little or no market activity and reflect our own assumptions in measuring fair value. The assumptions used in our impairment analysis are inherently subject to uncertainty and, therefore, small changes in these assumptions could have a significant impact on the concluded value.

Intangible Assets

The following table presents our intangible assets as of June 30, 2024 (in thousands):

	Gross Amount	Accumulated Amortization	Impairment	Net Carrying Amount	Weighted Average Amortization Period (years)
Non-compete agreement	$ 810	$ 442	$ —	$ 368	4
Technology	52,629	13,642	—	38,987	8
Customer relationships	131,785	35,005	—	96,780	11
Trade name/trademark	947	295	(265)	387	8
Agent network	14,020	10,189	—	3,831	3
Order backlog	2,600	2,600	—	—	—
Land use rights	2,198	270	—	1,928	34
Patents and trademarks	45,599	512	(8,980)	36,107	—
Total	$ 250,588	$ 62,955	$ (9,245)	$ 178,388	

The following table presents our intangible assets as of December 31, 2023 (in thousands):

	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period (years)
Non-compete agreement	$ 810	$ 368	$ 442	5
Technology	50,376	11,205	39,171	9
Customer relationships	131,578	29,964	101,614	11
Trade name/trademark	938	211	727	10
Agent network	13,761	8,148	5,613	3
Order backlog	2,600	2,600	—	—
Land use rights	2,255	247	2,008	34
Patents and trademarks	44,932	125	44,807	—
Total	$ 247,250	$ 52,868	$ 194,382	

Amortization expense for intangible assets for the three and six months ended June 30, 2024, was $4.3 million and $8.7 million, respectively. Amortization expense for intangible assets for the three and six months ended June 30, 2023 was $3.9 million and $7.7 million, respectively.

Impairment of Trademarks

As part of our interim impairment assessment as of June 30, 2024 described further above, we recorded a trademark impairment charge of $9.0 million related to our MVE reporting unit, and a $0.3 million impairment charge related to the write-off of Cell&Co's trade name that is no longer in use as a result of the Company's global rebranding initiative.

Expected future amortization of intangible assets as of June 30, 2024 is as follows:

Years Ending December 31,	Amount
Remainder of 2024 (excluding the six months ended June 30, 2024)	$ 8,237
2025	15,041
2026	14,760
2027	14,391
2028	13,363
Thereafter	70,771
	$ 136,563

Note 11. Convertible Senior Notes

Convertible Senior Notes consisted of the following at June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Principal amount of 2025 Senior Notes	$ 14,344	$ 14,344
Principal amount of 2026 Senior Notes	361,185	371,185
Less: unamortized debt issuance costs	(5,620)	(6,976)
Total carrying value of Convertible Senior Notes, net	369,909	378,553
Less: current portion of carrying value of Convertible Senior Notes, net	(14,244)	—
Total carrying value of Convertible Senior Notes, net - long-term	$ 355,665	$ 378,553

Interest expense incurred in connection with the Convertible Senior Notes consisted of the following for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Coupon interest	$ 797	$ 862	$ 1,601	$ 1,725
Amortization of debt issuance costs	598	643	1,198	1,283
Total interest expense on Convertible Senior Notes	$ 1,395	$ 1,505	$ 2,799	$ 3,008

The Company's 2025 Senior Notes and 2026 Senior Notes payable of $14.3 million and $361.2 million, respectively, are due and payable in 2025 and 2026, respectively.

In May 2024 and September 2023, the Company entered into separate, privately negotiated transactions with certain holders of the 2026 Senior Notes to repurchase $10.0 million and $31.3 million, respectively, in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $8.7 million and $25.0 million, respectively, in cash. The Company recorded $1.2 million as a gain on extinguishment of debt on its condensed consolidated statement of operations for the three and six months ended June 30, 2024, which includes the write off of $0.2 million of unamortized debt issuance costs. Following these repurchases, approximately $361.2 million principal amount of the 2026 Senior Notes remain outstanding at June 30, 2024.

In July 2024, the Company repurchased an additional $15.0 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $12.9 million in cash. Additionally, in August 2024, the Company entered into agreements to repurchase approximately $160.0 million aggregate principal amount of the 2026 Senior Notes for a repurchase price of $141.6 million in cash. See Note 17 – *Subsequent Events* for additional information.

See Note 10 – *Convertible Senior Notes* to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information related to the Company's Convertible Senior Notes.

Note 12. Notes Payable

Notes payable consisted of the following at June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Principal amount of notes payable	$ 1,368	$ 1,484
Less: current portion of notes payable	(110)	(149)
Notes payable – long-term	$ 1,258	$ 1,335

Interest expense incurred in connection with the notes payable consisted of the following for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest expense	$ 5	$ 1	$ 10	$ 2
Amortization of debt discount	—	—	—	—
Total interest expense on notes payable	$ 5	$ 1	$ 10	$ 2

Cell&Co Notes

In connection with the acquisition of Cell&Co, the Company assumed two notes payable totaling €0.4 million ($0.4 million) bearing interest rates of 0.6% and 1.06%, respectively, payable quarterly, maturing in July 2027 and September 2030, respectively.

SCI JA8 Notes

In connection with the acquisition of SCI JA8 in October 2023, the Company assumed three notes payable totaling €1.0 million ($1.1 million) bearing interest rates of 0.85%, 1.60% and 1.63%, respectively, payable monthly, maturing in September 2031, September 2038 and July 2035, respectively.

Future note payments as of June 30, 2024 were as follows (in thousands):

Years Ending December 31,	Amount
2024 (excluding the six months ended June 30, 2024)	$ 72
2025	147
2026	149
2027	146
2028	134
Thereafter	720
Total note maturities	$ 1,368

Note 13. Leases

The Company has operating and finance leases for corporate offices and certain equipment. These leases have remaining lease terms of one year to approximately nine years, some of which include options to extend the leases for multiple renewal periods of five years each. Under the terms of the facilities leases, the Company is required to pay its proportionate share of property taxes, insurance and normal maintenance costs.

In October 2022, Cryoport Systems entered into a lease agreement commencing in 2025 for an administrative, global supply chain center and research and development center in Santa Ana, California, in the aggregate rental amount of $27.7 million spanning 10 years. This lease is not included in the balance sheet right-of-use asset and lease liability as it commences in 2025.

The components of lease cost were as follows (in thousands):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating lease cost	$ 3,981	$ 3,453
Finance lease cost:		
Amortization of right-of-use assets	191	79
Interest on finance lease liabilities	64	19
	255	98
Total lease cost	4,236	3,551

Other information related to leases was as follows (in thousands):

Supplemental Cash Flows Information	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 3,913	$ 3,323
Operating cash flows from finance leases	$ 226	$ 89
Financing cash flows from finance leases	$ 144	$ 70
Right-of-use assets obtained in exchange for lease liabilities (in thousands):		
Operating leases	$ 186	$ 5,603
Finance leases	$ 453	$ 538

	June 30, 2024	December 31, 2023
Weighted-Average Remaining Lease Term		
Operating leases	9.5 years	10.8 years
Finance leases	3.9 years	4.2 years
Weighted-Average Discount Rate		
Operating leases	8.2 %	8.7 %
Finance leases	8.6 %	8.4 %

Future minimum lease payments under non-cancellable leases that have commenced as of June 30, 2024 were as follows (in thousands):

Years Ending December 31	Operating Leases	Finance Leases
2024 (excluding the six months ended June 30, 2024)	$ 3,918	$ 238
2025	6,922	473
2026	5,663	447
2027	4,875	336
2028	3,659	243
Thereafter	22,621	29
Total future minimum lease payments	47,658	1,766
Less: imputed interest	(15,836)	(264)
Total	$ 31,822	$ 1,502

Reported as of June 30, 2024	Operating Leases	Finance Leases
Current lease liabilities	$ 5,299	$ 365
Noncurrent lease liabilities	26,523	1,137
Total	$ 31,822	$ 1,502

Note 14. Commitments and Contingencies

MVE Biological Solutions Fire

On January 25, 2022, a fire occurred at the MVE manufacturing facility ("New Prague fire") located in New Prague, Minnesota. The New Prague facility manufactures aluminum dewars and is one of MVE' three global manufacturing facilities. There were no injuries reported and damage was limited to a portion of the facility. As a consequence of the fire damage, the New Prague manufacturing operations were curtailed on an interim basis until the necessary repairs were completed. Production was resumed at the facility during the week of February 14, 2022 and ramped up production toward the end of the first quarter of 2022. The Company estimated that the revenue impact of the New Prague fire was approximately $9.4 million and was primarily limited to the first quarter of 2022.

The New Prague fire resulted in a loss of inventory, fixed assets, and other contents at the site. We have adequate property damage and business interruption insurance under which we filed a claim with the insurance carrier. The Company received a total of $15.1 million of insurance proceeds, of which the final payment of $2.2 million was received in the first quarter of 2023.

For the six months ended June 30, 2023, the Company recognized a gain of $2.6 million related to business interruption. Proceeds from insurance settlements, except for those directly related to investing activities, were recognized as cash inflows from operating activities. The losses related to such an event are recognized as incurred. Insurance proceeds are recorded to the extent of the losses and then, only if recovery is realized or probable. Any gains in excess of losses are recognized only when the contingencies regarding the recovery are resolved, and the amount is fixed or determinable.

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.

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. We record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. The outcomes of our legal proceedings are inherently unpredictable, subject to significant uncertainties, and could be material to our financial condition, results of operations, and cash flows for a particular period.

Indemnities and Guarantees

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

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

Note 15. Stockholders' Equity

Authorized Stock

The Company has 100,000,000 authorized shares of common stock with a par value of $0.001 per share, and 2,500,000 undesignated or "blank check" preferred stock, with a par value of $0.001, of which, 800,000 shares have been designated as Class A

Convertible Preferred Stock, 585,000 shares have been designated as Class B Convertible Preferred Stock and 250,000 shares have been designated as 4.0% Series C Convertible Preferred Stock.

Repurchase Programs

In March 2022, the Company's Board of Directors authorized a repurchase program (the "2022 Repurchase Program") through December 31, 2025, authorizing the repurchase of common stock and/or convertible senior notes in the amount of up to $100.0 million from time to time, on the open market or otherwise, in such quantities, at such prices, and in such manner as determined by the Company's management at its discretion. The size and timing of any repurchase will depend on a number of factors, including the market price of the Company's common stock, general market and economic conditions, and applicable legal requirements.

In May 2024 and September 2023, the Company entered into separate, privately negotiated transactions with certain holders of the 2026 Senior Notes to repurchase $10.0 million and $31.3 million, respectively, in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $8.7 million and $25.0 million, respectively, in cash. The Company recorded $1.2 million as a gain on extinguishment of debt on its condensed consolidated statement of operations for the three and six months ended June 30, 2024, which includes the write off of $0.2 million of unamortized debt issuance costs. The Company recorded $5.7 million as a gain on extinguishment of debt on its condensed consolidated statement of operations for the three and nine months ended September 30, 2023, which includes the write off of $0.6 million of unamortized debt issuance costs. Following these repurchases, approximately $361.2 million principal amount of the 2026 Senior Notes remain outstanding at June 30, 2024.

At June 30, 2024, the Company had $28.4 million of remaining repurchase authorization under the 2022 Repurchase Program.

In July 2024, the Company repurchased an additional $15.0 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $12.9 million in cash under the 2022 Repurchase Program. See Note 17 – *Subsequent Events* for additional information.

In August 2024, a new repurchase program authorized by the Company's Board of Directors (the "2024 Repurchase Program") became effective and the Company entered into agreements to repurchase an additional approximately $160 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of approximately $141.6 million, plus accrued and unpaid interest, in cash under the 2024 Repurchase Program. See Note 17 – *Subsequent Events* for additional information.

Common Stock Reserved for Future Issuance

As of June 30, 2024, approximately 18.1 million shares of common stock were issuable upon vesting, conversion or exercise of stock options, as applicable, restricted stock units, the Convertible Senior Notes and the Series C Preferred Stock, as follows:

Exercise of stock options	7,344,886
Vesting of restricted stock units	1,108,779
Conversion of Series C Preferred Stock	6,013,015
Conversion of convertible 2026 Senior Notes	3,071,445
Conversion of convertible 2025 Senior Notes	599,954
Total shares of common stock reserved for future issuances	18,138,079

Note 16. Stock-Based Compensation

Stock Options

During the three and six months ended June 30, 2024 and 2023, we granted stock options at exercise prices equal to or higher 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:

	June 30,	
	2024	2023
Expected life (years)	3.8 - 4.9	3.8 - 5.2
Risk-free interest rate	4.2% - 4.5%	3.5% - 4.1%
Volatility	68.9% - 70.5%	69.9% - 76.2%
Dividend yield	0%	0%

The expected option life assumption is estimated based on the simplified method as the Company's history is not indicative of future expected lives. 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 average of the historical volatility and the implied volatility of our stock commensurate with the expected life of the stock-based award. We do not anticipate paying dividends on the common stock in the foreseeable future.

We recognize stock-based compensation cost on a straight-line basis over the vesting period. Stock-based compensation expense is recognized only for those awards that ultimately vest. Forfeitures are recorded when recognized.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of revenue	$ 747	$ 575	$ 1,417	$ 1,050
Selling, general and administrative	3,930	4,766	8,307	9,070
Engineering and development	320	459	729	864
	$ 4,997	$ 5,800	$ 10,453	$ 10,984

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, 2023	7,224,820	$ 15.88	—	—
Granted (weighted-average fair value of $7.81 per share)	308,643	14.26	—	—
Exercised	(116,514)	5.39	—	—
Forfeited	(72,063)	34.37	—	—
Outstanding — June 30, 2024	7,344,886	$ 15.80	3.9	$ 6,452
Vested (exercisable) — June 30, 2024	6,528,307	$ 14.62	3.7	$ 6,452
Expected to vest after June 30, 2024 (unexercisable)	816,579	$ 25.24	5.8	$ —

(1) Aggregate intrinsic value represents the difference between the exercise price of the option and the closing market price of our common stock on June 30, 2024, which was $6.91 per share.

Total intrinsic value of options exercised during the six months ended June 30, 2024 and 2023 was $1.1 million and $5.9 million, respectively.

As of June 30, 2024, there was unrecognized compensation expense of $11.0 million related to unvested stock options, which we expect to recognize over a weighted average period of 1.9 years.

As of June 30, 2024, the Company had 2,779,984 shares available for future awards under the Cryoport Inc. 2018 Omnibus Equity Incentive Plan.

Restricted stock units

A summary of our restricted stock unit activity is as follows:

	Number of Restricted Stock Units	Weighted Average Fair Value per Share
Outstanding – December 31, 2023	1,076,629	$ 27.73
Granted	424,543	14.51
Share issuance	(324,754)	16.18
Forfeited	(67,639)	24.69
Outstanding – June 30, 2024	1,108,779	$ 22.09

For the three months ended June 30, 2024 and 2023, we recorded stock-based compensation expense on our issued restricted stock units of $2.8 million and $2.5 million, respectively. For the six months ended June 30, 2024 and 2023, we recorded stock-based compensation expense on our issued restricted stock units of $5.4 million and $4.6 million, respectively. As of June 30, 2024 there was unrecognized compensation expense of $21.3 million related to unvested restricted stock units, which we expect to recognize over a weighted average period of 2.5 years.

Note 17. Subsequent Events

In July 2024, the Company repurchased an additional $15.0 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $12.9 million in cash under the 2022 Repurchase Program.

In August 2024, a new repurchase program authorized by the Company's Board of Directors that authorizes the repurchase of common stock and/or convertible senior notes in the amount of up to $200.0 million from time to time, on the open market or otherwise, in such quantities, at such prices, and in such manner as determined by the Company's management at its discretion and remains in effect through December 31, 2027 (the "2024 Repurchase Program" and, with the 2022 Repurchase Program, the "Repurchase Programs") became effective. The size and timing of any repurchase will depend on a number of factors, including the market price of the Company's common stock, general market and economic conditions, and applicable legal requirements. The 2024 Repurchase Program did not modify the 2022 Repurchase Program.

On August 6, 2024, the Company entered into separate, privately negotiated transactions to repurchase approximately $160.0 million aggregate principal amount of the 2026 Senior Notes for a repurchase price of $141.6 million, plus accrued and unpaid interest. The repurchase of the 2026 Senior Notes will be made under the 2024 Repurchase Program and are expected to close on August 9, 2024, subject to customary closing conditions. Following such closings, the Company will have approximately $186.2 million principal amount of the 2026 Senior Notes remain outstanding and will have approximately $73.9 million of repurchase authorization available under the Repurchase Programs. See Note 11 – *Convertible Senior Notes* and Note 15 – *Stockholders' Equity* for additional information regarding the 2026 Senior Notes and the Repurchase Programs.

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

In this Quarterly Report on Form 10-Q (this "Quarterly Report"), the terms "Cryoport," "Company" and similar terms refer to Cryoport, Inc. and its consolidated subsidiaries, unless the context suggest otherwise.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS:

This Quarterly Report 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," "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. Reference is made in particular to forward-looking statements regarding our expectations about future business plans, new *products or services, regulatory approvals, strategies, development timelines, prospective financial performance and opportunities, including potential acquisitions; expectations about future benefits of our acquisitions and our ability to successfully integrate those businesses and our plans related thereto; liquidity and capital resources; projected trends in the market in which we operate; our expectations relating to current supply chain impacts; inflationary pressures and the effect of foreign currency fluctuations; anticipated regulatory filings or approvals with respect to the products of our clients; expectations about securing and managing strategic relationships with global couriers or large clinical research organizations; our future capital needs and ability to raise capital on favorable terms or at all; results of our research and development efforts; and approval of our patent applications.*

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, including, but not limited to, risks and uncertainties associated with the effect of changing economic and geopolitical conditions, supply chain constraints, inflationary pressures, and the effects of foreign currency fluctuations, trends in the products markets, variations in the Company's cash flow, market acceptance risks, and technical development risks. 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 this Quarterly Report, in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on March 13, 2024 (the "2023 Annual Report"), and those reports filed after the date of this Quarterly Report. Actual results may differ materially from any forward-looking statement due to, among other things, the factors and risks described in our reports filed with the SEC.

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 June 30, 2024 (unaudited) and the consolidated balance sheet as of December 31, 2023 (audited) and the related unaudited condensed consolidated statements of operations, comprehensive loss, and stockholders equity for the three and six months ended June 30, 2024 and 2023, and cash flows for the three and six months ended June 30, 2024 and 2023 and the related notes thereto (see Part I, Item 1. Financial Statements), as well as the audited consolidated financial statements of the Company for years ended December 31, 2023, 2022 and 2021, included in the Company's 2023 Annual Report.

Overview

Cryoport is a global leader in supply chain solutions for cell and gene therapies that enable manufacturers, contract manufacturers, contract research organizations, developers, and researchers to carry out their respective business. We provide a broad array of supply chain solutions for the life sciences industry. Through our platform of critical products and solutions, including advanced temperature-controlled packaging, informatics, specialized bio-logistics services, bio-storage, bioservices, and cryogenic systems, we are "*Enabling the Future of Medicine™",* worldwide, through our innovative systems, compliant procedures, and agile approach to superior supply chain management.

With over 50 strategic international locations in 17 countries, Cryoport's global platform provides mission-critical solutions to over 3,000 customers working with biopharma/pharma, animal health, and reproductive medicine companies, universities, research institutions, and government agencies. Our platform of solutions and services together with our global team of over 1,100 dedicated colleagues delivers a unique combination of innovative supply chain technologies and services through our industry-leading brands, including Cryoport Systems, MVE Biological Solutions, CRYOPDP, and CRYOGENE.

Cryoport's advanced temperature-controlled supply chain platform is designed to support the global distribution of high-value commercial biologic and cell-based products and therapies regulated by the United States Food and Drug Administration (FDA), the European Medicines Association (EMA) and other international regulatory bodies. Cryoport's solutions are also relied upon for the support of pre-clinical, clinical trials, Investigational New Drug Applications (IND), Biologics License Applications (BLA), and New Drug Applications (NDA) with the FDA, as well as global clinical trials initiated in other geographies, where strict regulatory compliance and quality assurance is mandated.

Over the last several years, we have grown to become a leader in supporting the clinical trials and commercial launches of cell and gene therapies globally. As of June 30, 2024, we supported 684 clinical trials, of which 76 were in Phase 3, and 14 commercial therapies. We believe regenerative medicine advanced therapies that successfully advance through the clinical trial process and receive commercial approval from the respective regulatory agencies will represent opportunities to become significant revenue drivers for us as the majority of them will require comprehensive temperature-controlled supply chain support and other services at commercial scale. Additionally, we expect that most will select us as their critical supply chain solution partner as a result of our work in connection with their respective clinical trials and our long track record of innovation and market responsiveness.

In addition, Cryoport also supports the animal health market and the human reproductive market on a global basis with its advanced supply chain platform. The animal health market is primarily composed of supporting animal husbandry and companion and recreation animal health. The human reproductive market is primarily composed of In-Vitro Fertilization (IVF) support for patients and fertility clinics.

Impact of Inflation

Inflation generally impacts us by increasing our costs of labor, material, transportation and pricing from third party manufacturers. While the rates of inflation have not had a material impact on our financial statements in the past, we have seen some impact on gross margins in 2023 and in the first six months of 2024. Based on the current economic outlook, inflationary pressures could affect our financial performance in the future if cost increases cannot be offset by net realized annual price increases and productivity gains.

Results of Operations

Three months ended June 30, 2024 compared to three months ended June 30, 2023:

The following table summarizes certain information derived from our unaudited condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
	($ in 000's)			
Life Sciences Services revenue	$ 38,040	$ 35,204	$ 2,836	8.1%
Life Sciences Products revenue	19,557	21,817	(2,260)	(10.4%)
Total revenue	57,597	57,021	576	1.0%
Cost of services revenue	(21,105)	(20,008)	(1,097)	5.5%
Cost of products revenue	(11,302)	(12,280)	978	(8.0%)
Total cost of revenue	(32,407)	(32,288)	(119)	0.4%
Gross margin	25,190	24,733	457	1.8%
Selling, general and administrative	(35,963)	(38,802)	2,839	(7.3%)
Engineering and development	(4,646)	(4,263)	(383)	9.0%
Impairment loss	(63,809)	—	(63,809)	100.0%
Investment income	2,809	2,647	162	6.1%
Interest expense	(1,245)	(1,331)	86	(6.5%)
Gain on extinguishment of debt, net	1,179	—	1,179	100.0%
Other expense, net	(1,121)	(704)	(417)	59.1%
Provision for income taxes	(383)	(635)	252	(39.7%)
Net loss	$ (77,989)	$ (18,355)	$ (59,634)	324.9%
Paid-in-kind dividend on Series C convertible preferred stock	(2,000)	(2,000)	—	—
Net loss attributable to common stockholders	$ (79,989)	$ (20,355)	$ (59,634)	293.0%

Total revenues by market (in thousands):

	Three Months Ended June 30, 2024	2023	$ Change	% Change
BioLogistics Solutions	$ 34,517	$ 32,003	$ 2,514	7.9 %
BioStorage/BioServices	3,523	3,201	322	10.1 %
Life Sciences Services	38,040	35,204	2,836	8.1 %
Life Sciences Products	19,557	21,817	(2,260)	(10.4)%
Total revenue	$ 57,597	$ 57,021	$ 576	1.0 %

Revenue. Revenue increased by $0.6 million, or 1.0%, from $57.0 million to $57.6 million for the three months ended June 30, 2024, as compared to the same period in 2023.

Revenues by type

Life Sciences Services revenue increased by $2.8 million, or 8.1%, from $35.2 million to $38.0 million for the three months ended June 30, 2024, as compared to the same period in 2023. This increase was driven by year-over-year growth in our BioLogistics Solutions and BioStorage/BioServices revenue of 7.9% and 10.1%, respectively, demonstrating strong demand for our services offerings. Revenue from the support of commercial cell and gene therapies increased by 50.6% to $6.5 million year over year. We also continued to gain clinical trial market share with Cryoport supporting a total of 684 clinical trials globally at June 30, 2024, of which 76 of these clinical trials were in phase 3, representing an overall increase of 9 clinical trials from 675 clinical trials at year end 2023. Our company continues to lead the way in providing advanced temperature-controlled supply chain solutions designed to support the development of cell & gene therapies and our future growth.

Life Sciences Product revenues decreased by $2.3 million, or 10.4%, from $21.8 million to $19.6 million for the three months ended June 30, 2024. This was primarily a result of decreased demand for cryogenic systems that commenced during the second quarter of 2023, particularly in China. Life Sciences Products revenue consists primarily of revenue from our portfolio of cryogenic stainless-steel freezers, aluminum dewars and related ancillary equipment used in the storage and transport of life sciences commodities through a global network of distributors and direct client relationships.

Gross margin and cost of revenue. Gross margin for the three months ended June 30, 2024 was 43.7% of total revenues, as compared to 43.4% of total revenues for the three months ended June 30, 2023. Cost of total revenues increased $0.1 million to $32.4 million for the three months ended June 30, 2024, as compared to $32.3 million in the same period in 2023.

Gross margin for our service revenues was 44.5% of service revenues, as compared to 43.2% of service revenues for the three months ended June 30, 2023. Our cost of revenue is primarily comprised of freight charges, payroll and associated expenses related to our global logistics and supply chain centers, depreciation expenses of our Cryoport Express® Shippers and supplies and consumables used for our solutions.

Gross margin for our Life Sciences Products revenue was 42.2% of product revenues, as compared to 43.7% of product revenues for the three months ended June 30, 2023. Life Sciences Products revenue, related cost of revenue and resulting gross margins were primarily driven by our MVE Biological Solutions business. Our cost of products revenue was primarily comprised of materials, direct and indirect labor, inbound freight charges, purchasing and receiving, inspection, and distribution and warehousing of inventory. In addition, shop supplies, facility maintenance costs and depreciation expense for assets used in the manufacturing process were included in cost of products revenues.

Selling, general and administrative expenses. Selling, general and administrative (“SG&A”) expenses include the costs associated with selling our services and products, costs required to support our marketing efforts including legal, accounting, patent, and shareholder services, amortization of intangible assets and other administrative functions.

SG&A expenses decreased by $2.8 million, or 7.3% as compared to the same period in 2023. This decrease was due to $3.8 million in integration and acquisition costs primarily as a result of actively exploring a strategic business opportunity in 2023 that did not occur in the 2024, a decrease of $2.0 million in the change in contingent consideration, a decrease of $0.5 million in facility and other overhead allocation as our facilities became operational, and a decrease in stock-based compensation expense of $0.7 million. These decreases were partially offset with an increase in wages and associated employee costs of $2.6 million from $16.0 million in

2023 to $18.6 million in 2024, an increase in depreciation and amortization of $0.5 million, primarily due to additional fixed assets purchased or acquired in our recent business acquisitions and the launch of Cryoportal® 2 Logistics Management Platform, and an increase of $0.4 million in restructuring charges as a result of cost alignment and reprioritization initiatives.

Engineering and development expenses. Engineering and development expenses increased by $0.4 million, or 9.0%, for the three months ended June 30, 2024, as compared to the same period in 2023. The increase was primarily due to an increase of $0.4 million in wages and associated employee costs to add software development and engineering resources. We continually strive to improve and expand the features of our Cryoport Express®, Cryoport ELITE™ Solutions and portfolio of temperature-controlled services and products. Our primary developments are directed towards facilitating the safe, reliable and efficient transport and storage of life science commodities through innovative and technology-based solutions. This includes significantly enhancing our Cryoportal® Logistics Management Platform and related technology solutions as well as developments to expand our Cryoport Express® and shipper fleet. We supplement our internal engineering and development resources with subject matter experts and consultants to enhance our capabilities and shorten development cycles.

Impairment loss. As a result of the interim impairment assessment performed as of June 30, 2024, the Company recorded an impairment loss of $63.8 million, primarily related to full impairment charge of goodwill related to MVE Biological Solutions.

Investment income. Investment income increased by $0.2 million for the three months ended June 30, 2024, as compared to the prior year.

Interest expense. Interest expense decreased by $0.1 million for the three months ended June 30, 2024, as compared to the prior year.

Gain on extinguishment of debt, net. In May 2024, the Company repurchased $10.0 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $8.7 million in cash resulting in a net gain of $1.2 million, which includes the write off of $0.2 million of unamortized debt issuance costs.

Other income (expense), net. Other income (expense), net decreased by $0.4 million for the three months ended June 30, 2024, as compared to the prior year. This was primarily due a decrease of $0.9 million for foreign currency due to current period losses. These decreases were partially offset by an increase of $0.6 million in short-term investment net unrealized gains.

Provision for income taxes. The provision for income taxes decreased by $0.3 million for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, resulting in effective tax rates of negative 0.5% and negative 3.6%, respectively. The decrease in tax expense and the increase in the effective tax rate for the three months ended June 30, 2024, as compared to the prior year is primarily due to lower taxable foreign earnings and the impairment loss. The negative effective tax rate of 0.5% for the three months ended June 30, 2024, differed from the U.S. federal statutory rate of 21% primarily due to the impairment loss, changes in the valuation allowance that we maintain against our deferred tax assets, income earned by certain foreign subsidiaries being taxed at different rates than the U.S. federal statuary rate, and excess tax benefits associated with share-based compensation.

Paid-in-kind dividend on Series C convertible preferred stock. The paid-in-kind dividend relates to the private placement of Series C Preferred Stock with Blackstone.

Six months ended June 30, 2024 compared to six months ended June 30, 2023:

The following table summarizes certain information derived from our unaudited condensed consolidated statements of operations (in thousands):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
	($ in 000's)			
Life Sciences Services revenue	$ 74,826	$ 71,040	$ 3,786	5.3%
Life Sciences Products revenue	37,363	48,798	(11,435)	(23.4%)
Total revenues	112,189	119,838	(7,649)	(6.4%)
Cost of services revenue	(42,707)	(39,084)	(3,623)	9.3%
Cost of products revenue	(22,517)	(28,949)	6,432	(22.2%)
Total cost of revenues	(65,224)	(68,033)	2,809	(4.1%)
Gross margin	46,965	51,805	(4,840)	(9.3%)
Selling, general and administrative	(74,267)	(72,043)	(2,224)	3.1%
Engineering and development	(9,398)	(8,139)	(1,259)	15.5%
Impairment loss	(63,809)	—	(63,809)	100.0%
Investment income	5,409	5,114	295	5.8%
Interest expense	(2,583)	(2,840)	257	(9.0%)
Gain on extinguishment of debt, net	1,179	—	1,179	100.0%
Other income, net	218	3,301	(3,083)	(93.4%)
Provision for income taxes	(598)	(1,127)	529	(46.9%)
Net loss	$ (96,884)	$ (23,929)	$ (72,955)	304.9%
Paid-in-kind dividend on Series C convertible preferred stock	(4,000)	(4,000)	—	—
Net loss attributable to common stockholders	$ (100,884)	$ (27,929)	$ (72,955)	261.2%

Total revenues by market (in thousands):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
BioLogistics Solutions	$ 67,775	$ 64,608	$ 3,167	4.9 %
BioStorage/BioServices	7,051	6,432	619	9.6 %
Life Sciences Services	74,826	71,040	3,786	5.3 %
Life Sciences Products	37,363	48,798	(11,435)	(23.4)%
Total revenue	$ 112,189	$ 119,838	$ (7,649)	(6.4)%

Revenue. Revenue decreased by $7.6 million, or 6.4%, from $119.8 million to $112.2 million for the six months ended June 30, 2024, as compared to the same period in 2023.

Revenue by type

Life Sciences Services revenue increased by $3.8 million, or 5.3%, from $71.0 million to $74.8 million for the six months ended June 30, 2024, as compared to the same period in 2023. This increase was driven by year-over-year growth in our BioLogistics Solutions and BioStorage/BioServices revenue of 4.9% and 9.6%, respectively, demonstrating strong demand for our services offerings. We also continued to gain clinical trial market share with Cryoport supporting a total of 684 clinical trials globally at June 30, 2024, of which 76 of these clinical trials were in phase 3, representing an overall increase of 9 clinical trials from 675 clinical trials at year end 2023. Our company continues to lead the way in providing advanced temperature-controlled supply chain solutions designed to support the development of cell & gene therapies and our future growth.

Life Sciences Product revenue decreased by $11.4 million, or 23.4%, from $48.8 million to $37.4 million for the six months ended June 30, 2024. This was primarily a result of decreased demand for cryogenic systems that commenced during the second quarter of 2023, particularly in China. Life Sciences Products revenue consists primarily of revenue from our portfolio of cryogenic stainless-steel freezers, aluminum dewars and related ancillary equipment used in the storage and transport of life sciences commodities, which includes the rapidly growing Cell and Gene Therapy market through a global network of distributors and direct client relationships.

Gross margin and cost of revenue. Gross margin for the six months ended June 30, 2024 was 41.9% of total revenues, as compared to 43.2% of total revenues for the six months ended June 30, 2023. Cost of total revenue decreased $2.8 million to $65.2 million for the six months ended June 30, 2024, as compared to $68.0 million in the same period in 2023.

Gross margin for our Life Sciences Services revenue was 42.9% of service revenues, as compared to 45.0% of service revenues for the six months ended June 30, 2023. Our cost of revenue is primarily comprised of freight charges, payroll and associated expenses related to our global logistics and supply chain centers, depreciation expenses of our Cryoport Express® Shippers and supplies and consumables used for our solutions.

Gross margin for our Life Sciences Products revenue was 39.7% of product revenues, as compared to 40.7% of product revenues for the six months ended June 30, 2023. Our cost of products revenue was primarily comprised of materials, direct and indirect labor, inbound freight charges, purchasing and receiving, inspection, and distribution and warehousing of inventory. In addition, shop supplies, facility maintenance costs and depreciation expense for assets used in the manufacturing process were included in cost of products revenues.

Selling, general and administrative expenses. Selling, general and administrative ("SG&A") expenses include the costs associated with selling our products and services and costs required to support our marketing efforts including legal, accounting, patent, shareholder services, amortization of intangible assets and other administrative functions.

SG&A expenses increased by $2.2 million, or 3.1% as compared to the same period in 2023. This increase is driven by the further buildout of our competencies and infrastructure to support the continuing scaling of our business and demand for Cryoport's systems and solutions and buildout of new competencies, such as the IntegriCell™ platform, a standardized integrated apheresis collection, cryopreservation and distribution solution for cell therapies for which Cryoport is currently establishing two centers of excellence located in Houston, Texas, U.S. and Liège, Belgium. The IntegriCell™ platform is expected to be launched during the fourth quarter of 2024. Wages and associated employee costs increased $5.4 million from $32.6 million in 2023 to $38.0 million in 2024. Facility and other overhead allocations increased $1.3 million, primarily driven by our facility expansions in Houston, Texas and Morris Plains, New Jersey, depreciation and amortization increased $1.2 million, primarily due to additional fixed assets purchased or acquired in our recent business acquisitions and the launch of Cryoportal® 2 Logistics Management Platform in May 2023, and restructuring charges increased $0.5 million as a result of cost alignment and reprioritization initiatives. These increases were partially offset by a decrease of $5.0 million in integration and acquisition costs primarily as a result of actively exploring a strategic business opportunity in 2023 that did not occur in the 2024, a decrease of $2.1 million in the change in contingent consideration and a decrease in stock compensation expense of $0.6 million.

Engineering and development expenses. Engineering and development expenses increased by $1.3 million, or 15.5%, for the six months ended June 30, 2024, as compared to the same period in 2023. The increase was primarily due to an increase of $1.4 million in wages and associated employee costs to add software development and engineering resources. We continually strive to improve and expand the features of our Cryoport Express®, Cryoport ELITE™ Solutions and portfolio of temperature-controlled services and products. Our primary developments are directed towards facilitating the safe, reliable and efficient transport and storage of life science commodities through innovative and technology-based solutions. This includes significantly enhancing our Cryoportal® Logistics Management Platform and related technology solutions as well as developments to expand our Cryoport Express® and shipper fleet. We supplement our internal engineering and development resources with subject matter experts and consultants to enhance our capabilities and shorten development cycles.

Impairment loss. As a result of the interim impairment assessment performed as of June 30, 2024, the Company recorded an impairment loss of $63.8 million, primarily related to full impairment charge of goodwill related to the MVE Biological Solutions.

Investment Income. Investment income increased by $0.3 million, for the six months ended June 30, 2024, as compared to the prior year.

Interest expense. Interest expense increased by $0.3 million for the six months ended June 30, 2024, as compared to the prior year.

Gain on extinguishment of debt, net. In May 2024, the Company repurchased $10.0 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $8.7 million in cash resulting in a net gain of $1.2 million, which includes the write off of $0.2 million of unamortized debt issuance costs.

Other income, net. Other income, net decreased by $3.1 million for the six months ended June 30, 2024, as compared to the prior year. This was primarily due the gain on insurance claim of $2.6 million in 2023 related to the New Prague fire that did not occur in the current year and a decrease of $0.6 million for foreign currency due to current period losses.

Provision for income taxes. The provision for income taxes decreased by $0.5 million for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, resulting in effective tax rates of negative 0.6% and negative 4.9%, respectively. The decrease in tax expense and increase in the effective tax rate for the six months ended June 30, 2024, as compared to the prior year is primarily due to lower taxable foreign earnings and the impairment loss. The negative effective tax rate of 0.6% for the six months ended June 30, 2024 differed from the U.S. federal statutory rate of 21% primarily due to the impairment loss, changes in the valuation allowance that we maintain against our deferred tax assets, income earned by certain foreign subsidiaries being taxed at different rates than the U.S. federal statuary rate, and excess tax benefits associated with share-based compensation.

Paid-in-kind dividend on Series C convertible preferred stock. The paid-in-kind dividend relates to the private placement of Series C Preferred Stock with Blackstone.

Non-GAAP Financial Measures

We provide adjusted EBITDA and revenue at constant currency, both non-GAAP financial measures, as supplemental measures to U.S. GAAP measures regarding our operating performance. Non-GAAP financial measures are not calculated in accordance with U.S. GAAP, are not based on any comprehensive set of accounting rules or principles and may be different from non-GAAP financial measures presented by other companies. Non-GAAP financial measures, including adjusted EBITDA and revenue at constant currency, should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with U.S. GAAP.

Adjusted EBITDA

Adjusted EBITDA is defined as net loss adjusted for interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, acquisition and integration costs, restructuring costs, investment income, unrealized gain or loss on investments, foreign currency gain or loss, gain on insurance claim, changes in fair value of contingent consideration and charges or gains resulting from non-recurring events.

Management believes adjusted EBITDA provides a useful measure of our operating results, a meaningful comparison with historical results and with the results of other companies, and insight into our ongoing operating performance. Further, management and our board of directors utilize adjusted EBITDA to gain a better understanding of our comparative operating performance from period-to-period and as a basis for planning and forecasting future periods. Adjusted EBITDA is also a significant performance measure used by us in connection with our incentive compensation programs. Management believes adjusted EBITDA, when read in conjunction with our U.S. GAAP financials, is useful to investors because it provides a basis for meaningful period-to-period comparisons of our ongoing operating results, including results of operations, against investor and analyst financial models, identifying trends in our underlying business and performing related trend analyses, and it provides a better understanding of how management plans and measures our underlying business.

A reconciliation of adjusted EBITDA to net loss, the most directly comparable U.S. GAAP financial measure, is presented below.

Cryoport, Inc. and Subsidiaries
Adjusted EBITDA Reconciliation
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
GAAP net loss	$ (77,989)	$ (18,355)	$ (96,884)	$ (23,929)
Non-GAAP adjustments to net loss:				
Depreciation and amortization expense	7,558	6,723	15,027	13,127
Acquisition and integration costs	474	4,372	588	5,629
Restructuring costs	548	—	548	—
Investment income	(2,809)	(2,647)	(5,409)	(5,114)
Unrealized (gain)/loss on investments	795	1,388	(942)	(36)
Gain on insurance claim	—	—	—	(2,642)
Foreign currency (gain)/loss	268	(753)	929	(596)
Interest expense, net	1,245	1,331	2,583	2,840
Stock-based compensation expense	4,997	5,800	10,453	10,984
Gain on extinguishment of debt, net	(1,179)	—	(1,179)	—
Impairment loss	63,809	—	63,809	—
Change in fair value of contingent consideration	(1,938)	158	(1,645)	204
Income taxes	383	635	598	1,127
Adjusted EBITDA	$ (3,838)	$ (1,348)	$ (11,524)	$ 1,594

Revenue at Constant Currency

We believe that revenue growth is a key indicator of how our Company is progressing from period to period and we believe that the non-GAAP financial measure “revenue at constant currency” is useful to investors in analyzing the underlying trends in revenue. Under U.S. GAAP, revenue received in local (non-U.S. dollar) currency is translated into U.S. dollars at the average exchange rate for the period presented. As a result, fluctuations in foreign currency exchange rates affect the results of our operations and the value of our foreign assets and liabilities, which in turn may adversely affect results of operations and cash flows and the comparability of period-to-period results of operations. When we use the term “constant currency,” it means that we have translated local currency revenue for the current reporting period into U.S. dollars using the same average foreign currency exchange rates for the conversion of revenue into U.S. dollars that we used to translate local currency revenue for the comparable reporting period of the prior year.

Recent fluctuations in foreign currency exchange rates, including the increased strength of the U.S. dollar against the Euro, Chinese Yuan, Japanese Yen, and Indian Rupee has adversely impacted our results of operations and cash flow from our operations in EMEA and APAC. Our revenue would have been $0.3 million higher in constant currency for the three and six months ended June 30, 2024 and 2023.

However, we also believe that data on constant currency period-over-period changes have limitations, particularly as the currency effects that are eliminated could constitute a significant element of our revenue and could significantly impact our performance. We therefore limit our use of constant currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency revenue into U.S. dollars. We do not evaluate our results and performance without considering both period-over-period changes in non-GAAP constant currency revenue on the one hand and changes in revenue prepared in accordance with U.S. GAAP on the other. We caution the readers of this report to follow a similar approach by considering revenue on constant currency period-over-period changes only in addition to, and not as a substitute for, or superior to, changes in revenue prepared in accordance with U.S. GAAP.

Cryoport, Inc. and Subsidiaries
Revenue at Constant Currency
(Unaudited, in thousands)

	Three Months Ended June 30, 2024		
	Life Sciences Services	Life Sciences Products	Total
As Reported	$ 38,040	$ 19,557	$ 57,597
Non-GAAP Constant Currency	38,246	19,625	57,871
FX Impact [$]	$ (206)	$ (68)	$ (274)
FX Impact [%]	(0.5)%	(0.3)%	(0.5)%

	Six Months Ended June 30, 2024		
	Life Sciences Services	Life Sciences Products	Total
As Reported	$ 74,826	$ 37,363	$ 112,189
Non-GAAP Constant Currency	75,027	37,434	112,461
FX Impact [$]	$ (201)	$ (71)	$ (272)
FX Impact [%]	(0.3)%	(0.2)%	(0.2)%

Liquidity and Capital Resources

As of June 30, 2024, the Company had cash and cash equivalents of $46.5 million, $380.7 million in short-term investments and had working capital of $456.3 million. We expect to continue to incur significant expenses in the foreseeable future and to incur operating losses in the near term while we make investments in new supply chain initiatives, geographic expansion and technology to support our anticipated growth. Historically, we have financed our operations primarily through sales of equity securities and debt instruments.

The Company's management recognizes that the Company may need to obtain additional capital to fund its operations and potential acquisitions 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. The Company's management believes that, based on its current plans and assumptions, the current cash and cash equivalents on hand, short-term investments, together with projected cash flows, will satisfy our operational and capital requirements for at least the next twelve months.

Cash flows Summary

	For the Six Months Ended June 30,		
	2024	2023	$ Change
	(in thousands)		
Operating activities	$ (11,290)	$ (1,280)	$ (10,010)
Investing activities	19,766	32,295	(12,529)
Financing activities	(8,252)	1,219	(9,471)
Effect of exchange rate changes on cash and cash equivalents	(112)	(1,515)	1,403
Net increase in cash and cash equivalents	$ 112	$ 30,719	$ (30,607)

Operating activities

For the six months ended June 30, 2024, our cash used in operating activities of $11.3 million reflects the net loss of $96.9 million offset by non-cash expenses of $89.7 million primarily comprised of $63.8 million impairment loss, $15.0 million of depreciation and amortization, $10.5 million of stock-based compensation, and $2.8 million of non-cash operating lease expense, which was partially offset by a gain on available-for-sale investments of $2.0 million, and a gain on the extinguishment of debt of $1.2 million. Also contributing to the cash impact of our net operating loss, excluding non-cash items was a decrease in accounts payable and other accrued expenses of $2.3 million, a decrease in operating lease liabilities of $2.8 million, an increase in prepaid expenses and other current assets of $1.4 million, and a decrease in net deferred tax (asset) liability of $1.0 million, which were partially offset by a decrease in inventories of $2.4 million, and a decrease in accounts receivable of $1.6 million.

Investing activities

Net cash provided by investing activities of $19.8 million during the six months ended June 30, 2024 was primarily due to the maturity of short-term investments of $80.2 million which was partially offset by facility expansions (including leasehold improvements, furniture and equipment) and additional purchases of Cryoport Express® Shippers, Smart Pak II™ Condition Monitoring Systems, freezers and computer equipment for $7.8 million.

Financing activities

Net cash used in financing activities totaled $8.3 million during the six months ended June 30, 2024, as a result of $8.7 million paid for the repurchase of 2026 Senior Notes, partially offset by proceeds of $0.6 million from the exercise of stock options.

Repurchase Program

On March 11, 2022, the Company announced that its board of directors authorized the Repurchase Program through December 31, 2025, authorizing the repurchase of common stock and/or convertible senior notes in the amount of up to $100.0 million from time to time on the open market or otherwise, in such quantities, at such prices, and in such manner as determined by the Company's management at its discretion. The size and timing of any repurchase will depend on a number of factors, including the market price of the Company's common stock, general market and economic conditions, and applicable legal requirements. There were no shares repurchased during the six months ended June 30, 2024 and 2023.

In May 2024 and September 2023, the Company repurchased $10.0 million and $31.3 million, respectively, in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $8.7 million and $25.0 million, respectively, in cash. Following these repurchases, approximately $361.2 million principal amount of the 2026 Senior Notes remain outstanding at June 30, 2024.

As of June 30, 2024, the Company had $28.3 million of remaining repurchase authorization under the Repurchase Program through December 31, 2025.

In July 2024, the Company repurchased an additional $15.0 million in aggregate principal amount of the 2026 Senior Notes for a repurchase price of $8.6 million in cash. See Note 17 in our accompanying consolidated financial statements for additional information.

In August 2024, a repurchase program authorized by the Company's Board of Directors that authorizes the repurchase of common stock and/or convertible senior notes in the amount of up to $200.0 million from time to time, on the open market or otherwise, in such quantities, at such prices, and in such manner as determined by the Company's management at its discretion and remains in effect through December 31, 2027 became effective. The size and timing of any repurchase will depend on a number of factors, including the market price of the Company's common stock, general market and economic conditions, and applicable legal requirements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk for the effect of interest rate changes, foreign currency fluctuations, and changes in the market values of our investments.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and our long-term debt. Our long-term debt is carried at amortized cost and fluctuations in interest rates do not impact our consolidated financial statements. However, the fair value of our debt, which pays interest at a fixed rate, will generally fluctuate with movements of interest rates, increasing when interest rates are declining and declining when interest rates are increasing. We invest our excess cash in high investment grade money market funds and investment grade short to intermediate-term fixed income securities. Fixed income securities may have their fair market value adversely affected due to a rise in interest rates, and we may suffer losses if forced to sell securities that have declined in market value due to changes in interest rates. As of June 30, 2024, the estimated fair value of the Convertible Senior Notes was $321.8 million. For additional information about the Convertible Senior Notes, see Note 11 in our accompanying consolidated financial statements.

Foreign Exchange Risk

We operate in the United States and other foreign countries, which creates exposure to foreign currency exchange fluctuations. Net sales and related expenses generated from our international business are primarily denominated in the functional currencies of the corresponding subsidiaries and primarily include Euros, British Pounds, Chinese Yuan, and Indian Rupee. The results of operations of, and certain of our intercompany balances associated with, our internationally focused business are exposed to foreign exchange rate fluctuations. Upon consolidation, as foreign exchange rates vary, revenues and other operating results may differ materially from expectations and we may record material gain or losses on the remeasurement of intercompany balances. For example, for the six months ended June 30, 2024, revenues from our international business, which accounted for 38% of our consolidated revenues, decreased by $0.4 million in comparison with the same period in the prior year as a result of fluctuations in foreign exchange rates. The impact of fluctuations in foreign exchange rates is derived by applying the average currency rates for the same period of the prior year to the current period revenues.

We have foreign exchange risk related to foreign-denominated cash and cash equivalents. Based on the foreign-denominated cash balance as of June 30, 2024, of $31.5 million, an assumed 5%, 10%, and 20% adverse change to foreign exchange would result in declines of $1.6 million, $3.1 million, and $6.3 million, respectively, recorded in “Accumulated other comprehensive income (loss)”, a separate component of stockholders’ equity.

We have foreign exchange risk related to our long and short-term foreign-denominated intercompany loan balances. Based on the long-term intercompany loan balances as of June 30, 2024, an assumed 5%, 10%, and 20% adverse change to foreign exchange would result in losses of $4.5 million, $9.0 million, and $18.1 million, respectively, reported as accumulated other comprehensive income (loss). Based on the short-term intercompany loan balances as of June 30, 2024, an assumed 5%, 10%, and 20% adverse change to foreign exchange would result in losses of $3.4 million, $6.9 million, and $13.7 million, respectively, reported as “Other income (expense), net”.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

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.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2024 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

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

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors described in Part I, Item 1A, Risk Factors, in the 2023 Annual Report, which 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.

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

Recent Sale of Unregistered Securities

There were no unregistered sales of equity securities during the quarter ended June 30, 2024.

Issuer Purchases of Equity Securities

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended June 30, 2024, none of our directors or officers (as defined in Exchange Act Rule 16a-1(f)) adopted or terminated a “Rule 10b5–1 trading arrangement” or a “non-Rule 10b5–1 trading arrangement,” each as defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended.

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ITEM 6. EXHIBITS

Exhibit Index	
10.1	Cryoport, Inc. 2018 Omnibus Equity Incentive Plan (as amended by the First Amendment, Second Amendment and Third Amendment, effective May 17, 2024). Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated May 22, 2024.
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+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104+	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\+ Filed or furnished 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: August 8, 2024

By: */s/ Jerrell W. Shelton*
Jerrell W. Shelton
President and Chief Executive Officer

Dated: August 8, 2024

By: */s/ Robert S. Stefanovich*
Robert S. Stefanovich
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION
OF 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 our 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 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: August 8, 2024

/s/ Jerrell W. Shelton
JERRELL W. SHELTON
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION
OF 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 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 our 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 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: August 8, 2024

/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 June 30, 2024 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

August 8, 2024

In connection with the Quarterly Report of Cryoport, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 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

August 8, 2024

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.