

C O R P O R A T E P A R T I C I P A N T S

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C O N F E R E N C E C A L L P A R T I C I P A N T S

Puneet Souda, *SVB Leerink*

Richard Baldry, *ROTH Capital*

Jacob Johnson, *Stephens*

Brandon Couillard, *Jefferies*

Steve Unger, *Needham*

P R E S E N T A T I O N

Operator

Welcome to the Cryoport Inc. Shareholder Call.

As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, and zero.

I would now like to turn the conference over to Todd Fromer, Managing Partner of KCSA. Please go ahead.

Todd Fromer

Thank you, Operator.

Before we begin today, I would like to remind everyone that this conference call contains certain forward-looking statements. All statements that address our operating performance, events or developments that we expect or anticipate occurring in the future are forward-looking statements. These forward-looking statements are based on Management's beliefs and assumptions and not on information currently available to our Management team. Our Management team believes these forward-looking statements

are reasonable as and when made, however, you should not place undue reliance on any such forward-looking statements, because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Item 1A, Risk Factors, and elsewhere in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission, and those described from time to time in other reports which we file with the Securities and Exchange Commission.

I would now like to turn the call over to Mr. Jerrell Shelton, Chief Executive Officer of Cryoport. Jerry, the floor is yours.

Jerrell Shelton

Good day everyone and thank you for joining us today to discuss Cryoport's acquisition of CRYOPDP that was announced earlier this morning. We've uploaded a presentation to our website which we will be referencing on today's call. It can be found under the Investor Relations section in Events and Presentations. If you have not yet done so, I would encourage you to go to the website and download as we will be making that presentation later today.

With me this morning I have Mr. Robert Stefanovich, our Chief Financial Officer, Dr. Mark Sawicki, our Chief Commercial Officer, and Mr. Thomas Heinzen, our VP of Corporate Development and Investor Relations.

I'm going to start by providing you with a little background on how we came to acquire CRYOPDP before talking through the structure of the transaction and the strategic rationale for making the acquisition.

As the only company with an integrated suite of proprietary solutions, including logistics, to support the global high volume distribution of cell and gene therapies, Cryoport has consistently held a first mover advantage. By successfully anticipating the needs of our customers and the markets we serve, Cryoport has consistently grown its revenue and market share leadership. We have done this through intensive client engagement and continuous innovation. Our team is consistently working on forecasting the future demand of our customers and we regularly receive feedback from our clients and partners about areas that they would like Cryoport to move into that would enable us to provide additional support for their clinical and commercial portfolios.

The acquisition of CRYOPDP is the result of these conversations and is based on the need to broaden our global network to handle the upcoming wave of global commercial therapy approvals. CRYOPDP has been an acquisition target for a considerable time and I'm thrilled that it will now be a part of Cryoport.

For several years, CRYOPDP was a well run and profitable part of the European company Air Liquide. We are excited to acquire CRYOPDP at this time because it provides significant synergies and very limited overlap with Cryoport Systems, both geographically as well as from a service and product standpoint.

As a Cryoport company, CRYOPDP will allow Cryoport to immediately broaden its geographic supply chain network within Europe, the Middle East, Africa and the Asia Pacific regions, all of which are high growth areas in the cell and gene therapy space. CRYOPDP working with Cryoport Systems will support shipping across the full spectrum of the controlled temperature ranges as well as create global cross-selling opportunities.

This synergistic acquisition is a key pillar in Cryoport's strategy execution and will accelerate our further penetration of the biopharma, reproductive medicine and in animal health markets.

At this point, I would like to ask Tom Heinzen, our VP of Corporate Development and Investor Relations, to deliver our presentation explaining the transaction and his rationale. Tom?

Thomas Heinzen

Thank you Jerry, and good morning everyone. As Jerry stated earlier, if you are not logged in and watching this live, you can download our presentation deck via our website. You will find it in the Investor Relations section under Events and Presentations.

As you can see, this second slide covers all the legal requirements regarding forward-looking statements. We will not be reading this but I invite you to read it at your leisure and encourage you to do so.

Moving on, the goal of this presentation, as Jerry stated, is to give you an overview of CRYOPDP, the market drivers that are propelling this forward, and then the strategic rationale of the acquisition.

As you can see, the agreement is for a purchase price of €49 million, will be paid with cash on hand, and is expected to close within 60 days.

The current team at CRYOPDP has been successfully supporting customers and growing for many years as a subsidiary of the Air Liquide group. CRYOPDP was able to grow both organically and through acquisitions over time into the third largest specialty global logistics player. To date, CRYOPDP has mostly been supporting clinical research through a broad base of customers, including many of the top clinical research organizations, or CROs. CRYOPDP has been a profitable company for approximately 20 years and we will give more information on profitability later as we are converting the financials into a GAAP basis as we speak.

While the overall gross margin profile of CRYOPDP is different than Cryoport's, we expect that we can grow them over time to be more in line with Cryoport's as synergies kick in and our businesses grow. As far as an EBITDA margin, we expect CRYOPDP to be immediately accretive and aligned with our long-term goal of 30%.

Because of the ongoing global pandemic, we are projecting CRYOPDP to have a flat top line revenue number in 2020, but again, continue to be solidly profitable.

For those of you that are new to Cryoport and as a quick reminder for those that are more familiar with us, Cryoport is focused on providing temperature-controlled supply chain solutions to three life science markets, biopharma, human reproductive and animal health.

Our primary driver of revenue growth has been and will continue to be from the cell and gene therapy space where we are the market leader by supporting just under 500 clinical trials and four commercial therapies.

We have been steadily building out our company to support our ever-growing number of customers, their corresponding clinical trials, as well as the global ramp of their commercially approved therapies. We recently disclosed on our second quarter call that we expect a number of commercial submissions by our customers in 2020 and 2021, and this slide shows you how that translates into expected commercial approvals out to 2025. This external data does fit with what we have seen so far in 2020 with the recent approval of Tecartus from Gilead, a positive FDA panel opinion for mesoblast Ryoncil therapy, and we could see still one more approval this year for a total of three. Based on the total of 23 expected commercial submissions in 2020 and 2021, the number of approvals can exceed the totals presented here.

This wave of new therapies and the continued global expansion of existing commercial products really drove the team to figure out a way to expand our global presence faster than what we could do organically. We targeted CRYOPDP quite a while ago as they are well run, profitable, have a global footprint that really complements ours, and they also support the temperature bands that Cryoport Systems currently does not. A unified company will enable both Cryoport and CRYOPDP to leverage each other's market strength to increase our growth rates and profitability.

As you can see from this map, the CRYOPDP network has a significant presence in Europe, India and Asia. When you look at the cell and gene manufacturing hubs in Europe, you will find a heavy concentration in the U.K. and also in France where our customer Novartis has a large manufacturing facility. CRYOPDP has three facilities in the U.K. and three in France which will enhance our ability to support the emerging cell and gene therapy programs in these locations, and really, more broadly throughout Europe.

Cryoport has also started to see the APAC region picking up steam and CRYOPDP has a strong presence in the region with facilities in Japan, South Korea, Singapore and the Philippines.

In the past, we have stated that it takes us approximately six months and costs between \$4 million and \$6 million to start up a global supply chain facility. This acquisition of CRYOPDP brings a total of 22 operating facilities in 12 countries, strong revenue, profitability, a long list of customers and a strong and talented team of employees, all included in the purchase price of €49 million. The unification of Cryoport and CRYOPDP network really propels us a couple of years into the future by instantly filling out our global network and expanding our client base.

We feel strongly that CRYOPDP's network in the EMEA and APAC regions will benefit Cryoport's global customer base. Additionally, CRYOPDP will benefit by being able to offer Cryoport's market-leading solutions and technology. As you can see, Cryoport and CRYOPDP have a long list of complementary services and solutions that will help a unified company attract new customers, expand revenue streams by being able to offer additional services and solutions, and importantly, reduce risk for our customers by having a complete and robust global network backed by a highly sophisticated and integrated IT platform.

Lastly, a reminder that Cryoport, Inc. functions as an operating holding company. Once the CRYOPDP acquisition closes, we will have three synergistic operating companies in our family, and we intend to continue to build out our platform as the opportunities arise.

Now I'll turn it back over to our CEO Jerry Shelton.

Jerrell Shelton

Thank you, Tom. Now we'll open the lines for questions. Operator?

Operator

We will now begin the question-and-answer session. To join the question queue, you may press star then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

The first question comes from Puneet Souda with SVB Leerink. Please go ahead.

Puneet Souda

Hi Jerry, Tom. Thanks. My first question is on, could you just clarify on cost synergies over the five-year period? What I'm trying to understand is how is the business mix of research versus clinical? It appears that some of the research business is going to be low-margin business, and tell us how can that come up to sort of the Cryoport current margin levels over time in gross margin? Just help us understand how much of the business is clinical CRO versus research? I have a few follow-ups.

Jerrell Shelton

Those are good questions. Those are good questions, Puneet.

As we said in the presentation, over the five-year period there are about \$100 million. Actually, over \$100 million worth of synergies in cost and revenue, so the second part of your question was an important part. CRYOPDP historically has been focused on research and preclinical, which is a lower-margin business, but it has the footprint, the ability, the desire, the willingness and the capability to support cell and gene therapy. It had started to make its entry, but honestly, Puneet, it's hard for anyone to compete with Cryoport in cell and gene therapy today, but as a part of Cryoport, it definitely can take more market share and we will be migrating into that area.

It also gives us the ability to better support upstream product and it also gives us the ability to better support cell and gene therapies that lie outside of the cryogenic temperature range, giving us a more complete offering. If you look at the therapies, there's a considerable number of those in various stages, so while the margins may be lower in the beginning, they will start to move up to Cryoport margins and the focus will be on cell and gene therapy throughout CRYOPDP. It's definitely synergistic and definitely a fantastic acquisition.

Puneet Souda

Okay. In terms of the business that is temperature controlled logistics versus value added services at CRYOPDP, could you describe the mix of those two businesses, sort of how much of the revenue of the €42 million is coming from temperature-controlled logistics purely?

Jerrell Shelton

Virtually all of it is coming from temperature controlled logistics. The value add is a term that's used by CRYOPDP simply describing their ancillary services, so virtually all of it is temperature controlled.

Puneet Souda

Okay. In terms of logistical expansion, if you could talk about these are facilities that need to be now potentially fitted to incorporate your mushrooms and other capabilities, and by mushrooms I'm referring to your shipper. Tell us in terms of the investment that needs to happen here in order to bring those facilities and make them certifiable in order to ship cell and gene therapies for your current customers.

Jerrell Shelton

The facilities are—they actually handle a limited volume of cryogenic shipping today, so they have liquid nitrogen sources, their folks are accustomed to dealing with liquid nitrogen and so forth. There's very little investment required to have these facilities handling the Cryoport product line. Most of it is just in training because we do have exacting and very demanding procedures and requirements at Cryoport, so most of it is in training.

CRYOPDP will give us what we will label as forward depots immediately, so it's—and actually, their offering will be in two ways. One, it will be with the CRYOPDP service offering, and secondly, they will

work as a forward depot for Cryoport Systems, thereby creating that unified platform that Tom referred to in the presentation.

Puneet Souda

Okay. Thank you. It would be helpful if Robert or Tom could provide a little bit detail later on in terms of those cost synergies because that's the number one question that we're getting this morning in terms of how those can be distributed over sort of five years, and just referring to the cost synergies specifically. But that's it for me. Thank you.

Jerrell Shelton

Okay. We will provide that to you later on, Puneet. Thank you very much for your questions.

Operator

The next question comes from Richard Baldry from ROTH Capital. Please go ahead.

Richard Baldry

Thanks. Can you talk about how quickly you think some of their complementary services could be portablized into the U.S. market? Things like the non-cryogenic shipping maybe specifically to start with? Thanks.

Jerrell Shelton

Rich, CRYOPDP has a couple of operations in the United States. Both of them are in the New York area. We just made the acquisition. It's going to take a little bit of time for that to take place, and the closing doesn't take place for probably another three or four weeks, as soon as we get the closing requirements met. But we will be addressing that as we move forward.

Richard Baldry

Does PDP have any cryo storage capabilities, or can that type of ability be added to their facilities fairly readily?

Jerrell Shelton

No, they don't have cryo storage capability. They would be using Cryoport Systems' storage capabilities.

We don't see any need to add that at this point. We may in the future but not right now.

Richard Baldry

Last for me would be it looks like you've been looking at this for a while. Could you maybe talk through just the basics around what determined the timing of the deal? What maybe put them over the fence on getting this done? Thanks.

Jerrell Shelton

Well, Air Liquide had decided to disposition this company. I didn't know it when we started but they actually had owned the company for some time and had decided that they would entertain offers on the company and it actually—the company actually went through a private equity firm first because I got there

a little bit late, and we negotiated—we basically turned the company almost immediately from Air Liquide through Hivest to Cryoport.

Over the time, I've gotten to know the management team, I've gotten to visit the locations. We've had a chance to talk with the—and lately it's virtual of course because of the COVID situation, talked to all of the top management at each of the locations plus the top management in Paris, and we're very pleased with the management, with the leadership and with the future, and especially the future of CRYOPDP as a part of Cryoport.

Richard Baldry

So, maybe one more question. When you talk about the synergies over the next five years, I think it's sort of obvious where those would come from, but should we expect to see maybe a moderately extended period of sort of flat headcount as you grow into that group, or would it maybe just moderate the growth of the headcount as you absorb into that sort of synergistic situation?

Jerrell Shelton

There's virtually—there's very little overlap between CRYOPDP and Cryoport Systems. They are separate companies. You will see Cryoport Systems continue on its current trajectory in building out with all of the elements that we have talked about in the past in terms of infrastructure, competencies, software, etc., and in our bio services. At CRYOPDP, there absolutely will be continued growth at CRYOPDP and it will be growing on its plan.

The headcount, we add judiciously so it will all be growth headcount.

Richard Baldry

Okay. Thanks. Congratulations.

Jerrell Shelton

Thank you, Rich.

Operator

The next question comes from Jacob Johnson from Stephens. Please go ahead.

Jacob Johnson

Hey, thanks. Good morning. Congrats on the deal. Not to harp on the synergies, but you talk about 100 million of synergies between costs and revenue. Just kind of what's the breakdown between those being cost synergies and revenue synergies? I would think there's probably considerable revenue synergies here.

Jerrell Shelton

Yes, we won't give you specifics there but I'm going to let Mark Sawicki talk about synergies in general. Mark, could you address that?

Mark Sawicki

Yes, absolutely. Sorry, I wanted to make sure I wasn't on mute.

Obviously, yes. I mean, a significant proportion of this is revenue-based synergy and it does a couple of things for us. Number one is that it pulls forward our expansion planning in APAC and Europe from a facility platform standpoint to support the clinical portfolios and the commercial activity for cell and gene in Europe and Asia. From our projections, we're able to, we think, pull forward client acquisition between 12 months and 24 months forward from our original strategy and planning.

The second piece is it allows us to immediately compete on freight competencies as it relates to supporting the freight and not subcontracting that through third parties, which we think is a substantial upside opportunity in our existing portfolio.

Then, conversely, we believe the CRYOPDP folks have the ability to upsell our product lines within their portfolio relationships which are very complementary to ours and be able to expand their pre-existing relationships significantly in support of advanced therapies.

Jacob Johnson

Got it. Thanks, Dr. Sawicki.

Then, you guys talk about CRYOPDP helping to address some key pain points your customers have. It seems like this is largely focused just on increasing your geographic footprint or are there some areas—are there pain points that maybe CRYOPDP addresses that I'm underappreciating?

Jerrell Shelton

Well, the two dimensions, the two primary dimensions are the geographic expansion because trials are more and more global, and secondly, it's the temperature ranges and the services that we offer. Many times, sometimes you have whole blood coming in 2 to 8 Celsius and then you have those other temperature ranges, controlled room temperature, minus 20, minus 40, minus 80, so all of those categories are categories that CRYOPDP is strong in and that we'll have—will add an advantage to Cryoport, Inc. via this acquisition.

Mark Sawicki

Jerry, do you mind if I expand on that briefly?

Jerrell Shelton

No, go ahead, Mark.

Mark Sawicki

What I was going to say is if you think and you look at a clinical program, so you not only have the distribution of clinical product, right, which is the inbound apheresis or leukapheresis product or tumor samples or other elements along those lines and the outbound final product, but there's also a litany of research materials, reagents and other supporting materials that are going to laboratories in other locations that also need to be supported, so having the ability to support an entire paradigm of distribution needs for our clients, which we hadn't in the past, provides a significant opportunity to be able to utilize the CRYOPDP assets in our existing relationships.

Jacob Johnson

Got it. Then, just last question for me. In terms of the customer base, how many new customers does CRYOPDP bring and then just how much overlap is there with your current customer base?

Jerrell Shelton

There's some overlap, but you know, at core, I think we—the primary customers, customers accounting for 80% of all of our businesses, it's about 300, and then we have—then, of course, we have ancillary customers. Probably in that 250, 300 range, somewhere in that range.

Jacob Johnson

Got it. Congrats on the deal. Thanks for taking the questions.

Operator

The next question comes from Brandon Couillard with Jefferies. Please go ahead

Brandon Couillard

Thanks. Good morning. It looks like PDP has kind of had a lower to mid single-digit revenue CAGR the last two years. I think you mentioned revenues are flat and should be flat in 2020. Can you just sort of elaborate kind of on the growth trends of the business and how you think you can accelerate those?

Jerrell Shelton

Yes. Yes, absolutely, Brandon. I mean, the trend has been in that higher single-digit area to the lower double-digit area and we definitely plan on accelerating that. We would never in our wildest dreams think of not having acceleration in our growth, and that was part of the discussion. That's part of the synergy the Dr. Sawicki just mentioned and just referred to, so that just takes work. It takes a little bit of time but the growth rate will absolutely be accelerating and as you see CRYOPDP focusing more on cell and gene therapy as we move forward.

Robert Stefanovich

Just have in mind, CRYOPDP was a noncore asset of a large corporation, so that dramatically changes kind of that trajectory becoming part of the Cryoport family of companies.

Jerrell Shelton

Good point.

Brandon Couillard

Okay. I'm not sure if Robert is here, but could you speak to the gross margin profile and just kind of the cost structure? And also maybe ...

Jerrell Shelton

That was Robert just speaking and he certainly can speak to that.

Robert Stefanovich

Yes, just a few comments, and Jerry mentioned that a little bit earlier. One, in terms of financials and pro forma financials and U.S. GAAP, that's obviously going to follow later. It's in the works right now, but if you look at the margin profile in general, it's certainly not quite where we are as Cryoport, but given the additional revenue streams through the synergies that Jerry and Mark spoke about, given the more high-

value type of logistics solutions that they can provide to our client base, we do expect that gross margin to increase, and move towards the gross margins that Cryoport has.

Brandon Couillard

Okay. Then maybe for Jerry, can you just talk about your ability to integrate the businesses as your first big international deal? Do you have the right team there? Will most of the management team be staying onboard to run the business as a separate entity? Do you envision openly kind of integrating the two software platforms between your own and PDP's?

Jerrell Shelton

Yes. There are a number of questions in there Brandon, and those are good questions.

First of all, we operate as an operating holding company, so CRYOPDP will continue to operate independently. We'll look for the synergies between Cryoport Systems, Cryogene and CRYOPDP at the bottom rather than at the top. I mean, in other words we will continue to hold the brand name, we will continue to hold the management team accountable and so forth.

The management team is spectacular. Cedric Picaud leads the CRYOPDP team. He's the President and CEO, and he has a very able staff with a lot of experience, and so we couldn't be happier about the staff and about the capability.

As far as software goes, we will unify the software, we will not integrate the software. CRYOPDP has software that's been developed specifically for it. It's called Utility. Is it called Utility?

Male Speaker

UnlTy.

Jerrell Shelton

UnlTy. UnlTy, I always get that wrong. The UnlTy IT platform. Of course, we have the Cryoport operating platform and we will unify those but we will not integrate those, and we'll keep the companies as separate companies so they'll be operating as sister companies with various operating agreements between them. They already have been working together; enormous cooperation in working together, so that's how we move forward.

Brandon Couillard

Very good. Thank you.

Operator

The next question comes from Steve Unger from Needham. Please go ahead.

Steve Unger

Hi, good morning. First question, just on the terms. Is there an earnout related to this acquisition? Then, I was just curious, is the CRYOPDP management team responsible for the synergies, for achieving the synergies? I know you're going to operate it as a standalone entity. Or, is this somehow shared between the other entity?

Jerrell Shelton

First of all, there is no earnout. This is a €49 million price tag on the acquisition. And secondly, the synergies aren't shared, and they will be—the synergies and the schedules were developed jointly and there will be assignments to CRYOPDP for part of the delivery and then to Cryoport Systems for part of the delivery. As you can imagine, those synergies, those cost synergies come in terms of freight and packaging and the ability that comes with economies of scale.

Steve Unger

Great. That's super helpful. As far as the CRO relationships, just curious, is there any meaningful customer concentration percentages that we should be aware of? Is the business highly concentrated with a couple of CROs?

Jerrell Shelton

Historically, it has had a heavier concentration of customers with CROs and it continues to support CROs but there's no heavy concentrations in CRYOPDP.

Steve Unger

Okay. Lastly, you're now gaining this—it's my understanding that CRYOPDP has a logistics fleet in Europe and I'm just wondering the implications of having sort of that first shipment/last shipment capability in Europe. Is that something that you can leverage with the existing business?

Jerrell Shelton

Absolutely. Mark and I have talked about that a lot. Mark, why don't you take that question.

Mark Sawicki

That's absolutely right. One of the things that I think you guys probably recall is that we have established our Cryoshuttle business in the United States for first and last leg pick up and delivery to kind of reduce the risk associated with that. Our goal is absolutely to—in the areas that it's appropriate—to utilize the PDP fleet, train them as per our processes and have them support local pick up and delivery within Europe and parts of Asia.

Steve Unger

Okay. Great. That's it for me. Thanks.

Operator:

This concludes the question-and-answer session. I would like to turn the conference back over to Jerry Shelton for any closing remarks.

Jerrell Shelton

Thank you, Operator, and thank all of you for your questions.

From our leading position in temperature-controlled supply chain solutions supporting the life sciences industry, we will only strengthen as the number of cellular and gene therapy trials grow and commercial therapies come to the market. We'll always be evaluating market conditions and opportunities to supplement our organic growth with acquisitions in areas that we are comfortable with—that are compatible, rather, our mission and our strategy.

As mentioned on previous calls, acquisition candidates must be a cultural fit, accretive, accelerate or strengthen our long-term growth strategy, and be led by a qualified management team. We believe CRYOPDP fits these criteria and will prove to be a great addition to Cryoport, Inc. as we expand our range of reliable and comprehensive and temperature-controlled supply chain solutions for the life sciences industry.

Before turning the call back to the Operator, I'd just like to thank you for your interest and taking the time to join us this morning. Operator?

Operator

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.