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

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 11, 2018

CRYO-CELL INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	0-23386	22-3023093
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

700 Brooker Creek Blvd., Suite 1800, Oldsmar, FL	34677
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (813) 749-2100

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Explanatory Note

On June 15, 2018, Cryo-Cell International, Inc. (the “Company” or “Cryo-Cell”) filed a Current Report on Form8-K (the “Initial Form 8-K”) to report that the Company, pursuant to an asset purchase agreement completed on June 11, 2018 (the “APA”) with Cord:Use Cord Blood Bank, Inc. (“Cord:Use”), completed the acquisition of substantially all of the assets used in the business of Cord:Use as set forth in the APA (the “Acquisition”). The Company is filing this Amendment No. 1 to amend the Initial Form 8-K to include the historical financial statements of Cord:Use and proforma condensed combined financial information required to be filed under Item 9.01 of Form 8-K. The disclosure included in the Initial Form 8-K otherwise remains unchanged.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited balance sheet of Cord:Use as of December 31, 2017 and 2016, and the related statements of operations, statement of cash flows, and statement of shareholders’ equity for the year ended December 31, 2017 and 2016, are attached hereto as Exhibit 99.1.

(b) Financial Statements of Business Acquired.

The unaudited balance sheets of Cord:Use for the three months ended March 31, 2018, and the related statements of operations, statement of cash flows, and statement of shareholders’ equity for the three months ended March 31, 2018 and March 31, 2017, are attached hereto as Exhibit 99.2.

(c) Pro Form Financial Information.

The unaudited pro forma financial information of the Company and Cord:Use as of and for the three months ended February 28, 2018 and the year ended November 30, 2017 in each case reflecting the Acquisition on a pro forma basis, is attached hereto as Exhibit 99.3.

(d) Exhibits.

21.1 Consent of Withium Smith & Brown, PC

99.1 Cord:Use’s Audited Historical Financial Statements and Related Notes as of December 31, 2017 and 2016.

99.2 Cord:Use’s Unaudited Historical Financial Statements and Related Notes for the three months ended March 31, 2018 and March 31, 2017

99.3 Cryo-Cell’s Unaudited Pro Forma Condensed Combined Financial Statements and Related Notes

SIGNATURE

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.

CRYO-CELL INTERNATIONAL, INC.

Dated: August 30, 2018

By: /s/ David Portnoy
David Portnoy
Chairman and Co-Chief Executive Officer

Exhibit 21.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We hereby consent to the incorporation by reference of our report on the December 31, 2017 and 2016 financial statements of Cord: Use Cord Blood Bank, Inc., dated May 29, 2018, included in this Current Report on Form 8-K/A, into the Registration Statement on Form S-8 (File No. 333-197483) of Cryo-Cell International, Inc.

/s/ WithumSmith+Brown, PC
Orlando, FL
August 30, 2018

Exhibit 99.1

CORD:USE Cord Blood Bank, Inc.
Financial Statements
December 31, 2017 and 2016
With Independent Auditors' Report

CORD:USE Cord Blood Bank, Inc.
December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CORD:USE Cord Blood Bank, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of CORD:USE Cord Blood Bank, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CORD:USE Cord Blood Bank, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

May 29, 2018

CORD:USE Cord Blood Bank, Inc.
Balance Sheets
Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash	$ 54,150	$ 197,797
Accounts receivable, less allowance for doubtful accounts of $21,000 and $140,000, respectively	165,430	506,737
Inventory, net	15,786,457	15,278,706
Prepaid expenses and other current assets	291,053	272,873
Total current assets	16,297,090	16,256,113
Restricted cash	30,002	30,002
Investment	287,000	236,000
Furniture and equipment, net	618,383	613,779
Intangible assets	155,826	154,940
	$ 17,388,301	$ 17,290,834
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 2,602,776	$ 1,686,116
Accrued expenses	703,800	431,842
Current portion of deferred revenue	573,339	445,672
Current portion of capital lease obligations	75,169	69,555
Current portion of convertible promissory notes	2,625,000	—
Total current liabilities	6,580,084	2,633,185
Long-term liabilities		
Deferred revenue, less current portion	2,143,687	1,475,067
Capital lease obligations, less current portion	105,289	134,575
Convertible promissory notes, less current portion	294,900	2,625,000
	9,123,960	6,867,827
Shareholders' equity		
Common stock, $.01 par value, 130,000,000 shares authorized; 74,716,793 shares issued and outstanding as of December 31, 2017 and 2016	747,169	747,169
Preferred stock A, $.01 par value, 15,000,000 shares authorized; 14,836,489 shares issued and outstanding as of December 31, 2017 and 2016	148,439	148,439
Preferred stock B, $.01 par value, 15,000,000 shares authorized; 5,635,616 shares issued and outstanding as of December 31, 2017 and 2016	56,356	56,356
Preferred stock C, $.01 par value, 10,000,000 shares authorized; 875,000 and 0 shares issued and outstanding as of December 31, 2017 and 2016, respectively	8,750	—
Additional paid-in capital	47,839,036	47,161,191
Accumulated deficit	(40,535,409)	(37,690,148)
Total shareholders' equity	8,264,341	10,423,007
	$ 17,388,301	$ 17,290,834

CORD:USE Cord Blood Bank, Inc.
Statements of Operations
Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Cord blood stem cell unit revenues	$ 1,388,000	$ 992,000
Federal funding program reimbursement	62,757	129,560
Research unit sales	157,465	512,805
Family cord blood banking revenues	3,656,731	3,230,171
Total revenues	5,264,953	4,864,536
Cost of goods sold		
Cost of goods sold	117,154	74,340
Facility operating costs	3,522,720	3,816,924
Total cost of goods sold	3,639,874	3,891,264
Gross profit	1,625,079	973,272
Expenses		
Employee personnel expenses	980,828	918,069
Sales and marketing expenses	1,421,965	1,496,381
Consulting, professional advisory, and accounting fees	276,653	403,236
Legal fees	16,406	52,674
Occupancy expenses	272,796	267,168
General and administrative expenses	1,068,900	1,185,679
Total expenses	4,037,548	4,323,207
Loss from operations	(2,412,469)	(3,349,935)
Interest expense, net	(432,792)	(207,044)
Net loss	$(2,845,261)	$(3,556,979)

CORD:USE Cord Blood Bank, Inc.
Statements of Shareholders' Equity
Years Ended December 31, 2017 and 2016

	Common Stock		Preferred Stock A		Preferred Stock B		Preferred Stock C		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance January 1, 2016	74,716,793	$747,169	14,836,489	$148,439	5,635,616	$56,356	—	$ —	$47,161,191	$(34,133,169)	$13,979,986
Net loss	—	—	—	—	—	—	—	—	—	(3,556,979)	(3,556,979)
Balance, December 31, 2016	74,716,793	747,169	14,836,489	148,439	5,635,616	56,356	—	—	47,161,191	(37,690,148)	10,423,007
Issuance of preferred stock, net of issuance costs	—	—	—	—	—	—	875,000	8,750	677,845	—	686,595
Net loss	—	—	—	—	—	—	—	—	—	(2,845,261)	(2,845,261)
Balance December 31, 2017	74,716,793	$747,169	14,836,489	$148,439	5,635,616	$56,356	875,000	$ 8,750	$47,839,036	$(40,535,409)	$ 8,264,341

CORD:USE Cord Blood Bank, Inc.
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Net loss	$(2,845,261)	$(3,556,979)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	137,573	161,292
Increase in investments for research units shipped	(51,000)	(115,000)
Bad debt expense	81,563	43,844
Interest accrued on convertible promissory notes	328,319	186,258
(Gain) loss on sale or replacement of furniture and equipment	(86,685)	7,434
Change in operating accounts		
Accounts receivable	259,744	(8,576)
Inventory	(507,751)	(818,692)
Prepaid expenses and other current assets	(18,180)	130,620
Accounts payable	916,660	626,582
Accrued expenses	(56,361)	97,122
Deferred revenue	796,287	516,720
Net cash used in operating activities	(1,045,092)	(2,729,375)
Cash flows from investing activities		
Increase in intangible assets	(886)	(4,713)
Purchases of furniture and equipment	(2,041)	(19,060)
Net cash used in investing activities	(2,927)	(23,773)
Cash flows from financing activities		
Net proceeds from issuances of preferred stock	686,595	—
Borrowings on convertible promissory notes	294,900	2,625,000
Payments on capital lease obligations	(77,123)	(68,649)
Net cash provided by financing activities	904,372	2,556,351
Decrease in cash and cash equivalents	(143,647)	(196,797)
Cash and cash equivalents		
Beginning of year	197,797	394,594
End of year	$ 54,150	$ 197,797
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 104,473	$ 20,832
Supplemental disclosure of non-cash financing activities		
Purchases of equipment financed with capital leases	$ 53,451	$ 10,547

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

CORD:USE Cord Blood Bank, Inc. ("the Company") was incorporated on June 22, 2004 in the state of Florida for the purpose of creating a public umbilical cord blood stem cell bank ("Public Cord Blood Bank") which would have a large, ethnically diverse, high quality inventory of available cord blood stem cell units for those in need of a life-saving therapy. The Company collects cord blood units at hospitals in Florida, Arizona, California, and Michigan. The Company's public inventory is stored in North Carolina, and the cord blood units are sold through the National Marrow Donor Program ("NMDP") located in Minnesota, who ultimately distributes the cord blood units to transplant centers located in the United States, and around the world.

Beginning in 2010, the Company began offering private cord blood banking services ("Family Cord Blood Bank") to families choosing to store their babies' cord blood with the Company for a fee. The Company processes and stores these family cord blood units in its laboratory and storage facility at its headquarters in Orlando, Florida.

Concentrations of Risks

Financial instruments that potentially subject the Company to concentrations of credit risk are principally cash in financial institutions, which often exceed the Federal Depository Insurance limit. The Company has not experienced, nor does it anticipate, any losses in such accounts.

The Company's accounts receivable balance in the accompanying balance sheets consists of primarily three types of receivables. At December 31, 2017 and 2016, 52% and 35%, respectively, of the total accounts receivable balance is due from the Company's primary customer, NMDP. The Company's Public Cord Blood Bank sells primarily to the NMDP, who accounted for 20% of the Company's total revenues for the years ended December 31, 2017 and 2016. At December 31, 2017 and 2016, 48% and 50%, respectively, of the total accounts receivable balance is due from customers from the Family Cord Blood Bank operations. Revenues from these operations comprised 69% and 66% for the years ended December 31, 2017 and 2016, respectively.

For the years ended December 31, 2017 and 2016, 0% and 15% of the total accounts receivable balance is due from the Health Resources and Services Administration ("HRSA"), whereby the Company receives a reimbursement payment based on the portion of the expenses associated with the collection, processing, shipping and retention of National Cord Blood Inventory ("NCBI") eligible cord blood units.

Basis of Presentation and Use of Estimates

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

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on management's knowledge of current events and actions the Company may take in the future, actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers money market deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Restricted Cash

At December 31, 2017 and 2016, the Company maintained cash deposits of $30,002 in support of a security deposit on its office space operating lease agreement (See Note 11). This amount is classified as restricted cash on the accompanying balance sheets as a long-term asset as the office space lease does not terminate until 2020.

Accounts Receivable

Accounts receivable consist of the amounts due from customers, principally the NMDP, families banking their cord blood with the Company, and reimbursements due from HRSA. Accounts receivable due from the NMDP are due within 60 days. Amounts due from family banking operations are due at the time of service. The reimbursements due from HRSA reflect all amounts expected to be paid to the Company for those cord blood units which are considered by management to be NCBI-eligible.

The Company does not maintain an allowance for amounts due from NMDP as they have historically realized a 100% collection rate on these receivables. For Family Cord Blood Bank operations, the Company periodically reviews customer balances and applies a reserve to any accounts deemed to be delinquent, which is evaluated based on a general and specific reserve basis. However, accounts are not written off until a year after service. If the receivable is subsequently collected, the allowance for uncollectible accounts is reversed. At December 31, 2017 and 2016, the allowance for uncollectible accounts for Family Cord Blood Bank operations was approximately $21,000 and $128,150, respectively.

The Company maintains an allowance for certain amounts owed to the Company under the HRSA program because a portion of this receivable may not ultimately be collectible due to various factors which may affect the eligibility of banked cord blood units. The Company determines its allowance by considering the length of time it takes to upload a unit and qualify it as NCBI-eligible and historical collection history. The Company writes-off uncollectible accounts against its allowance account if the unit is not designated NCBI-eligible after upload or has been subsequently disposed. This program was terminated in September 2017, at which time all remaining receivables were written off by the Company. At December 31, 2017 and 2016, an allowance of approximately $0 and $11,850, respectively, was recorded for the NCBI program.

Inventories

The Company has an agreement with Duke University ("Duke") expiring on January 31, 2020 for Duke to receive, process, and store cord blood units for the Public Cord Blood Bank ("Duke Services"). At December 31, 2017 and 2016, the Company had 5,808 and 5,799 cord blood units in inventory, respectively. These units are valued at the lower of cost or net realizable value. Costs include the cost of collecting, transporting, processing and storing the unit. Costs charged by Duke for their Duke Services are based on a monthly fixed fee for storing 12 blood units per month. The Company computes the cost per unit for these Duke Services and capitalizes the unit cost on all blood units shipped and stored in a year at Duke. If the Company ships and stores less than 144 blood units with Duke in a one year period, a portion of these fixed costs are expensed and included in facility operating costs. Certain costs of collection incurred, such as the cost of collection staff and transportation costs incurred to ship Public Bank units from hospitals to the stem cell laboratory are allocated to banked units based on an average cost method. Costs incurred related to cord blood units that cannot be sold are expensed in the period incurred and are included in facility operating costs in the accompanying statements of operations. The Company records a reserve against inventory for units which have been processed and frozen but may not ultimately become distributable (see Note 3).

Furniture and Equipment

Furniture and equipment is stated at original cost less accumulated depreciation. Depreciation is computed usingthe straight-line method over the following estimated useful lives or over the life of the lease, whichever is less, of the related assets:

Leasehold improvements	5 years
Furniture and office equipment	3 – 5 years
Laboratory and capital equipment	5 – 10 years
Freezer systems and accessories	10 years

Expenditures for maintenance and repairs are charged against income as incurred. Improvements which increase the value or materially extend the life of the related assets are capitalized.

Long-Lived Assets

The Company reviews the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived asset to the estimated discounted future cash flows expected to result from use of the assets and their eventual disposition. The Company believes there is no impairment of its long-lived assets at December 31, 2017 and 2016.

Trademarks and Service Marks

The Company incurs certain legal and related costs in connection with trademark and service mark applications. A future economic benefit is anticipated from the resulting trademarks and service marks and management has determined that they have an indefinite life since the Company actively uses them; therefore, they are not amortized. Impairment is measured by comparing the carrying value of the assets to the estimated discounted future cash flows expected to result from use of the assets and their eventual disposition. The Company believes there is no impairment of its trademarks and service marks at December 31, 2017 and 2016.

Investment

The Company's long-term investment represents its investment in a non-marketable common stock. The investment is being accounted for under the cost method and was received as consideration for research blood units shipped by the Company (see Note 5). There were no significant adverse events that occurred during the years ended December 31, 2017 and 2016 that affected the value of the investment.

Federally Funded Program

In August 2009, the Company was awarded a multi-year grant from the U.S. Department of Health's Health Resources and Services Administration ("HRSA" and the "HRSA 4th Cohort Grant"). Under the HRSA 4th Cohort Grant, the Company receives a reimbursement of $1,500 per unit for cord blood units from specified hospitals that are processed and considered to be NCBI eligible units. The grant was terminated by HRSA in September 2017, at which time all remaining receivables were written off by the Company. For the year ended December 31, 2016, the Company's accounts receivable included $88,650 for qualifying units which were paid upon confirmation of the units' registration in the NCBI. The Company received payments of $93,000 and $145,500 during the years ended December 31, 2017 and 2016, respectively, from HRSA under the HRSA 4th Cohort Grant.

Revenue Recognition

Cord Blood Stem Cell Unit Revenues

The Company records revenue for the Public Cord Blood Bank from the sales of cord blood stem cell units upon shipment.

Family Cord Blood Bank Revenues

Providing Family Cord Blood Bank services entails recognizing revenues in respect of multiple-deliverable arrangements. The Company allocates revenue to all deliverables based on their relative selling prices. In such circumstances, the accounting principles related to multiple-deliverable arrangements establishes a hierarchy to determine the selling price to be used for allocating revenue to deliverables as follows:

(i) vendor-specific objective evidence of fair value (VSOE)

(ii) third-party evidence of selling price (TPE)

(iii) best estimate of the selling price (ESP).

VSOE generally exists only when the Company sells the deliverable separately and it is the price actually charged by the Company for that deliverable.

The Company has identified two deliverables generally contained in the arrangements involving the sale of family cord blood banking services: unit processing and unit storage. Storage can be either annual storage or an extended term of an additional 17 years of storage. Because the Company has neither VSOE nor TPE for the processing and extended term year storage deliverables, the allocation of revenue has been based on the Company's ESPs. Processing fee revenues are recognized at the time the units are banked. The Company has VSOE for its annual storage fees as the Company renews storage fees annually with its customers on a standalone basis. Annual storage fee revenues are recognized ratably over the first year of storage. Extended term storage fees are recognized ratably over the contractual storage period. The Company also records revenue within family cord blood banking revenues from shipping costs billed to customers when earned.

Any discounts given to the customer are recognized by applying the relative selling price method whereby after the Company determines the selling price to be allocated to each deliverable (processing and storage), the sum of the prices of the deliverables is then compared to the arrangement consideration, and any difference is applied to the separate deliverables ratably.

Deferred revenue on the balance sheet includes the portion of the annual storage fees and extended term storage fees that are being deferred for recognition over the remaining contractual storage period. The Company classifies deferred revenue as current if the Company expects to recognize the related revenue over the next 12 months.

Research Unit Sales

The Company sells and provides units not likely to be of therapeutic use for research to qualified organizations and companies operating under Institutional Review Board approval. The Company recognizes revenue upon delivery of the unit.

Cost of Sales

Cost of sales for both the Public Cord Blood Bank and the Family Cord Blood Bank represent the associated expenses resulting from the collection, shipping, processing, storage, and delivery (except for the Family Cord Blood Bank) of the cord blood stem cell units.

Income Taxes

The Company accounts for income taxes whereby deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax rates and laws applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Increases or decreases to the unrecognized tax benefits could result from management's belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2017 and 2016, the Company had no provisions for interest or penalties related to uncertain tax positions.

The Tax Cut and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act contains several key provisions including, among other things, reducing the U.S. federal corporate tax rate from thirty-five percent to twenty-one percent. Changes in tax law are accounted for in the period of enactment. In addition, Federal net operating losses ("NOLs") generated during future periods will be carried forward indefinitely, but will be subject to an eighty percent utilization against taxable income. The carryback provision has been revoked for NOLs after January 1, 2018.

Advertising

Advertising costs are expensed as incurred and are included in sales and marketing expenses in the accompanying statements of operations. The Company incurred approximately $77,000 and $131,000 for the years ended December 31, 2017 and 2016, respectively, for print and online advertising and press releases.

Stock Options

The Company's shareholders have authorized nonqualified stock options to be provided to key employees andnon-employee directors, advisors, consultants and affiliates who perform or have performed services for the Company. These share-based awards are measured at grant date based on the fair value of the award and are recognized as an expense over the employee's requisite service period or at the time services are provided by non-employees. The maximum contractual term of equity stock options range from 4 to 6 years. The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option-pricing model.

Recently Adopted Accounting Pronouncements

In July 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-11, "Earning Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815). Part I of this Update addresses the complexity of accounting for certain financial instruments with down round features. The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. For non-public entities, the amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for all entities. The Company has elected to adopt the provisions of this ASU 2017-11 as of January 1, 2016 and has applied the Update retroactively to outstanding financial instruments with a down round feature outstanding as of January 1, 2016, by means of a cumulative-effect adjustment to the statement of financial position as of January 1, 2016 (see Note 2).

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 (Revenue from Contracts with Customers (Topic 606)), which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with a customer, and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to nonpublic entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The effect of this guidance on the financial statements of the Company has not been determined.

The FASB issued ASU 2016-02 (Leases) ("ASU 2016-02"). The core principle of ASU 2016-02 is that an entity should recognize on its balance sheet assets and liabilities arising from a lease. In accordance with that principle, ASU 2016-02 requires that a lessee recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying leased asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on the lease classification as a finance or operating lease. The new accounting guidance is effective for nonpublic companies for fiscal years beginning after December 15, 2019 (i.e., calendar years beginning on January 1, 2020). Early adoption is permitted. The effect of this guidance on the Company's financial statements has not yet been determined.

Subsequent Events

Management has evaluated subsequent events for potential disclosure in or adjustment to the financial statements through May 29, 2018, the date the accompanying financial statements were available to be issued.

2. ADOPTION OF NEW ACCOUNTING STANDARD

At December 31, 2017 and 2016, the Company has common stock warrants outstanding totaling 6,757,695 which include a down round provision enabling the stated exercise price of the common stock warrants to be reduced if the Company sells common stock at a price lower than the stated exercise price.

The Company had previously accounted for the fair value of these warrants under ASC Topic 815 as the down round provision precluded the warrants from being considered indexed to the Company's own stock. Therefore, the Company accounted for the fair value of the warrants issued as a liability at the date of issuance and adjusted them to fair value through earnings at each reporting period.

The provisions of ASU 2017-11 ("ASU") discussed above change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. The fair value of a financial instrument with a down round feature is now required to be classified as a component of shareholders equity, as opposed to a liability as it was previously required to be reported. In addition, the recorded fair value of the financial instrument is no longer to be subsequently remeasured. When the down round feature of the financial instrument is triggered due to a change in the underlying strike price, the change in the fair value is now required to be treated as a dividend. The Company has not sold any common stock shares during 2017 or 2016 triggering this down round feature. The Company has accounted for the common stock warrants with a down round provision using the accounting as prescribed by ASU 2017-11 and has applied this standard to its balances at January 1, 2016.

Prior accounting treatment – In connection with the sale of preferred stock to an individual in fiscal years 2010-2012, the Company issued warrants to purchase 6,757,695 shares of common stock. These warrants contain certain pricing provisions which apply if the Company sells or issues common stock or common stock equivalents at a price that is less than the exercise price of the warrants, over the life of the warrants which is ten years from issuance date. Accordingly, the Company recognized a liability for these warrants based on their fair value as of the date of issuance. The initial warrant liability recognized on the related warrants totaled $2,389,985. At each subsequent reporting period, the Company remeasured the fair value of the warrants, and recorded the change in the warrant liability as a component of net income (loss). Through December 31, 2015, the Company recorded aggregate gains totaling $1,450,667 related to the fair value change of the warrants.

Current accounting treatment – The warrant liability has been eliminated from the Company's balance sheets at December 31, 2017 and 2016. As of January 1, 2016, the fair value of the warrant liability amounted to $939,318. Accordingly, the Company has adjusted its retained earnings and additional paid in capital as of January 1, 2016 by $1,450,667 and $2,389,985, respectively, in accordance with the provisions of this ASU.

3. INVENTORIES

The Company considers inventory in the Public Cord Blood Bank that has not completed all testing to determine viability to be work in progress. At December 31, 2017 and 2016, the Company's inventory consists of the following:

	2017	2016
Finished goods	$15,490,986	$15,020,259
Work in progress	61,949	40,083
Supplies	268,281	253,123
Inventory reserve	(34,759)	(34,759)
Total	$15,786,457	$15,278,706

4. FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2017 and 2016 consists of the following:

	2017	2016
Leasehold improvements	$ 217,723	$ 208,959
Furniture and office equipment	145,086	145,086
Laboratory and capital equipment	800,470	738,780
Freezer systems and accessories	974,544	974,544
	2,137,823	2,067,369
Less: accumulated depreciation	(1,519,440)	(1,453,590)
Total	$ 618,383	$ 613,779

During the years ended December 31, 2017 and 2016, the Company recorded depreciation expense of $137,573 and $161,292, respectively, related to furniture and equipment which includes depreciation expense on assets purchased under capital lease.

5. COST METHOD INVESTMENT

On March 31, 2014, the Company executed a supply and equity participation agreement with a customer who is engaged in medical and life science research that involves the use of stem cells derived from umbilical cord blood units in clinical trials for humans. Under the terms of the supply and equity participation agreement, the customer granted the Company the exclusive right to supply umbilical cord blood units to the customer for use in clinical trials. As consideration, for the umbilical cord blood supply, the Company received 5% of the total issued and outstanding common stock of the customer in the form of 750,000 common stock shares.

Upon the shipment of umbilical cord blood units to the customer, the Company recognized revenue and a long-term investment equal to the estimated fair value of units shipped of $1,000 per unit. This estimated fair value was primarily based on what the Company charges customers for similar umbilical cord blood units when the consideration is in the form of cash. During the years ended December 31, 2017 and 2016, the Company recognized $51,000 and $115,000 in research unit sales for cord blood units shipped and increased its long-term investment.

6. CONVERTIBLE PROMISSORY NOTES

Convertible promissory notes consist of the following as of December 31:

	2017	2016
Two-year convertible promissory notes with shareholders, principal due upon maturity at varying dates through September 2019, interest of 14% is payable annually (i).	$ 944,900	$ 650,000
Two-year convertible promissory notes, principal due upon maturity at varying dates through October 2018, interest of 14% is payable annually (ii).	1,975,000	1,975,000
	2,919,900	2,625,000
Less current portion	(2,625,000)	—
Long-term, less current portion	$ 294,900	$2,625,000

(i) As of the date of these financial statements, a total of $750,000 of these convertible promissory notes with shareholders are considered to be in default either due to the note maturing or the required annual interest payment becoming due and not being paid. During the year ended December 31, 2017, the Company issued a total of 212,500 warrants to purchase common stock at a price of $1.00 per share (see Note 8) due to the required annual interest payments due during 2017 not being paid. At December 31, 2017 and 2016, accrued interest on the convertible promissory notes with shareholders totaled $170,746 and $49,480 and is included in accrued expenses on the face of the accompanying balance sheets. See Note 15 for additional warrants issued subsequent to December 31, 2017 related to these convertible promissory notes.

(ii) As of the date of these financial statements, a total of $1,975,000 of these convertible promissory notes are considered to be in default either due to the note maturing or the required annual interest payment becoming due and not being paid. During the year ended December 31, 2017, the Company issued a total of 500,000 warrants to purchase common stock at a price of $1.00 per share (see Note 8) due to the required annual interest payments due during 2017 not being paid. At December 31, 2017 and 2016, accrued interest on the convertible promissory notes totaled $343,831 and $136,778 and is included in accrued expenses on the face of the accompanying balance sheets. See Note 15 for additional warrants issued subsequent to December 31, 2017 related to these convertible promissory notes.

All convertible promissory notes provide the holder the option to convert all outstanding principal and accrued and unpaid interest into shares of preferred stock (see below) upon the occurrence of the following events:

Qualified Financing: Defined as the sale of convertible preferred stock prior to maturity resulting in aggregate proceeds of $7,500,000 or more.

Change in Control: Defined as the change in ownership of 80% of the outstanding total voting power of the Company or any merger or consolidation, or the sale of substantially all assets of the Company.

If conversion occurs under a Qualified Financing, all outstanding principal and all accrued and unpaid interest ("Balance") shall be converted by dividing the Balance by 80% of the per share price of the Preferred Stock issued in the Qualified Financing.

If conversion occurs under a Change in Control, the Balance shall be converted by dividing the Balance by 80% of the per share price, as defined in the agreement, divided by the sum of all shares of capital stock issued and outstanding on a fully-diluted basis.

7. SHAREHOLDERS' EQUITY

Prior to 2017, the Company's Board of Directors had authorized the issuance of up to 110,000,000 shares of Class A common stock ("Common Stock"), 15,000,000 shares of Series A convertible preferred stock ("Preferred Stock A"), and 15,000,000 shares of Series B convertible preferred stock ("Preferred Stock B"). On March 1, 2017, the Company's Board of Directors authorized the issuance of up to 10,000,000 shares of Series C convertible preferred stock ("Preferred Stock C") and increased the total number of authorized Common Stock shares to 130,000,000 through the execution of the Fifth Amended and Restated Articles of Incorporation ("Fifth Amendment"). Preferred Stock A, B, and C are collectively referred to as "Preferred Stock".

Common Stock holders are entitled to one vote for each Common Stock share held. The Common Stock is entitled to participate in dividends on a per share basis subject to preferential dividend rights.

Preferred Stock

Dividends

Dividends are payable on the Preferred Stock when declared by the Board of Directors at an annual rate of no less than 10% of the original issuance price of the Preferred Stock A, B, and C which is $1.50 per share for the Preferred Stock A and $.80 per share for the Preferred Stock B and C. There were no dividends declared by the Board of Directors during 2016 and 2017.

Conversion Rights

Each share of Preferred Stock A, B, and C shall be convertible at the option of the shareholder into shares of Common Stock as determined by dividing the original issue price of the Preferred Stock A, B, and C by the initial conversion price of $1.50 for Preferred Stock A and $.80 for Preferred Stock B and C. The conversion price is subject to adjustment if Common Stock is sold below the initial conversion price.

Liquidation

In the event of any voluntary or involuntary liquidation, the holders of Preferred Stock C and B have preferential payment over Preferred Stock A and Common Stock holders as described in the Company's Fifth Amendment.

Redemption Rights

The Preferred Stock B and C holders have the option to request the Company to redeem their shares any time after the seventh anniversary of the Fifth Amendment and a vote of at least 66 2/3% of the then outstanding shares of Preferred Stock B and C. The redemption price shall equal the original issue price of Preferred Stock B and C plus any unpaid declared dividends.

During 2017, the Company sold 875,000 shares of Preferred Stock C for $686,695, net of issuance costs of $13,405 which were used for the Company's operations.

8. STOCK OPTIONS AND WARRANTS

Stock Options

In 2006, the Company and its shareholders authorized 10,000,000 nonqualified stock options to be provided to key employees andnon-employee directors, advisors, consultants, and affiliates who perform or have performed services for the Company through the plan 2006 Stock Option Plan. In January 2011, the Company and its shareholders authorized 5,000,000 nonqualified stock options to be provided under the 2011 Stock Option Plan.

During the years ended December 31, 2017 and 2016, the Company granted 301,500 and 309,500 stock options to employees andnon-employees under the 2011 Stock Option Plan with an exercise price of $.80 and immediate vesting.

The fair value of the options granted during 2017 and 2016 are estimated to have little to no value as the exercise price exceeds the fair value of the underlying common stock. Therefore, no compensation expense has been recorded for these options for the years ended December 31, 2017 and 2016.

At December 31, 2017 and 2016, there were 2,495,208 and 2,193,708 options exercisable and outstanding granted under the 2006 and 2011 Stock Option Plans. The options vest at the grant date and have exercise prices ranging from $0.80 to $1.50. The options expire at varying times through July 2023.

In 2017, the Company established a new 2017 incentive stock option plan (“2017 Incentive Compensation Plan”) under which options to purchase 16,000,000 shares of common stock were authorized. There were no options issued under the 2017 Incentive Compensation Plan as of December 31, 2017 or 2016. Subsequent to December 31, 2017, stock options were granted under this plan as disclosed in Note 15.

Warrants

During the years ended December 31, 2017 and 2016, 859,950 and 1,312,500 of common stock warrants were issued with an exercise price $1.00 in connection with the execution of the convertible promissory notes and interest accrued on these notes (see Note 6).

The fair value of the warrants issued during 2017 and 2016 are estimated to have little to no value as the exercise price exceeds the fair value of the underlying common stock. Therefore, no discount was recorded on the convertible promissory notes.

At December 31, 2017, the Company has common stock warrants outstanding totaling 11,507,361 with exercise prices ranging from $1.00 to $1.50 which expire at varying times through December 2027. These warrants were issued in connection with stock sales and convertible promissory notes.

9. INCOME TAXES

The Company files income tax returns in the state of Florida.

Deferred tax assets and liabilities include the following at December 31, 2017 and 2016:

	2017	2016
Deferred income tax assets		
Net operating loss carryforward	$ 6,292,800	$ 8,533,892
Stock based compensation	1,670,546	2,478,590
Allowance and inventory reserves	14,064	65,653
Deferred revenue	353,429	389,734
Other	319,684	319,742
	8,650,523	11,787,611
Less: valuation allowance	(8,622,567)	(11,721,108)
Deferred income tax assets, net	27,956	66,503
Deferred income tax liabilities		
Depreciation	(27,956)	(66,503)
	(27,956)	(66,503)
Net deferred tax asset	$ —	$ —

The primary difference between income tax expense and the amount computed applying the statutory United States federal income tax rate to income before income taxes for the years ended December 31, 2017 and 2016, is due to state income taxes, nondeductible expenses and changes in the valuation allowance and tax rates.

The Tax Act enacted on December 22, 2017 and discussed in Note 1 reduces the U.S. federal corporate tax rate from the maximum rate of thirty-five percent to twenty-one percent, effective January 1, 2018. As a result, the Company revalued its net deferred tax asset at the new lower tax rate at December 31, 2017. This reduction in the federal corporate tax rate reduced the value of the net deferred tax assets at December 31, 2017 by approximately $4,200,000 before any valuation allowances.

At December 31, 2017, the Company has available net operating loss carryforwards of approximately $24,800,000 which begin to expire in the year 2024.

A valuation allowance is required to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all of the evidence, both positive and negative, management has determined that a valuation allowance at December 31, 2017 and 2016, is necessary in the amount of $8,622,567 and $11,721,108, respectively, to reduce the deferred tax assets to the amounts that will more likely than not be realized. At December 31, 2017 and 2016, this resulted in a (decrease) increase to the valuation allowance of ($3,098,541) and $1,290,834, respectively.

The Company has not recorded any unrecognized tax positions as of December 31, 2017 and 2016.

10. RELATED PARTY TRANSACTIONS

At December 31, 2017 and 2016, accounts payable and accrued expenses include approximately $99,000 and $55,000, respectively, of expense reimbursements to shareholders.

See Note 6 for convertible promissory notes with shareholders.

11. COMMITMENTS

During 2009, the Company began leasing reusable shipping containers for shipping platelets and umbilical cord blood under an exclusive agreement with a manufacturer. The Company must maintain a certain level of lease activity to maintain the exclusivity of the agreement. Lease expense for the shipping containers was $396,000 for both years ended December 31, 2017 and 2016, which is included in facility operating costs and sales and marketing expenses in the accompanying statements of operations. Total lease expense committed over the remaining term of this agreement is approximately $352,000.

The Company leases its office headquarters and laboratory facilities under a noncancelable operating lease which requires regular monthly payments through May 2020.

Future minimum rentals, including common area maintenance and sales tax, to be paid under the noncancelable lease term by year and in the aggregate are as follows:

Year Ending December 31,	
2018	$227,127
2019	232,127
2020	97,597
	$556,851

Total rent expense for the Company's facilities during the years ended December 31, 2017 and 2016 was approximately $210,000 and $203,000, respectively, and is included in occupancy expenses in the accompanying statements of operations.

12. CAPITAL LEASES

The Company acquired certain equipment through capital leases expiring at varying dates through 2022 with interest rates ranging from 19% to 26%. The capital leases are collateralized by the leased equipment with a cost of $414,308 and $360,857, respectively, and accumulated amortization of $69,572 and $70,234, respectively, at December 31, 2017 and 2016.

The future minimum lease payments required under the capital leases and present values of the net minimum lease payments as of December 31, 2017 are as follows:

Year Ending December 31,	
2018	$ 98,763
2019	92,408
2020	25,891
2021	15,992
2022	6,316
Total minimum lease payments	239,370
Less portion representing interest	58,912
Present value of net minimum obligations	180,458
Less current portion	75,169
	$105,289

13. EMPLOYEE BENEFIT PLAN

The Company allows its employees to participate in a defined contribution plan through its arrangement with its Professional Employer Organization, ADP, called the ADP TotalSource Retirement Savings Plan which covers substantially all non-executive employees. These employees are eligible to begin participating in the plan at the beginning of the quarter following their hire. The Plan includes a 401(k) component which allows employee elected salary deferrals. The Company did not provide any cash contributions to the Plan for the years ended December 31, 2017 and 2016. In lieu of employer matching contributions, the Company granted its employees 54,563 and 66,013 options during the years ended December 31, 2017 and 2016 (see Note 8).

14. BUSINESS OPERATIONS AND LIQUIDITY

For the years ended December 31, 2017 and 2016, the Company incurred losses of approximately $2,845,000 and $3,556,979, respectively. At December 31, 2017 and 2016 the Company has an accumulated deficit of $40,535,409 and $37,690,148. Further, as of the date of these financial statements, the Company has $2,725,000 of convertible promissory notes (see Note 6) that are considered in default.

The Company executed an asset purchase agreement ("APA") on May 29, 2018 (see Note 15) in which the Company will sell substantially all of its assets. The purchase price from this APA will enable the Company to have sufficient cash to repay its current obligations.

15. SUBSEQUENT EVENTS

Convertible Promissory Notes

In February and March 2018, the Company executed convertible promissory notes (the "Notes") totaling $225,000, including $150,000 from the Company's majority shareholder. The convertible promissory notes bear interest at 14% and are due in two years from the date of execution through March 2020 and require annual interest payments. In connection with the issuance of the Notes, a total of 112,500 common stock warrants with an exercise price of $1.00 were also issued.

Warrants

Subsequent to December 31, 2017 through May 2018, an additional 337,500 of common stock warrants with an exercise price of $1.00 were issued to convertible promissory note holders due to required annual interest payments becoming due and not being paid. These warrants expire at varying times through April 2028.

Options

Subsequent to December 31, 2017, a total of 13,119,000 options to purchase common stock shares at an exercise price of $.01 were issued to employees with immediate vesting.

Asset Purchase Agreement and Promissory Note

On May 29, 2018, the Company executed an APA with an independent public company (the "Buyer") in which the Buyer will acquire all of the assets of the Company on a cash-free, debt-free basis. The Buyer will assume only certain liabilities of the Company as specified in the APA. As consideration for the assets, the Buyer will provide the Company with $10,500,000 of cash, shares of common stock of the Buyer equal to $3,500,000 divided by the Buyer's average stock price, as defined in the APA, earn-out consideration, and the assumption of certain liabilities.

The cash to be paid at closing will be reduced by any borrowings due to the Buyer by the Company in connection with a $700,000 promissory note received from the Buyer (see below) and a $750,000 cash holdback. The shares to be issued to satisfy the $3,500,000 common stock payable will be placed in escrow and released to the Company after the renewal of one of the Company's hospital contracts is completed. As earn-out consideration, the Company will receive 75% of the net revenues in excess of $500,000 per annum generated by the Buyer from the sale of the inventory units held in the Public Cord Blood Bank until the inventory is exhausted (the "Earn-Out Period"). However, the earn-out consideration is limited to $200,000,000 over the Earn-Out Period. In addition, for every $500,000 received by the Buyer per annum in excess of the initial $500,000, the Company will receive $200,000 of the Buyer's common stock at the Buyer's average stock price, as defined by the APA, limited to a maximum of $5,000,000 of common stock over the Earn-Out Period. . Lastly, if the Buyer realizes a profit in excess of $500,000 from the sale of the Company's long-term investment, Buyer shall pay to the Company 7% of the profits in the form of Buyer's common stock at the average stock price, as defined in the APA. In the event, the long-term investment is not sold within five years of the closing, the fair market value of the long-term investment will be determined by an independent valuator. The Company shall receive consideration in the form of the Buyer's common stock as if a sale of the long-term investment had occurred. The Company will use the proceeds received from this APA to repay its current obligations.

On March 27, 2018, the Company executed a promissory note to borrow $700,000 from the Buyer. The note bears interest at 10% annually. In accordance with the promissory note, the borrowings on the note will be credited to the APA purchase price discussed above and the loan shall be automatically deemed satisfied in full. The loan is secured by a security interest in all of the Company's public cord blood bank receivables.

Exhibit 99.2

CORD:USE Cord Blood Bank, Inc.

BALANCE SHEETS

	(Unaudited) March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	$ 555,214	$ 54,150
Accounts receivable (net of allowance for doubtful accounts of $26,000 and $21,000, respectively)	215,827	165,430
Inventory, net	15,898,037	15,786,457
Prepaid expenses and other current assets	183,476	291,053
Total current assets	16,852,554	16,297,090
Furniture and equipment, net	590,276	618,383
Other Assets		
Restricted Cash	30,005	30,002
Investment	303,000	287,000
Intangible assets	157,229	155,826
Total other assets	490,234	472,828
Total assets	$ 17,933,064	$ 17,388,301
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 3,003,083	$ 2,602,776
Accrued expenses	629,222	703,800
Advance from buyer	700,000	—
Current portion of deferred revenue	585,567	573,339
Current portion of capital lease obligations	75,169	75,169
Current portion of convertible promissory notes	2,725,000	2,625,000
Total current liabilities	7,718,041	6,580,084
Long-term Liabilities		
Deferred revenue, less current portion	2,295,856	2,143,687
Capital lease obligations, less current portion	102,044	105,289
Convertible promissory notes, less current portion	419,900	294,900
Total other liabilities	2,817,800	2,543,876
Total liabilities	10,535,841	9,123,960
Shareholders' equity		
Common stock, $.01 par value, 130,000,000 shares authorized; 74,716,793 shares issued and outstanding	747,169	747,169
Preferred stock A, $.01 par value, 15,000,000 shares authorized; 14,836,489 shares issued and outstanding	148,439	148,439
Preferred stock B, $.01 par value, 15,000,000 shares authorized; 5,635,616 shares issued and outstanding	56,356	56,356
Preferred stock C, $.01 par value, 10,000,000 shares authorized; 875,000 shares issued and outstanding	8,750	8,750
Additional paid-in capital	47,845,032	47,839,036
Accumulated deficit	(41,408,523)	(40,535,409)
Total shareholders' equity	7,397,223	8,264,341
Total liabilities and shareholders' equity	$ 17,933,064	$ 17,388,301

CORD:USE Cord Blood Bank, Inc.
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 2018	March 31, 2017
Revenues		
Cord blood stem cell unit revenues	$ 128,000	$ 224,000
Federal funding program reimbursement	—	22,720
Research unit sales	39,950	47,760
Family cord blood banking revenues	926,727	839,313
Total revenues	1,094,677	1,133,793
Cost of goods sold		
Cost of goods sold	10,816	16,548
Facility operating costs	830,216	797,102
Total cost of goods sold	841,032	813,650
Gross profit	253,645	320,143
Expenses		
Employee personnel expenses	230,882	165,744
Sales and marketing expenses	313,471	360,831
Consulting, professional advisory, and accounting fees	102,740	99,469
Legal fees	14,942	13,147
Occupancy expenses	68,324	67,754
General and administrative expenses	267,153	271,080
Total other expense	997,512	978,025
Loss from operations	(743,867)	(657,882)
Interest expense, net	(129,247)	(101,180)
Net loss	$ (873,114)	$ (759,062)

CORD:USE Cord Blood Bank, Inc.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	March 31, 2018	March 31, 2017
Cash flows from operating activities:		
Net loss	$ (873,114)	$ (759,062)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	28,107	32,000
Increase in investments for research units shipped	(16,000)	—
Bad debt expense	8,095	14,523
Changes in operating accounts		
Accounts receivable	(58,492)	163,114
Prepaid expenses	107,577	101,738
Inventory	(111,580)	(214,671)
Accounts payable	400,307	216,459
Accrued expenses	(74,578)	(24,110)
Deferred revenue	164,397	221,825
Net cash used in operating activities	(425,281)	(248,184)
Cash flows from investing activities:		
Increase in restricted cash	(3)	—
Increase in intangible assets	(1,403)	(116)
Purchases of furniture and equipment	—	(18,017)
Net cash used in investing activities	(1,406)	(18,133)
Cash flows from financing activities:		
Net proceeds from issuance of preferred stock	5,996	237,113
Borrowings on convertible promissory notes	225,000	100,000
Advance from buyer	700,000	—
Payments on capital lease obligations	(3,245)	(1,341)
Net cash provided by financing activities	927,751	335,772
Increase in cash and cash equivalents	501,064	69,455
Cash - beginning of period	54,150	197,797
Cash - end of period	$ 555,214	$ 267,252
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 8,640	$ —

CORD:USE Cord Blood Bank, Inc.
STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Preferred Stock		Preferred Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2017	74,716,793	$747,169	14,836,489	$148,439	5,635,616	$56,356	875,000	$ 8,750	$47,839,036	$(40,535,409)	$ 8,264,341
Credit of preferred stock issuance costs	—	—	—	—	—	—	—	—	5,996	—	$ 5,996
Net loss										(873,114)	$ (873,114)
Balance at March 31, 2018	74,716,793	$747,169	14,836,489	$148,439	5,635,616	$56,356	875,000	$ 8,750	$47,845,032	$(41,408,523)	$ 7,397,223

Cord:Use Cord Blood Bank, Inc.
Notes to Financial Statements
March 31, 2018
(Unaudited)

Note 1: Description of Business, Basis of Presentation and Significant Accounting Policies

CORD:USE Cord Blood Bank, Inc. (“the Company”) was incorporated on June 22, 2004 in the state of Florida for the purpose of creating a public umbilical cord blood stem cell bank (“Public Cord Blood Bank”) which would have a large, ethnically diverse, high quality inventory of available cord blood stem cell units for those in need of a life-saving therapy. The Company collects cord blood units at hospitals in Florida, Arizona, California and Michigan. The Company’s public inventory is stored in North Carolina, and the cord blood units are sold through the National Marrow Donor Program (“NMDP”) located in Minnesota, who ultimately distributes the cord blood units to transplant centers located in the United States, and around the world. Beginning in 2010, the Company began offering private cord blood banking services (“Family Cord Blood Bank”) to families choosing to store their babies’ cord blood with the Company for a fee. The Company processes and stores these family cord blood units in its laboratory and storage facility at its headquarters in Orlando, Florida.

The accompanying unaudited financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim information. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. The interim consolidated financial statements included herein are unaudited, but reflect all adjustments, consisting of normal and recurring items, which, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods presented. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report for the year ended December 31, 2017.

The Company has evaluated subsequent events for potential recognition and disclosure through June 15, 2018 to determine if either recognition or disclosure of significant events or transactions is required.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU2014-09 (Revenue from Contracts with Customers (Topic 606)), which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with a customer, and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to nonpublic entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The effect of this guidance on the financial statements of the Company has not been determined.

The FASB issued ASU 2016-02 (Leases) ("ASU 2016-02"). The core principle of ASU 2016-02 is that an entity should recognize on its balance sheet assets and liabilities arising from a lease. In accordance with that principle, ASU 2016-02 requires that a lessee recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying leased asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on the lease classification as a finance or operating lease. The new accounting guidance is effective for nonpublic companies for fiscal years beginning after December 15, 2019 (i.e., calendar years beginning on January 1, 2020). Early adoption is permitted. The effect of this guidance on the Company's financial statements has not yet been determined.

Note 2: Cost Method

On March 31, 2014, the Company executed a supply and equity participation agreement with a customer who is engaged in medical and life science research that involves the use of stem cells derived from umbilical cord blood units in clinical trials for humans. Under the terms of the supply and equity participation agreement, the customer granted the Company the exclusive right to supply umbilical cord blood units to the customer for use in clinical trials. As consideration, for the umbilical cord blood supply, the Company received 5% of the total issued and outstanding common stock of the customer in the form of 750,000 common stock shares of which a portion has been distributed to certain investors in the Company, leaving 665,287 shares held by the Company.

Upon the shipment of umbilical cord blood units to the customer, the Company recognized revenue and a long-term investment equal to the estimated fair value of units shipped of $1,000 per unit. This estimated fair value was primarily based on what the Company charges customers for similar umbilical cord blood units when the consideration is in the form of cash. During the three months ended March 31, 2018 and March 31, 2017, the Company recognized $16,000 and $0 in research unit sales for cord blood units shipped and increased its long-term investment.

Note 3: Convertible Promissory Notes

Convertible promissory notes consist of the following as of March 31, 2018 and December 31, 2017.

	March 31, 2018	December 31, 2017
Two-year convertible promissory notes with shareholders, principle due upon maturity at varying dates through September 2019, interest of 14%, payable annually (i)	$ 944,900	$ 944,900
Two year convertible promissory notes, principal due upon maturity at varying dates through October 2018, interest of 14% , payable annually (ii)	1,975,000	1,975,000
Two year convertible promissory notes, principal due upon maturity at varying dates through March 2020, interest of 14% , payable annually (iii)	225,000	
Less: Current portion	(2,725,000)	(2,625,000)
Long-term, less current portion	$ 419,900	$ 294,900

(i) As of the date of these financial statements, a total of $750,000 of these convertible promissory notes with shareholders are considered to be in default either due to the note maturing or the required annual interest payment becoming due and not being paid. The Company issued a total of 325,000 warrants to purchase common stock at a price of $1.00 per share due to the required annual interest payments not being paid. At March 31, 2018 and December 31, 2017, accrued interest on the convertible promissory notes with shareholders totaled $206,936 and $170,746 and is included in accrued expenses on the face of the accompanying balance sheets

(ii) As of the date of these financial statements, a total of $1,975,000 of these convertible promissory notes are considered to be in default either due to the note maturing or the required annual interest payment becoming due and not being paid. The Company issued a total of 725,000 warrants to purchase common stock at a price of $1.00 per share due to the required annual interest payments not being paid. At March 31, 2018 and December 31, 2017, accrued interest on the convertible promissory notes totaled $418,775 and $343,831 and is included in accrued expenses on the face of the accompanying balance sheets.

(iii) Two-year convertible promissory note totaling $225,000, which includes $150,000 from the Company's majority shareholder. The convertible promissory notes bear interest at 14% and are due in two years from the date of execution through March 2020 and require annual interest payments. In connection with the issuance of the Notes, a total of 112,500 common stock warrants with an exercise price of $1.00 were also issued.

All convertible promissory notes provide the holder the option to convert all outstanding principal and accrued and unpaid interest into shares of preferred stock (see below) upon the occurrence of the following events:

Qualified Financing: defined as the sale of convertible preferred stock prior to maturity resulting in aggregate proceeds of $7,500,000 or more

Change in Control: defined as the change in ownership of 80% of the outstanding total voting power of the Company or any merger or consolidation, or the sale of substantially all assets of the Company.

If conversion occurs under a Qualified Financing, all outstanding principal and all accrued and unpaid interest ("Balance") shall be converted by dividing the Balance by 80% of the per share price of the Preferred Stock issued in the Qualified Financing.

If conversion occurs under a Change in Control, the Balance shall be converted by dividing the Balance by 80% of the per share price, as defined in the agreement, divided by the sum of all shares of capital stock issued and outstanding on a fully-diluted basis

Warrants

Subsequent to December 31, 2017 through May 2018, an additional 312,500 of common stock warrants with an exercise price of $1.00 were issued to convertible promissory note holders due to required annual interest payments becoming due and not being paid. These warrants expire at varying times through April 2028

Note 4: Business Operations and Liquidity

For the three months ended March 31, 2018 and March 31, 2017, the Company incurred losses of approximately $873,000 and $759,000 respectively. At March 31, 2018 and December 31, 2017, the Company has an accumulated deficit of $41,408,523 and $40,535,409, respectively. Further, as of the date of these financial statements, the Company has $2,725,000 of convertible promissory notes that are considered in default. The Company has executed a letter of intent (see Note 5) in which the Company would sell substantially all of its assets. The purchase price from this transaction would enable the Company to have sufficient cash to repay its current obligations.

Note 5: Subsequent Event

On March 16, 2018, the Company executed a letter of intent with Cryo-Cell International, Inc. (“Cryo-Cell”) in which Cryo-Cell will acquire all of the assets of the Company on a cash-free, debt-free basis. On March 27, 2018, the Company executed a promissory note to borrow $700,000 from Cryo-Cell. The note beared interest at 10% annually. On May 29, 2018, the Company entered into a definitive Asset Purchase Agreement (the “Purchase Agreement”) with Cryo-Cell pursuant to which it was agreed, Cryo-Cell will purchase substantially all of Cord:Use’s assets, including without limitation Cord:Use’s inventory of public cord blood units existing as of the closing date (the “Public Cord Blood Inventory”) and Cord:Use’s shares of common stock of Tianhe Stem Cell Biotechnologies, Inc., an Illinois corporation (the “Tianhe Capital Stock”). On June 11, 2018, Cryo-Cell completed its acquisition. The aggregate consideration paid at closing under the Purchase Agreement was $14,000,000, with $10,500,000 paid in cash and the balance paid through the delivery to the Company of 465,426 shares of Cryo-Cell’s common stock, par value $0.01 per share (“Common Stock”), at $7.52 per share. The $700,000 note, mentioned above, was credited to the purchase price and the loan is deemed satisfied in full. In addition, Cryo-Cell assumed certain limited liabilities incurred by the Company in connection with its business that were unpaid as of the closing date and that directly relate to the services to be provided after closing by Cryo-Cell. Cryo-Cell also assumed certain of the Company’s contracts and the obligations arising therefrom after the closing.

Additionally, Cord:Use is entitled to an earnout from Cryo-Cell’s sale of the Public Cord Blood Inventory from and after closing. Each calendar year after the closing, Cryo-Cell shall pay to Cord:Use 75% of all gross revenues, net of any returns, received from the sale of public cord blood inventory in excess of $500,000. Such payments shall be made quarterly, within 30 days of the end of the last month of each calendar quarter, until the public cord blood inventory is exhausted. In addition, each calendar year after closing, until the public cord blood inventory is exhausted, for every $500,000 of retained gross revenues, net of any returns, received and retained by Cryo-Cell in excess of the initial $500,000 retained by Cryo-Cell during such year, Cryo-Cell shall deliver $200,000 worth of Cryo-Cell Common stock to Cord:Use, up to an aggregate value of $5,000,000. The Company is also entitled to a portion of the gross profits generated, or deemed to have been generated, by Cryo-Cell from its ownership of the Tianhe Capital Stock.

Exhibit 99.3

Cryo-Cell International, Inc. (“the Company” or “Cryo-Cell”) entered into an asset purchase agreement with Cord:Use Cord Blood Bank, Inc., (“Cord:Use”), pursuant to which the Company acquired certain assets from Cord:Use for total consideration of $14,000,000 on June 11, 2018 (“Acquisition”).

The unaudited preliminary proforma condensed combined balance sheet as of February 28, 2018 is based on the historical consolidated financial statements of the Company and the impact that the addition of the Assets is expected to have on the Company’s financial position. The unaudited proforma condensed combined statement of operations for the year ended November 30, 2017 gives effect to the Acquisition as if it occurred at the beginning of the period and combines the audited consolidated statement of operations of Cryo-Cell for the year ended November 30, 2017 with Cord: Use’s audited statement of operations for the year ended December 31, 2017. The unaudited proforma condensed combined statement of operations for the three months ended February 28, 2018, combines the unaudited consolidated statement of operations of Cryo-Cell for the three months ended February 28, 2018, with Cord: Use’s unaudited statement of operations for the three months ended March 31, 2018. The unaudited pro forma condensed combined statement of operations for the three months ended February 28, 2018 give effect to the merger as if the merger was consummated at the beginning of the period. In addition, the Unaudited Pro Forma Condensed Combined Balance Sheet does not purport to project the future financial position of the Company post-Acquisition.

The Acquisition will be accounted for as a business combination using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) Topic 805, Business Combination (“ASC 805”) pursuant to which the total purchase price of the Acquisition will be allocated to the net assets acquired based upon their estimated fair values of the date of the completion of the Acquisition.

The unaudited proforma condensed financial statements should be read together with the Company’s historical financial statements, which are included in the Company’s latest annual report on Form 10-K and Cord:Use’s historical information included herein.

The unaudited proforma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the periods presented. The adjustments included in these unaudited proforma combined financial statements are preliminary and may be revised.

Unaudited Pro Forma Combined Balance Sheet

	Cryo-Cell February 28, 2018	Cord:Use March 31, 2018	Net Pro Forma Adjustments	Cryo-Cell & Cord:Use (Pro Forma)
ASSETS				
Current Assets				
Cash and cash equivalents	$ 6,991,401	$ 555,214	$ (2,055,214) (a)	$ 5,491,401
Marketable securities	586,230	—	—	586,230
Accounts receivable, net	4,927,751	215,827	—	5,143,578
Prepaid expenses	298,100	183,476	—	481,576
Inventory, net	374,442	15,898,037	—	16,272,479
Other current assets	213,817	—	—	213,817
Total current assets	13,391,741	16,852,554	(2,055,214)	28,189,081
Property and Equipment-net	1,086,954	590,276	—	1,677,230
Other Assets				
Restricted Cash	—	30,005	(30,005)(a)	—
Investment	—	303,000	—	303,000
Intangible assets, net	415,272	157,229	801,000 (b)	1,373,501
Goodwill	—	—	1,746,518 (c)	1,746,518
Deferred tax assets	6,988,056	—	—	6,988,056
Deposits and other assets, net	28,888	—	—	28,888
Total other assets	7,432,216	490,234	2,517,513	10,439,963
Total assets	$ 21,910,911	$ 17,933,064	$ 462,299	$ 40,306,274
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable	$ 1,197,918	$ 3,003,083	$ (3,003,083)(d)	$ 1,197,918
Accrued expenses	2,865,447	629,222	(629,222)(d)	2,865,447
Advance from buyer	—	700,000	(700,000)(d)	—
Current portion of note payable	2,000,000	2,725,000	(2,725,000)(e)	2,000,000
Current portion of capital lease obligation	—	75,169	(75,169)(d)	—
Deferred revenue	7,249,160	585,567	(585,567)(d)	7,249,160
Total current liabilities	13,312,525	7,718,041	(7,718,041)	13,312,525
Other Liabilities				
Deferred revenue, net of current portion	16,707,878	2,295,856	(1,098,748)(l)	17,904,986
Capital lease obligation, less current portion	—	102,044	(102,044)(d)	—
Note payable, net of current portion and debt issuance costs	4,821,885	419,900	8,580,100 (e)	13,821,885
Contingent consideration	—	—	4,698,255 (k)	4,698,255
Long-term liability - revenue sharing agreements	1,425,000	—	—	1,425,000
Total other liabilities	22,954,763	2,817,800	12,077,363	37,850,126
Total liabilities	36,267,288	10,535,841	4,359,522	51,162,651
Stockholders' Deficit				
Preferred stock	—	—	—	—
Preferred stock A	—	148,439	(148,439)(f)	—
Preferred stock B	—	56,356	(56,356)(f)	—
Preferred stock C	—	8,750	(8,750)(f)	—
Series A Junior participating preferred stock	—	—	—	—
Common stock	129,008	747,169	(742,514)(f)	133,663
Additional paid-in capital	31,930,880	47,845,032	(44,349,687)(f)	35,426,225
Treasury stock, at cost	(19,571,113)	—	—	(19,571,113)
Accumulated other comprehensive income	159,611	—	—	159,611
Accumulated deficit	(27,004,763)	(41,408,523)	41,408,523 (f)	(27,004,763)
Total stockholders' deficit	(14,356,377)	7,397,223	(3,897,223)	(10,856,377)
Total liabilities and stockholders' deficit	$ 21,910,911	$ 17,933,064	$ 462,299	$ 40,306,274

Unaudited Pro Forma Combined Statement of Operations
For the Three Months Ended

	Cryo-Cell February 28, 2018	Cord:Use March 31, 2018	Pro Forma Adjustments	Cryo-Cell & Cord:Use (Pro Forma)
Revenue:				
Processing and storage fees	$ 6,200,067	$ 926,727	$ —	$ 7,126,794
Research unit sales	—	39,950	—	$ 39,950
Cord blood stem cell unit revenues	—	128,000	—	$ 128,000
Product revenue	28,051	—	—	28,051
Total revenue	6,228,118	1,094,677	—	7,322,795
Costs and Expenses:				
Cost of sales	1,601,508	841,032	—	2,442,540
Selling, general and administrative expenses	3,589,519	997,512	—	4,587,031
Research, development and related engineering	13,409	—	—	13,409
Depreciation and amortization	36,545	—	14,167 (g)	50,712
Total costs and expenses	5,240,981	1,838,544	14,167	7,093,692
Operating Income	987,137	(743,867)	(14,167)	229,103
Other Expense:				
Other expense	(33,565)	—	—	(33,565)
Interest expense	(280,977)	(129,247)	23,109 (h)	(387,115)
Total other expense	(314,542)	(129,247)	23,109	(420,680)
Income before income tax expense	672,595	(873,114)	8,942	(191,577)
Income tax expense	(3,202,667)	—	(2,513)(i)	(3,205,180)
Net (Loss) Income	$(2,530,072)	$ (873,114)	$ 6,429	$(3,396,757)
Net loss per common share - basic	$ (0.36)			$ (0.45)
Weighted average common shares outstanding - basic	7,105,135		465,426 (j)	7,570,561
Net loss per common share - diluted	$ (0.36)			$ (0.45)
Weighted average common shares outstanding - diluted	7,105,135		465,426 (j)	7,570,561

Unaudited Pro Forma Combined Statement of Operations
For the Year Ended

	Cryo-Cell November 30, 2017	Cord:Use December 31, 2017	Pro Forma Adjustments	Cryo-Cell & Cord:Use (Pro Forma)
Revenue:				
Processing and storage fees	$23,939,033	$ 3,656,731		$27,595,764
Research unit sales	—	157,465		157,465
Cord blood stem cell unit revenues	—	1,388,000		1,388,000
Federal funding program reimbursement	—	62,757		62,757
Licensee and royalty income	1,003,056	—		1,003,056
Product revenue	442,190	—		442,190
Total revenue	25,384,279	5,264,953	—	30,649,232
Costs and Expenses:				
Cost of sales	6,724,391	3,639,874		10,364,265
Selling, general and administrative expenses	13,480,883	4,037,548		17,518,431
Research, development and related engineering	41,165	—		41,165
Depreciation and amortization	131,614	—	56,668 (g)	188,282
Total costs and expenses	20,378,053	7,677,422	56,668	28,112,143
Operating Income	5,006,226	(2,412,469)	(56,668)	2,537,089
Other Expense:				
Other expense	(79,873)	—		(79,873)
Interest expense	(1,302,650)	(432,792)	119,939 (h)	(1,615,503)
Total other expense	(1,382,523)	(432,792)	119,939	(1,695,376)
Income (Loss) before income tax (expense) benefit	3,623,703	(2,845,261)	63,271	841,713
Income tax (expense) benefit	(1,308,603)	—	(23,809)(i)	(1,332,412)
Net Income (Loss)	$ 2,315,100	$(2,845,261)	$ 39,462	$ (490,699)
Net income per common share - basic	$ 0.33			$ (0.07)
Weighted average common shares outstanding - basic	7,062,870		465,426 (j)	7,528,296
Net income per common share - diluted	$ 0.30			$ (0.06)
Weighted average common shares outstanding - diluted	7,652,984		465,426 (j)	8,118,410

CRYO-CELL INTERNATIONAL, INC.
NOTES TO UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 – Basis of Presentation

The unaudited proforma condensed combined financial statements and related notes were prepared in accordance with GAAP in the United States and pursuant to the Securities and Exchange Commission's Article 11 of Regulation S-X. The unaudited proforma condensed combined financial statements are based on Cryo-Cell's and Cord:Use's historical consolidated financial statements to give effect to the Acquisition.

The proforma condensed financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the Acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The condensed combined proforma financial information does not reflect the realization of any expected cost savings or other synergies from the Acquisition as a result of restructuring activities and other planned cost savings initiatives following the completion of the business combination.

Note 2 – Accounting policies

The accounting policies used in the preparation of this unaudited pro forma condensed combined financial information are those set out in Cryo-Cell's financial statements as of and for the year ended November 30, 2017. The Company performed certain procedures for the purpose of identifying any material differences in significant accounting policies between Cryo-Cell and Cord:Use, and any accounting adjustments that would be required in connection with adopting uniform policies. Procedures performed by the Company involved a review of Cord:Use's audited financial statements and footnotes to those financial statements, including those disclosed for the year ended December 31, 2017 and discussion with Cord:Use's management and public audit firm. Management does not believe there are any differences in the accounting policies of Cryo-Cell and Cord:Use that would result in material adjustments to Cryo-Cell's consolidated financial statements as a result of conforming Cord:Use's accounting policies to those of Cryo-Cell.

Note 3 – Allocation of Purchase Price

On June 11, 2018, Cryo-Cell completed its acquisition of substantially all of the assets (the "Cord Purchase") of Cord:Use, in accordance with the definitive Asset Purchase Agreement between Cryo-Cell and Cord:Use (the "Purchase Agreement"), including without limitation Cord:Use's inventory of public cord blood units existing as of the closing date (the "Public Cord Blood Inventory") and Cord:Use's shares of common stock of Tianhe Stem Cell Biotechnologies, Inc., an Illinois corporation (the "Tianhe Capital Stock"). Cord:Use was in the business of public and private cord blood and tissue, collection, processing, storage and banking.

The aggregate consideration payable at closing under the Purchase Agreement was $14,000,000, with $10,500,000 paid in cash and the balance paid through the delivery to Seller of 465,426 shares of Cryo-Cell's common stock, par value $0.01 per share ("Common Stock"), at $7.52 per share. In addition, Cryo-Cell assumed certain limited liabilities incurred by Cord:Use in connection with its business that were unpaid as of the closing date and that directly relate to the services to be provided after closing by Cryo-Cell. Cryo-Cell also assumed certain of Cord:Use's contracts and the obligations arising therefrom after the closing.

Additionally, Cord:Use is entitled to an earnout from Cryo-Cell's sale of the Public Cord Blood Inventory from and after closing. Each calendar year after the closing, Cryo-Cell shall pay to Cord:Use

75% of all gross revenues, net of any returns, received from the sale of public cord blood inventory in excess of $500,000. Such payments shall be made quarterly, within 30 days of the end of the last month of each calendar quarter, until the public cord blood inventory is exhausted. In addition, each calendar year after closing, until the public cord blood inventory is exhausted, for every $500,000 of retained gross revenues, net of any returns, received and retained by Cryo-Cell in excess of the initial $500,000 retained by Cryo-Cell during such year, Cryo-Cell shall deliver $200,000 worth of Cryo-Cell Common stock to Cord:Use, up to an aggregate value of $5,000,000. Cord:Use is also entitled to a portion of the gross profits generated, or deemed to have been generated, by Cryo-Cell from its ownership of the Tianhe Capital Stock.

The following summarizes the fair value of the consideration of the Acquisition:

Consideration	
Cash	$ 10,500,000
Cryo-Cell common stock	3,500,000
Cord blood inventory earnout	4,698,255
Consideration	$ 18,698,255

The following summarizes the preliminary allocation of the total purchase price for the Acquisition:

Accounts receivable	$ 215,827
Inventory	15,898,037
Prepaid expenses	183,476
Property and equipment	590,276
Other asset - Tiahne capital stock	303,000
Brand	31,000
Customer relationships	770,000
Other intangible assets	157,229
Deferred revenue	(1,197,108)
Total identifiable net assets acquired	16,951,737
Goodwill	1,746,518
Total	$18,698,255

Note 4 – Proforma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

(a) Cash and cash equivalents and restricted cash - Represents the preliminary net adjustment to cash and restricted cash in connection with the Acquisition including the cash portion of the purchase price of $10,500,000 related to the Acquisition and the elimination of $585,219 not acquired by Cryo-Cell and $9,000,000 of additional borrowings.

(b) Intangible assets - Adjustment reflects the preliminary fair market value related to the identifiable intangible assets acquired and the related amortization. As part of the preliminary valuation analysis, the Company identified intangible assets, including Cord:Use's brand and customer relationships. The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires estimates of the expected future cash flows and deemed royalty rates, as well as estimates of useful lives of long-lived assets.

(c) Goodwill - Goodwill represents the excess of consideration transferred over the preliminary fair value of the assets acquired as described in Note 3. The goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment exists. In the event the Company determines that the value of goodwill has become impaired, it will incur an accounting charge for the amount of impairment during the period in which the determination is made. The goodwill is attributable to the expected synergies of the combined business operations and new growth opportunities.

(d) Current and long-term liabilities – Adjustments reflect the elimination of Cord:Use's current and long-term liabilities as they were not included in the Acquisition.

(e) Current and long-term portion of notes payable – Adjustments reflect the additional borrowings of $9,000,000 to fund the Acquisition of Cord:Use along with interest expense and debt issuance costs adjustments related to additional borrowings and the elimination of $2,725,000 and $419,900, representing the current and long-term portion of the note payable, respectively, not assumed by Cryo-Cell.

(f) Stockholder's deficit – Adjustment reflects the elimination of Cord:Use's common stock, preferred stock and additional-paid in capital which were not acquired by the Company.

(g) Depreciation and amortization expense – Adjustment reflects the increase in amortization expense due to the identifiable intangible assets acquired. As part of the preliminary valuation analysis, the Company identified intangible assets, including Cord:Use's brand and customer relationships.

(h) Interest expense – Adjustment reflects the increase in interest expense and debt issuance costs related to additional borrowings used in the acquisition of Cord:Use and the elimination CordUse's expense since the debt was not acquired.

(i) (Benefit) provision for corporate income taxes - Adjustment reflects the tax effects of the pro forma adjustments made to the pro forma statement of operations calculated at the combined federal and state statutory rate of 37.63% for the year ended November 30, 2017 and 28.10% for the quarter ended February 28, 2018.

(j) Weighted average commons shares outstanding (basic and diluted)- Adjustment reflects increase in the Company's common shares outstanding as a result 465,426 being issued to Cord:Use as part of the purchase price ($3,500,000).

(k) Contingent consideration – Adjustment reflects the preliminary estimate of the earnout Cord:Use is entitled to from Cryo-Cell's sale of the Public Cord Blood Inventory as described in Note 3.

(l) Deferred revenue – Adjustment reflects the increase due to the present value of the long-term pre-paid storage plans being assumed and the elimination of the remaining deferred revenue.