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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission file number 001-38161

Calyxt, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

001-38161
(Commission
File Number)

27-1967997
(IRS Employer
Identification Number)

600 County Road D West, Suite 8
New Brighton, MN 55112
(Address of Principal Executive Offices)

(651) 683-2807
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of August 31, 2017, there were 27,650,000 shares of common stock, \$0.0001 par value per share, outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (Securities Exchange Act).

In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled “Risk Factors” in our final prospectus filed with the SEC on July 21, 2017. You should specifically consider the numerous risks outlined under “Risk Factors” in our final prospectus filed with the SEC on July 21, 2017.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results or revised expectations.

Unless otherwise indicated, information contained in this Quarterly Report on Form 10-Q concerning our industry and the markets in which we operate is based on information from various sources, including independent industry publications. In presenting this information, we have also made assumptions based on such data and other similar sources, and on our knowledge of, and our experience to date in, the potential markets for our product. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled “Risk Factors” in our final prospectus filed with the SEC on July 21, 2017. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

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While the list of factors presented here is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on our consolidated financial condition, results of operations, credit rating or liquidity. Therefore, you should not rely on any of these forward-looking statements. Any forward-looking statement made by us in this Quarterly Report on Form 10-Q is based only on information currently available to us and speaks only as of the date of this report. We do not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.

Website Disclosure

We use our website (www.calyxt.com) and our corporate Twitter account (@Calyxt_Inc) as routine channels of distribution of company information, including news releases, analyst presentations, and supplemental financial information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website and our corporate Twitter account in addition to following press releases, SEC filings and public conference calls and webcasts. Additionally, we provide notifications of news or announcements as part of our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts.

None of the information provided on our website, in our press releases or public conference calls and webcasts or through social media is incorporated into, or deemed to be a part of, this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to our website or our corporate Twitter account are intended to be inactive textual references only.

[Table of Contents](#)**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

Calyxt, Inc.
Condensed Balance Sheets
(Amounts in Thousands, Except Share Data and Per Share Data)

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,521	\$ 5,026
Trade accounts receivable	—	110
Due from related parties	85	47
Prepaid expenses and other current assets	614	282
Deferred offering costs	2,103	—
Total current assets	5,323	5,465
Property and equipment, net	11,334	10,994
Other long-term assets	280	164
Total assets	<u>\$ 16,937</u>	<u>\$ 16,623</u>
Liabilities and stockholder's equity		
Current liabilities:		
Due to related parties	\$ 5,807	\$ 1,712
Accounts payable	1,910	357
Accrued salaries, wages, and other compensation	342	332
Accrued liabilities	732	363
Current deferred revenue	109	101
Total current liabilities	8,900	2,865
Non-current deferred revenue	453	639
Total liabilities	9,353	3,504
Stockholder's equity:		
Common stock, \$0.0001 par value; 30,000,000 shares authorized, 19,600,000 shares issued and outstanding as of June 30, 2017	2	2
Additional paid-in capital	42,377	41,685
Accumulated deficit	(34,795)	(28,568)
Total stockholder's equity	7,584	13,119
Total liabilities and stockholder's equity	<u>\$ 16,937</u>	<u>\$ 16,623</u>

See accompanying notes to the Unaudited Condensed Financial Statements.

Calyxt, Inc.
Condensed Statements of Operations

(Amounts in Thousands except Shares Outstanding and Per Share Amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 223	\$ 116	\$ 278	\$ 222
Operating expenses:				
Cost of revenue	—	100	—	200
Research and development	1,453	1,306	2,719	2,676
Selling, general, and administrative	2,010	1,202	3,588	2,399
Total operating expenses	3,463	2,608	6,307	5,275
Loss from operations	(3,240)	(2,492)	(6,029)	(5,053)
Interest income (expense)	(30)	2	(44)	(2)
Foreign currency transaction gain (loss)	(125)	33	(154)	29
Loss before income taxes	(3,395)	(2,457)	(6,227)	(5,026)
Income tax expense	—	—	—	—
Net loss	\$ (3,395)	\$ (2,457)	\$ (6,227)	\$ (5,026)
Basic and diluted loss per share	\$ (0.17)	\$ (0.13)	\$ (0.32)	\$ (0.26)
Weighted average shares outstanding—basic and diluted	19,600,000	19,600,000	19,600,000	19,600,000

See accompanying notes to the Unaudited Condensed Financial Statements.

Calyxt, Inc.
Condensed Statements of Stockholder's Equity
(Amounts in Thousands except Shares Outstanding)

	<u>Shares Outstanding</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholder's Equity (Deficit)</u>
Balances at December 31, 2016	19,600,000	\$ 2	\$ 41,685	\$ (28,568)	\$ 13,119
Stock-based compensation	—	—	692		692
Net loss	—	—	—	(6,227)	(6,227)
Balances at June 30, 2017 (unaudited)	<u>19,600,000</u>	<u>\$ 2</u>	<u>\$ 42,377</u>	<u>\$ (34,795)</u>	<u>\$ 7,584</u>

See accompanying notes to the Unaudited Condensed Financial Statements.

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Calyxt, Inc.
Condensed Statements of Cash Flows
(Amounts in Thousands)

	Six Months Ended June 30,	
	2017	2016
	(unaudited)	
Operating activities		
Net loss	\$ (6,227)	\$ (5,026)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	268	69
Stock-based compensation	692	595
Unrealized transaction gains (losses) on Parent activity	(156)	7
Changes in operating assets and liabilities:		
Trade accounts receivable	110	117
Due to/from related parties	1,213	701
Prepaid expenses and other assets	(448)	(313)
Accounts payable	284	1,022
Accrued salaries, wages, and other compensation	10	(16)
Accrued liabilities	369	709
Deferred revenue	(178)	(68)
Net cash used in operating activities	<u>(4,063)</u>	<u>(2,203)</u>
Investing activities		
Purchases of property and equipment	(608)	(10,202)
Net cash used in investing activities	<u>(608)</u>	<u>(10,202)</u>
Financing activities		
Advances from Parent	3,000	—
Deferred offering costs	(834)	—
Net cash provided by financing activities	<u>2,166</u>	<u>—</u>
Net decrease in cash and cash equivalents	(2,505)	(12,405)
Cash and cash equivalents—beginning of period	5,026	24,687
Cash and cash equivalents—end of period	<u>\$ 2,521</u>	<u>\$ 12,282</u>
Supplemental cash flow information		
Interest paid	<u>\$ —</u>	<u>\$ 2</u>
<i>Supplemental non-cash financing transactions:</i>		
Deferred offering costs in accounts payable and accrued liabilities	<u>\$ 1,269</u>	<u>\$ —</u>

See accompanying notes to the Unaudited Condensed Financial Statements.

Calyxt, Inc.
Notes to Condensed Financial Statements
(unaudited)

1. Nature of Business

Calyxt, Inc., formerly known as Collectis Plant Sciences, Inc. (the Company or Calyxt), was founded in 2010 and incorporated in Delaware. The Company is headquartered in New Brighton, Minnesota. The Company is an agriculture biotechnology company focused on creating healthier specialty food ingredients and agriculturally advantageous food crops through the use of gene editing technology for plants. The Company changed its name from Collectis Plant Sciences, Inc. to Calyxt, Inc. on May 4, 2015. As of June 30, 2017, the Company was a wholly owned subsidiary of Collectis, S.A. (or Parent or Collectis).

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and related notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included in the accompanying financial statements. The results of operations for the periods ended June 30, 2017 and 2016 are not necessarily indicative of the results that may be expected for the full year.

This interim information should be read in conjunction with the audited financial statements included in the Company's prospectus dated July 19, 2017, and filed with the Securities and Exchange Commission (SEC) pursuant to Rule 424 promulgated under the Securities Act of 1933, as amended.

Initial Public Offering

On July 25, 2017, the Company completed an initial public offering (IPO) of its common stock. The Company sold an aggregate of 8,050,000 shares of common stock at a price of \$8.00 per share, including 1,050,000 shares of common stock pursuant to the exercise of the overallotment option by the Company's underwriters. In the aggregate, the Company received net proceeds from the IPO and exercise of the overallotment of approximately \$58.3 million, after deducting underwriting discounts and commissions of \$3.1 million and offering expenses totaling approximately \$3.0 million. As part of the IPO, Collectis purchased 2,500,000 shares of common stock for a value of \$20.0 million, which is included in the net proceeds of approximately \$58.3 million. The Company used \$5.7 million of the proceeds from Collectis to cover a portion of the outstanding obligations owed to Collectis. The condensed financial statements, including share and per share amounts, do not give effect to the IPO (Note 13).

Stock Split

On June 14, 2017, pursuant to the authorization provided in a written consent in lieu of a special meeting of the Company, the Company effected a stock split of the Company's common stock at a ratio of 100-for-1 and increased the number of shares of common stock authorized for issuance to 30,000,000 by filing a Certificate of Amendment with the Secretary of State of the State of Delaware. As a result of the stock split, every share of issued and outstanding common stock was converted to 100 issued and outstanding shares of common stock without any change in the par value per share.

On July 25, 2017, concurrently with the closing of the IPO, the Company effected a stock split of the Company's common stock at a ratio of 2.45-for-1. As a result of the stock split, each share of issued and outstanding common stock was converted into 2.45 shares of issued and outstanding common stock without changing the par value per share (Note 13).

Since the par value of the common stock remained at \$0.0001 per share subsequent to each stock split, the value of common stock recorded to the Company's balance sheets has been retroactively increased to reflect the par value of the increased number outstanding shares, with a corresponding decrease to additional paid-in capital. All share and per share data included in the financial statements and related notes have been retroactively restated to reflect the stock splits.

Liquidity

The Company's financial statements have been prepared and presented on a basis assuming it continues as a going concern. During the years ended December 31, 2016 and 2015 and through June 30, 2017, the Company incurred losses from operations and net cash outflows from operating activities as disclosed in the statements of operations and cash flows, respectively. At June 30, 2017, the Company had an accumulated deficit of \$34.8 million and it expects to incur losses for the immediate future. To date, the Company has been funded by capital infusions from its parent and equity financings, and although the Company believes that it will be able to successfully fund its operations, there can be no assurance that it will be able to do so or that it will ever operate profitably.

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2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. On an ongoing basis, the Company evaluates its estimates, including those related to stock-based compensation and the valuation allowance for deferred tax assets and derivatives. The Company bases its estimates on historical experience and on various other market-specific and relevant assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and term deposits with original maturities of three months or less. The carrying value of these instruments approximate fair value. The balances, at times, may exceed federally insured limits. The Company has not experienced any losses on its cash and cash equivalents.

Trade Accounts Receivable

Accounts receivable are unsecured, are recorded at net realizable value, and do not bear interest. The Company makes judgments as to its ability to collect outstanding receivables based upon patterns of collectability, historical experience, and management's evaluation of specific accounts and will provide an allowance for credit losses when collection becomes doubtful. The Company performs credit evaluations of its customers' financial condition on an as-needed basis. Payment is generally due 30 days from the invoice date, and accounts past 30 days are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance.

As of June 30, 2017, the Company had no trade accounts receivables. The Company considered its trade receivables to be fully collectible at December 31, 2016; accordingly, no allowance for doubtful accounts was considered necessary.

Other Current Assets

Other current assets represent prepayments and deposits made by the Company.

Deferred Offering Costs

Deferred offering costs primarily consist of incremental legal and accounting fees incurred directly relating to the IPO. Upon the consummation of the Company's IPO, deferred offering costs will be offset against the gross proceeds of the offering and included in stockholder's equity. If the offering had been aborted, the deferred offering costs would have been expensed immediately.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed based upon the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Repairs and maintenance costs are expensed as incurred. The cost and accumulated depreciation of property and equipment retired, or otherwise disposed of, are removed from the related accounts, and any residual values are charged to expense. Depreciation expense has been calculated using the following estimated useful lives:

Buildings and other improvements	10–20 years
Leasehold improvements	Remaining lease period
Office furniture and equipment	5–7 years
Computer equipment and software	3–5 years

Long-Lived Assets

Management reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If the impairment tests indicate that the carrying value of the asset, or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, further analysis is performed to determine the fair value of the asset or asset group. To the extent the fair value of the asset or asset group is less than its carrying value, an impairment loss is recognized equal to the amount the carrying value exceeds the fair value of the asset or asset group. The Company generally measures fair value by considering sale prices for similar assets or asset groups, or by discounting estimated future cash flows from such assets or asset groups using an appropriate discount rate. Assets to be disposed of are carried at the lower of their carrying value or fair value less costs to sell.

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There have been no impairment losses recognized for the three and six months ended June 30, 2017 or June 30, 2016.

Fair Value of Financial Instruments

Pursuant to the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, the Company's financial assets and liabilities measured at fair value on a recurring basis are classified and disclosed in one of the following three categories:

Level 1—Financial instruments with unadjusted quoted prices listed on active market exchanges.

Level 2—Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms, as well as, directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3—Financial instruments that are not actively traded on a market exchange. This category includes situations in which there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The Company has derivative instruments that are classified as Level 2. The Company does not have any financial instruments classified as Level 3, and there were no movements between these categories during the three and six months ended June 30, 2017 or June 30, 2016.

Forward Purchase Contracts and Derivatives

The Company enters into supply agreements for grain and seed production with settlement values based on commodity market futures pricing. The Company accounts for these derivative financial instruments utilizing the authoritative guidance in ASC Topic 815, *Derivatives and Hedging*. Realized gains and losses from derivative contracts are recorded as research and development (R&D) expenses as a result of breeding contract activity. The fair value for forward purchase contracts is estimated based on exchange-quoted prices.

Unrealized gains and losses on all derivative contracts are recorded in other current assets or other current liabilities on the balance sheet at fair value. The gains and losses recorded by the Company are not significant for the three and six months ended June 30, 2017 or 2016.

The table below summarizes the carrying value of derivative instruments as of June 30, 2017 and December 31, 2016.

Derivatives not designated as hedging instruments under ASC Topic 815	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
		June 30, 2017 (in thousands)	December 31, 2016 (in thousands)		June 30, 2017 (in thousands)	December 31, 2016 (in thousands)
Forward purchase contracts	Prepaid expenses and other current assets	\$ 5	\$ 9	Accrued liabilities—current	\$ 37	\$ 19
Total derivatives		\$ 5	\$ 9		\$ 37	\$ 19

Patents

The Company expenses patent costs, including related legal costs, as incurred and records such costs within selling, general and administrative expenses in the statements of operations.

Revenue Recognition

The Company enters into R&D agreements that may consist of nonrefundable up-front payments, milestone payments, royalties, and R&D Services. In addition, the Company may license its technology to third parties, which may be part of the R&D agreements.

For agreements that contain multiple elements, each element within a multiple-element arrangement is accounted for as a separate unit of accounting provided the following criteria are met: the delivered products or services have value to the customer on a stand-alone basis and, for an arrangement that includes a general right of return relative to the delivered products or services, delivery, or performance of the undelivered product or service is considered probable and is substantially controlled by the Company. The Company considers a deliverable to have stand-alone value if the product or service is sold separately by the Company or another vendor or could be resold by the customer. Further, the Company's revenue arrangements do not include a general right of return relative to the delivered products.

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Nonrefundable up-front payments are deferred and recognized as revenue over the period of the R&D agreement. If an R&D agreement is terminated before the original term of the agreement is fulfilled, all the remaining deferred revenue is recognized at the date of termination.

Milestone payments represent amounts received from the Company's R&D partners, the receipt of which is dependent upon the achievement of certain scientific, regulatory, or commercial milestones. The Company recognizes milestone payments when the triggering event has occurred, there are no further contingencies or services to be provided with respect to that event, and the counterparty has no right to refund of the payment. The triggering event may be scientific results achieved by the Company or another party to the arrangement, regulatory approvals, or the marketing of products developed under the arrangement.

Royalty revenue arises from the Company's contractual entitlement to receive a percentage of product sales revenues achieved by counterparties. Royalty revenue is recognized on an accrual basis in accordance with the terms of the agreement when sales can be determined reliably and there is reasonable assurance that the receivables from outstanding royalties will be collected.

Licenses revenue from licenses that were granted to third parties is recognized ratably over the period of the license agreements. Revenue from R&D services is recognized over the period the R&D services are performed.

Cost of Revenue

Cost of revenue relates to the performance of services or contract research and consists of direct external expenses relating to projects and internal costs, including overhead allocated on a full-time equivalent basis.

Research and Development

R&D expenses represent costs incurred for the development of various products using licensed gene editing technology. R&D expenses consist primarily of salaries and related costs of the Company's scientists, in-licensing of technology, consumables, property and equipment depreciation, and fees paid to third-party consultants. All research and development costs are expensed as incurred.

In the normal course of business, Calyxt enters into R&D contracts with third parties whereby Calyxt performs R&D of certain gene traits for the third party. The Company has entered into various multiyear arrangements in which Calyxt performs the R&D of the gene technology and the third parties generally have primary responsibility for any commercialization of the technology. These arrangements are performed with no guarantee of either technological or commercial success.

The Company in-licenses certain technology from third-parties that is a component of ongoing research and product development. The Company expenses up-front license fees upon contracting due to the uncertainty of future commercial value, as well as expensing any ongoing annual fees when incurred. Related-party in-licensing expense was \$21 thousand and \$9 thousand for the three months ended June 30, 2017 and 2016, respectively. Related-party in-licensing expense was \$27 thousand and \$23 thousand for the six months ended June 30, 2017 and 2016, respectively. Third-party in-licensing expenses were \$54 thousand and \$30 thousand for the three months ended June 30, 2017 and 2016, respectively. Third-party in-licensing expenses were \$119 thousand and \$339 thousand for the six months ended June 30, 2017 and 2016, respectively.

Foreign Currency Transactions

Transactions in foreign currencies are remeasured into the Company's functional currency, U.S. dollars, at the exchange rates effective at the transaction dates. Assets and liabilities denominated in foreign currencies at the reporting date are remeasured into the functional currency using the exchange rate effective at that date. The resulting exchange gains or losses are recorded in the statements of operations under sales, general, and administrative expenses.

Income Taxes

Current income taxes are recorded based on statutory obligations for the current operating period for the jurisdictions in which the Company has operations.

Deferred taxes are provided on an asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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The tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. Calyxt 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% likelihood of being realized upon settlement with the relevant tax authority. The Company is subject to income taxes in U.S. federal and state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years ending prior to 2013. In the event of any future tax assessments, the Company's accounting policy is to record the income taxes and any related interest or penalties as current income tax expense on the statements of operations.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which creates ASC Topic 606, *Revenue from Contracts with Customers*, and supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. The guidance in ASU 2014-09 and subsequently issued amendments ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*; ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*; and ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients*, outlines a comprehensive model for all entities to use in accounting for revenue arising from contracts with customers, as well as required disclosures. Entities have the option of using either a full retrospective or modified approach to adopt the new guidance. For public entities, certain not-for-profit entities, and certain employee benefit plans, the new revenue standard is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period. For all other entities, the new revenue standard is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact of adopting this pronouncement.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendment simplifies the presentation of deferred income taxes. Instead of separating deferred income tax liabilities and assets into current and non-current amounts in a classified statement of financial position, the amendments in this update require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. For public entities, ASU 2015-17 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For non-public entities, ASU 2015-17 is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Adoption of this standard did not have a material impact on the Company's financial statements as all net deferred tax assets are fully reserved.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance requires that lessees recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. The amendment also requires disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. For public entities, not-for-profit entities, or employee benefit plans, ASU 2016-02 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. For all other entities, ASU 2016-02 is effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Early adoption is permitted. The Company is evaluating the impact of adopting this pronouncement.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. This ASU eliminates the additional paid-in capital (APIC) pool concept and requires that excess tax benefits and tax deficiencies be recorded in the statement of operations when awards are settled. The ASU also addresses simplifications related to statement of cash flows classification, accounting for forfeitures, and minimum statutory tax withholding requirements. For public entities, ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, ASU 2016-09 is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Adoption of this standard did not have a material impact on the Company's financial statements.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, and trade accounts receivable. The Company also has concentrations of revenue with certain customers.

Cash and cash equivalents concentration—The Company holds cash balances at financial institutions that, at times, may exceed federally insured limits. The Company evaluates the creditworthiness of these financial institutions in determining the risk associated with these deposits. Calyxt has not experienced any losses on such accounts.

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Trade accounts receivable concentration—At June 30, 2017, the Company had no trade accounts receivable. At December 31, 2016, one customer accounted for 100% of trade accounts receivable.

Revenue concentration— For the three and six months ended June 30, 2017, two customers accounted individually for 82.7% and 12.4% and 72.3% and 20.0% of revenue, respectively. For the three and six months ended June 30, 2016, four customers accounted individually for 31.6%, 24.9%, 24.4% and 14.4% and in both the three and six month periods, respectively.

4. Property and Equipment

Property and equipment consists of the following:

<i>(Amounts in Thousands)</i>	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Land	\$ 5,690	\$ 5,690
Buildings and other improvements	4,304	4,304
Leasehold improvements	169	169
Office furniture and equipment	1,621	1,506
Computer equipment and software	20	20
Assets under construction	530	37
	<u>12,334</u>	<u>11,726</u>
Less accumulated depreciation	<u>(1,000)</u>	<u>(732)</u>
Property and equipment, net	<u>\$ 11,334</u>	<u>\$ 10,994</u>

As of June 30, 2017, the Company recorded \$530 thousand in assets under construction for site improvements and architect fees related to phase two of the corporate headquarter plan (Note 13).

Depreciation expense was \$134 thousand and \$15 thousand for the three months ended June 30, 2017 and 2016, respectively. Depreciation expense was \$268 thousand and \$69 thousand for the six months ended June 30, 2017 and 2016, respectively.

5. Related-Party Transactions

Due from related parties consists of receivables due from another subsidiary of the Parent related to payroll services provided by Calyxt to the other subsidiary.

Due to related parties consists of cash advances, license fees, amounts owed under the intercompany management agreement, and interest charged on outstanding amounts. Amounts due to the Parent that are included in due to related parties on the balance sheet bear interest at a rate of the European Interbank Offered Rate for 12 months (EURIBOR 12) plus 5% per annum. All interest expense in the statements of operations relates to interest accruing on amounts due to the Parent. In June 2017, the Company received a cash advance from the Parent of \$3.0 million to fund ongoing operations.

The Company has a management agreement with its Parent, in which the Company pays the Parent a monthly fee for certain services provided by the Parent, which include general sales and administration functions, accounting functions, legal advice, human resources, and information technology. The Company recorded expenses associated with the management agreement of \$482 thousand and \$542 thousand for the three months ended June 30, 2017 and 2016, respectively. For the three months ended June 30, 2017 and 2016, the Company classified \$446 thousand and \$497 thousand, respectively, as a component of sales, general, and administrative expenses, while \$36 thousand and \$45 thousand, respectively, were classified as a component of R&D expenses. The Company recorded expenses associate with the management agreement of \$895 and \$913 thousand for the six months ended June 30, 2017 and 2016, respectively. For the six months ended June 30, 2017 and 2016, the Company classified \$830 thousand and \$822 thousand, respectively, as a component of sales, general, and administrative expenses, while \$65 thousand and \$91 thousand, respectively, were classified as a component of R&D expenses.

TALEN technology was invented by researchers at the University of Minnesota and Iowa State University and exclusively licensed to Collectis. Calyxt obtained from Collectis an exclusive license to the technology for the use in plants. TALEN technology is the primary technology used by Calyxt today. Calyxt seeks to leverage TALEN technology by creating plants and food products with consumer health benefits. TALEN technology works by enabling the Company to edit genes and overcoming many of the limitations of traditional trait-development techniques. The Company will be required to pay a royalty to Collectis on future sales for the licensing of the technology.

6. Accrued Liabilities

As of June 30, 2017, and December 31, 2016, respectively, the Company had accrued liabilities of \$732 thousand and \$363 thousand, which consist of capital expenditures and miscellaneous operating expenses.

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7. Net Loss per Share

Basic earnings per share is computed based on the net loss allocable to common stockholders for each period, divided by the weighted average number of common shares outstanding. All outstanding stock options are excluded from the calculation since they are anti-dilutive. Due to the existence of net losses for the three- and six-month periods ended June 30, 2017 and 2016, basic and diluted loss per share were the same.

8. Stock-Based Compensation

Calyxt, Inc. Equity Incentive Plan

The Company adopted the Calyxt, Inc. Equity Incentive Plan, or the Existing Plan, which allows for the grant of stock options to attract and retain highly qualified employees. In June 2017, the Company also adopted an omnibus incentive plan, or the Omnibus Plan, under which the Company granted stock options, with an exercise price equal to the estimated fair value of the stock at the grant date, and restricted stock unit awards.

The awards granted under the Existing Plan are only exercisable upon a triggering event or initial public offering as defined by the plan. Because no triggering events occurred during the three and six months ended June 30, 2017 and 2016, the Company did not recognize any compensation expense for awards granted under the Existing Plan in these respective periods.

In June 2017, the Company granted stock options and restricted stock units to certain of our employees, nonemployees, and certain employees and nonemployees of the Parent under the Omnibus Plan. Stock option awards under the Omnibus Plan are only exercisable upon a triggering event or initial public offering as defined by the plan. Because no triggering event or initial public offering occurred in the three and six months ended June 30, 2017, the Company did not recognize any compensation expense for stock options granted under the Omnibus Plan in these respective periods. The following table presents stock-based compensation expense included in the Company's condensed statements of operations (in thousands) for restricted stock unit awards under the Omnibus Plan:

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Stock-based compensation expense for:				
Employee stock options	\$ —	\$ —	\$ —	\$ —
Employee restricted stock units	435	—	435	—
Nonemployee stock options	—	—	—	—
Nonemployee restricted stock units	8	—	8	—
	<u>\$ 443</u>	<u>\$ —</u>	<u>\$ 443</u>	<u>\$ —</u>
	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Stock-based compensation expense in operating expenses:				
Selling, general and administrative	\$ 422	\$ —	\$ 422	\$ —
Research and development	21	—	21	—
	<u>\$ 443</u>	<u>\$ —</u>	<u>\$ 443</u>	<u>\$ —</u>

The Company treats stock-based compensation awards granted to employees of the Parent as dividends, which are recorded quarterly. The Company recorded \$69 thousand in a deemed dividend to the Parent in the three and six months ended June 30, 2017 for restricted stock units granted to employees of the Parent in June 2017. No dividends for stock-based compensation awards granted to employees of the Parent were recorded in the three and six months ended June 30, 2016.

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Stock Options

The following table summarizes stock option activity for the six months ended June 30, 2017:

	<u>Number of Shares</u>	<u>Weighted-Average Exercise Price Per Share</u>	<u>Aggregate Intrinsic Value (in thousands)</u>	<u>Weighted- Average Remaining Contractual Life (in years)</u>
Outstanding at December 31, 2016	1,930,600	\$ 4.45		9.1
Granted	2,119,699	\$ 13.29		
Canceled	(20,825)	\$ 5.85		
Outstanding at June 30, 2017	<u>4,029,474</u>	\$ 9.09	\$ 8,018	9.3
Exercisable at June 30, 2017	<u>0</u>			

At June 30, 2017, the total unrecognized stock-based compensation expense related to non-vested stock options is approximately \$9.2 million, which is expected to be recognized over a weighted-average period of 3.1 years.

At June 30, 2017, the Company had 1,159,266 stock options that will vest as a result of the IPO. The stock-based compensation expense related to these awards will be recorded upon the consummation of this offering and is estimated to be approximately \$5.6 million.

The fair value of each stock option is estimated using the Black-Scholes option pricing model at each measurement date. The fair value of stock options under the Black-Scholes model requires management to make assumptions regarding projected employee stock option exercise behaviors, risk-free interest rates, volatility of the stock price, and expected dividends. The awards currently outstanding were granted with vesting terms between two and six years. Certain awards contain a 25% acceleration vesting clause upon a triggering event or initial public offering as defined in the Existing Plan.

The Company has not historically paid cash dividends to its stockholders and currently does not anticipate paying any cash dividends in the foreseeable future. As a result, the Company has assumed a dividend yield of 0%. The risk-free interest rate is based upon the rates of U.S. Treasury bills with a term that approximates the expected life of the option. The Company uses the simplified method, or the lattice method when appropriate, to reasonably estimate the expected life of its option awards. Expected volatility is based upon the volatility of comparable public companies.

The following table provides the assumptions used in the Black-Scholes model for the stock option awards:

Expected dividend yield	0%
Risk-free interest rate	1.25% - 2.31%
Expected volatility	27.4% - 42.3%
Expected life (in years)	1.22 - 10.00

Restricted Stock Units

The following table summarizes the activity of restricted stock units:

	<u>Number of Restricted Stock Units Outstanding</u>	<u>Weighted-Average Grant Date Fair Value</u>
Unvested balance at December 31, 2016	—	\$ —
Granted	1,452,333	\$ 8.00
Vested	<u>(39,200)</u>	
Unvested balance at June 30, 2017	<u>1,413,133</u>	\$ 8.00

As of June 30, 2017, the Company had approximately \$7.4 million of unrecognized stock-based compensation expense related to restricted stock units that is expected to be recognized over a weighted-average period of 5.4 years.

Parent Awards

The Company's Parent granted stock options to employees of Calyxt. Compensation costs related to the grant of the Parent company awards to Calyxt's employees has been recognized in the statements of operations with a corresponding credit to stockholder's equity, representing the Parent's capital contribution to the Company. The fair value of each stock option is estimated at the grant date using the Black-Scholes option pricing model. The fair value of stock options under the Black-Scholes model requires management to make assumptions regarding projected employee stock option exercise behaviors, risk-free interest rates, volatility of the Company's stock price, and expected dividends.

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The following table provides the range of assumptions used in the Black-Scholes model for the Parent awards:

Expected dividend yield	0%
Risk-free interest rate	2.16% - 2.31%
Expected volatility	37.5% - 42.3%
Expected life (in years)	7.43 – 10.00

In 2015, the Company's Parent granted to certain consultants of Calyxt warrants to purchase Collectis stock in exchange for services provided to the Company. The Company recorded the fair value of the warrants as a dividend paid to the Parent in exchange for the warrants issued to consultants.

The Company recognized stock-based compensation expense related to its Parent's grants of stock options and warrants to Calyxt employees and consultants of \$115 thousand and \$277 thousand for the three-month periods ended June 30, 2017 and 2016, respectively. The Company recognized stock-based compensation expense related to its Parent's grants of stock options and warrants to Calyxt employees and consultants of \$249 thousand and \$595 thousand for the six-month periods ended June 30, 2017 and 2016, respectively. The following table summarizes the stock-based compensation expense, which was recognized in the statements of operations for Parent awards (in thousands):

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Stock-based compensation expense in operating expenses:				
Selling, general and administrative	\$ 10	\$ 6	\$ 13	\$ 12
Research and development	105	271	236	583
	<u>\$ 115</u>	<u>\$ 277</u>	<u>\$ 249</u>	<u>\$ 595</u>

9. Income Taxes

The Company provides for a valuation allowance when it is more likely than not that it will not realize a portion of the deferred tax assets. The Company has established a full valuation allowance for deferred tax assets due to the uncertainty that enough taxable income will be generated in the taxing jurisdiction to utilize the assets. Therefore, the Company has not reflected any benefit of such deferred tax assets in the accompanying financial statements.

As of June 30, 2017, there were no material changes to what the Company disclosed regarding tax uncertainties or penalties as of December 31, 2016.

10. Commitments and Contingencies

Litigation and Claims

Various legal actions, proceedings, and claims (generally, "matters") are pending or may be instituted or asserted against the Company. The Company accrues for matters when losses are deemed probable and reasonably estimable. Any resulting adjustments, which could be material, are recorded in the period the adjustments are identified. The Company has not identified any legal matters needing to be recorded or disclosed as of June 30, 2017.

Leases

The Company leases office space under a non-cancelable operating lease that expires in October 2017. Rent expense is recognized using the straight-line method over the term of the lease. In addition to minimum lease payments, the office lease requires payment of a proportionate share of real estate taxes and building operating expenses. Total rent expense was \$65 thousand and \$68 thousand for three months ended June 30, 2017 and 2016, respectively. Total rent expense was \$130 thousand and \$143 thousand for six months ended June 30, 2017 and 2016, respectively.

Future minimum lease commitments as of June 30, 2017 are as follows (in thousands):

2017	\$ 53
2018 and beyond	—
Total	<u>\$ 53</u>

Parent Obligations

As of June 30, 2017, the Company had short-term Parent obligations of \$5.8 million consisting of amounts owed under the intercompany management agreement for certain services provided by Collectis including a cash advance of \$3.0 million.

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Forward Purchase Commitments

The Company has forward purchase commitments with growers to purchase seed and grain at a future date in the amount of approximately \$1.8 million that are not recorded in the financial statements because the company has not taken delivery of the seed and grain.

11. Employee Benefit Plan

The Company provides a 401(k) defined contribution plan (the Plan) for participation by all regular fulltime employees who have completed three months of service. The Plan provides for a matching contribution equal to 100% of the amount of the employee's salary deduction up to 3% of the salary per employee and an additional 50% match from 3% to 5% of salary. Employees' rights to the Company's matching contributions vest immediately. Company contributions to the Plan totaled \$18 thousand and \$14 thousand for the three months ended June 30, 2017 and 2016, respectively. Company contributions to the Plan totaled \$45 thousand and \$32 thousand for the six months ended June 30, 2017 and 2016, respectively.

12. Segment and Geographic Information

The Company has one operating and reportable segment, R&D of plant gene editing. The Company derives substantially all of its revenue from R&D contracts related to plant gene editing.

13. Subsequent Events

Financing Lease

In June 2017, the Company entered into a contingent Purchase Agreement with a third party (Buyer) to sell approximately 11 acres of land and buildings located at 2800 Mount Ridge Road in Roseville, Minnesota. The completion of the sale is conditioned on the Company and the buyer entering into a new facility construction agreement and a lease with respect to the property contemplated by the sale agreement. The Company expect to close on the proposed transaction and construction agreement in the second half of 2017. The Company plans to build our headquarters facility at the same location and would be composed of a 35,000 square-foot office and lab building, with greenhouses and outdoor research plots.

Initial Public Offering

On July 25, 2017, the Company completed its IPO of 8,050,000 shares of common stock, which included 1,050,000 shares of common stock pursuant to the exercise of the overallotment option by the Company's underwriters as described in Note 1. The Company's shares of common stock trades on the NASDAQ Global Market under the symbol CLXT. The Company received net proceeds of approximately \$58.3 million after deducting underwriting discounts and commissions of \$3.1 million and other offering expenses of \$3.0 million. As part of the IPO, Collectis purchased 2,500,000 shares of common stock at the IPO price of \$8.00 per share. The \$58.3 million of net proceeds includes the \$20.0 million from Collectis. The Company used \$5.7 million of the proceeds from Collectis to cover a portion of the outstanding obligations owed to Collectis.

Stock Split

On July 25, 2017, the Company amended its Amended and Restated Certificate of Incorporation effecting a 2.45-for-1 stock split of its common stock, as described in Note 1.

Increase in Authorized Shares

On July 25, 2017, the Company amended its Amended and Restated Certificate of Incorporation to increase the authorized capital stock of the Company to 325,000,000 shares of which 275,000,000 shares are designated common stock, par value \$0.0001, and 50,000,000 shares are designated preferred stock, par value \$0.0001.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and related notes, which are included elsewhere in this Quarterly Report on Form 10-Q. Our actual results could differ materially from those anticipated in the forward-looking statements included in this discussion as a result of certain factors, including, but not limited to, those discussed in “Risk Factors” in the final prospectus for our initial public offering filed on July 21, 2017.

Overview

We are a consumer-centric, food- and agriculture-focused company. By combining our leading gene-editing technology and technical expertise with our innovative commercial strategy, we are pioneering a paradigm shift to deliver healthier specialty food ingredients, such as healthier oils and high fiber wheat, for consumers and agriculturally advantageous crop traits, such as herbicide tolerance, to farmers. While the traits that enable these characteristics may occur naturally and randomly through evolution—or under a controlled environment through traditional agricultural technologies—those processes are imprecise and take many years, if not decades. Our technology enables us to precisely and specifically edit a plant genome to elicit the desired traits and characteristics, resulting in a final product that has no foreign DNA. We believe the precision, specificity, cost effectiveness and development speed of our gene-editing technologies will enable us to provide meaningful disruption to the food and agriculture industries.

Food-related issues, including obesity and diabetes, are some of the most prevalent health issues today and continue to grow rapidly. As awareness of these diet-related health issues grows, consumers are emphasizing a healthier lifestyle and a desire for nutritionally rich foods that are more nutritious, better tasting, less processed and more convenient. This trend is leading to an increase in the demand for higher valued, premium segments of the food industry, such as higher fiber, reduced gluten and reduced fat products. As a result of these trends, food companies are looking for specialty ingredients and solutions that can help them satisfy their customers’ evolving needs and drive growth in market share and new value-added products.

We have developed a robust product pipeline with our proprietary technology. Our first product candidate, which we expect to be commercialized by the end of 2018, is a high oleic soybean designed to produce a healthier oil that has zero trans fats and reduced saturated fats. We also are developing a high fiber wheat to create flour with up to three times more dietary fiber than standard white flour while maintaining the same flavor and convenience of use. Another product candidate we are developing is a herbicide tolerant wheat designed to provide farmers with better weed control options to increase yields and profitability. We believe each of these product candidates addresses a potential multi-billion dollar market opportunity.

We are an early-stage company and have incurred net losses since our inception. As of June 30, 2017, we had an accumulated deficit of \$34.8 million. Our net losses for the three and six months ended June 30, 2017 were \$3.4 million and \$6.2 million, respectively. Substantially all of our net losses resulted from costs incurred in connection with our research and development (R&D) programs and from selling, general and administrative expenses associated with our operations. As we continue to develop our product pipeline, we expect to continue to incur significant expenses and increasing operating losses for the foreseeable future and those expenses and losses may fluctuate significantly from quarter-to-quarter and year-to-year. We expect that our expenses will increase substantially as we:

- establish a sales, marketing and distribution infrastructure, including relationships across our supply chain, to commercialize any products that have completed the development process;
- conduct additional field trials of our current and future product candidates;
- secure manufacturing arrangements for commercial production;
- continue to advance the research and development of our current and future product candidates;
- seek to identify and validate additional product candidates;
- acquire or in-license other product candidates, technologies, germplasm or other biological material;
- are required to seek regulatory and marketing approvals for our product candidates;
- make royalty and other payments under any in-license agreements;
- maintain, protect, expand and defend our intellectual property portfolio;
- seek to attract and retain new and existing skilled personnel; and
- experience any delays or encounter issues with any of the above.

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We do not expect to generate material revenue unless and until we successfully complete development of one or more of our product candidates, which may take a number of years and is subject to significant uncertainty. Until such time that we can generate substantial revenues from sales of our product candidates, if ever, we expect to finance our operating activities through a combination of equity offerings, debt financings, government or other third-party funding, and licensing arrangements. However, we may be unable to raise additional funds or enter into such arrangements when needed on favorable terms, or at all, which would have a negative impact on our financial condition and could force us to delay, limit, reduce or terminate our development programs or commercialization efforts or grant to others rights to develop or market product candidates that we would otherwise prefer to develop and market ourselves. Failure to receive additional funding could cause us to cease operations, in part or in full.

Comparability of Our Results and Our Relationship with Collectis

We currently operate as a majority owned subsidiary of Collectis. As a result, our historical financial statements may not be reflective of what our results of operations would have been had we been a stand-alone public company and no longer a subsidiary of Collectis. In particular, certain legal, finance, human resources and other functions have historically been provided to us by Collectis at cost plus an agreed-upon markup. In addition, in the future, we expect to incur internal costs to implement certain new systems, including infrastructure and an enterprise resource planning system, while our legacy systems are currently being fully supported by Collectis. See “Certain Relationships and Related Party Transactions—Relationship with Collectis” in our final prospectus filed with the SEC on July 21, 2017 for a description of certain agreements that we have entered into with Collectis in connection with our initial public offering completed on July 25, 2017 that will provide a framework for our ongoing relationship.

Initial Public Offering

On July 19, 2017, the Company’s Registration Statement on Form S-1 (File No 333-218924) relating to its initial public offering (IPO) of its common stock was declared effective by the Securities and Exchange Commission (SEC). On July 25, 2017, the Company closed its IPO whereby 8,050,000 shares of its common stock were issued and sold at a public offering price of \$8.00 per share which included 1,050,000 shares of common stock pursuant to the exercise of the overallotment option by the Company’s underwriters. The Company received net proceeds in the IPO and exercise of the overallotment option of approximately \$58.3 million after deducting underwriting discounts and commissions of \$3.1 million and other offering expenses of \$3.0 million. As part of the IPO, Collectis purchased 2,500,000 shares of common stock at the IPO price of \$8.00 per share. The \$58.3 million of net proceeds includes the \$20.0 million from Collectis. The Company used \$5.7 million of the proceeds received from Collectis, to cover a portion of the outstanding obligations to Collectis.

Financial Operations Overview

Revenue

We recognized approximately \$0.2 million and \$0.1 million of revenue for the three months ended June 30, 2017 and 2016, respectively, and \$0.3 million and \$0.2 million of revenue for the six months ended June 30, 2017 and 2016, respectively, from payments we received pursuant to our R&D agreements under which we conduct research activities for a number of companies. Our R&D agreements provide for non-refundable upfront payments that we receive upon execution of the relevant agreement; milestone payments upon the achievement of certain scientific, regulatory or commercial milestones; license payments from licenses that we grant to third parties; and R&D cost reimbursements that are recognized over the period of these services and royalty payments. Our reliance on revenue from our R&D agreements has been systematically diminishing as we purposely reduce the number of R&D contracts we enter into with other companies and focus on in-house product development.

To date, we have not generated any product revenue. Our ability to generate future product revenue depends upon our R&D partners’ ability to assist us in successfully developing and commercializing our products. If we fail to complete the development of our product candidates in a timely manner or fail to obtain their regulatory approval if necessary, our ability to generate future revenue would be compromised.

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Research and Development Expenses

R&D expenses consist of expenses incurred while performing R&D activities to discover and develop potential product candidates. We recognize R&D expenses as they are incurred.

Our R&D expenses consist primarily of:

- personnel costs, including salaries and related benefits, for our employees engaged in scientific R&D functions;
- cost of third-party contractors, such as contract research organizations, or CROs, and third-party contractors who support our product candidate development;
- seed increases (small-scale and large-scale testing) for trait validation;
- purchases and manufacturing of biological materials, real-estate leasing costs, as well as conferences and travel costs;
- certain other expenses, such as expenses for use of laboratories and facilities for our R&D activities; and
- costs of in-licensing or acquiring technology from third parties.

Our R&D efforts are focused on our existing product candidates and in broadening our pipeline with new product candidates. We use our employee and infrastructure resources across multiple R&D programs directed toward identifying and developing product candidates. We manage certain activities such as field trials and the manufacture of product candidates through third-party vendors. Due to the number of ongoing projects and our ability to use resources across several projects, we do not record or maintain information regarding the costs incurred for our R&D programs on a program-specific basis.

Our R&D efforts are central to our business and account for a significant portion of our operating expenses. We expect that our R&D expenses will increase for the foreseeable future as we expand our R&D and process development efforts, access and develop additional technologies and hire additional personnel to support our R&D efforts. Product candidates in later stages of product development generally have higher development costs than those in earlier stages of development, primarily due to the increased size of field trials and commercial scale product testing.

R&D expenses, including licensing fees, are expensed as incurred, due to the uncertainty of future commercial value. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our current product candidates or any new product candidates we may identify and develop.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of employee-related expenses for executive, business development, intellectual property, finance and human resource functions. Other selling, general and administrative expenses include facility-related costs not otherwise allocated to R&D expense, professional fees for auditing, tax and legal services, expenses associated with obtaining and maintaining patents, consulting costs, management fees and costs of our information systems.

Collectis provides us services, which include general sales and administration functions, accounting and finance functions, legal advice, human resources, and information technology. We have a management agreement in which Collectis charges us in euros at cost plus a markup ranging from 0% to 10%.

We expect that our selling, general and administrative expense will increase as we continue to operate as a public reporting company and continue to develop and commercialize our product candidates. We also expect to incur increased costs to comply with corporate governance, internal controls, investor relations, disclosure and similar requirements applicable to public reporting companies.

Critical Accounting Policies and Estimates

Some of the accounting methods and policies used in preparing our financial statements under U.S. GAAP are based on complex and subjective assessments by our management or on estimates based on past experience and assumptions deemed realistic and reasonable based on the circumstances concerned. The actual value of our assets, liabilities and shareholders' equity and of our losses could differ from the value derived from these estimates if conditions changed and these changes had an impact on the assumptions adopted. We believe that the most significant management judgments and assumptions in the preparation of our financial statements and the notes thereto are named below. For further details, see our financial statements and the notes thereto, included elsewhere in this Quarterly Report on Form 10-Q.

Revenue

We enter into R&D agreements that may consist of nonrefundable up-front payments, milestone payments, royalties and R&D services. In addition, we may license our technology to third parties, which may be part of the R&D agreements.

For agreements that contain multiple elements, each element within a multiple-element arrangement is accounted for as a separate unit of accounting provided the following criteria are met: the delivered products or services have value to the customer on a stand-alone basis; and for an arrangement that includes a general right of return relative to the delivered products or services, delivery or performance of the undelivered product or service is considered probable and is substantially controlled by us. We consider a deliverable to have stand-alone value if the product or service is sold separately by us or another vendor or could be resold by the customer. Further, our revenue arrangements do not include a general right of return relative to the delivered products.

Nonrefundable up-front payments are deferred and recognized as revenue over the period of the R&D agreement. If an R&D agreement is terminated before the original term of the agreement is fulfilled, all the remaining deferred revenue is recognized at the date of termination.

Milestone payments represent amounts received from our R&D partners, the receipt of which is dependent upon the achievement of certain scientific, regulatory or commercial milestones. We recognize milestone payments when the triggering event has occurred, there are no further contingencies or services to be provided with respect to that event, and the counterparty has no right to refund of the payment. The triggering event may be scientific results achieved by us or another party to the arrangement, regulatory approvals, or the marketing of products developed under the arrangement.

Royalty revenue arises from our contractual entitlement to receive a percentage of product sales revenues achieved by counterparties. Royalty revenue is recognized on an accrual basis in accordance with the terms of the agreement when sales can be determined reliably and there is reasonable assurance that the receivables from outstanding royalties will be collected.

License revenue from licenses that we grant to third parties is recognized ratably over the period of the license agreements.

Revenue from R&D services is recognized over the duration of the service period.

Research and Development

R&D expenses represent costs incurred for the development of various products using licensed gene editing technology. R&D expenses consist primarily of salaries and related costs of our scientists, in-licensing of technology, consumables, property and equipment depreciation, and fees paid to third-party consultants. All R&D costs are expensed as incurred.

In the normal course of business, we enter into R&D contracts with third parties whereby we perform R&D of certain gene traits for the third parties. We have entered into various multiyear arrangements under which we perform the R&D of the gene technology and the third parties generally have primary responsibility for any commercialization of the technology. These arrangements are performed with no guarantee of either technological or commercial success.

We in-license certain technology from third parties that is a component of ongoing research and product development. We expense up-front license fees upon contracting due to the uncertainty of future commercial value, as well as expensing any ongoing annual fees when incurred.

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Forward Purchase Contracts and Derivatives

We enter into supply agreements for grain and seed production with settlement values based on commodity market futures pricing. We account for these derivative financial instruments utilizing the authoritative guidance in ASC Topic 815, *Derivatives and Hedging*. We recognize the realized gains and losses from derivative contracts and record them as a component of R&D expenses as a result of breeding contract activity. We also recognize the unrealized derivative asset and unrealized derivative liability in other current assets and other current liabilities, respectively.

Stock-Based Compensation

Calyxt, Inc. Equity Incentive Plans

We adopted the Calyxt, Inc. Equity Incentive Plan, or the Existing Plan, which allows for the grant of stock options to attract and retain highly qualified employees. In June 2017, we also adopted an omnibus incentive plan, or the Omnibus Plan, under which we have granted stock options, with an exercise price equal to the estimated fair value of the stock at the grant date, and restricted stock unit awards.

The awards granted under the Existing Plan are only exercisable upon a triggering event or initial public offering as defined by the plan. Because no triggering events occurred during the three and six months ended June 30, 2017 and 2016, we did not recognize any compensation expense for awards granted under the Existing Plan in these respective periods.

In June 2017, we granted stock options and restricted stock units to certain of our employees, and nonemployees, and certain employees and nonemployees of the Parent under the Omnibus Plan. We treat stock-based compensation awards granted to employees and nonemployees of the Parent as dividends, which we record quarterly. We recorded \$69 thousand in a deemed dividend to the Parent in the three and six months ended June 30, 2017 for restricted stock units granted to employees of the Parent in June 2017. No dividends for stock-based compensation awards granted to employees of the Parent were recorded in the three and six months ended June 30, 2016.

At June 30, 2017, we had 4,029,474 stock options outstanding, of which none were fully vested. At June 30, 2017, the total unrecognized stock-based compensation expense related to non-vested stock options is approximately \$9.2 million, which we expect to recognize over a weighted-average period of 3.1 years.

In June 2017, we granted 1,452,333 restricted stock units of which 39,200 are vested at June 30, 2017. At June 30, 2017, we had 1,413,133 restricted stock units outstanding and unvested. As of June 30, 2017, we had approximately \$7.4 million of unrecognized stock-based compensation expense related to restricted stock units that we expect to recognize over a weighted-average period of 5.4 years.

At June 30, 2017, we had 1,159,266 stock options that vested as a result of the IPO. The stock-based compensation expense related to these awards was recorded upon the consummation of this offering and was estimated to be approximately \$5.6 million. The fair value of each stock option is estimated using the Black-Scholes option pricing model at each measurement date. The fair value of stock options under the Black-Scholes model requires management to make assumptions regarding projected employee stock option exercise behaviors, risk-free interest rates, volatility of the stock price, and expected dividends. The awards currently outstanding were granted with vesting terms between two and six years. Certain awards contain a 25% acceleration vesting clause upon a triggering event or Initial Public Offering as defined in the Existing Plan.

We have not historically paid cash dividends to our stockholders, and we currently do not anticipate paying any cash dividends in the foreseeable future. As a result, we assumed a dividend yield of 0%. The risk-free interest rate is based upon the rates of U.S. Treasury bills with a term that approximates the expected life of the option. We use the simplified method, or the lattice method when appropriate, to reasonably estimate the expected life of its option awards. Expected volatility is based upon the volatility of comparable public companies.

Parent Awards

Collectis granted stock options to our employees. Compensation costs related to the grant of the Collectis awards to our employees have been recognized in our statements of operations with a corresponding credit to stockholder's equity, representing Collectis' capital contribution. The fair value of each stock option is estimated at the grant date using the Black-Scholes option pricing model. The fair value of stock options under the Black-Scholes model requires management to make assumptions regarding projected employee stock option exercise behaviors, risk-free interest rates, volatility of the stock price, and expected dividends.

Collectis granted certain of our consultants warrants to purchase Collectis stock in exchange for services provided to us. We recorded the fair value of the warrants as a dividend paid to Collectis in exchange for the warrants issued to the consultants.

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We recognized share-based compensation expense related to Collectis's grants of stock options and warrants to our employees and consultants of \$115 and \$277 for the three months ended June 30, 2017 and 2016, respectively, and \$249 and \$595 for the six months ended June 30, 2017 and 2016, respectively.

Recent Accounting Pronouncements

See Note 2 to the financial statements for a discussion of recent accounting pronouncements.

Results of Operations

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016 (unaudited)

The following table summarizes key components of our results of operations for the periods indicated:

	Three Months Ended June 30,		% change
	2017	2016	June 30, 2017 vs 2016
	(\$ in thousands)		
Revenue	\$ 223	\$ 116	92.2%
Operating expenses:			
Cost of revenue	—	100	(100.0%)
Research and development	1,453	1,306	11.3%
Selling, general, and administrative	2,010	1,202	67.2%
Total operating expenses	3,463	2,608	32.8%
Loss from operations	(3,240)	(2,492)	30.0%
Interest (expense) income	(30)	2	(1,600.0%)
Foreign currency transaction (loss) gain	(125)	33	(478.8%)
Loss before income taxes	(3,395)	(2,457)	38.2%
Income tax expense	—	—	—
Net loss	\$ (3,395)	\$ (2,457)	38.2%

Revenue

Revenue increased \$107, or 92.2%, from \$116 for the three months ended June 30, 2016 to \$223 for the three months ended June 30, 2017. The increase was primarily attributable to the recording of revenue related to terminated R&D licensing agreement.

Cost of Revenue

Cost of revenue decreased \$100, or 100.0%, from \$100 for the three months ended June 30, 2016 to \$0 for the three months ended June 30, 2017. The decrease was a result of not having R&D contractual obligations to fulfill in the period.

Research and development expenses

R&D expenses increased \$147, or 11.3%, from \$1,306 for the three months ended June 30, 2016 to \$1,453 for the three months ended June 30, 2017. The increase was primarily attributable to an increase of subcontracted R&D such as third-party germplasm breeding, third-party germplasm trials and meal and oil product testing and non-cash stock compensation partially offset by reduced license expenses.

Selling, general, and administrative expenses

Selling, general, and administrative expenses increased \$808, or 67.2%, from \$1,202 for the three months ended June 30, 2016 to \$2,010 for the three months ended June 30, 2017. The increase was primarily attributable to the non-cash stock compensation expense and increases in personnel expenses and legal and professional services.

Interest expense

Interest expense increased \$32, or 1,600.0%, from \$2 of interest income for the three months ended June 30, 2016 to \$30 of interest expense for the three months ended June 30, 2017. The increase was primarily attributable to an increase in our balance owed to Collectis.

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Foreign currency transaction gain (loss)

Foreign currency transaction loss increased \$158, or 478.8%, from a \$33 gain for the three months ended June 30, 2016 to a \$125 loss for the three months ended June 30, 2017. The increase was primarily attributable to increased amounts owed to Collectis and unfavorable foreign exchange rates.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016 (unaudited)

The following table summarizes key components of our results of operations for the periods indicated:

	Six Months Ended June 30,		% change
	2017	2016	June 30, 2017 vs 2016
	(\$ in thousands)		
Revenue	\$ 278	\$ 222	25.2%
Operating expenses:			
Cost of revenue	—	200	(100.0%)
Research and development	2,719	2,676	1.6%
Sales, general, and administrative	3,588	2,399	49.6%
Total operating expenses	6,307	5,275	19.6%
Loss from operations	(6,029)	(5,053)	19.3%
Interest expense	(44)	(2)	2,100.0%
Foreign currency transaction (loss) gain	(154)	29	(631.0%)
Loss before income taxes	(6,227)	(5,026)	23.9%
Income tax expense	—	—	—
Net loss	\$ (6,227)	\$ (5,026)	23.9%

Revenue

Revenue increased \$56, or 25.2%, from \$222 for the six months ended June 30, 2016 to \$278 for the six months ended June 30, 2017. The increase was primarily attributable to the recording of revenue related to terminated R&D licensing agreement.

Cost of Revenue

Cost of revenue decreased \$200, or 100.0%, from \$200 for the six months ended June 30, 2016 to \$0 for the six months ended June 30, 2017. The decrease was a result of not having contractual obligations to fulfill in the six-month period for our R&D contracts.

Research and development expenses

R&D expenses increased \$43, or 1.6%, from \$2,676 for the six months ended June 30, 2016 to \$2,719 for the six months ended June 30, 2017. The increase was primarily attributable to subcontracted R&D such as third-party germplasm breeding, third-party germplasm trials and meal and oil product testing and increase in facility expense offset by reduced license fees and increase of a R&D tax credit.

Selling, general, and administrative expenses

Selling, general, and administrative expenses increased \$1,189, or 49.6%, from \$2,399 for the six months ended June 30, 2016 to \$3,588 for the six months ended June 30, 2017. The increase was primarily attributable to personnel expenses, non-cash stock compensation expense and recruiting and relocation expenses.

Interest expense

Interest expense increased \$42, or 2,100.0%, from \$2 for the six months ended June 30, 2016 to \$44 for the six months ended June 30, 2017. The increase was primarily attributable to an increase in our balance owed to Collectis.

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Foreign currency transaction gain (loss)

Foreign currency transaction loss increased \$183, or 631.0%, from a gain of \$29 for the six months ended June 30, 2016 to a loss of \$154 for the six months ended June 30, 2017. The increase was primarily attributable to increased amounts owed to Collectis and unfavorable foreign exchange rates.

Liquidity and Capital Resources

As of June 30, 2017, we had cash and cash equivalents of \$2.5 million.

Sources of Liquidity

We have funded our operations primarily through cash infusions provided by Collectis. During the three months ended June 30, 2017, the Company received a cash advance from the Parent of \$3.0 million to fund ongoing operations.

During the six months ended June 30, 2017 and 2016, we incurred losses from operations of \$6.2 million and \$5.1 million, respectively, and used net cash in operating activities of \$4.1 million and \$2.2 million, respectively. At June 30, 2017, we had an accumulated deficit of \$34.8 million, and we expect to incur losses for the foreseeable future. Although we believe that we will be able to successfully fund our operations with advances from Collectis, the proceeds of our initial public offering completed on July 25, 2017 and our cash and cash equivalents at June 30, 2017, there can be no assurance we will be able to do so or that we will ever operate profitably. Collectis has guaranteed funding for our operations through August 2018, which guarantee will not be released, modified or otherwise affected by the timing of, or amount raised in the IPO.

Deferred Offering Costs

We capitalize deferred offering costs, primarily consisting of legal, accounting and other direct fees and costs relating to the IPO are capitalized. There were \$2.1 million in deferred offering costs capitalized as of June 30, 2017. The deferred offering costs as of June 30, 2017 and the additional costs of \$0.9 million were offset against the Company's IPO proceeds upon the closing of the offering in July 2017.

Historical Changes in Cash Flows

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016 (unaudited)

The table below summarizes our sources and uses of cash for the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,	
	2017	2016
	(in thousands)	
Net cash used in operating activities	\$ (4,063)	\$ (2,203)
Net cash used in investing activities	(608)	(10,202)
Net cash provided by financing activities	2,166	—
Total	<u>\$ (2,505)</u>	<u>\$ (12,405)</u>

Net cash used in operating activities was \$4.1 million and \$2.2 million in the six months ended June 30, 2017 and 2016, respectively. The net cash used in each of these periods primarily reflects the net loss for those periods, offset in part by depreciation, stock-based compensation and the effects of changes in operating assets and liabilities.

Net cash used in investing activities was \$0.6 million and \$10.2 million in the six months ended June 30, 2017 and 2016, respectively. The majority of cash used in investing activities in the six months ended June 30, 2017 was related to site improvements and architect fees for the design of our headquarters and greenhouse facility in Roseville, Minnesota, and equipment purchases. The majority of the cash used in investing in the six months ended June 30, 2016 was related to a land purchase and construction of a greenhouse in Roseville, Minnesota.

Net cash provided in financing activities was \$2.2 million in the six months ended June 30, 2017 comprised of a \$3.0 million advance from the Parent less \$0.8 million in offering cost expenses.

Contractual Obligations, Commitments and Contingencies

Other than the agreement described in the immediately following paragraph, there have been no material changes in our total commitments during the six-month period ended June 30, 2017.

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In June 2017, the Company entered into a contingent purchase agreement with a third party (Buyer) to sell approximately 11 acres of land and buildings located at 2800 Mount Ridge Road in Roseville, Minnesota. The completion of the sale is conditioned on us and the buyer entering into a new facility construction agreement and a lease with respect to the property contemplated by the sale agreement. We expect to close on the proposed transaction and construction agreement in the second half of 2017. We plan to build our headquarters facility at the same location and would be composed of a 35,000 square-foot office and lab building, with greenhouses and outdoor research plots.

Operating capital requirements

To date, we have not generated any revenues from product sales. We do not know when, or if, we will generate any revenue from product sales. We do not expect to generate significant revenue from product sales unless and until we obtain regulatory approval of and commercialize one of our current or future product candidates. We anticipate that we will continue to generate losses for the foreseeable future, and we expect the losses to increase as we continue the development of our product candidates and begin to commercialize our product candidates that complete the development process. We are subject to all risks incident in the development of new agricultural products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We also anticipate substantial expenses related to audit, legal, regulatory and tax-related services associated with our public company obligations in the United States and our compliance with applicable U.S. exchange listing and SEC requirements. We anticipate that we will need additional funding in connection with our continuing operations, including for the further development of our existing product candidates and to pursue other development activities related to additional product candidates.

We have prepared and presented these financial statements on a basis assuming we continue as a going concern. During the years ended December 31, 2016 and 2015 and through June 30, 2017, we incurred losses from operations and net cash outflows from operating activities as disclosed in the statements of operations and cash flows, respectively. At June 30, 2017, we had an accumulated deficit of \$34.8 million and we expect to incur losses for the immediate future. To date, we have been funded by capital infusions from our parent and equity financings, and although we believe that we will be able to successfully fund our operations, there can be no assurance that we will be able to do so or that we will ever operate profitably. In addition, Cellectis has guaranteed funding for our operations through August 2018, which guarantee was not released, modified or otherwise affected by the timing of, or amount raised, in the IPO.

Until we can generate a sufficient amount of revenue from our products, if ever, we expect to finance a portion of future cash needs through public or private equity or debt financings. Additional capital may not be available on reasonable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates. If we raise additional funds through the issuance of additional debt or equity securities, it could result in dilution to our existing stockholders, increased fixed payment obligations and these securities may have rights senior to those of our ordinary shares. If we incur indebtedness, we could become subject to covenants that would restrict our operations and potentially impair our competitiveness, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Any of these events could significantly harm our business, financial condition and prospects.

Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Our future funding requirements, both near and long-term, will depend on many factors, including, but not limited to:

- the initiation, progress, timing, costs and results of field trials for our product candidates;
- the outcome, timing and cost of regulatory approvals by U.S. and non-U.S. regulatory authorities, including the possibility that regulatory authorities will require that we perform studies;
- the ability of our product candidates to progress through late stage development successfully, including through field trials;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- our need to expand our research and development activities;
- our need and ability to hire additional personnel;
- our need to implement additional infrastructure and internal systems;
- the effect of competing technological and market developments; and
- the cost of establishing sales, marketing and distribution capabilities for any products we commercialize.

If we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, financial condition and results of operations could be materially adversely affected.

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Off Balance Sheet Obligations

We enter into seed and grain production agreements with settlement value based on commodity market future pricing. Otherwise, we do not have any off-balance sheet arrangements as defined under SEC rules.

JOBS Act

We are an emerging growth company under the JOBS Act. The JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

Subject to certain conditions set forth in the JOBS Act, if, as an emerging growth company, we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items, such as, the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our initial public offering or until we are no longer an emerging growth company, whichever is earlier.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our exposure to foreign currency exchange risks from the information provided in the Company's registration statement on Form S-1 in connection with its IPO.

Item 4. Controls and Procedures

Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017, the last day of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), refers to controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's, or SEC, rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As disclosed in our final prospectus, dated July 19, 2017, during the course of preparing our financial statements for the year ended December 31, 2016, a material weakness in our internal control over financial reporting was identified, as defined by the SEC guidelines for public companies. This control deficiency could result in a misstatement of the financial statements or disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Accordingly, our management has determined that this control deficiency constitutes a material weakness.

The material weakness relates to our lack of a control in place to review forward purchase derivative contracts entered into by us. The derivative contracts were to produce high oleic soybean seed and grain and the purchase price was indexed to the soybean commodity price.

As discussed below, although our management is implementing measures to remediate the material weakness in internal control over financial reporting, they may not fully address this material weakness in our internal control over financial reporting, and we, therefore, may not be able to conclude that it has been fully remedied.

Because of the material weakness in our internal control over financial reporting as previously disclosed, and as described above, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2017, our disclosure controls and procedures were not effective. Our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the financial statements in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

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We implemented improvements and remedial measures in response to these assessments, including:

- standardizing our production contracts,
- developing a database to track production contracts, and
- implementing written policies for the accounting treatment of the production contracts.

While we believe that the foregoing actions will improve our internal control over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. We also believe that our planned efforts to standardize our production contracts, develop a database to track production contracts and implement written policies for the accounting treatment of production contracts will be effective in remediating the material weakness described above. However, until the remediation steps are completed and operate for a sufficient period of time, and subsequent evaluation of their effectiveness is completed, the material weakness previously disclosed, and as described above, will continue to exist. We may also conclude that additional measures may be required to remediate the material weaknesses in our internal control over financial reporting, which may necessitate additional implementation and evaluation time. We will continue to assess the effectiveness of our internal control over financial reporting and take steps to remediate the known material weaknesses expeditiously.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We currently are not a party to any material litigation or other material legal proceedings. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business.

Item 1A. Risk Factors

There were no material changes in risk factors for the Company in the period covered by this report. See the discussion of risk factors in the Company's Form S-1 filed in connection with its IPO.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company has not sold any securities, registered or otherwise, within the three months ended June 30, 2017, except for the following:

In the three months ended June 30, 2017, the Company granted to directors, employees and consultants options to purchase an aggregate of 2,119,699 shares under its equity compensation plans at an exercise price of \$13.29 per share and the Registrant granted 1,452,333 restricted stock units to its directors, employees and consultants, 1,413,133 of which remain unvested and all of which had a grant price of \$8.00.

Option grants, restricted stock unit grants and the issuances of common stock upon exercise of such options were exempt pursuant to Rule 701, Regulation D and Section 4(a)(2) of the Securities Act.

On July 19, 2017, the Company priced the initial public offering of its common stock pursuant to a Registration Statement on Form S-1 (File No. 333-218924) (the Registration Statement), that was declared effective on July 19, 2017. On July 25, 2017, the Company completed the IPO of 8.05 million shares of common stock at a price of \$8.00 per share. The Company received \$64.4 million in gross proceeds from the IPO, or approximately \$58.3 million in net proceeds after deducting the underwriting discount and expenses related to the IPO. The net proceeds of the IPO will be used to fund research and development, to build out commercial capabilities and for working capital and general corporate purposes.

Item 5. Other Information

None.

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Item 6. Exhibits

- (a) Index of Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1*	Amended and Restated Certificate of Incorporation in effect upon completion of the Registrant's Initial Public Offering
3.2*	Amended and Restated Bylaws in effect upon completion of the Registrant's Initial Public Offering
31.1*	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act
31.2*	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act
32*	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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, on September 1, 2017.

CALYXT, INC.

By: /s/ Federico A. Tripodi

Name: Federico A. Tripodi

Title: Chief Executive Officer

By: /s/ Bryan W.J. Corkal

Name: Bryan W.J. Corkal

Title: Chief Financial Officer

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CALYXT, INC.

Calyxt, Inc. (the “**Corporation**”) is a corporation organized and existing under the laws of the State of Delaware. The original certificate of incorporation of the Corporation (the “**Certificate of Incorporation**”) was filed with the Secretary of State of the State of Delaware on January 8, 2010 under the name Collectis Plant Sciences, Inc. Certificates of Amendment were filed on December 19, 2014, May 4, 2015 and June 14, 2017, and a Certificate of Amendment was attached as Exhibit A to a Certificate of Validation on April 11, 2017. This amended and restated certificate of incorporation, which restates, integrates and further amends the provisions of the Certificate of Incorporation (as the same was amended from time to time) in its entirety, was duly adopted by the board of directors of the Corporation (the “**Board of Directors**”) and the stockholders of the Corporation in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

The certificate of incorporation of the corporation is hereby amended and restated to read in its entirety as follows:

ARTICLE 1
NAME

The name of the corporation is Calyxt, Inc.

ARTICLE 2
REGISTERED OFFICE AND AGENT

The address of its registered office in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE 3
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (“**Delaware Law**”).

ARTICLE 4
CAPITAL STOCK

Section 1. The total number of shares of stock which the Corporation shall have authority to issue is 325,000,000, consisting of 275,000,000 shares of common stock, par value \$0.0001 per share (the “**Common Stock**”), and 50,000,000 shares of preferred stock, par value \$0.0001 per share (the “**Preferred Stock**”).

Section 2. The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby empowered to authorize by resolution or resolutions from time to time the issuance of one or more series of Preferred Stock and, by filing a certificate pursuant to Delaware Law (a “**Preferred Stock Designation**”), to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to each such series of Preferred Stock and the number of shares constituting each such series, and to increase or decrease the number of shares of any such series to the extent permitted by Delaware Law. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

- (a) the designation of the series, which may be by distinguishing number, letter or title;
- (b) the number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);
- (c) the amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;
- (d) dates on which dividends, if any, shall be payable in respect of shares of the series;
- (e) the redemption rights and price or prices, if any, for shares of the series;
- (f) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;
- (g) whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series of such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;

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- (h) the rights of the holders of the shares of such series upon the dissolution of, or upon the subsequent distribution of assets of, the Corporation;
 - (i) restrictions on the issuance of shares of the same series or of any other class or series;
 - (j) the voting powers, full or limited, or no voting powers, of the holders of shares of the series; and
 - (k) the manner in which any facts ascertainable outside of this Restated Certificate or the resolution or resolutions providing for the issuance of such series shall operate upon the voting powers, designations, preferences, rights, and qualifications, limitations, or restrictions of such series.

Section 3. The shares of Common Stock shall be subject to the express terms of the shares of Preferred Stock and any series thereof. Except as may otherwise be provided in this certificate of incorporation or in a Preferred Stock Designation, the holders of shares of Common Stock shall be entitled to one vote for each such share upon all questions presented to the stockholders.

Section 4. Except as may otherwise be provided by law, in this certificate of incorporation or in a Preferred Stock Designation, the holders of shares of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of shares of Preferred Stock and any series thereof shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote.

Section 5. The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

ARTICLE 5 BOARD OF DIRECTORS

Section 1. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Subject to the terms of any series of Preferred Stock entitled to separately elect directors, the Board of Directors shall consist of not less than five nor more than 11 directors, with the exact number of directors to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the entire Board of Directors.

Section 3. (a) Until the Effective Date, all of the directors will be elected annually at the annual meeting of stockholders.

(b) From and after the Effective Date, except as otherwise provided in the terms of any series of Preferred Stock entitled to separately elect directors, the directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Each director shall serve for a term ending on the date of the third annual meeting of stockholders next following the annual meeting at which such director was elected; *provided* that directors initially designated as Class I directors shall serve for a term ending on the date of the first annual meeting following the Effective Date, directors initially designated as Class II directors shall serve for a term ending on the second annual meeting following the Effective Date, and directors initially designated as Class III directors shall serve for a term ending on the date of the third annual meeting following the Effective Date. Immediately following the Effective Date, the Board of Directors is authorized to designate the members of the Board of Directors then in office as Class I directors, Class II directors or Class III directors. In the event of any change in the number of directors, the Board of Directors shall apportion any newly created directorships among, or reduce the number of directorships in, such class or classes as shall equalize, as nearly as possible, the number of directors in each class. In no event will a decrease in the number of directors shorten the term of any incumbent director.

(c) Each director shall hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal and for a term that shall coincide with the term of the class to which such director shall have been elected.

(d) There shall be no cumulative voting in the election of directors.

Section 4. Vacancies on the Board of Directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the number of directors shall, except as otherwise required by law, be filled solely by a majority of the directors then in office (although less than a quorum) or by the sole remaining director, and each director so elected shall hold office for a term that shall coincide with the term of the class to which such director shall have been elected.

Section 5. (a) Until the Effective Date, any director or the entire Board of Directors may be removed from office, with or without cause, by the affirmative vote of the holders of not less than a majority of the shares then entitled to vote generally in the election of directors, voting together as a single class.

(b) From and after the Effective Date, no director may be removed from office by the stockholders except for cause with the affirmative vote of the holders of not less than a majority of the shares then entitled to vote generally in the election of directors, voting together as a single class.

(c) Notwithstanding the foregoing, whenever the holders of one or more series of Preferred Stock shall have the right, voting separately as a series, to elect directors, the election, term of office, filling of vacancies, removal and other features of such

directorships shall be governed by the terms of the resolution or resolutions adopted by the Board of Directors pursuant to Article 4 applicable thereto, and such directors so elected shall not be subject to the provisions of this Article 5 unless otherwise provided therein.

ARTICLE 6
STOCKHOLDERS

Section 1. (a) Until the Effective Date, any action required or permitted to be taken at any annual or special meeting of stockholders may be taken (i) by a vote of stockholders at a meeting of stockholders duly noticed and called in accordance with Delaware Law or (ii) without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock of the Corporation having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) From and after the Effective Date, any action required or permitted to be taken at any annual or special meeting of stockholders may only be taken upon a vote of stockholders at an annual or special meeting of stockholders duly noticed and called in accordance with the Corporation's bylaws and Delaware Law and may not be taken by written consent of stockholders without a meeting.

Section 2. Special meetings of stockholders may be called only by the affirmative vote of a majority of the entire Board of Directors; *provided that*, until the Effective Date, special meetings of stockholders shall be called by the Secretary of the Corporation at the request of the holders of a majority of the then outstanding shares of Common Stock.

ARTICLE 7
LIMITATIONS ON LIABILITY AND INDEMNIFICATION

Section 1. A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware Law.

Section 2. (a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is otherwise involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or principal officer (as defined in the Corporation's bylaws) of the Corporation shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware Law; *provided that* the Corporation shall not be obligated to indemnify (or advance) expenses to such a director or principal officer with respect to a proceeding (or part thereof) initiated by such director or principal officer (other than a proceeding to enforce the rights granted under this Article 7) unless the Board of Directors approved the initiation of such proceeding (or part thereof). The right to

indemnification conferred in this Article 7 shall also include the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware Law. The right to indemnification conferred in this Article 7 shall be a contract right.

(b) The Corporation may, by action of its Board of Directors, provide rights to indemnification and to advancement of expenses to such other officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

Section 3. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under Delaware Law.

Section 4. The rights and authority conferred in this Article 7 shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

Section 5. Neither the amendment nor repeal of this Article 7, nor the adoption of any provision of this certificate of incorporation or the bylaws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall adversely affect any right or protection of any person granted pursuant hereto existing at, or arising out of or related to any event, act or omission that occurred prior to, the time of such amendment, repeal, adoption or modification (regardless of when any proceeding (or part thereof) relating to such event, act or omission arises or is first threatened, commenced or completed).

ARTICLE 8 CORPORATE OPPORTUNITIES

To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and any future subsidiaries, renounces any interest or expectancy of the Corporation and any future subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to the Parent or any of its officers, directors, agents, shareholders, members, partners, subsidiaries (other than the Corporation and any future subsidiaries) and affiliates (including, without limitation, their respective officers, directors, agents, shareholders, members, partners, subsidiaries and affiliates) (each, a "**Specified Party**"), even if the opportunity is one that the Corporation or any future subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so and each such Specified Party shall have no duty to communicate or offer such business opportunity to the Corporation and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or

any future subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Specified Party pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or any future subsidiaries. Notwithstanding the foregoing, a Specified Party who is a director or officer of the Corporation and who is offered a business opportunity in his or her capacity as a director or officer of the Corporation (a “**Directed Opportunity**”) shall be obligated to communicate such Directed Opportunity to the Corporation; *provided, however*, that all of the protections of this Article 8 shall otherwise apply to the Specified Parties with respect to such Directed Opportunity, including, without limitation, the ability of the Specified Parties to pursue or acquire such Directed Opportunity or to direct such Directed Opportunity to another person. In addition, to the fullest extent permitted by applicable law, none of the Parent or any of its affiliates or any director who is not employed by the Corporation or his or her affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which the Corporation or any future subsidiaries now engage or propose to engage or (ii) otherwise compete with the Corporation or any future subsidiaries. To the fullest extent permitted by applicable law, no business opportunity will be deemed to be a potential corporate opportunity for the Corporation unless the Corporation would be permitted to undertake the opportunity under this certificate of incorporation, the Corporation has sufficient financial resources to undertake the opportunity and the opportunity is in line with the business of the Corporation.

Neither the amendment nor repeal of this Article 8, nor the adoption of any provision of this certificate of incorporation or the bylaws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall adversely affect any right or protection of any person granted pursuant hereto existing at, or arising out of or related to any event, act or omission that occurred prior to, the time of such amendment, repeal, adoption or modification (regardless of when any proceeding (or part thereof) relating to such event, act or omission arises or is first threatened, commenced or completed).

If any provision or provisions of this Article 8 shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article 8 (including, without limitation, each portion of any paragraph of this Article 8 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (b) to the fullest extent possible, the provisions of this Article 8 (including, without limitation, each such portion of any paragraph of this Article 8 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

This Article 8 shall not limit any protections or defenses available to, or indemnification rights of, any director or officer of the Corporation under this certificate of incorporation or applicable law.

Any person or entity purchasing or otherwise acquiring any interest in any securities of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article 8.

ARTICLE 9
EXCLUSIVE JURISDICTION

Unless the Corporation consents in writing to the selection of an alternative forum, the Chancery Court of the State of Delaware (the “**Court of Chancery**”) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation’s stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL or of this certificate of incorporation or the bylaws, or (d) any action asserting a claim against the Corporation or any director or officer of the Corporation governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the provisions of this Article 9.

ARTICLE 10
MISCELLANEOUS

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation and for the further definition of the powers of the Corporation and of its directors and stockholders:

(a) The directors shall have the concurrent power with the stockholders to adopt, amend or repeal the bylaws of the Corporation.

(b) Elections of directors need not be by written ballot unless the bylaws of the Corporation so provide.

(c) The Corporation elects not to be governed by Section 203 of the Delaware Law, and the restrictions contained in Section 203 shall not apply to the Corporation, until the Effective Date. From and after the Effective Date, the Corporation shall be governed by Section 203 so long as Section 203 by its terms would apply to the Corporation.

For so long as that certain Stockholders Agreement, dated as of July 25, 2017, between the Corporation and the Parent (as amended from time to time, the

“**Stockholders Agreement**”), is in effect, the provisions of the Stockholders Agreement shall be incorporated by reference into the relevant provisions hereof, and such provisions shall be interpreted and applied in a manner consistent with the terms of the Stockholders Agreement.

As used herein, the following terms shall have the following meanings:

“**Effective Date**” shall mean the first date on which the Parent and its affiliates no longer beneficially own more than 50% of the outstanding shares of Common Stock of the Corporation.

“**Initial Public Offering Date**” means July 19, 2017.

“**Parent**” means Collectis S.A.

ARTICLE 11
AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right from time to time to amend this certificate of incorporation in any manner permitted by Delaware Law, and all rights and powers conferred upon stockholders, directors and officers herein are granted subject to this reservation. Notwithstanding the foregoing, from and after the Effective Date, the provisions set forth in Articles 5, 6, 7, 8, 9 and 10 and this Article 11 may not be repealed or amended in any respect, and no other provision may be adopted, amended or repealed which would have the effect of modifying or permitting the circumvention of the provisions set forth in any of Articles 5, 6, 7, 8, 9 and 10 and this Article 11, unless such action is approved by the affirmative vote of the holders of not less than 66 2/3% of the total voting power of all outstanding securities of the Corporation generally entitled to vote in the election of directors, voting together as a single class.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation this 25th day of July, 2017.

CALYXT, INC.

By: /s/ Federico A. Tripodi

Name: Federico A. Tripodi

Title: Chief Executive Officer

AMENDED AND RESTATED BYLAWS

OF

CALYXT, INC.

ARTICLE 1

OFFICES

Section 1.01. *Registered Office.* The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 1.02. *Other Offices.* The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

Section 1.03. *Books.* The books of the Corporation may be kept within or without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

MEETINGS OF STOCKHOLDERS

Section 2.01. *Time and Place of Meetings.* All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the board of directors (or the chairman in the absence of a designation by the board of directors).

Section 2.02. *Annual Meetings.* Unless directors are elected by written consent in lieu of an annual meeting as permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (“**Delaware Law**”), and the certificate of incorporation, an annual meeting of stockholders, commencing with the fiscal year 2018, shall be held for the election of directors and to transact such other business as may properly be brought before the meeting.

Section 2.03. *Special Meetings.* (a) Except as otherwise provided in the certificate of incorporation, special meetings of stockholders (i) may be called at any time by the affirmative vote of a majority of the entire board of directors and (ii) until the Effective Date (as such term is defined in the certificate of incorporation), shall be called by the secretary of the Corporation at the request of the holders of a majority of the then outstanding shares of the Corporation’s common stock (the “**Common Stock**”). Such request shall state the purpose or purposes of the proposed meeting.

(b) A special meeting shall be held at such date, time and place as may be fixed by the board of directors in accordance with these bylaws.

(c) Business conducted at a special meeting shall be limited to the matters described in the applicable request for such special meeting and any other matters as the board of directors shall determine.

Section 2.04. *Notice of Meetings and Adjourned Meetings; Waivers of Notice.* (a) Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining stockholders entitled to vote at such meeting, if such record date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by Delaware Law, such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to notice of such meeting. Unless these bylaws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time, place, if any, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to notice of such adjourned meeting.

(b) Whenever notice is required to be given under any provision of Delaware Law or the certificate of incorporation or these bylaws, a written waiver signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meetings of stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.05. *Notice of Nominations and Stockholder Business.*

(a) *Annual Meetings of Stockholders.*

(i) Nominations of persons for election to the board of directors of the Corporation or the proposal of other business to be transacted by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the Corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the board of directors or (C) by any stockholder of the Corporation

who is a stockholder of record at the time of giving of notice provided for in this Section 2.05(a), who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.05(a).

(ii) For nominations or other business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to clause (C) of paragraph (a)(i) of this Section 2.05, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and any such proposed business (other than the nominations of persons for election to the board of directors) must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to or mailed and received by the secretary of the Corporation at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders; *provided, however*, that in the event that the date of the annual meeting is advanced more than 30 days prior to such anniversary date or delayed more than 30 days after such anniversary date then to be timely such notice must be received by the Corporation no earlier than 120 days prior to such annual meeting and no later than the later of 70 days prior to the date of the meeting or the 10th day following the day on which public announcement of the date of the meeting was first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. For purposes of Sections 2.05(a)(ii) and 2.05(b) of these bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, the Associated Press or any comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (including the rules and regulations promulgated thereunder, the "**Exchange Act**").

(iii) A stockholder's notice to the secretary shall set forth (A) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made:

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- (1) the name and address of such stockholder (as they appear on the Corporation's books) and any such beneficial owner;
 - (2) the class or series and number of shares of capital stock of the Corporation which are held of record or are beneficially owned by such stockholder and by any such beneficial owner;
 - (3) a description of any agreement, arrangement or understanding between or among such stockholder and any such beneficial owner, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination or other business;
 - (4) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner or any such nominee with respect to the Corporation's securities (a "**Derivative Instrument**");
 - (5) to the extent not disclosed pursuant to clause (4) above, the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or by any such beneficial owner, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary;
 - (6) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting; and
 - (7) a representation as to whether such stockholder or any such beneficial owner intends or is part of a group that

intends to (i) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or to elect each such nominee and/or (ii) otherwise to solicit proxies from stockholders in support of such proposal or nomination.

If requested by the Corporation, the information required under clauses (C)(2), (3), (4) and (5) of the preceding sentence of this Section 2.05 shall be supplemented by such stockholder and any such beneficial owner not later than 10 days after the record date for notice of the meeting to disclose such information as of such record date.

Notwithstanding anything to the contrary, the notice requirements set forth herein with respect to the proposal of any business pursuant to this Section 2.05 other than a nomination shall be deemed satisfied by a stockholder if such stockholder has submitted a proposal to the Corporation in compliance with Rule 14a-8 promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for the meeting of stockholders.

(b) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 2.04. Nominations of persons for election to the board of directors of the Corporation at a special meeting of stockholders may be made by stockholders only if the election of directors is included as business to be brought before a special meeting in the Corporation's notice of meeting and then only by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 2.05(b), who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.05(b). For nominations to be properly brought before a special meeting of stockholders by a stockholder pursuant to this Section 2.05(b), the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received by the secretary of the Corporation at the principal executive offices of the Corporation (A) not earlier than 120 days prior to the date of the special meeting nor (B) later than the later of 90 days prior to the date of the special meeting or the 10th day following the day on which public announcement of the date of the special meeting was first made. A stockholder's notice to the secretary shall comply with the notice requirements of Section 2.05(a)(iii).

(c) *General.*

(i) At the request of the board of directors, any person nominated by the board of directors for election as a director shall furnish to the secretary of the Corporation the information that is required to be set forth in a stockholder's notice of nomination that pertains to the nominee. Subject to the provisions of the Stockholders Agreement (as defined herein), no person shall be eligible to be

nominated by a stockholder to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.05. No business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in Section 2.03 and this Section 2.05. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws or that business was not properly brought before the meeting, and if he should so determine and declare, the defective nomination shall be disregarded or such business shall not be transacted, as the case may be. Notwithstanding the foregoing provisions of this Section 2.05, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or other proposed business, such nomination shall be disregarded or such proposed business shall not be transacted, as the case may be, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.05, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(ii) Without limiting the foregoing provisions of this Section 2.05, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in this Section 2.05; *provided, however*, that any references in these bylaws to the Exchange Act are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.05, and compliance with Section 2.05(a) or (b) shall be the exclusive means for a stockholder to make nominations or submit other business (other than as provided in the last paragraph of Section 2.05(a)).

Section 2.06. *Quorum*. Unless otherwise provided in the certificate of incorporation or these bylaws and subject to Delaware Law, the presence, in person or by proxy, of the holders of a majority of the then outstanding capital stock of the Corporation entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business. If, however, such quorum shall not be present at any meeting of the stockholders, either the chairman of the meeting or a majority of the stockholders present in person or represented by proxy shall adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.07. *Voting*. (a) Unless otherwise provided in the certificate of incorporation and subject to Delaware Law, each stockholder shall be entitled to one vote

for each outstanding share of capital stock of the Corporation held by such stockholder. Any share of capital stock of the Corporation held by the Corporation shall have no voting rights. Unless otherwise provided in the certificate of incorporation or these bylaws and subject to Delaware Law, in all matters other than the election of directors, the affirmative vote of the majority of the votes cast affirmatively or negatively at the meeting at which a quorum is present and entitled to vote on the subject matter shall be the act of the stockholders. Subject to the rights of the holders of any series of preferred stock to elect additional directors under specific circumstances, directors shall be elected by a plurality of the votes of the shares of capital stock of the Corporation present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, appointed by an instrument in writing, subscribed by such stockholder or by his attorney thereunto authorized, or by proxy sent by cable, telegram or by any means of electronic communication permitted by law, which results in a writing from such stockholder or by his attorney, and delivered to the secretary of the meeting. No proxy shall be voted after three (3) years from its date, unless said proxy provides for a longer period.

(c) Votes may be cast by any stockholder entitled to vote in person or by his proxy. In determining the number of votes cast for or against a proposal or nominee, shares abstaining from voting on a matter (including elections) will not be treated as a vote cast.

Section 2.08. *Action by Consent.* (a) Until the Effective Date and unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided in Section 2.08(b).

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate

action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this section and Delaware Law to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner required by this Section 2.08 and Delaware Law.

Section 2.09. *Organization.* At each meeting of stockholders, the chairman of the board of directors, if one shall have been elected, or in the chairman's absence or if one shall not have been elected, the director or officer designated by the vote of the majority of the directors present at such meeting, shall act as chairman of the meeting. The secretary (or in the secretary's absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

Section 2.10. *Order of Business.* The order of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

ARTICLE 3 BOARD OF DIRECTORS

Section 3.01. *General Powers.* Except as otherwise provided in Delaware Law or the certificate of incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the board of directors.

Section 3.02. *Number, Election, Classes, Term of Office.* (a) Subject to the terms of any series of Preferred Stock entitled to separately elect directors, the board of directors shall consist of not less than five nor more than 11 directors, with the exact number of directors to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the entire board of directors.

(b) Until the Effective Date, all of the directors will be elected annually at the annual meeting of stockholders.

(c) From and after the Effective Date, except as otherwise provided in the terms of any series of Preferred Stock entitled to separately elect directors, the directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. The Board of Directors is hereby authorized to assign members of the Board of Directors in office at the Effective Date to such classes. Except as otherwise provided in the certificate of incorporation, each director shall serve for a term ending on the date of the third annual meeting of stockholders next following the annual meeting at which such director was elected.

(d) Each director shall hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal and for a term that shall coincide with the term of the class to which such director shall have been elected. Directors need not be stockholders.

(e) There shall be no cumulative voting in the election of directors.

Section 3.03. *Quorum and Manner of Acting.* Unless the certificate of incorporation or these bylaws require a greater number, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the board of directors may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat shall adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.04. *Time and Place of Meetings.* The board of directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the board of directors (or the chairman in the absence of a determination by the board of directors).

Section 3.05. *Annual Meeting.* The board of directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders. Notice of such meeting need not be given. In the event such annual meeting is not held on the same day and at the same place as the annual meeting of stockholders, the annual meeting of the board of directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 3.07 or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

Section 3.06. *Regular Meetings.* After the place and time of regular meetings of the board of directors shall have been determined and notice thereof shall have been once given to each member of the board of directors, regular meetings may be held without further notice being given.

Section 3.07. *Special Meetings.* Special meetings of the board of directors may be called by the chairman of the board of directors or the chief executive officer and shall be called by the secretary on the written request of at least two directors. Notice of special meetings of the board of directors shall be given to each director at least 24 hours before the date of the meeting in such manner as is determined by the board of directors.

Section 3.08. *Committees.* (a) The board of directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such

member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by Delaware Law to be submitted to the stockholders for approval or (ii) adopting, amending or repealing any bylaw of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

(b) Unless otherwise provided in the certificate of incorporation, these bylaws or the resolution of the board of directors designating the committee, a committee may create one or more subcommittees consisting of one or more members of such committee and delegate to such subcommittee any or all of the powers and authority of the committee.

(c) Unless the board of directors otherwise provides, each committee designated by the board of directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules, each committee shall conduct its business in the same manner as the board of directors conducts its business pursuant to this Article 3.

Section 3.09. *Action by Consent.* Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions, are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.10. *Telephonic Meetings.* Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or such committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.11. *Resignation.* Any director may resign at any time by giving notice in writing or by electronic transmission to the board of directors or to the secretary of the Corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.12. *Vacancies.* Prior to the Effective Date, vacancies on the board of directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the number of directors may be filled with the affirmative vote of the holders of not less than a majority of the shares then entitled to vote generally in the election of directors, voting together as a single class. From and after the Effective Date, vacancies on the board of directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the number of directors shall, except as otherwise required by law, be filled solely by a majority of the directors then in office (although less than a quorum) or by the sole remaining director, and each director so elected shall hold office for a term that shall coincide with the term of the class to which such director shall have been elected. Subject to the terms of any series of preferred stock entitled to separately elect directors, whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. If there are no directors in office, then an election of directors may be held in accordance with Delaware Law.

Section 3.13. *Removal.* Directors may only be removed from office in the manner set forth in the certificate of incorporation. Any vacancies created by any such removal may be filled in accordance with Section 3.12 herein.

Section 3.14. *Compensation.* Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

ARTICLE 4 OFFICERS

Section 4.01. *Principal Officers.* The principal officers of the Corporation shall be a chief executive officer, a chief financial officer, one or more executive vice presidents and a secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. Subject to Section 3.01, the chief executive officer shall conduct and direct generally all the day-to-day business and affairs of the Corporation. The Corporation may also have such other principal officers as the board of directors may in its discretion appoint. One person may hold the offices and perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of chief executive officer and secretary.

Section 4.02. *Election, Term of Office and Remuneration.* The principal officers of the Corporation shall be elected annually by the board of directors at the annual meeting thereof. Each such officer shall hold office until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal. The remuneration of all principal officers of the Corporation shall be fixed by the board of directors. Any vacancy in any office shall be filled in such manner as the board of directors shall determine.

Section 4.03. *Subordinate Officers.* In addition to the principal officers enumerated in Section 4.01, the Corporation may have one or more assistant secretaries and such other subordinate officers, agents and employees as the board of directors may deem necessary, each of whom shall hold office for such period as the board of directors may from time to time determine. The board of directors may delegate to any principal officer the power to appoint, fix the compensation of and remove any such subordinate officers, agents or employees.

Section 4.04. *Removal.* In addition to the authority granted pursuant to Section 4.03 with respect to subordinate officers, any officer may be removed, with or without cause, at any time, by resolution adopted by the board of directors.

Section 4.05. *Resignations.* Any officer may resign at any time by giving written notice to the board of directors (or to a principal officer if the board of directors has delegated to such principal officer the power to appoint and remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.06. *Powers and Duties.* The officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them by the board of directors.

ARTICLE 5 CAPITAL STOCK

Section 5.01. *Certificates For Stock; Uncertificated Shares.* The shares of the Corporation shall be represented by uncertificated shares, *provided* that the board of directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be certificated shares. Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of shares represented by certificates of the same class and series shall be identical. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the chairman or vice chairman of the board of directors, or any vice president, and by the treasurer, an assistant treasurer, the secretary or an assistant secretary of such Corporation, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Corporation shall not have power to issue a certificate in bearer form.

Section 5.02. *Transfer Of Shares.* Shares of the stock of the Corporation may be transferred on the record of stockholders of the Corporation by the holder thereof or by such holder's duly authorized attorney upon surrender of a certificate therefor properly endorsed or upon receipt of proper transfer instructions from the registered holder of uncertificated shares or by such holder's duly authorized attorney and upon compliance with appropriate procedures for transferring shares in uncertificated form, unless waived by the Corporation.

Section 5.03. *Authority for Additional Rules Regarding Transfer.* The board of directors shall have the power and authority to make all such rules and regulations, not inconsistent with these bylaws, as they may deem expedient concerning the issue, transfer and registration of certificated or uncertificated shares of the stock of the Corporation, as well as for the issuance of new certificates in lieu of those which may be lost or destroyed, and may require of any stockholder requesting replacement of lost or destroyed certificates, bond in such amount and in such form as they may deem expedient to indemnify the Corporation and the transfer agents and registrars of its stock against any claims arising in connection therewith.

ARTICLE 6 GENERAL PROVISIONS

Section 6.01. *Fixing the Record Date.* (a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the board of directors so fixes a record date for notice of any meeting of stockholders, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the board of directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided* that the board of directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting and in such case shall also fix as the record date for determining stockholders entitled to notice of such meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at such adjourned meeting in accordance with the foregoing provisions of this Section 6.01(a).

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors and shall not be more than 10 days

after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors pursuant to this Section 6.01 (b), the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by Delaware Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by Delaware Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

Section 6.02. *Dividends.* Subject to limitations contained in Delaware Law and the certificate of incorporation, if any, the board of directors may declare and pay dividends upon the shares of capital stock of the Corporation, which dividends may be paid either in cash, in property or in shares of the capital stock of the Corporation.

Section 6.03. *Year.* The fiscal year of the Corporation shall be fixed by resolution of the board of directors.

Section 6.04. *Corporate Seal.* The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 6.05. *Voting of Stock Owned by the Corporation.* The board of directors may authorize any person, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

Section 6.06. *Amendments.* These bylaws or any of them, may be altered, amended or repealed, or new bylaws may be made, by the stockholders entitled to vote thereon at any annual or special meeting thereof or by the board of directors. Unless a

higher percentage is required by the certificate of incorporation as to any matter that is the subject of these bylaws, all such amendments must be approved by (i) the board of directors or (ii) the affirmative vote of the holders of not less than (x) a majority of the then outstanding capital stock of the Corporation entitled to vote at a meeting of stockholders, in the case of any such amendment prior to the Effective Date, and (y) 66 2/3% of the then outstanding capital stock of the Corporation entitled to vote at a meeting of stockholders, in the case of any such amendment on or after the Effective Date.

Section 6.07. *Stockholders Agreement.* For so long as that certain Stockholders Agreement, dated as of July 25, 2017, by and among the Corporation and the Parent (as such term is defined in the certificate of incorporation) (as amended from time to time, the “**Stockholders Agreement**”), is in effect, the provisions of the Stockholders Agreement shall be incorporated by reference into the relevant provisions hereof, and such provisions shall be interpreted and applied in a manner consistent with the terms of the Stockholders Agreement.

Section 6.08. *Indemnification and Advancement of Expenses.* The Corporation hereby acknowledges that certain current and past directors, each of whom is affiliated with the Parent (each, a “**Collectis Director**”), have certain rights to indemnification and advancement of expenses pursuant to Indemnification Agreements between the Corporation and such Collectis Director (the “**Indemnification Agreements**”) and Article 7 of the certificate of incorporation and to insurance provided by the Corporation and that the Collectis Directors may have certain rights to indemnification, advancement of expenses and insurance from the Parent and certain of its affiliates. The Corporation hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to such person are primary and any obligation of the Parent and its affiliates to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such person are secondary) with respect to any actions, costs, charges, losses, damages or expenses incurred or sustained in connection with the execution by such person of his or her duties as a director of the Corporation, (ii) that it shall be required to advance the full amount of such expenses incurred by such person and shall be liable for the full amount of all such expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the certificate of incorporation and the Indemnification Agreements, without regard to any rights such person may have, or may be pursuing, against the Parent and its affiliates, and (iii) that it irrevocably waives, relinquishes and releases the Parent and its affiliates from any and all claims against the Parent and its affiliates for contribution, subrogation or any other recovery of any kind in respect thereof. The Corporation further agrees that no advancement or payment by the Parent and its affiliates on behalf of a Collectis Director with respect to any claim for which such Collectis Director is entitled to indemnification or advancement of expenses from the Corporation shall affect the foregoing and the Parent and its affiliates shall be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Collectis Director against the Corporation. The Corporation and the Collectis Directors agree that the Parent and its affiliates are express third-party beneficiaries of this Section 6.08.

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT, AS AMENDED**

I, Federico A. Tripodi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Calyxt, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 1, 2017

/s/ Federico A. Tripodi

Federico A. Tripodi
Chief Executive Officer

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT, AS AMENDED**

I, Bryan W.J. Corkal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Calyxt, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 1, 2017

/s/ Bryan W.J. Corkal
Bryan W.J. Corkal
Chief Financial Officer

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

In connection with the Quarterly Report of Calyxt, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 1, 2017

/s/ Federico A. Tripodi
Federico A. Tripodi
Chief Executive Officer

/s/ Bryan W.J. Corkal
Bryan W.J. Corkal
Chief Financial Officer

