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

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934**

Date of Report: November 6, 2019

Commission File Number: 001-36891

Collectis S.A.

(Exact Name of registrant as specified in its charter)

**8, rue de la Croix Jarry
75013 Paris, France
+33 1 81 69 16 00**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Exhibits

The following document, which is attached as an exhibit hereto, is incorporated by reference herein.

This report on Form 6-K shall be deemed to be incorporated by reference in the registration statements of Collectis S.A. on Form F-3 (No. 333-217086) and Form S-8 (Nos. 333-204205, 333-214884, 333-222482 and 333-227717), to the extent not superseded by documents or reports subsequently filed.

<u>Exhibit</u>	<u>Title</u>
99.1	Collectis S.A.'s interim report for the three-month and nine-month periods ended September 30, 2019.

SIGNATURES

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

CELLECTIS S.A.
(Registrant)

November 6, 2019

By: /s/ André Choulika
André Choulika
Chief Executive Officer

EXHIBIT INDEX

Exhibit

Title

99.1	Collectis S.A.'s interim report for the three-month and nine-month periods ended September 30, 2019.
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PRELIMINARY NOTE

The unaudited Condensed Consolidated Financial Statements for the three-month and nine-month periods ended September 30, 2019, included herein, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Consolidated Financial Statements are presented in U.S. dollars in order to enhance comparability with Collectis’ peers, which primarily present their financial statements in U.S. dollars. All references in this interim report to “\$,” “U.S. dollars,” and “dollars,” mean U.S. dollars and all references to “€” and “euros” mean euros, unless otherwise noted.

This interim report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act. All statements other than present and historical facts and conditions contained in this interim report, including statements regarding our future results of operations and financial position, business strategy, plans and our objectives for future operations, are forward-looking statements. When used in this interim report, the words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “intend,” “is designed to,” “may,” “might,” “plan,” “potential,” “predict,” “objective,” “should,” or the negative of these and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those projected in any forward-looking statement. Factors that may cause actual results to differ from those in any forward-looking statement include, without limitation, those described under “Risk Factors” and “Special Note Regarding Forward-Looking Statements” in our Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 13, 2019, as amended on April 25, 2019 (the “Annual Report”). As a result of these factors, we cannot assure you that the forward-looking statements in this interim report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

We own various trademark registrations and applications, and unregistered trademarks and service marks, including Collectis®, TALEN® and our corporate logos, and all such trademarks and service marks appearing in this interim report are the property of Collectis. The trademarks Calyxt® and Calyno™ are owned by Calyxt. All other trade names, trademarks and service marks of other companies appearing in this interim report are the property of their respective holders. Solely for convenience, the trademarks and trade names in this interim report may be referred to without the ® and ™ symbols, but such references, or the failure of such symbols to appear, should not be construed as any indication that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend to use or display other companies’ trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

As used in this interim report, the terms “Collectis,” “we,” “our,” “us,” and “the Company” refer to Collectis S.A. and its subsidiaries, taken as a whole, unless the context otherwise requires. References to “Calyxt” refer to Calyxt, Inc.

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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited)

Collectis S.A.
INTERIM STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
\$ in thousands

	Notes	As of	
		December 31, 2018	September 30, 2019*
ASSETS			
Non-current assets			
Intangible assets		1,268	1,120
Property, plant, and equipment	6	10,041	16,762
Right-of-use assets	5	—	46,391
Other non-current financial assets		1,891	5,468
Total non-current assets		13,199	69,740
Current assets			
Inventories		275	3,344
Trade receivables	7.1	2,971	8,038
Subsidies receivables	7.2	17,173	21,165
Other current assets	7.3	15,333	15,322
Current financial assets	8.1	388	20,381
Cash and cash equivalents	8.2	451,501	342,485
Total current assets		487,641	410,734
TOTAL ASSETS		500,840	480,475
LIABILITIES			
Shareholders' equity			
Share capital	12	2,765	2,766
Premiums related to the share capital	12	828,525	839,437
Currency translation adjustment		(16,668)	(30,518)
Retained deficit		(326,628)	(406,347)
Net income (loss)		(78,693)	(64,703)
Total shareholders' equity - Group Share		409,301	340,636
Non-controlling interests		40,970	41,135
Total shareholders' equity		450,272	381,771
Non-current liabilities			
Non-current lease debts	9	1,018	44,466
Non-current provisions	15	2,681	2,857
Total non-current liabilities		3,699	47,323
Current liabilities			
Current lease debts	9	333	2,996
Trade payables	9	15,883	19,761
Deferred revenues and contract liabilities	11	20,754	19,586
Current provisions	15	1,530	1,891
Other current liabilities	10	8,369	7,147
Total current liabilities		46,869	51,381
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		500,840	480,475

The accompanying notes form an integral part of these unaudited Interim Condensed Consolidated Financial Statements

(*) The 2019 Interim Condensed Consolidated Financial Statements have been prepared according to the new IFRS 16 “Leases” standard with a new “right-of-use assets” category and a resulting significant increase of “lease debts” compared to the previous period (see note 2.2 for discussion of the application of IFRS 16 “Leases” at January 1, 2019).

Collectis S.A.
UNAUDITED STATEMENTS OF CONSOLIDATED OPERATIONS
For the nine-month period ended September 30,
\$ in thousands, except per share amounts

	Notes	For the nine-month period ended September 30,	
		2018	2019*
Revenues and other income			
Revenues	3.1	11,861	10,756
Other income	3.1	6,592	5,887
Total revenues and other income		18,453	16,643
Operating expenses			
Cost of revenue	3.2	(2,016)	(5,698)
Research and development expenses	3.2	(55,169)	(61,604)
Selling, general and administrative expenses	3.2	(36,772)	(34,270)
Other operating income (expenses)		(138)	(9)
Total operating expenses		(94,095)	(101,582)
Operating income (loss)		(75,642)	(84,938)
Financial gain (loss)		13,598	11,073
Income tax		—	—
Net income (loss)		(62,044)	(73,865)
Attributable to shareholders of Collectis		(55,425)	(64,703)
Attributable to non-controlling interests		(6,619)	(9,162)
Basic / Diluted net income (loss) per share attributable to shareholders of Collectis	14		
Basic net income (loss) attributable to shareholders of Collectis per share (\$ /share)		(1.38)	(1.52)
Diluted net income (loss) attributable to shareholders of Collectis per share (\$ /share)		(1.38)	(1.52)

The accompanying notes form an integral part of these unaudited Interim Condensed Consolidated Financial Statements

- (*) The 2019 Interim Condensed Consolidated Financial Statements have been prepared according to the new IFRS 16 “Leases” standard with a new “right-of-use assets” category and a resulting significant increase of “lease debts” compared to the previous period (see note 2.2 for discussion of the application of IFRS 16 “Leases” at January 1, 2019).

UNAUDITED INTERIM STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
For the nine-month period ended September 30,
\$ in thousands

	For the nine-month period ended September 30,	
	2018	2019
Net income (loss)	(62,044)	(73,865)
Actuarial gains and losses	—	(441)
Other comprehensive income (loss) that will not be reclassified subsequently to income or loss	—	(441)
Currency translation adjustment	(16,071)	(13,596)
Commodity derivative contracts	—	(55)
Other comprehensive income (loss) that will be reclassified subsequently to income or loss	(16,071)	(13,650)
Total Comprehensive income (loss)	(78,114)	(87,957)
Attributable to shareholders of Collectis	(70,821)	(79,032)
Attributable to non-controlling interests	(7,294)	(8,925)

The accompanying notes form an integral part of these unaudited Interim Condensed Consolidated Financial Statements

Collectis S.A.
UNAUDITED STATEMENTS OF CONSOLIDATED OPERATIONS
For the three-month period ended September 30,
\$ in thousands, except per share amounts

	Notes	For the three-month period ended September 30,	
		2018	2019*
Revenues and other income			
Revenues	3.1	906	8,487
Other income	3.1	1,286	1,719
Total revenues and other income		2,192	10,206
Operating expenses			
Cost of revenue	3.2	(868)	(4,256)
Research and development expenses	3.2	(18,694)	(21,596)
Selling, general and administrative expenses	3.2	(11,562)	(10,967)
Other operating income (expenses)		30	(38)
Total operating expenses		(31,096)	(36,857)
Operating income (loss)		(28,904)	(26,651)
Financial gain (loss)		3,591	7,167
Income tax		—	—
Net income (loss)		(25,313)	(19,484)
Attributable to shareholders of Collectis		(22,805)	(15,999)
Attributable to non-controlling interests		(2,508)	(3,485)
Basic / Diluted net income (loss) per share attributable to shareholders of Collectis	14		
Basic net income (loss) attributable to shareholders of Collectis per share (\$ /share)		(0.54)	(0.38)
Diluted net income (loss) attributable to shareholders of Collectis per share (\$ /share)		(0.54)	(0.38)

(*) The 2019 Interim Condensed Consolidated Financial Statements have been prepared according to the new IFRS 16 “Leases” standard with a new “right-of-use assets” category and an implied significant increase of “lease debts” compared to the previous period (see note 2.2 for discussion of the application of IFRS 16 “Leases” at January 1, 2019).

Collectis S.A.
UNAUDITED INTERIM STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
For the three-month periods ended September 30,
\$ in thousands

	For the three-month period ended September 30,	
	2018	2019
Net income (loss)	(25,313)	(19,484)
Actuarial gains and losses	—	(196)
Other comprehensive income (loss) that will not be reclassified subsequently to income or loss	—	(196)
Currency translation adjustment	—	(11,537)
Commodity derivative contracts	(2,224)	(17)
Other comprehensive income (loss) that will be reclassified subsequently to income or loss	(2,224)	(11,554)
Total Comprehensive income (loss)	(27,537)	(31,234)
Attributable to shareholders of Collectis	(25,030)	(27,734)
Attributable to non-controlling interests	(2,507)	(3,500)

Collectis S.A.
UNAUDITED INTERIM STATEMENTS OF CONSOLIDATED CASH FLOWS
For the nine-month period ended September 30,
\$ in thousands

	Notes	For the nine-month period ended September 30,	
		2018	2019
Cash flows from operating activities			
Net loss for the period		(62,044)	(73,865)
Reconciliation of net loss and of the cash provided by (used in) operating activities			
Adjustments for			
Amortization and depreciation		1,730	4,939
Net loss (income) on disposals		87	25
Net financial loss (gain)		(13,598)	(11,073)
Expenses related to share-based payments		29,164	19,787
Provisions		(364)	272
Other non cash items		418	—
Interest (paid) / received		4,928	5,844
Operating cash flows before change in working capital		(39,679)	(54,071)
Decrease (increase) in inventories		19	(3,105)
Decrease (increase) in trade receivables and other current assets		(1,749)	(8,150)
Decrease (increase) in subsidiaries receivables		(6,502)	(5,012)
(Decrease) increase in trade payables and other current liabilities		7,357	3,950
(Decrease) increase in deferred income		(6,981)	129
Change in working capital		(7,856)	(12,189)
Net cash flows provided by (used in) operating activities		(47,535)	(66,260)
Cash flows from investment activities			
Proceeds from disposal of property, plant and equipment		19	414
Acquisition of intangible assets		4	(32)
Acquisition of property, plant and equipment		(2,419)	(10,277)
Net change in non-current financial assets		223	(3,604)
Sale (Acquisition) of current financial assets		39,853	(19,840)
Net cash flows provided by (used in) investing activities		37,680	(33,339)
Cash flows from financing activities			
Increase in share capital net of transaction costs		186,433	—
Shares of Calyxt issued to / (purchased from) third parties		49,665	(332)
Payments on lease debts		(65)	(2,505)
Treasury shares		297	—
Net cash flows provided by (used in) financing activities		236,330	(2,837)
(Decrease) increase in cash and cash equivalents		226,475	(102,435)
Cash and cash equivalents at the beginning of the year		256,380	451,501
Effect of exchange rate changes on cash		(7,080)	(6,581)
Cash and cash equivalents at the end of the period	8	475,775	342,485

The accompanying notes form an integral part of these unaudited Interim Condensed Consolidated Financial Statements

- (*) The 2019 Interim Condensed Consolidated Financial Statements have been prepared according to the new IFRS 16 “Leases” standard with a new “right-of-use assets” category and a resulting significant increase of “lease debts” compared to the previous period (see note 2.2 for discussion of the application of IFRS 16 “Leases” at January 1, 2019).

Collectis S.A.
UNAUDITED STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
For the nine-month period ended September 30,
\$ in thousands, except share data

	Notes	Share Capital Ordinary Shares		Premiums related to share capital	Treasury shares reserve	Currency translation adjustment	Retained earnings (deficit)	Income (Loss)	Equity		Total Shareholders' Equity
		Number of shares	Amount						attributable to shareholders of Collectis	Non controlling interests	
As of January 1, 2018, as restated (*)		35,960,062	2,367	614,037	(297)	1,834	(253,702)	(99,368)	264,872	19,113	283,985
Net Loss		—	—	—	—	—	—	(55,425)	(55,425)	(6,619)	(62,044)
Other comprehensive income (loss)		—	—	—	—	(15,396)	—	—	(15,396)	(675)	(16,071)
Total comprehensive income (loss)		—	—	—	—	(15,396)	—	(55,425)	(70,821)	(7,294)	(78,114)
Allocation of prior period loss		—	—	—	—	—	(99,368)	99,368	—	—	—
Capital Increase		6,146,000	379	178,209	—	—	—	—	178,588	—	178,588
Transaction with subsidiaries (1)		—	—	—	—	—	26,680	—	26,680	22,986	49,665
Treasury shares		—	—	—	297	—	(59)	—	238	—	238
Exercise of share warrants, employee warrants and stock options		323,364	19	7,825	—	—	—	—	7,845	—	7,845
Non-cash stock-based compensation expense	13	—	—	23,282	—	—	—	—	23,282	5,882	29,164
Other movements		—	—	—	—	—	(35)	—	(35)	(15)	(50)
As of September 30, 2018		42,429,426	2,765	823,353	—	(13,561)	(326,484)	(55,425)	430,648	40,672	471,320
As of January 1, 2019		42,430,069	2,765	828,525	—	(16,668)	(326,628)	(78,693)	409,301	40,970	450,272
Net Loss		—	—	—	—	—	—	(64,703)	(64,703)	(9,162)	(73,865)
Other comprehensive income (loss)		—	—	—	—	(13,850)	(479)	—	(14,329)	237	(14,092)
Total comprehensive income (loss)		—	—	—	—	(13,850)	(479)	(64,703)	(79,032)	(8,925)	(87,957)
Allocation of prior period loss		—	—	—	—	—	(78,693)	78,693	—	—	—
Capital Increase	12	15,600	1	—	—	—	(1)	—	—	—	—
Transaction with subsidiaries (2)		—	—	—	—	—	(543)	—	(543)	211	(332)
Non-cash stock-based compensation expense	13	—	—	10,909	—	—	—	—	10,909	8,879	19,787
Other movements		—	—	3	—	—	(3)	—	—	—	—
As of September 30, 2019		42,445,669	2,766	839,437	—	(30,518)	(406,347)	(64,703)	340,636	41,135	381,771

(1) Corresponds to the impact of Calyxt's follow-on offering and Calyxt stock options exercises during the period.

(2) Corresponds to the impact of Calyxt stock options exercises during the period.

The accompanying notes form an integral part of these unaudited Interim Condensed Consolidated Financial Statements

(*) Reflects the application of IFRS15 with effect from January 1, 2018 using the full retrospective method. Reconciliation between consolidated financial statements presented in previous periods and 2017 consolidated financial statements is available in Note 2.3.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1. The Company

Cellectis S.A. (hereinafter “Cellectis” or “we”) is a limited liability company (“société anonyme”) registered and domiciled in Paris, France. We are a clinical-stage biotechnological company, employing our core proprietary technologies to develop best-in-class products in the field of immuno-oncology. Our product candidates, based on gene-edited T-cells that express chimeric antigen receptors, or CARs, seek to harness the power of the immune system to target and eradicate cancer cells. Our gene-editing technologies allow us to create allogeneic CAR T-cells, meaning they are derived from healthy donors rather than the patients themselves. Our gene-editing expertise also enables us to develop product candidates that feature additional safety and efficacy attributes, including control properties designed to prevent them from attacking healthy tissues, to enable them to tolerate standard oncology treatments, and to equip them to resist mechanisms that inhibit immune-system activity. In addition to our focus on immuno-oncology, we are exploring the use of our gene-editing technologies in other therapeutic applications, as well as to develop healthier food products for a growing population.

Cellectis S.A., Cellectis, Inc., Cellectis Biologics Inc. (which was incorporated on January 18, 2019) and Calyxt, Inc. are sometimes referred to as a consolidated group of companies as the “Group.”

Note 2. Accounting principles

2.1 Basis for preparation

The Interim Condensed Consolidated Financial Statements of Cellectis as of September 30, 2019 and for the three-month and nine-month periods ended September 30, 2019 were approved by our Board of Directors on November 6, 2019.

The Interim Condensed Consolidated Financial Statements are presented in U.S. dollars. See Note 2.4.

The Interim Condensed Consolidated Financial Statements as of September 30, 2019 and for the three-month and nine-month periods ended September 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

The Interim Condensed Consolidated Financial Statements as of September 30, 2019 and for the three-month and nine-month periods ended September 30, 2019 have been prepared using the same accounting policies and methods as those applied for the year ended December 31, 2018, except as described below related to the new or amended standards applied.

IFRS include International Financial Reporting Standards (“IFRS”), International Accounting Standards (“the IAS”), as well as the interpretations issued by the Standards Interpretation Committee (“the SIC”), and the International Financial Reporting Interpretations Committee (“IFRIC”).

Application of new or amended standards or new amendments

The following pronouncements and related amendments have been adopted by us from January 1, 2019 but had no significant impact on the Interim Condensed Consolidated Financial Statements:

- Amendment to IFRS 9 “Financial Instruments – Prepayment Features with Negative Compensation” (applicable for periods beginning after January 1, 2019)
- IFRIC 23 “Uncertainty over Income Tax Treatments” (applicable for periods beginning after January 1, 2019)

Standards, interpretations and amendments issued but not yet effective

The following pronouncements and related amendments are applicable for accounting periods beginning after January 1, 2020. We do not anticipate that the adoption of these pronouncements and amendments will have a material impact on our results of operations, financial position or cash flows:

- Amendment to IFRS 3 “Business Combinations” (Effective for the accounting periods as of January 1, 2020)
- Amendments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors” (Effective for the accounting periods as of January 1, 2020)

2.2 IFRS16 application

Since January 1, 2019, Collectis has applied the new standard IFRS 16 “Leases”.

Under this standard, a financial asset and a financial liability are recognized for Group leases that meet the standard’s criteria.

The financial statements for the 2018 financial year have not been restated in accordance with the transition options of IFRS 16 elected by the Group since Collectis has applied the modified retrospective approach.

The Group uses the two capitalization exemptions provided by the standard:

- lease contracts with a duration of less than 12 months (mainly storage area leases); and
- lease contracts for which the underlying asset has a low value, which has been defined by the Group to be below \$5,000.

The Group has also applied the following practical expedients at the transition date:

- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- accounting for leases for which the lease term ends within 12 months of the date of initial application as short-term leases, *i.e.* accounting for leases expenses in Profit and loss account; and
- the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before the date measured applying IAS 17.

The following discount rates have been applied:

- building rental in Paris, France (discounting rate 2%), building rental in Roseville, Minnesota, USA and Raleigh, North Carolina, USA (discounting rate of 8%), building rental in New York, New York, USA (discounting rate of 4.4%), and equipment rental (discounting rate 1%).

The main changes introduced by IFRS 16 are the following:

Capitalization of the right-of-use assets for real-estate lease contracts:

Identified lease contracts mainly concern Collectis’ Headquarters and R&D buildings in Paris, New York and Raleigh, North Carolina, USA and Calyxt’s Headquarters and its production and storage areas in Roseville, Minnesota, USA.

For purposes of IFRS 16, the lease term corresponds to the non-terminable period as extended, if applicable, by renewal options whose exercise by the Group are reasonably certain.

The discount rate used to calculate the lease debt has been determined, for each portfolio of assets, according to the incremental borrowing rate at the transition date.

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The sale and lease-back agreement entered into by Calyxt in the third quarter of 2017 has a defined lease term and was classified as an operating lease agreement under IAS 17. According to IFRS 16, this lease receives the standard accounting treatment for operating leases existing at the date of initial application and the value of the right-of-use asset is adjusted for the amount of the net deferred losses recognized in the statement of financial position immediately before the date of initial application, which was \$1.8 million.

Accounting for the other-assets leases:

The main lease contracts identified correspond to office and laboratory equipment.

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The cumulative effect of initially applying IFRS 16 has been recognized as an adjustment to the opening balance sheet at the date of initial application, January 1, 2019, as presented in the table below:

	1st January, 2019 as presented	IFRS 16 restatement	1st January, 2019 as restated
ASSETS			
Non-current assets			
Intangible assets	1,268		1,268
Property, plant, and equipment	10,041	(1,309)	8,732
Right-of-use assets	—	37,569	37,569
Other non-current financial assets	1,891		1,891
Total non-current assets	13,199	36,260	49,460
Current assets			
Inventories	275		275
Trade receivables	2,971		2,971
Subsidies receivables	17,173		17,173
Other current assets	15,333	(2,139)	13,194
Current financial assets	388		388
Cash and cash equivalents	451,501		451,501
Total current assets	487,641	(2,139)	485,502
TOTAL ASSETS	500,840	34,121	534,961
LIABILITIES			
Shareholders' equity			
Share capital	2,765		2,765
Premiums related to the share capital	828,525		828,525
Treasury share reserve	—		—
Currency translation adjustment	(16,668)		(16,668)
Retained earnings (deficit)	(326,628)		(326,628)
Net income (loss)	(78,693)		(78,693)
Total shareholders' equity - Group Share	409,301		409,301
Non-controlling interests	40,970		40,970
Total shareholders' equity	450,272		450,272
Non-current liabilities			
Non-current lease debts	1,018	31,720	32,737
Non-current provisions	2,681	(639)	2,042
Total non-current liabilities	3,699	31,081	34,779
Current liabilities			
Current lease debts	333	3,743	4,076
Trade payables	15,883		15,883
Deferred revenues and contract liabilities	20,754	(299)	20,454
Current provisions	1,530	(403)	1,127
Other current liabilities	8,369		8,369
Total current liabilities	46,869	3,041	49,910
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	500,840	34,121	534,961

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The rental charges relating to these leases – i.e. \$4.1 million for the nine-month period ended September 30, 2019 – are replaced with the recognition of an amortization expense of \$3.4 million and a financial expense of \$2.0 million.

The rental charges relating to short-term and low-value leases remain classified as leases expenses and are considered not significant.

In the statement of cash flows,

- rent paid on leases that meet the criteria of IFRS 16 are classified within financing activities as principal portion and interest payment on the lease debt, which was \$2.5 million for the nine-month period ended September 30, 2019; and
- short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability remain classified within operating activities.

The table below explains the differences between Operating lease commitments disclosed under IAS 17 as of December 31, 2018, discounted using the incremental borrowing rate at the date of initial application, and Lease liabilities recognized in the statement of financial position at the date of initial application.

Operating lease commitments disclosed under IAS 17 as of December 31, 2018 (in thousands):

Sale and lease-back agreement	\$ 31,668
Facility lease agreements	\$ 28,230
Total	\$ 59,898
-Discounting impact & assumption changes	\$(18,966)
-Facility lease termination	\$ (4,220)
-Other	\$ 101
Total lease debt	\$ 36,813

Use of judgment, estimates and assumptions:

The application of IFRS 16 “Leases” requires the Group to make assumptions and estimates in order to determine the value of the right-of-use assets and the lease debt, which mainly relates to the incremental borrowing rate for real estate and other lease contracts. The Group also exercises its judgement as to whether or not to qualify renewal options as reasonably certain.

2.3 IFRS15 application

IFRS 15 “Revenue from Contracts with Customers” establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue”. IFRS 15 was effective for annual reporting periods beginning on or after January 1, 2018.

The different categories of contracts with customers of Collectis, which were reviewed are:

- Collaboration agreements; and
- Licensing agreements.

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Collectis applied IFRS 15 with effect from January 1, 2018 using the full retrospective method. The application of IFRS 15 led to a deferral of collaboration revenue (specifically milestone payments) from fiscal year 2015 with a negative opening equity adjustment of \$1.7 million as of January 1, 2018. See the table below for the impact on adoption.

	December 31, 2017 as presented	IFRS 15 restatement	December 31, 2017 as restated
Total non-current assets	9,661	—	9,661
Total current assets	323,221	—	323,221
TOTAL ASSETS	332,882	—	332,882
Shareholders' equity			—
Share capital	2,367	—	2,367
Premiums related to the share capital	614,037	—	614,037
Treasury share reserve	(297)	—	(297)
Currency translation adjustment	1,978	(143)	1,835
Retained earnings (deficit)	(251,927)	(1,775)	(253,702)
Net income (loss)	(99,368)	—	(99,368)
Total shareholders' equity - Group Share	266,791	(1,919)	264,873
Non-controlling interests	19,113	—	19,113
Total shareholders' equity	285,904	(1,919)	283,986
Total non-current liabilities	3,443	—	3,443
Current liabilities			—
Current financial liabilities	21	—	21
Trade payables	9,460	—	9,460
Deferred revenues and deferred income	26,056	1,919	27,975
Current provisions	1,427	—	1,427
Other current liabilities	6,570	—	6,570
Total current liabilities	43,534	1,919	45,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	332,882	—	332,882

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	Share Capital Ordinary Shares		Premiums related to share capital	Treasury shares reserve	Currency translation adjustment	Retained earnings (deficit)	Income (Loss)	Equity		Total Shareholders' Equity
	Number of shares	Amount						attributable to shareholders of Collectis	Non controlling interests	
As of January 1, 2018, as presented	35,960,062	2,367	614,037	(297)	1,978	(251,927)	(99,368)	266,791	19,113	285,904
IFRS 15 restatement	—	—	—	—	(143)	(1,775)	—	(1,919)	—	(1,919)
As of January 1, 2018, as restated	35,960,062	2,367	614,037	(297)	1,835	(253,702)	(99,368)	264,873	19,113	283,986

2.4 Currency of the financial statements

The Interim Condensed Consolidated Financial Statements are presented in U.S. dollars, which differs from the functional currency of Collectis, which is the euro. We believe that this presentation enhances the comparability with peers, which primarily present their financial statements in U.S. dollars.

All financial information (unless indicated otherwise) is presented in thousands of U.S. dollars.

The statements of financial position of consolidated entities having a functional currency different from the U.S. dollar are translated into U.S. dollars at the closing exchange rate (spot exchange rate at the statement of financial position date) and the statements of operations, statements of comprehensive income (loss) and statements of cash flow of such consolidated entities are translated at the average period to date exchange rate. The resulting translation adjustments are included in equity under the caption "Accumulated other comprehensive income (loss)" in the Consolidated Statements of Changes in Shareholders' Equity.

2.5 Consolidated entities and non-controlling interests

Consolidated entities

For the nine-month period ended September 30, 2019, the Group included Collectis S.A., Collectis, Inc., Collectis Biologics Inc., which was incorporated on January 18, 2019, and Calyxt, Inc.

For the year ended December 31, 2018, the Group included Collectis S.A., Collectis, Inc. and Calyxt, Inc.

As of December 31, 2018, Collectis S.A. owned 100% of Collectis, Inc. and approximately 69.5% of Calyxt's outstanding shares of common stock. As of September 30, 2019, Collectis S.A. owns 100% of Collectis, Inc., which owns 100% of Collectis Biologics, Inc., and approximately 69.1% of Calyxt's outstanding shares of common stock.

Calyxt's shares of common stock are traded on NASDAQ under the symbol "CLXT".

Non-controlling interests

Non-controlling shareholders held a 30.5% interest in Calyxt, Inc. as of December 31, 2018 and a 30.9% interest in Calyxt, Inc. as of September 30, 2019. These non-controlling interests were generated as a result of Calyxt's initial public offering (IPO), which closed on July 25, 2017, and subsequent follow-on offering, which closed on May 22, 2018, as well as through vesting and exercises of equity awards.

Note 3. Information concerning the Group's Consolidated Operations

3.1 Revenues and other income

3.1.1 For the nine-month periods ended September 30

Revenues by country of origin and other income

	For the nine-month period ended September 30,	
	2018	2019
	\$ in thousands	
From France	11,627	7,223
From USA (1)	234	3,533
Revenues	11,861	10,756
Research tax credit	6,510	5,887
Subsidies and other	82	—
Other income	6,592	5,887
Total revenues and other income	18,453	16,643

(1) Revenues from USA only relate to Calyxt.

Revenues by nature

	For the nine-month period ended September 30,	
	2018	2019
	\$ in thousands	
Recognition of previously deferred upfront payments	7,195	—
Other revenues (1)	2,946	5,908
Collaboration agreements	10,141	5,908
Licenses	1,697	1,252
Products & services	24	3,596
Total revenues	11,861	10,756

(1) Includes the recognition of a \$5.0 million milestone which is associated with the initiation of the study of ALLO-715 in 2019.

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3.1.2 For the three-month periods ended September 30

Revenues by country of origin and other income

	For the three-month period ended September 30,	
	2018	2019
	\$ in thousands	
From France	877	5,549
From USA (1)	29	2,938
Revenues	906	8,487
Research tax credit	1,262	1,719
Subsidies and other	25	—
Other income	1,286	1,719
Total revenues and other income	2,192	10,206

(1) Revenues from USA only relate to Calyxt.

Revenues by nature

	For the three-month period ended September 30,	
	2018	2019
	\$ in thousands	
Recognition of previously deferred upfront payments	—	—
Other revenues (1)	416	5,132
Collaboration agreements	416	5,132
Licenses	480	381
Products & services	9	2,975
Total revenues	906	8,487

(1) Includes the recognition of a \$5.0 million milestone which is associated with the initiation of the study of ALLO-715 in 2019.

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3.2 Operating expenses

3.2.1 For the nine-month periods ended September 30

	For the nine-month period ended September 30,	
	2018	2019
Cost of good sold	—	(3,865)
Royalty expenses	(2,016)	(1,833)
Cost of revenue	(2,016)	(5,698)
	For the nine-month period ended September 30,	
	2018	2019
Research and development expenses		
Wages and salaries	(11,754)	(15,760)
Social charges on stock option grants	—	(1,363)
Non-cash stock based compensation expense	(13,430)	(8,084)
Personnel expenses	(25,184)	(25,207)
Purchases and external expenses	(29,256)	(32,075)
Other	(729)	(4,322)
Total research and development expenses	(55,169)	(61,604)
	For the nine-month period ended September 30,	
	2018	2019
Selling, general and administrative expenses		
Wages and salaries	(8,560)	(10,110)
Social charges on stock option grants	—	(450)
Non-cash stock based compensation expense	(15,734)	(11,704)
Personnel expenses	(24,294)	(22,263)
Purchases and external expenses	(10,473)	(9,622)
Other	(2,005)	(2,385)
Total selling, general and administrative expenses	(36,772)	(34,270)
	For the nine-month period ended September 30,	
	2018	2019
Personnel expenses		
Wages and salaries	(20,314)	(25,870)
Social charges on stock option grants	—	(1,813)
Non-cash stock based compensation expense	(29,164)	(19,787)
Total personnel expenses	(49,478)	(47,470)

The rental charges relating to leases accounted for according to IFRS 16 (see note 2.2 for discussion of the application of IFRS 16 “Leases” at January 1, 2019), which amounted to \$4.1 million for the nine-month period ended September 30, 2019, are replaced with the recognition of an amortization expense of \$3.4 million (that continues to be disclosed within operating expenses) and a financial expense of \$2.0 million.

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3.2.2 For the three-month periods ended September 30

	For the three-month period ended September 30,	
	2018	2019
Cost of goods sold	—	(3,491)
Royalty expenses	(868)	(765)
Cost of revenue	(868)	(4,256)
	For the three-month period ended September 30,	
	2018	2019
Research and development expenses		
Wages and salaries	(3,987)	(6,179)
Social charges on stock option grants	—	(37)
Non-cash stock based compensation expense	(4,124)	(3,913)
Personnel expenses	(8,111)	(10,128)
Purchases and external expenses	(10,308)	(10,491)
Other	(275)	(977)
Total research and development expenses	(18,694)	(21,596)
	For the three-month period ended September 30,	
	2018	2019
Selling, general and administrative expenses		
Wages and salaries	(3,258)	(3,152)
Social charges on stock option grants	—	37
Non-cash stock based compensation expense	(4,068)	(4,041)
Personnel expenses	(7,327)	(7,156)
Purchases and external expenses	(3,347)	(3,069)
Other	(888)	(742)
Total selling, general and administrative expenses	(11,562)	(10,967)
	For the three-month period ended September 30,	
	2018	2019
Personnel expenses		
Wages and salaries	(7,246)	(9,330)
Social charges on stock option grants	—	—
Non-cash stock based compensation expense	(8,192)	(7,953)
Total personnel expenses	(15,438)	(17,284)

3.3 Reportable segments

Accounting policies

Reportable segments are identified as components of an enterprise that have discrete financial information available for evaluation by the Chief Operating Decision Maker (“CODM”), for purposes of performance assessment and resource allocation.

For the nine-month period ended September 30, 2019, Collectis’ CODM is composed of:

- The Chairman and Chief Executive Officer;
- The Chief Operating Officer (through July 24, 2019);
- The Executive Vice President Technical Operation (beginning July 22, 2019);
- The Executive Vice President Strategic Initiatives;
- The Executive Vice President Global Quality (beginning July 22, 2019);
- The Chief Scientific Officer;
- The Chief Financial Officer;
- The General Counsel; and
- The Chief Regulatory & Compliance Officer.

We view our operations and manage our business in two operating and reportable segments that are engaged in the following activities:

- *Therapeutics:* This segment is focused on the development (i) of products in the field of immuno-oncology and (ii) of novel therapies outside immuno-oncology to treat other human diseases. This approach is based on our gene editing and Chimeric Antigen Receptors (“CARs”) technologies. All these activities are supported by Collectis S.A., Collectis, Inc. and Collectis Biologics, Inc. The operations of Collectis S.A., the parent company, are presented entirely in the Therapeutics segment which also comprises research and development, management and support functions.
- *Plants:* This segment is focused on plant-based technology for healthy food ingredients. It corresponds to the activity of our U.S.-based majority-owned subsidiary, Calyxt, Inc., which is currently based in Roseville, Minnesota.

There are inter-segment transactions between the two reportable segments, including allocation of corporate general and administrative expenses by Collectis S.A. and the allocation of research and development expenses to the reportable segments.

With respect to corporate general and administrative expenses, Collectis S.A. provides Calyxt, Inc. with general sales and administrative functions, accounting and finance functions, investor relations, intellectual property, legal advice, human resources, communication and information technology under a Management Services Agreement. As of September 30, 2019, Calyxt has internalized nearly all of the services previously provided by Collectis under this agreement. Under the Management Services Agreement, Collectis S.A. charges Calyxt, Inc. in euros at cost plus a mark-up ranging between zero to 10%, depending on the nature of the service. Amounts due to Collectis S.A. pursuant to inter-segment transactions bear interest at a rate of the 12-month Euribor plus 5% per annum.

The intersegment revenues represent the transactions between segments. Intra-segment transactions are eliminated within a segment’s results and intersegment transactions are eliminated in consolidation as well as in key performance indicators by reportable segment.

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Information related to each reportable segment is set out below. Segment revenues and other income, research and development expenses, selling, general and administrative expenses, and royalties and other operating income and expenses, and adjusted net income (loss) attributable to shareholders of Collectis (which does not include non-cash stock-based compensation expense attributable to shareholders of Collectis) are used by the CODM for purposes of making decisions about allocating resources to the segments and assessing their performance. The CODM does not review any asset or liability information by segment or by region.

Adjusted net income (loss) attributable to shareholders of Collectis S.A. is not a measure calculated in accordance with IFRS. Because adjusted net income (loss) attributable to shareholders of Collectis excludes non-cash stock-based compensation expense—a non-cash expense, our management believes that this financial measure, when considered together with our IFRS financial statements, can enhance an overall understanding of Collectis' financial performance. Moreover, our management views the Company's operations, and manages its business, based, in part, on this financial measure.

The net income (loss) includes the impact of the operations between segments while the intra-segment operations are eliminated.

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Details of key performance indicators by reportable segment for the nine-month periods ended September 30,

\$ in thousands	For the nine-month period ended September 30, 2018			For the nine-month period ended September 30, 2019		
	Plants	Therapeutics	Total reportable segments	Plants	Therapeutics	Total reportable segments
External revenues	234	11,627	11,861	3,533	7,223	10,756
External other income	—	6,592	6,592	—	5,887	5,887
External revenues and other income	234	18,219	18,453	3,533	13,110	16,643
Cost of revenue	(351)	(1,664)	(2,016)	(3,865)	(1,833)	(5,698)
Research and development expenses	(5,882)	(49,287)	(55,169)	(8,850)	(52,754)	(61,604)
Selling, general and administrative expenses	(14,567)	(22,205)	(36,772)	(19,254)	(15,017)	(34,270)
Other operating income and expenses	20	(159)	(138)	17	(26)	(9)
Total operating expenses	(20,781)	(73,314)	(94,095)	(31,952)	(69,630)	(101,582)
Operating income (loss)	(20,546)	(55,096)	(75,642)	(28,419)	(56,519)	(84,938)
Financial gain (loss)	999	12,599	13,598	446	10,627	11,073
Net income (loss)	(19,548)	(42,496)	(62,044)	(27,973)	(45,893)	(73,865)
Non controlling interests	6,619	—	6,619	9,162	—	9,162
Net income (loss) attributable to shareholders of Collectis	(12,929)	(42,496)	(55,425)	(18,810)	(45,893)	(64,703)
R&D non-cash stock-based expense attributable to shareholders of Collectis	687	12,448	13,135	956	6,701	7,656
SG&A non-cash stock-based expense attributable to shareholders of Collectis	3,427	10,834	14,261	5,180	4,208	9,388
Adjustment of share-based compensation attributable to shareholders of Collectis	4,115	23,282	27,396	6,136	10,909	17,045
Adjusted net income (loss) attributable to shareholders of Collectis	(8,814)	(19,215)	(28,029)	(12,675)	(34,984)	(47,659)
Depreciation and amortization	(424)	(1,306)	(1,730)	(1,154)	(3,785)	(4,939)
Additions to tangible and intangible assets	952	1,569	2,521	2,153	7,492	9,645

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Details of key performance indicators by reportable segment for the three-month periods ended September 30,

\$ in thousands	For the three-month period ended September 30, 2018			For the three-month period ended September 30, 2019		
	Plants	Therapeutics	Total reportable segments	Plants	Therapeutics	Total reportable segments
External revenues	29	877	906	2,938	5,549	8,487
External other income	—	1,286	1,286	(123)	1,842	1,719
External revenues and other income	29	2,163	2,192	2,815	7,391	10,206
Cost of revenue	(341)	(528)	(868)	(3,492)	(764)	(4,256)
Research and development expenses	(2,498)	(16,196)	(18,694)	(3,540)	(18,055)	(21,596)
Selling, general and administrative expenses	(5,167)	(6,395)	(11,562)	(6,706)	(4,261)	(10,967)
Other operating income and expenses	40	(10)	30	(3)	(35)	(38)
Total operating expenses	(7,966)	(23,130)	(31,096)	(13,742)	(23,115)	(36,857)
Operating income (loss)	(7,937)	(20,967)	(28,904)	(10,927)	(15,724)	(26,651)
Financial gain (loss)	892	2,699	3,591	100	7,067	7,167
Net income (loss)	(7,045)	(18,268)	(25,313)	(10,827)	(8,657)	(19,484)
Non controlling interests	2,508	—	2,508	3,485	—	3,485
Net income (loss) attributable to shareholders of Collectis	(4,537)	(18,268)	(22,805)	(7,342)	(8,657)	(15,999)
R&D non-cash stock-based expense attributable to shareholders of Collectis	155	3,900	4,054	(352)	3,343	2,991
SG&A non-cash stock-based expense attributable to shareholders of Collectis	954	2,691	3,645	1,961	1,203	3,164
Adjustment of share-based compensation attributable to shareholders of Collectis	1,108	6,591	7,699	1,608	4,546	6,154
Adjusted net income (loss) attributable to shareholders of Collectis	(3,429)	(11,677)	(15,106)	(5,733)	(4,111)	(9,844)
Depreciation and amortization	(57)	(406)	(463)	(396)	(1,327)	(1,723)
Additions to tangible and intangible assets	331	921	1,252	977	4,041	5,018

Reconciliation of Plants Segment results of operations

The tables below present a reconciliation between the Plants Segment figures, which are prepared in accordance with IFRS for the Group, with Calyxt, Inc. stand alone financial statements, which are prepared in accordance with US GAAP for the domestic registration.

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Reconciliation of Plants Segment results of operations for the nine-month period ended September 30, 2019

\$ in thousands	For the nine-month period ended September 30, 2019						
	Collectis Consolidated financial statements Reportable segments note (IFRS)	Non-cash stock-based compensation booked in IFRS (1)	Non-cash stock-based compensation in US GAAP (1)	Intersegment transactions (2)	Reclassifications (3)	Other (4)	Calyxt Stand alone financial statements (US GAAP)
External revenues and other income	3,533	—	—	171	(171)	—	3,533
Research and development expenses	(8,850)	1,383	(1,239)	—	171	(1)	(8,536)
Selling, general and administrative expenses	(19,254)	7,496	(5,327)	(480)	(227)	68	(17,723)
Cost of revenue and other operating income and expenses	(3,848)	—	—	(1,361)	229	—	(4,982)
Total operating expenses	(31,952)	8,879	(6,565)	(1,841)	174	67	(31,241)
Operating income (loss)	(28,419)	8,879	(6,565)	(1,670)	3	67	(27,708)
Financial gain (loss)	446	—	—	(18)	(1)	(166)	261
Net income (loss)	(27,973)	8,879	(6,565)	(1,688)	1	(99)	(27,447)

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Reconciliation of Plants Segment result of operations for the nine-month period ended September 30, 2018

	For the nine-month period ended September 30, 2018						
\$ in thousands	Collectis Consolidated financial statements Reportable segments note (IFRS)	Non-cash stock-based compensation booked in IFRS (1)	Non-cash stock-based compensation in US GAAP (1)	Intersegment transactions (2)	Reclassifications (3)	Other (4)	Calyxt Stand alone financial statements (US GAAP)
External revenues and other income	234	—	—	—	—	—	234
Research and development expenses	(5,882)	983	(994)	—	(1,956)	—	(7,850)
Selling, general and administrative expenses	(14,567)	4,900	(2,022)	(2,435)	3,582	629	(9,914)
Cost of revenue and other operating income and expenses	(331)	—	—	—	(1,626)	—	(1,957)
Total operating expenses	(20,781)	5,882	(3,016)	(2,435)	—	629	(19,721)
Operating income (loss)	(20,546)	5,882	(3,016)	(2,435)	—	628	(19,487)
Financial gain (loss)	999	—	—	(44)	—	(897)	58
Net income (loss)	(19,548)	5,882	(3,016)	(2,479)	—	(269)	(19,429)

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Reconciliation of Plants Segment result of operations for the three-month period ended September 30, 2019

	For the three-month period ended September 30, 2019						
\$ in thousands	Collectis Consolidated financial statements Reportable segments note (IFRS)	Non-cash stock-based compensation booked in IFRS (1)	Non-cash stock-based compensation in US GAAP (1)	Intersegment transactions (2)	Reclassifications (3)	Other (4)	Calyxt Stand alone financial statements (US GAAP)
External revenues and other income	2,815	—	—	9	142	—	2,967
Research and development expenses	(3,540)	525	(458)	6	(110)	—	(3,579)
Selling, general and administrative expenses	(6,706)	2,838	(2,237)	(95)	(69)	23	(6,248)
Cost of revenue and other operating income and expenses	(3,495)	—	—	(352)	15	—	(3,833)
Total operating expenses	(13,742)	3,363	(2,696)	(441)	(165)	22	(13,660)
Operating income (loss)	(10,927)	3,363	(2,696)	(432)	(22)	22	(10,693)
Financial gain (loss)	100	—	—	(17)	(2)	(56)	24
Net income (loss)	(10,827)	3,363	(2,696)	(449)	(25)	(34)	(10,669)

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Reconciliation of Plants Segment result of operations for the three-month period ended September 30, 2018

\$ in thousands	For the three-month period ended September 30, 2018						Calyxt Stand alone financial statements (US GAAP)
	Collectis Consolidated financial statements Reportable segments note (IFRS)	Non-cash stock- based compensation booked in IFRS (1)	Non-cash stock- based compensation in US GAAP (1)	Intersegment transactions (2)	Reclassifications (3)	Other (4)	
External revenues and other income	29	—	—	—	—	—	27
Research and development expenses	(2,498)	224	(21)	—	(1,325)	—	(3,440)
Selling, general and administrative expenses	(5,167)	1,377	(582)	(1,159)	3,255	127	(3,311)
Royalties and other operating income and expenses	(301)	—	—	—	(1,604)	—	(975)
Total operating expenses	(7,966)	1,602	(603)	(1,159)	327	127	(7,726)
Operating income (loss)	(7,937)	1,602	(603)	(1,159)	327	127	(7,699)
Financial gain (loss)	892	—	—	(15)	(327)	(343)	216
Net income (loss)	(7,045)	1,602	(603)	(1,174)	—	(216)	(7,483)

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- (1) In IFRS, non-cash stock-based compensation is recorded for stock options and other equity compensation plan awards issued by all entities of the consolidated Group. The grant-date fair value of share warrants, employee warrants, stock options and free shares granted to employees is recognized as a payroll expense over the vesting period. In U.S. GAAP, the expenses related to the stock options granted in 2014, 2015 and 2016 under the Equity Incentive Plan adopted by Calyxt in 2014 (the 2014 Plan) and in 2017 and 2018 under the Calyxt 2017 Omnibus Plan (Omnibus Plan) are only incurred upon a triggering event or Initial Public Offering of Calyxt, Inc., as defined by the plan. Accordingly, Plants Segment compensation expense was not recognized for Calyxt stock options and other Calyxt equity compensation plan awards in periods prior to the completion of Calyxt's IPO on July 25, 2017.

Collectis allocates share-based compensation to the share-related entity (rather than the entity related to the employee that benefited from such compensation), considering that the share-based compensation is an expense linked to such entity's performance. Consequently, in the segment disclosure, all share-based compensation based on Collectis shares have been charged in the Therapeutics segment, even if some Calyxt employees are included in a Collectis stock-option plan. However, the Collectis equity award plan non-cash stock-based compensation expenses related to Collectis stock-option plans have been recorded in the Calyxt stand-alone financial statements prepared under U.S. GAAP.

- (2) Intersegment transactions primarily relate to management fees invoiced by Collectis to Calyxt. Intersegment transactions are eliminated in the consolidated financial statements as well as in Collectis' presentation of key performance indicators by reportable segment. However, intersegment transactions are included in Calyxt's stand-alone financial statements.
- (3) Reclassifications relate to expenses, which are classified differently under IFRS for Collectis' consolidated financials and U.S. GAAP for Calyxt's stand-alone financial statements.
- (4) Other principally includes the restatement of Calyxt's sale and lease-back transaction with respect to its Roseville, Minnesota property, which is recorded as a finance lease in U.S. GAAP and as an operating lease under IFRS for the nine-month period ended September 30, 2018, and as lease under the new standard IFRS 16 for the nine-month period ended September 30, 2019.

Note 4. Impairment tests

Our cash-generating units ("CGUs") correspond to the operating/reportable segments: Therapeutics and Plants.

No indicator of impairment has been identified for any intangible or tangible assets in either of the CGUs as of September 30, 2018 and 2019.

Note 5. Right-of-use assets

Accounting policy

Lease contracts recognition

Lease contracts, as defined by IFRS 16 “Leases”, are recorded in the statement of consolidated financial position, which leads to the recognition of:

- an asset representing a right of use of the asset leased during the lease term of the contract “right-of-use”; and
- a liability related to the payment obligation “lease debt”.

Measurement of the right-of-use asset

At the commencement date, the right-of-use asset is measured at cost and comprises:

- the amount of the initial measurement of the lease liability, to which is added, if applicable, any lease payments made at or before the commencement date, less any lease incentives received;
- where relevant, any initial direct costs incurred by the lessee for the conclusion of the contract. These are incremental costs which would not have been incurred if the contract had not been concluded; and
- estimated costs for restoration of the leased asset according to the terms of the contract.

Following the initial recognition, the right-of-use asset must be depreciated over the useful life of the underlying assets as lease term for the rental component.

Measurement of the lease liability

At the commencement date, the lease liability is recognized for an amount equal to the present value of the lease payments over the lease term.

Amounts involved in the measurement of the lease liability are:

- fixed payments (including in-substance fixed payments; meaning that even if they are variable in form, they are in-substance unavoidable);
- variable lease payments that depend on an index or a rate, initially measured using the index or the rate in force at the lease commencement date; amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured based on a process similar to the amortized cost method using the discount rate:

- the liability is increased by the accrued interests resulting from the discounting of the lease liability, at the beginning of the lease period; and
- payments made are deducted.

The interest cost for the period as well as variable payments, not taken into account in the initial measurement of the lease liability and incurred over the relevant period are recognized as costs.

In addition, the lease liability may be remeasured in the following situations:

- the occurrence of a change in the lease term or a modification related to the assessment of the reasonably certain nature (or not) of the exercise of an option,
- a remeasurement linked to residual value guarantees,

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- the occurrence of an adjustment to the rates and indices according to which the rents are calculated when rent adjustments occur.

Main contracts applicable

Based on its analysis, the Group has identified lease contracts according to the standard concerning office buildings, laboratories, production facilities and storage facilities.

For purposes of IFRS 16, the lease term corresponds to the non-terminable period as extended, if applicable, by renewal options whose exercise by the Group are reasonably certain.

The discount rate used to calculate the lease debt is determined, for each portfolio of assets, according to the incremental borrowing rate at the contract date.

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The rental charges relating to short terms and low value lease remains classified as leases expenses in operating expenses.

Details of finance lease

IFRS 16 “Leases” is applicable for annual periods beginning on or after January 1, 2019. The consequence of the application of this standard is to recognize a right of use and lease liability on the balance sheet.

The Group records right of use assets on its balance sheet corresponding to its lease contracts.

For the leaseback on Calyxt Headquarters, according to IFRS 16, the value of the right-of-use asset has been adjusted for the amount of the net deferred losses recognized in the statement of financial position immediately before the date of initial application, which was \$1.8 million.

The breakdown of right-of-use assets is as follows:

	<u>Building lease</u>	<u>Office and laboratory equipment</u>	<u>Total</u>
	<u>\$ in thousands</u>		
Net book value as of January 1, 2019 as restated	36,062	1,508	37,569
Additions	12,333	526	12,859
Depreciation expense	(3,059)	(344)	(3,403)
Translation adjustments	(617)	(17)	(634)
Net book value as of September 30, 2019	44,719	1,672	46,391
Gross value at end of period	47,744	2,144	49,889
Accumulated depreciation at end of period	(3,025)	(473)	(3,498)

Note 6. Property, plant and equipment

	Lands and Buildings	Technical equipment	Fixtures, fittings and other equipment	Assets under construction	Total
	\$ in thousands				
Net book value as of January 1, 2018	3,159	2,505	753	809	7,226
Additions to tangible assets	141	784	553	1,250	2,728
Disposal of tangible assets	—	(11)	(5)	—	(16)
Reclassification	39	216	788	(1,050)	(6)
Depreciation expense	(562)	(619)	(314)	—	(1,494)
Translation adjustments	(55)	(40)	(17)	(28)	(140)
Net book value as of September 30, 2018	2,722	2,836	1,760	981	8,299
Gross value at end of period	6,938	12,597	2,735	1,779	24,049
Accumulated depreciation and impairment at end of period	(4,216)	(9,760)	(975)	(798)	(15,750)
Net book value as of January 1, 2019 as restated	3,229	2,084	2,172	1,247	8,732
Additions to tangible assets	338	364	179	9,248	10,129
Disposal of tangible assets	—	(10)	—	(429)	(439)
Reclassification	15	76	86	(177)	—
Depreciation expense	(99)	(822)	(484)	—	(1,404)
Translation adjustments	(94)	(40)	(28)	(94)	(256)
Net book value as of September 30, 2019	3,389	1,653	1,925	9,795	16,762
Gross value at end of period	7,680	11,770	3,413	10,592	33,456
Accumulated depreciation and impairment at end of period	(4,291)	(10,117)	(1,488)	(798)	(16,694)

As of September 30, 2019, no assets have been pledged as security for financial liabilities. There is no restriction on title of property, plant and equipment.

For the nine-month period ended September 30, 2019, we continued our investments in research and development equipment in both the United States of America and France. The addition in tangible assets reflects improvements of Calyxt and Collectis sites for \$0.3 million and other equipment for \$0.5 million.

Assets under construction as of September 30, 2019 primarily relates to Collectis' new facilities that are being constructed: a new raw materials manufacturing facility in Paris (\$2.8 million), a new commercial manufacturing facility in Raleigh, North Carolina (\$3.9 million). The balance relates to capital expenditure in the Plants Segment.

Note 7. Trade receivables and other current assets**7.1 Trade receivables**

	As of December 31, 2018	As of September 30, 2019
	\$ in thousands	
Trade receivables	3,353	8,425
Valuation allowance	(382)	(387)
Total net value of trade receivables	2,971	8,038

All trade receivables have payment terms of less than one year.

The balance as of September 30, 2019 includes a \$5.0 million receivable related to the initiation of the study of ALLO-715.

7.2 Subsidies receivables

	As of December 31, 2018	As of September 30, 2019
	\$ in thousands	
Research tax credit	16,842	20,850
Other subsidies	1,598	1,519
Valuation allowance for other subsidies	(1,266)	(1,204)
Total subsidies receivables	17,173	21,165

Research tax credit receivables as of September 30, 2019 include the accrual for a French research tax credit related to 2017 for \$7.6 million, related to 2018 for \$7.5 million and related to the nine-month period ended September 30, 2019 for \$5.8 million. The remaining amount relates to refundable tax credits in the United States. During December 2018, the French Tax Authority initiated an audit related to the 2014, 2015, 2016 and 2017 French research tax credits. Based on our current evaluation of the status of the audit, we do not believe that a provision should be recorded as of September 30, 2019.

7.3 Other current assets

	As of December 31, 2018	As of September 30, 2019
	\$ in thousands	
VAT receivables	1,679	2,151
Prepaid expenses and other prepayments	10,985	12,006
Tax and social receivables	244	161
Deferred expenses and other current assets	2,425	1,003
Total other current assets	15,333	15,322

Prepaid expenses and other prepayments primarily include advances to our sub-contractors on research and development activities. They mainly relate to advance payments to suppliers of biological raw materials and to third parties participating in product manufacturing.

During the year ended December 31, 2018, and the nine-month period ended September 30, 2019, we prepaid certain manufacturing costs related to our product candidates UCART 123, UCART 22 and UCART CS1 of which the delivery of products or services is expected in the coming months.

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As of December 31, 2018, deferred expenses and other current assets include (i) a deferred expense of \$2.1 million related to the sale and lease-back transaction entered into by Calyxt and (ii) other current assets for \$0.3 million. As of January 1, 2019, the \$2.1 million deferred expense mentioned above has been reclassified in “Right-of-use assets” following the IFRS16 application. As of September 30, 2019, deferred expenses and other current assets include commission fees with respect to a letter of credit relating to our IMPACT facility, a Calyxt broker receivable and certain down payments to suppliers.

As of December 31, 2018, tax and social receivables include \$0.2 million of social charges on personnel expenses. As of September 30, 2019, tax and social receivables relate mainly to social charges on personnel expenses.

Note 8. Current financial assets and Cash and cash equivalents

As of December 31, 2018	Carrying amount	Unrealized Gains/(Losses) \$ in thousands	Estimated fair value
Current financial assets	388	—	388
Cash and cash equivalents	451,501	—	451,501
Current financial assets and cash and cash equivalents	451,889	—	451,889

As of September 30, 2019	Carrying amount	Unrealized Gains/(Losses) \$ in thousands	Estimated fair value
Current financial assets	20,381	—	20,381
Cash and cash equivalents	342,485	—	342,485
Current financial assets and cash and cash equivalents	362,866	—	362,866

8.1 Current financial assets

Current financial assets include current restricted cash and other current financial assets.

As of September 30, 2019, restricted cash consists of

- i. deposits to secure supplier commitments regarding the construction of our IMPACT manufacturing facility for \$20 million which is classified as short-term restricted cash; and
- ii. deposits to secure a Calyxt furniture and equipment for \$1.5 million of which \$0.4 million are classified as short-term restricted cash.

There were no other current financial assets as of September 30, 2019.

As of December 31, 2018, restricted cash consists of deposits to secure a Calyxt furniture and equipment sale-leaseback for \$1.5 million of which \$0.4 million are classified as short-term restricted cash.

There were no other current financial assets as of December 31, 2018.

8.2 Cash and cash equivalents

	As of December 31, 2018	As of September 30, 2019
	\$ in thousands	
Cash and bank accounts	398,178	274,387
Money market funds	13,248	13,653
Fixed bank deposits	40,075	54,445
Total cash and cash equivalents	451,501	342,485

Money market funds earn interest and are refundable overnight. Fixed bank deposits have fixed terms that are less than three months or are readily convertible to a known amount of cash.

Note 9. Financial liabilities

9.1 Detail of financial liabilities

	As of December 31, 2018	As of September 30, 2019
	\$ in thousands	
Lease debts	1,018	44,466
Total non-current financial liabilities	1,018	44,466
Lease debts	333	2,996
Total current financial liabilities	333	2,996
Trade payables	15,883	19,761
Other current liabilities	8,369	7,147
Total Financial liabilities	25,603	74,370

IFRS 16 “Leases” is applicable for annual periods beginning on or after January 1, 2019. The consequence of the application of this standard is to recognize a right-of-use and lease liability on the balance sheet, which explains the increase in lease debts.

9.2 Due dates of the financial liabilities

Balance as of September 30, 2019	Book value	Less than One Year	One to Five Years	More than Five Years
	\$ in thousands			
Lease debts	47,462	2,996	14,704	29,762
Financial liabilities	47,462	2,996	14,704	29,762
Trade payables	19,761	19,761	—	—
Other current liabilities	7,147	7,147	—	—
Total financial liabilities	74,370	29,904	14,704	29,762

Note 10. Other current liabilities

	As of December 31, 2018	As of September 30, 2019
	\$ in thousands	
VAT Payables	291	335
Accruals for personnel related expenses	7,041	5,960
Other	1,037	852
Total	8,369	7,147

Accruals for personnel are related to annual bonuses, vacations accruals and social expenses on stock options. The decrease in accruals for personnel related expenses between December 31, 2018 and September 30, 2019, is mainly driven by lower accrual for annual bonuses due to their payments during the period.

Note 11. Deferred revenues and contract liabilities

	<u>As of December 31, 2018</u>	<u>As of September 30, 2019</u>
	<u>\$ in thousands</u>	
Deferred revenues and contract liabilities	20,454	19,586
Others	299	—
Total Deferred revenue and contract liabilities	<u>20,754</u>	<u>19,586</u>

The deferred revenues and contract liabilities correspond to upfront payments for the License Development and Commercialization Agreement with Les Laboratoires Servier and Institut de Recherche Servier (together “Servier”).

Note 12. Share capital and premium related to the share capitals

<u>Nature of the Transactions</u>	<u>Share Capital</u>	<u>Share premium</u>	<u>Number of shares</u>	<u>Nominal value in \$</u>
	<u>\$ in thousands</u>			
Balance as of January 1, 2018	2,367	614,037	35,960,062	0.05
Capital Increase	379	178,209	6,146,000	—
Exercise of share warrants, employee warrants and stock options	19	7,825	323,364	—
Non-cash stock based compensation expense	—	23,282	—	—
Balance as of September 30, 2018	<u>2,765</u>	<u>823,353</u>	<u>42,429,426</u>	<u>0.05</u>
Balance as of January 1, 2019	2,765	828,525	42,430,069	0.05
Capital Increase	1	—	15,600	—
Non-cash stock based compensation expense	—	10,909	—	—
Other movements	—	3	—	—
Balance as of September 30, 2019	<u>2,766</u>	<u>839,437</u>	<u>42,445,669</u>	<u>0.05</u>

Capital evolution during the nine-month period ended September 30, 2019.

- During the nine-month period ended September 30, 2019, 15,600 free shares were converted to 15,600 ordinary shares.

Note 13. Non-cash share-based compensation**13.1 Detail of Collectis equity awards**

Holders of vested Collectis stock options and warrants are entitled to exercise such options and warrants to purchase Collectis Ordinary shares at a fixed exercise price established at the time such options and warrants are granted during their useful life.

For stock options and warrants, we estimate the fair value of each option on the grant date or other measurement date if applicable using a Black-Scholes option-pricing model, which requires us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate. We estimate our future stock price volatility based on Collectis historical closing share prices over the expected term period. Our expected term represents the period of time that options granted are expected to be outstanding determined using the simplified method. The risk-free interest rate for periods during the expected term of the options is based on the French government securities with maturities similar to the expected term of the options in effect at the time of grant. We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero. Options may be priced at 100 percent or more of the fair market value on the date of grant, and generally vest over four years after the date of grant. Options generally expire within ten years after the date of grant.

Stock Options

The weighted-average fair values of stock options granted and the assumptions used for the Black-Scholes option pricing model were as follows:

	2018	2019
Weighted-Average fair values of stock options granted	8.89€	10.35€
Assumptions:		
Risk-free interest rate	0.13%	0% - 0.21%
Share entitlement per options	1	1
Exercise price	24.80€	15.69€ - 18.37€
Grant date share fair value	17.78€	16€ - 17.80€
Expected volatility	63.3%	63.4% - 66.64%
Expected term (in years)	6.25	6.15 - 6.25
Vesting conditions	Service	Service
Vesting period	Graded	Graded

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Information on stock option activity follows:

	<u>Options Exercisable</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Options Outstanding</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Remaining Average Useful Life</u>
Balance as of December 31, 2017	3,822,772	28.02€	9,332,604	25.17€	8.3y
Granted			100,000	24.80€	
Exercised			(319,568)	19.72€	
Forfeited or Expired			(174,930)	23.68€	
Balance as of December 31, 2018	5,644,044	27.47€	8,938,106	25.39€	7.3y
Granted			1,605,800	18.25€	
Exercised			0	0.00€	
Forfeited or Expired			(789,468)	24.41€	
Balance as of September 30, 2019	6,616,195	26.64€	9,754,438	24.29€	7.3y

Share-based compensation expense related to stock option awards was respectively for the nine-month periods ended September 30, 2019 and 2018, \$10.0 million and \$21.2 million.

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Warrants

No Warrants (or “Bons de Souscriptions d’Actions” or “BSA”) has been granted during the periods presented.

Information on warrants activity follows:

	<u>Warrants Exercisable</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Warrants Outstanding</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Remaining Average Useful Life</u>
Balance as of December 31, 2017	469,436	28.80 €	1,100,969	27.23 €	8.2y
Granted			0	0.00€	
Exercised			(1,867)	6.16€	
Forfeited or Expired			(180,175)	29.95 €	
Balance as of December 31, 2018	687,252	27.74 €	918,927	26.74 €	7.2y
Granted			0	0.00€	
Exercised			0	0.00€	
Forfeited or Expired			0	0.00€	
Balance as of September 30, 2019	736,260	27.71 €	918,927	26.74 €	6.7y

Share-based compensation expense related to warrants awards was respectively for the nine-month periods ended September 30, 2019 and 2018, \$0.8 million and \$2.0 million.

Free shares

The free shares granted prior to 2018 are subject to a two-year vesting period and two-year holding period for French residents and four years vesting period for foreign residents.

The free shares granted in 2018 and after are subject to a one-year vesting period and one-year holding period for French residents and a two-year vesting period for foreign residents.

Information on free shares activity follows:

	<u>Number of Free shares Outstanding</u>	<u>Weighted-Average Grant Date Fair Value</u>
Unvested balance at December 31, 2017	15,600	28.17 €
Granted	43,000	17.78 €
Vested	0	0.00€
Cancelled	0	0.00€
Unvested balance at December 31, 2018	58,600	20.55 €
Granted	16,500	16.00€
Vested	(15,600)	28.17€
Cancelled	(1,000)	16.00€
Unvested balance at September 30, 2019	58,500	17.34€

The fair value of free shares corresponds to the grant date share fair value.

We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero in determining fair value.

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Share-based compensation expense related to free shares awards was respectively for the nine-month periods ended September 30, 2019 and 2018, \$0.1 million and \$0.1 million.

13.2 Detail of Calyxt equity awards

Stock Options

The estimated fair values of stock options granted and the assumptions used for the Black-Scholes option pricing model were as follows:

	2018	2019
Weighted-Average fair values of stock options granted	\$9.09	\$10.70
Assumptions:		
Risk-free interest rate	2.45% - 2.89%	1.90% - 2.50%
Share entitlement per options	1	1
Exercise price	\$14.24 - \$23.39	\$13.01 - \$15.39
Grant date share fair value	\$14.24 - \$23.39	\$13.01 - \$15.39
Expected volatility	40.86% - 57.22%	77.9% - 78.9%
Expected term (in years)	5.6 - 10.0	6.8 - 10.0
Vesting conditions	Service	Service
Vesting period	Graded	Graded

Calyxt estimates the fair value of each option on the grant date or other measurement date if applicable using a Black-Scholes option-pricing model, which requires Calyxt to make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate. Calyxt estimates its future stock price volatility using the historical volatility of comparable public companies over the expected term of the option.

The expected term represents the period of time that options granted are expected to be outstanding determined using the simplified method.

The risk-free interest rate for periods during the expected term of the options is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant.

Calyxt has not paid and does not expect to pay dividends for the foreseeable future.

Options may be priced at 100 percent or more of the fair market value on the date of grant, and generally vest over six years after the date of grant. Options generally expire within ten years after the date of grant. Certain awards granted before Calyxt's IPO contained accelerated vesting provisions if certain events occurred as defined in the option agreement.

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Information on stock option activity follows:

	Options Exercisable	Weighted- Average Exercise Price Per Share	Options Outstanding	Weighted- Average Exercise Price Per Share	Remaining Average Useful Life
Balance as of December 31, 2017	1,244,968	\$ 5.20	3,883,432	\$ 9.16	8.8y
Granted	—	—	554,243	\$ 16.69	
Exercised	—	—	(592,342)	\$ 4.43	
Forfeited or Expired	—	—	(643,446)	\$ 12.52	
Balance as of December 31, 2018	1,278,038	\$ 7.45	3,201,887	\$ 10.67	8.2y
Granted	—	—	1,490,000	\$ 14.75	
Exercised	—	—	(86,952)	\$ 3.61	
Forfeited or Expired	—	—	(163,809)	\$ 13.79	
Other activity	—	—	12,495	\$ 13.29	
Balance as of September 30, 2019	1,638,228	\$ 8.20	4,453,621	\$ 11.95	8.1y

Stock-based compensation expense related to stock option awards was respectively for the nine-months periods ended September 30, 2019 and 2018, \$4.8 million and \$1.9 million.

Restricted Stock Units

Units settled in stock subject to a restricted period may be granted to key employees under the 2017 Omnibus Plan. Restricted stock units generally vest and become unrestricted over five years after the date of grant.

Information on restricted stock unit activity follows:

	Number of Restricted Stock Units Outstanding	Weighted-Average Grant Date Fair Value
Unvested balance at December 31, 2017	1,373,933	\$ 13.29
Granted	315,825	\$ 16.68
Vested	(261,507)	\$ 14.07
Cancelled	(376,837)	\$ 13.30
Unvested balance at December 31, 2018	1,051,414	\$ 14.11
Granted	100,000	\$ 12.48
Vested	(216,173)	\$ 8.34
Cancelled	(12,130)	\$ 13.39
Unvested balance at September 30, 2019	923,111	\$ 10.55

The fair value of restricted stock units corresponds to the grant date share fair value.

Calyxt has not paid and does not expect to pay dividends for the foreseeable future.

Share-based compensation expense related to restricted stock units awards was respectively for the nine-month periods ended September 30, 2019 and 2018, \$3.9 million and \$4.0 million.

Performance Stock Unit

In June 2019, Calyxt granted performance stock units, which carry a market condition based on the Calyxt share price. These awards contain a continuous service period of three years, the performance period, from the date of grant, followed by a restricted period of two years if the shares are issued following the performance period during which the grantee is required to provide continuous service and the awarded shares must be held by the grantee until the end of the period. The number of shares of common stock delivered following the performance period depends upon the change in Calyxt share price during the performance period. Calyxt granted a targeted 311,667 performance stock units. The performance criteria allow for the actual payout to be between zero and 120 percent of target. The fair value of the performance stock units and the assumptions used for the Monte Carlo simulation were as follows:

<u>Date of grant</u>	<u>06/28/2019</u>
Estimated fair values of performance stock units granted	\$ 7.06
Assumptions:	
Risk-free interest rate	1.71%
Expected volatility	75.0%
Expected term (in years)	3.0 years

Information on performance stock unit activity follows:

	<u>Number of Performance Stock Units Outstanding</u>	<u>Weighted-Average Grant Date Fair Value</u>
Unvested balance at December 31, 2018	—	—
Granted	311,667	\$ 7.06
Vested	—	—
Cancelled	—	—
Unvested balance at September 30, 2019	311,667	\$ 7.06

Note 14. Earnings per share**14.1 For the nine-month periods ended September 30**

	For the nine-month period ended September 30,	
	2018	2019
Net income (loss) attributable to shareholders of Collectis (\$ in thousands)	(55,425)	(64,703)
Adjusted weighted average number of outstanding shares, used to calculate both basic and diluted net result per share	40,222,250	42,438,736
Basic / Diluted net income (loss) attributable to shareholders of Collectis per share (\$ / share)		
Basic net income (loss) attributable to shareholders of Collectis per share (\$ /share)	(1.38)	(1.52)
Diluted net income (loss) attributable to shareholders of Collectis per share (\$ /share)	(1.38)	(1.52)

14.2 For the three-month periods ended September 30

	For the three-month period ended September 30,	
	2018	2019
Net income (loss) attributable to shareholders of Collectis (\$ in thousands)	(22,805)	(15,999)
Adjusted weighted average number of outstanding shares, used to calculate both basic and diluted net result per share	42,415,657	42,445,669
Basic / Diluted net income (loss) attributable to shareholders of Collectis per share (\$ / share)		
Basic net income (loss) attributable to shareholders of Collectis per share (\$ /share)	(0.54)	(0.38)
Diluted net income (loss) attributable to shareholders of Collectis per share (\$ /share)	(0.54)	(0.38)

Note 15. Provisions

	January 1, 2019 as restated	Reclassification	Additions	Amounts used during the period	Reversals	OCI	9/30/2019
\$ in thousands							
Pension	2,278	—	271	—	—	308	2,857
Loss on contract	—	1,043	690	(1,190)	—	—	542
Employee litigation and severance	41	—	651	(40)	(24)	(20)	608
Commercial litigation	850	—	545	(597)	(17)	(39)	741
Total	3,169	1,043	2,157	(1,828)	(41)	248	4,748
Non-current provisions	2,278	—	271	—	—	308	2,857
Current provisions	891	1,043	1,886	(1,828)	(41)	(60)	1,891

During the nine-month period ended September 30, 2019, additions mainly relate to (i) the discontinuation of the lease for a non-operational facility in Montvale, New Jersey for \$0.7 million, (ii) employee litigation for \$0.7 million, (iii) operating charges relating to discussions with suppliers for \$0.5 million and (iv) pension service cost of the period for \$0.3 million.

The amounts used during the period and the associated accrual reversals mainly relate to (i) fee payments in connection with the Montvale, New Jersey facility discontinuation and (ii) commercial litigation following the positive conclusion of discussions with a supplier.

As of January 1, 2019, Montvale, New Jersey facility lease agreement provision for loss on contract was scoped under IFRS 16 and classified as lease debts. During the period, the agreement has been discontinued which changed its treatment placing it outside the scope of IFRS 16 and resulting in the reclassification presented above.

Note 16. Commitments

As of September 30, 2019	Total	Less than 1	1 - 3 years	3 - 5 years	More than 5
		year	\$ in thousands		years
Lease agreement	598	543	38	16	—
License agreements	18,505	1,356	2,713	2,713	11,723
Manufacturing agreements	6,030	6,030	—	—	—
Clinical & R&D agreements	6,062	4,353	1,708	—	—
Construction agreements	40,731	38,705	2,027	—	—
Other agreements	32,686	11,281	21,405	—	—
Total contractual obligations	104,611	62,269	27,889	2,729	11,724

Obligations under the terms of lease agreement

We have entered into various operating leases for equipment that are not covered by the application of IFRS 16 and result instead in off-balance sheet commitments.

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Obligations under the terms of license agreements

We have entered into various license agreements with third parties that subject us to certain fixed license fees, as well as fees based on future events, such as research and sales milestones.

We also have collaboration agreements whereby we are obligated to pay royalties and milestones based on future events that are uncertain and therefore they are not included in the table above.

Obligations under the terms of manufacturing agreements

We have manufacturing agreements whereby we are obligated to pay for services rendered in the next year regarding our products UCART123, UCARTCS1 and UCART22.

Obligations under the terms of Clinical & Research agreements

We have entered into clinical and research agreements where we are obligated to pay for services to be provided in the next years regarding our clinical trials and translational research project.

Obligations under the terms of Construction agreements

We have entered into a construction agreement regarding our manufacturing facility based in Raleigh, North Carolina, where we committed to pay for construction work in the next two years.

Obligations under the terms of other agreements

Calyxt has committed to purchase grain from growers at dates throughout 2019 and 2020 in an aggregate amount of \$32.7 million based on current commodity futures market prices, other payments to growers and estimated yields per acre. This amount is not recorded in the financial statements because we have not taken delivery of the grain as of September 30, 2019.

Note 17. Subsequent events

None

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

Overview

We are a clinical stage biotechnological company, employing our core proprietary technologies to develop best-in-class products in the field of immuno-oncology. Our product candidates, based on gene-edited T-cells that express chimeric antigen receptors, or CARs, seek to harness the power of the immune system to target and eradicate cancer cells. We believe that CAR-based immunotherapy is one of the most promising areas of cancer research, representing a new paradigm for cancer treatment. We are designing next-generation immunotherapies that are based on gene-edited CAR T-cells. Our gene-editing technologies allow us to create allogeneic CAR T-cells, meaning they are derived from healthy donors rather than the patients themselves. We believe that the production of allogeneic CAR T-cells will allow us to develop cost-effective, off-the-shelf products that are capable of being cryopreserved, stored and distributed worldwide. Our gene-editing expertise also enables us to develop product candidates that feature additional safety and efficacy attributes, including control properties designed to prevent them from attacking healthy tissues, to enable them to tolerate standard oncology treatments, and to equip them to resist mechanisms that inhibit immune-system activity. In addition to our focus on immuno-oncology, we are exploring the use of our gene-editing technologies in other therapeutic applications, as well as to develop healthier food products for a growing population.

We currently conduct our operations through two business segments, Therapeutics and Plants. Our Therapeutics segment is mainly focused on the development of products in the field of immuno-oncology. Our Plants segment focuses on applying our gene-editing technologies to develop new generation plant products in the field of agricultural biotechnology through its own efforts or through alliances with other companies in the agricultural market.

Since our inception in early 2000, we have devoted substantially all of our financial resources to research and development efforts. Our current research and development focuses primarily on our CAR T-cell immunotherapy product candidates, including preparing to conduct clinical studies of our product candidates, providing general and administrative support for these operations and protecting our intellectual property. In addition, by leveraging our plant-engineering platform and the transformative potential of gene editing, we aim to address consumer preferences that are evolving to demand healthier, more nutritionally rich foods. We do not have any products approved for sale and have not generated any revenues from immunotherapy. Calyxt completed the first sales of its High Oleic Soybean Oil and High Oleic Soybean Meal in the first quarter of 2019.

As described in our Annual Report, we are party to collaboration agreements with each of Les Laboratoires Servier and Institut de Recherche Servier, or Servier, and Allogene Therapeutics, Inc., or Allogene. We believe that our strategic transactions with Allogene and Servier position us to compete in the promising field of immuno-oncology and add additional clinical and financial resources to our programs. For the nine-month period ended September 30, 2019, we received \$2.1 million of payments pursuant to these agreements.

We are also party to research and development agreements with each of Cornell University, MD Anderson Cancer Center and King's College Hospital NHS Foundation pursuant to which we collaborate with these centers to accelerate the pre-clinical and clinical development of our lead product candidates. Under these agreements, we fund the research activities performed at these centers.

We are also party to the following key clinical trial agreements with respect to:

- The Phase 1 dose-escalation clinical trial under the protocol UCART123_01 for UCART123 targeting AML, which is being conducted at Weill Cornell Medical Center (New York, USA), the University of Texas MD Anderson Cancer Center (Texas, USA), H. Lee Moffitt Cancer Center (Florida, USA) and Dana Farber Cancer Institute (Massachusetts, USA).
- The Phase 1 dose-escalation clinical trial under the protocol UCART22-01 for UCART22 targeting B-ALL, which is being conducted at the University of Texas MD Anderson Cancer Center (Texas, USA) and the University of Chicago Comprehensive Cancer Center (Illinois, USA).

- The Phase 1 dose-escalation under the protocol UCARTCS1_01 for UCARTCS1 targeting multiple myeloma, which is being conducted at the University of Texas MD Anderson Cancer Center (Texas, USA) and Hackensack University Medical Center (New Jersey, USA), and a third site is planned to open at Joan and Sanford I. Weill Cornell Medical College (New York, USA).

Our ordinary shares have traded on the Euronext Growth market of Euronext in Paris since February 7, 2007.

Key events of the nine-month period ended September 30, 2019

Since the beginning of 2019, Collectis has made the following key achievements:

- On February 25, 2019, Collectis published a study in *The Journal of Biological Chemistry*, identifying Granulocyte Macrophage Colony Stimulating Factor (GM-CSF) secreted by Chimeric Antigen Receptor (CAR) T-cells as a key factor promoting cytokine release syndrome (CRS). The report leverages these findings to elaborate an innovative engineering strategy that potentially paves the way for developing safer UCART products.
- On March 7, 2019, Collectis announced that it entered into a lease agreement to build an 82,000 square foot commercial-scale manufacturing facility named IMPACT (Innovative Manufacturing Plant for Allogeneic Cellular Therapies) in Raleigh, North Carolina, for clinical and commercial production of Collectis' leading allogeneic UCART products. In addition, Collectis started building a 14,000 square foot manufacturing facility in Paris, France named SMART (Starting Material Realization for CAR-T products) to produce Collectis' critical starting material supply for UCART clinical studies and commercial products.
- On April 2, 2019, Collectis announced that the U.S. Food and Drug Administration (FDA) had approved the Company's Investigational New Drug (IND) application to initiate a Phase 1 clinical trial for UCARTCS1, in patients with multiple myeloma. The IND application for UCARTCS1 was filed on December 28, 2018 and approved by the FDA on January 25, 2019. Collectis is the sponsor of the UCARTCS1 clinical study and successfully ensured the manufacturing and release of UCARTCS1 GMP batches. Collectis also obtained IRB approval.
- During the April 29 to May 2, 2019 American Society of Gene and Cell Therapy Annual Meeting, Collectis employees held an oral presentation which demonstrated the potential of UCARTCS1 as a treatment approach for patients with multiple myeloma and a poster presentation which showcased Collectis' allogeneic CAR T-cell manufacturing expertise, focusing on a novel, straightforward and efficient strategy to generate Universal CAR T-Cells.
- On June 25, 2019, Collectis held its Combined Shareholders Meeting at its Paris Headquarters. At the meeting, during which more than 68% of voting rights were exercised, Resolutions 1 through 18, 23 and 24 were adopted. Resolutions 19 through 22 and Resolution 25 were rejected.
- On July 8, 2019, Collectis announced the publication of a study in *BMC Biotechnology*, a Springer Nature journal, describing and evaluating the development of SWIFF-CAR, a CAR construct with an embedded on/off-switch, which enables tight control of the CAR surface presentation and subsequent cytolytic functions using a small molecule drug. The reversible control of these engineered T-cells represents a promising approach to further mitigate the potential toxicities that are associated with CAR T-cell administration in clinical settings and to improve the process of CAR T-cell production for specific target antigens.
- On July 22, 2019, William Monteith, Executive Vice President Global Operations, and Jon Voss, Executive Vice President Global Quality Assurance, joined the Collectis Executive Committee, which is Collectis' CODM. On July 12, 2019, Elsy Boglioli, Chief Operating Officer, left Collectis to pursue other opportunities.

Since the beginning of 2019, Calyxt, Collectis' majority-owned plant science subsidiary, has made the following key achievements:

- Effective January 7, 2019, Calyxt hired William F. (Bill) Koschak, as its Chief Financial Officer. Mr. Koschak brings over 25 years of corporate, finance and accounting leadership to Calyxt.
- Effective January 17, 2019, Kimberly Nelson was appointed to Calyxt's Board of Directors.
- Effective February 11, 2019, Calyxt hired Debra Frimerman as its General Counsel. Debra brings deep industry knowledge and legal expertise to the Calyxt executive team.

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- On February 19, 2019, Calyxt and Agtegra Cooperative (Agtegra)—an innovative farmer owned grain and agronomy cooperative serving over 6,300 farmer members across North and South Dakota—announced that Agtegra will offer distribution, storage and transportation services for Calyxt High Oleic Soybean to its customers.
- On February 26, 2019, Calyxt, Inc. announced the successful commercial launch of its highly anticipated Calyno™ High Oleic Soybean Oil, which is the Company’s first product to be sold on the U.S. market. This first commercial sale of Calyno oil was in the foodservice industry for frying and salad dressing, as well as sauce applications.
- For the 2019 growing season, Calyxt, Inc. contracted over 55,000 acres of its High Oleic Soybean with more than 150 growers, more than tripling Calyxt’s 2018 acreage.
- On May 6, 2019, Calyxt announced that its co-founder and Chief Science Officer, Dan Voytas, Ph.D., has been elected to the National Academy of Sciences for his many contributions to the field of plant genomics, one of which is being an inventor of the TALEN® gene-editing technology.
- On May 15, 2019, Calyxt announced the appointment of Dr. Travis Frey as Chief Technology Officer, effective May 20, 2019. Dr. Frey brings his extensive knowledge in plant biology and biotechnology to a newly created position at the Company. As Chief Technology Officer, Dr. Frey will be responsible for the research and development team to propel product development and Calyxt’s pipeline of healthier food ingredients.
- On June 24, 2019, Calyxt announced that it had entered into a commercial crushing agreement with Landus Cooperative, significantly expanding Calyxt’s network of processing partners. With this agreement, Landus Cooperative, with decades of soybean crushing experience, will manufacture, purchase and distribute Calyxt soybean meal.
- On September 3, 2019, Calyxt announced that it is expanding its leadership team to support commercial growth opportunities. This move includes the appointment of Keith Blanks to the newly created position of Senior Vice President of Sales and Marketing. In his role, Mr. Blanks will be responsible for driving sales with a focus on growing Calyxt’s foodservice and food and pet food manufacturing customer bases. Manoj Sahoo will assume the role of Chief Business Development and Supply Chain Officer, focusing his efforts on the development of strategic collaborations across Calyxt’s platforms of wellness, plant-based proteins and sustainability. He will also continue to expand Calyxt’s grower network and supply chain. Previously, Mr. Sahoo served as Chief Commercial Officer with responsibilities for food customers, grower relations and supply chain management.
- On September 19, 2019, Calyxt announced that it would expand its geographic footprint to grow acreage and diversify weather-risk by adding Landus Cooperative’s seed distribution, agronomy support, grain storage and transportation services for Calyxt High Oleic Soybean. This agreement expands Calyxt’s supply chain network into Iowa’s 10 million acre soybean market, which is about 11% of total U.S. soybean production. The Landus Cooperative farmer-owners will be able to plant Calyxt’s High Oleic Soybean in the 2020 growing season.

Key events post September 30, 2019

- On October 1, 2019, Collectis and Lonza announced that they entered into a manufacturing service agreement covering clinical manufacturing of Collectis’ allogeneic UCART product candidates targeting hematological malignancies. Lonza is responsible for implementing Collectis’ manufacturing processes as per current Good Manufacturing Practices (“cGMP”) in accordance with the highest quality and safety standards outlined by the FDA. The manufacturing will take place at Lonza’s cGMP facility in Geleen, Netherlands.
- On October 29, 2019, Collectis announced the Company has dosed the first patient in its UCARTCS1 clinical trial, MELANI-01, the first allogeneic off-the-shelf CAR-T product candidate the U.S. Food and Drug Administration (FDA) has cleared to enter into clinical development for relapsed/refractory multiple myeloma (R/R MM). The UCARTCS1 clinical trial is a Phase 1 dose-escalation study to evaluate the safety, expansion, persistence and clinical activity of UCARTCS1 cells in R/R MM patients.

Financial Operations Overview

We have incurred net losses in nearly each year since our inception. Substantially all of our net losses resulted from costs incurred in connection with our development programs and from selling, general and

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administrative expenses associated with our operations. As we continue our intensive research and development programs, we expect to continue to incur significant expenses and may again incur operating losses in future periods. We anticipate that such expenses will increase substantially if and as we:

- progress the clinical trial of our wholly-controlled UCART123 and UCARTCS1 product candidates and initiate additional clinical trials for other wholly-controlled product candidates, including UCART22;
- continue to advance the research and development of our current and future immuno-oncology product candidates;
- continue, through Calyxt, to advance the research and development of our current and future agricultural product candidates;
- initiate additional clinical studies for, or additional pre-clinical development of, our immuno-oncology product candidates;
- conduct and multiply, through Calyxt, additional field trials of our agricultural product candidates;
- further develop and refine the manufacturing process for our immuno-oncology product candidates;
- change or add additional manufacturers or suppliers of biological materials;
- seek regulatory and marketing approvals for our product candidates, if any, that successfully complete development;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- seek to identify and validate additional product candidates;
- acquire or in-license other product candidates, technologies, germplasm or other biological material;
- make milestone or other payments under any in-license agreements;
- maintain, protect and expand our intellectual property portfolio;
- build our manufacturing facilities and secure arrangements for clinical and commercial manufacturing;
- seek to attract and retain new and existing skilled personnel;
- create additional infrastructure to support our operations as a public company; and
- experience any delays or encounter issues with any of the above.

We do not expect to generate material revenues from sales of our product candidates unless and until we successfully complete development of, and obtain marketing approval for, one or more of our product candidates, which we expect will take a number of years and is subject to significant uncertainty. Accordingly, we anticipate that we will need to raise additional capital prior to completing clinical development of any of our product candidates. 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 milestone payments received pursuant to our strategic alliances, equity offerings, debt financings, government or other third-party funding and collaborations, 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.

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Our consolidated financial statements for 2018 and 2019 have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

Results of Operations

Comparison for the nine-month periods ended September 30, 2018 and 2019

Revenues.

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate*
	2018	2019		
Collaboration agreements	10,141	5,908	-41.7%	-38.1%
Other revenues	1,721	4,848	181.8%	199.6%
Revenues	11,861	10,756	-9.3%	-3.6%

* the percentage of change at constant rate has been calculated based on the average rate of the nine-month period ended September 30, 2019

The decrease in revenues of \$1.1 million, or 9.3%, between the nine-month periods ended September 30, 2018 and 2019 primarily a decrease of \$4.2 million in revenues under our collaboration agreements of which \$7.2 million relates to a decrease in recognition of upfront fees already paid to Collectis partially offset by a \$3.0 million increase in collaboration revenue from the recognition of a \$5.0 million milestone which is associated with the initiation of the study of ALLO-715, and (ii) a \$0.4 million decrease in licensing revenues and other variances for \$0.1 million, in the aggregate, partially offset by (iii) a \$3.6 million increase in Calyxt revenue primarily attributable to the commercialization of Calyxt's first products, High Oleic Soybean Oil and High Oleic Soybean Meal.

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		
Research tax credit	6,510	5,887	-9.6%	-3.8%
Other income	82	—	-100.1%	-100.1%
Other income	6,592	5,887	-10.7%	-5.0%

The decrease in other income of \$0.7 million, or 10.7%, between the nine-month periods ended September 30, 2018 and 2019 reflects a decrease of \$0.6 million in research tax credits, due to timing in invoicing of research and development purchases and external expenses during the nine-month period ended September 30, 2019 that are eligible for the tax credit and a decrease of \$0.1 million in other income.

Cost of revenue

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		
Cost of goods sold	0	(3,865)	n.a	n.a
Royalty expenses	(2,016)	(1,833)	-9.1%	-3.3%
Cost of revenue	(2,016)	(5,698)	182.7%	200.6%

The increase in cost of goods sold of \$3.9 million between the nine-month periods ended September 30, 2018 and 2019 relates to the commercial launch of Calyxt's first products, partially offset by a decrease of \$0.2 million, or 9.1% in royalty expenses between the nine-month periods ended September 30, 2018 and 2019. The increase in cost of goods sold in the period reflects \$1.6 million of grain purchased by Calyxt post-commercialization and \$2.3 million of costs associated with Calyxt's processing, transportation and storage of grain.

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Research and development expenses.

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		
Personnel expenses	(25,184)	(25,207)	0.1%	6.4%
Purchases, external expenses and other	(29,985)	(36,397)	21.4%	29.1%
Research and development expenses	(55,169)	(61,604)	11.7%	18.7%

During the nine-month period ended September 30, 2019, research and development expenses increased by \$6.4 million, or 11.7%, compared to the nine-month period ended September 30, 2018. While total personnel are in line between both periods, personnel expenses for the nine-month period ended September 30, 2019 includes (i) a \$4.0 million increase in wages and salaries relating to an increase in R&D headcount in both therapeutic and plants activities and (ii) a \$1.4 million increase in social charges on stock option grants, largely offset by a \$5.3 million decrease in non-cash stock based compensation expense. Purchases and external expenses and other increased by \$6.4 million, from \$30.0 million in 2018 to \$36.4 million in 2019, of which \$4.9 million relates to Collectis due to increased spending on research and development and a provision of loss contract of \$0.7 million, and \$1.5 million relates to Calyxt.

Selling, general and administrative expenses.

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		
Personnel expenses	(24,294)	(22,263)	-8.4%	-2.6%
Purchases, external expenses and other	(12,478)	(12,007)	-3.8%	2.3%
Selling, general and administrative expenses	(36,772)	(34,270)	-6.8%	-0.9%

During the nine-month period ended September 30, 2019, selling, general and administrative expenses decreased by \$2.5 million, or 6.8%, compared to the nine-month period ended September 30, 2018. The decrease reflects (i) a decrease of \$2.0 million in personnel expenses from \$24.3 million in 2018 to \$22.3 million in 2019, attributable to a decrease of \$4.0 million in non-cash stock based compensation, partly offset by an increase of \$1.5 million in wage and salaries and an increase of \$0.5 million in social charges on stock option grants and (ii) a decrease of \$0.5 million in purchases and other external expenses.

Other operating income and expenses.

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		
Other operating income (expenses)	(138)	(9)	-93.3%	-92.9%

For the nine-month period ended September 30, 2019, there were no significant items contributing to operating income and expenses.

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For the nine-month period ended September 30, 2018, other operating income (expenses) primarily include social charges on compensation paid to a former employee.

Financial gain (loss).

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		2019 vs 2018
Financial income	16,843	13,907	-17.4%	-12.2%
Financial expenses	(3,245)	(2,834)	-12.7%	-7.1%
Financial gain (loss)	13,598	11,073	-18.6%	-13.4%

The decrease in financial income of \$2.9 million, or 17.4%, between the nine-month periods ended September 2018 and 2019 was mainly attributable to \$4.2 million in foreign exchange gain (from a \$11.9 million gain in 2018 to a \$7.7 million gain in 2019), partly offset by the increase of interest received from financial investment for \$1.1 million and the increase in fair value adjustment for \$0.2 million.

The decrease in financial expenses of \$0.4 million, or 12.7%, between the nine-month periods ended September 2018 and 2019 was mainly attributable to \$1.8 million decrease in foreign exchange loss (from a \$2.5 million loss in 2018 to a \$0.7 million loss in 2019), the decrease in fair value adjustment for \$0.5 million related to current financial assets and other immaterial variances for \$0.1 million, partly offset by \$2.0 million increase in financial expenses related to IFRS16 application.

Net income (loss)

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		2019 vs 2018
Net income (loss)	(62,044)	(73,865)	19.1%	26.6%

The increase in net loss of \$11.8 million between the nine-month period ended September 30, 2018 and 2019 was mainly due to (i) a \$1.8 million decrease in revenues and other income, (ii) a \$2.5 million decrease in financial gain, (iii) a \$5.9 million increase in purchases and external expenses and others, (iv) a \$5.6 million increase in wages and salaries, (v) a \$1.8 million increase in social charges on free shares and stock option grants, (vi) a \$3.9 million increase in cost of goods sold, partly offset by a \$9.4 million decrease in non-cash stock based compensation expense and other immaterial variances for \$0.2 million.

Non-controlling interests

	For the nine-month period ended September 30,		% change	% change at U.S. dollar-euro constant rate
	2018	2019		2019 vs 2018
Gain (loss) attributable to non-controlling interests	(6,619)	(9,162)	38.4%	47.2%

During the nine-month period ended September 30, 2019, we recorded \$9.2 million in loss attributable to non-controlling interests. The increase in net loss attributable to non-controlling interests of \$2.5 million is a result of increase in Calyxt's net loss.

Segment Results

Information related to each of our reportable segments is set out below. Segment revenues and other income, research and development expenses, selling, general and administrative expenses, and royalties and other operating income and expenses, and adjusted net income (loss) attributable to shareholders of Collectis (which does not include non-cash stock-based expense) are used by the CODM for purposes of making decisions about allocating resources to the segments and assessing their performance. The CODM does not review any asset or liability information by segment or by region.

Adjusted net income (loss) attributable to shareholders of Collectis is not a measure calculated in accordance with IFRS. Because adjusted net income (loss) attributable to shareholders of Collectis excludes non-cash stock-based compensation expense—a non-cash expense, we believe that this financial measure, when considered together with our IFRS financial statements, can enhance an overall understanding of Collectis' financial performance. Moreover, our management views the Company's operations, and manages its business, based, in part, on this financial measure.

There are inter-segment transactions between the two reportable segments, including the allocation of corporate general and administrative expenses by Collectis S.A. and the allocation of research and development expenses among the reportable segments. With respect to corporate general and administrative expenses, Collectis S.A. provides Calyxt, Inc. with general sales and administrative functions, accounting and finance functions, investor relations, intellectual property, legal advice, human resources, communication and information technology pursuant to a management services agreement. As of September 30, 2019, Calyxt has internalized nearly all of the services previously provided by Collectis under this agreement. Under the management services agreement, Collectis S.A. charges Calyxt, Inc. in euros at cost plus a mark-up ranging between zero to 10%, depending on the nature of the service. Amounts due to Collectis S.A. pursuant to inter-segment transactions bear interest at a rate of 12-month Euribor plus 5% per annum.

The intersegment revenues represent the transactions between segments. Intra-segment transactions are eliminated within a segment's results and intersegment transactions are eliminated in consolidation as well as in key performance indicators by reportable segment.

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The following table summarizes segment revenues and segment operating profit (loss) for the nine-month periods ended September 30, 2018 and 2019:

\$ in thousands	For the nine-month period ended September 30, 2018			For the nine-month period ended September 30, 2019		
	Plants	Therapeutics	Total reportable segments	Plants	Therapeutics	Total reportable segments
External revenues	234	11,627	11,861	3,533	7,223	10,756
External other income	—	6,592	6,592	—	5,887	5,887
External revenues and other income	234	18,219	18,453	3,533	13,110	16,643
Cost of revenue	(351)	(1,664)	(2,016)	(3,866)	(1,833)	(5,699)
Research and development expenses	(5,882)	(49,287)	(55,169)	(8,850)	(52,754)	(61,604)
Selling, general and administrative expenses	(14,567)	(22,205)	(36,772)	(19,254)	(15,017)	(34,270)
Other operating income and expenses	20	(159)	(138)	17	(26)	(9)
Total operating expenses	(20,781)	(73,314)	(94,095)	(31,953)	(69,630)	(101,583)
Operating income (loss)	(20,546)	(55,096)	(75,642)	(28,420)	(56,519)	(84,939)
Financial gain (loss)	999	12,599	13,598	446	10,627	11,073
Net income (loss)	(19,548)	(42,496)	(62,044)	(27,974)	(45,893)	(73,866)
Non controlling interests	6,619	—	6,619	9,162	—	9,162
Net income (loss) attributable to shareholders of Collectis	(12,929)	(42,496)	(55,425)	(18,811)	(45,893)	(64,704)
R&D non-cash stock-based expense attributable to shareholder of Collectis	687	12,448	13,135	956	6,701	7,656
SG&A non-cash stock-based expense attributable to shareholder of Collectis	3,427	10,834	14,261	5,180	4,208	9,388
Adjustment of share-based compensation attributable to shareholders of Collectis	4,115	23,282	27,396	6,136	10,909	17,045
Adjusted net income (loss) attributable to shareholders of Collectis	(8,814)	(19,215)	(28,029)	(12,675)	(34,984)	(47,659)
Depreciation and amortization	(424)	(1,306)	(1,730)	(1,154)	(3,785)	(4,939)
Additions to tangible and intangible assets	952	1,569	2,521	2,153	7,492	9,645

We allocate the share-based compensation to the share-related entity, (rather than the entity related to the employee that benefited from such compensation), considering that the share-based compensation is linked to entity's performance. Consequently, all share-based compensation based on Collectis shares is charged in the Therapeutics segment, even if some Calyxt employees are included in a Collectis stock-option plan.

Therapeutics segment

External revenues and other income in our Therapeutics segment decreased by \$5.1 million, from \$18.2 million for the nine-month period ended September 30, 2018, to \$13.1 million the nine-month period ended September 30, 2019. The decrease was primarily due to a decrease of \$4.2 million in collaboration agreement revenues, as described in sections “Revenues” and “Other income” under “Results of Operation” for the consolidated Group.

The decrease in total operating expenses of \$3.7 million from the nine-month period ended September 30, 2018 to the nine-month period ended September 30, 2019 resulted primarily from (i) lower personnel expenses, attributable to a decrease of \$12.4 million in non-cash stock-based compensation expenses, partly offset by an increase of \$1.5 million in personnel wages and salaries and an increase of \$1.8 million in social charges on stock option grants; partially offset by (ii) an increase of \$5.3 million in purchases and external purchases and other expenses and other variances for \$0.1 million in the aggregate.

Operating loss before tax for our Therapeutics segment increased by \$1.4 million from the nine-month period ended September 30, 2018 to the nine-month period ended September 30, 2019.

Adjusted net loss attributable to shareholders of Collectis for our Therapeutics segment increased by \$15.8 million from the nine-month period ended September 30, 2018 to the nine-month period ended September 30, 2019.

Plants segment

External revenues and other income in our Plants segment increased by \$3.3 million from \$0.2 million for the nine-month period ended September 30, 2018 to \$3.5 million for the nine-month period ended September 30, 2019 due to the commercial launch of Calyxt’s initial High Oleic Soybean products.

The increase in total operating expenses of \$11.2 million from the nine-month period ended September 30, 2018 to the nine-month period ended September 30, 2019 resulted primarily from an increase in Calyxt’s commercialization activities, which contributed to (i) an increase of \$7.0 million in personnel expenses, including an increase of \$4.0 million in personnel wages and salaries and an increase of \$3.0 million in non-cash stock based compensation expense, (ii) an increase of \$0.6 million in purchases and external expenses and other, and (iii) an increase of \$3.5 million in cost of revenue, as well as other variances for \$0.1 million in the aggregate.

Operating loss before tax for our Plants segment increased by \$7.9 million from the nine-month period ended September 30, 2018 to the nine-month period ended September 30, 2019.

Adjusted net loss attributable to shareholders of Collectis for our Plants segment increased by \$3.9 million from the nine-month period ended September 30, 2018 to the nine-month period ended September 30, 2019.

Liquidity and Capital Resources

Introduction

We have incurred losses and cumulative negative cash flows from operations since our inception in 2000, and we anticipate that we will continue to incur losses for at least the next several years. We expect that our research and development and selling, general and administrative expenses will continue to increase and, as a result, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, debt financings, other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements.

We have funded our operations since inception primarily through private and public offerings of our equity securities, grant revenues, payments received under intellectual property licenses, reimbursements of research tax credit claims and payments under our strategic collaboration agreements.

Our ordinary shares have been traded on the Euronext Growth market of Euronext in Paris since February 7, 2007 and our ADSs have traded on the Nasdaq Global Market in New York since March 30, 2015.

Liquidity management

As of September 30, 2019, we had current financial assets and cash and cash equivalents of \$362.9 million comprising cash and cash equivalents of \$342.5 million and current financial assets of \$20.4 million exclusively composed by current restricted cash. Long term restricted cash amounts to \$3.6 million.

Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. Currently, our cash and cash equivalents are held in bank accounts, money market funds, fixed bank deposits primarily in France.

As of September 30, 2019, \$250.4 million of our cash and cash equivalents are denominated in U.S. dollars and \$20.4 million of our current financial assets are denominated in U.S. dollars.

Commodity Price Risk

Calyxt enters into purchase agreements for grain with settlement values based on commodity futures market prices. These agreements allow Calyxt's counterparty to fix their sale prices to Calyxt at various times as defined in the contract. Calyxt may hedge these exposures to either fix prices for variable exposures or convert fixed prices to variable prices through the use of commodity derivative contracts. The notional amount of commodity derivative contracts as of September 30, 2019 was \$5.1 million and the fair value was \$0.2 million.

Calyxt has designated all of its commodity derivative contracts as cash flow hedges. As a result, all gains or losses associated with marking the commodity derivative contracts to market (fair value) are recorded as a component of other comprehensive income (OCI). Calyxt reclassifies amounts from OCI to inventory when grain is delivered to Calyxt. At the point the inventory is sold, the related transfer from OCI will be expensed and will impact earnings. As of September 30, 2019, Calyxt expects the entire OCI balance related to cash flow hedges to be reclassified into earnings within the next nine months.

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Historical Changes in Cash Flows

The table below summarizes our sources and uses of cash for the nine-month periods ended September 30, 2018 and 2019:

	For the nine-month period ended September 30,	
	2018	2019
	\$ in thousands	
Net cash flows provided by (used in) operating activities	(47,535)	(66,260)
Net cash flows provided by (used in) investing activities	37,680	(33,339)
Net cash flows provided by (used in) financing activities	236,330	(2,837)
Total	226,475	(102,435)
Effect of exchange rate changes on cash	(7,080)	(6,581)

For the nine-month period ended September 30, 2019, our net cash flows used in operating activities are mainly due to Collectis cash payments of \$36.1 million to suppliers, wages and social expenses of \$18.1 million, and Calyxt operating payments of \$21.9 million, partly offset by \$2.1 million of payments received from Servier and Allogene Therapeutics pursuant to our collaboration agreements, \$1.4 million of payments received from licenses and other revenue, \$5.4 million of interest received and \$2.7 million of VAT and other taxes reimbursement as well as other variances. For the nine-month period ended September 30, 2018, our net cash flows used in operating activities are mainly due to cash payments of \$29.8 million to suppliers, wages and social expenses of \$15.0 million, rent payments of \$3.7 million and \$12.7 million of other operating payments and payments to Calyxt suppliers, partially offset by \$4.3 million of payments received from Servier and Pfizer pursuant to our collaboration agreements, \$1.2 million of payments received from licenses and \$3.0 million of VAT and other taxes reimbursement as well as other variances.

For the nine-month period ended September 30, 2019, our net cash flows used in investing activities primarily reflects (i) our investments in R&D equipment and building fittings in both the United States and France of \$10.3 million included \$9.3 million of assets under construction relates to Collectis' new raw material manufacturing facility in Paris (\$2.8 million) and new commercial manufacturing facility in Raleigh, North Carolina (\$3.9 million) and the rest relates to the Plants Segment activity, (ii) the reclassification of \$22.5 million related to letters of credit related to our Raleigh facility in non-current assets (\$2.5 million) and current financial assets (\$20.0 million) and (iii) \$0.7 million of deposits related to our Raleigh facility (\$0.6 million) and the remainder related to a Paris lease extension and other variances (collectively, \$0.2 million), partially offset by \$0.4 million of funds received pursuant to Calyxt's equipment sale and leaseback agreement. For the nine-month period ended September 30, 2018, our net cash used in investing activities primarily reflects our investments in R&D equipment and building fittings in both the United States and France of \$2.4 million, offset by the reimbursement of \$0.2 million related to the termination of a liquidity contract that we were party to with Natixis Securities and by the proceeds from current financial assets of \$39.9 million.

For the nine-month period ended September 30, 2019, our net cash used by financing activities reflects the payments on lease debts for \$2.5 million and Calyxt payment of \$0.6 million in withholding taxes in connection with the net settlement of RSUs, partially offset by Calyxt stock options exercises during the period for \$0.3 million. For the nine-month period ended September 30, 2018, our net cash flows provided by financing activities mainly reflects (i) the net proceeds after deducting underwriting discounts and commissions and offering expenses of \$178.6 million from the Collectis follow-on offering, (ii) the net proceeds, after deducting underwriting discounts and commissions and offering expenses and the purchase price paid by Collectis with respect to our purchase of 550,000 shares of Calyxt common stock purchased by Collectis in the offering of \$48.8 million from Calyxt's follow-on offering, (iii) the exercise of 321,425 Collectis stock options during the period for \$7.6 million, (iv) the exercise of 461,200 Calyxt stock options during the period for \$2.1 million, (v) the subscription of non-employee warrants for \$0.2 million and (vi) the reimbursement of \$0.3 million related to the termination of our liquidity contract with Natixis Securities, partially offset by Collectis' purchase on June 14, 2018 of 63,175 shares of Calyxt common stock from employees and nonemployees of Calyxt and Collectis at a price of \$19.49 per share (the closing price reported on the Nasdaq Global Market on June 14, 2018) for \$1.3 million.

Operating capital requirements

To date, we have not generated any revenues from therapeutics. We do not know when, or if, we will generate any revenues from product sales. We do not expect to generate significant revenues from product sales unless and until we obtain regulatory approval of and commercialize one of our current or future product candidates. On the other end, Calyxt completed their first sales of their High Oleic Soybean Oil and High Oleic Soybean Meal in the first quarter of 2019.

Our cash consumption is driven by our internal operational activities; our outsourced activities, including preclinical activities and manufacturing activities; payments to clinical research centers and contract research organizations involved in our clinical trials; and annual payment and royalty expenses related to our in-licensing agreements. 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, and seek regulatory approvals for, our product candidates, and begin to commercialize any approved products.

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 continued 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 believe that the cash, cash equivalents, current financial assets and restricted cash position of Calyxt (plants activity) will be sufficient to fund their operations to mid-2021 while Collectis (therapeutics activity) as of September 30, 2019 will be sufficient to fund operations into 2022. However, we may require additional capital for the further development of our existing product candidates and may also need to raise additional funds sooner to pursue other development activities related to additional product candidates.

Until we can generate a sufficient amount of revenues from our products, if ever, we expect to finance a portion of future cash needs through public or private equity or debt offerings. 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 shareholders, 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 pre-clinical and clinical studies for our product candidates;
- the initiation, progress, timing, costs and results of field trials for our agricultural product candidates;
- the capacity of manufacturing our products in France and in United States;
- 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 more studies than those that we currently expect;
- the ability of our product candidates to progress through clinical development successfully;

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- the ability of our agricultural 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, including manufacturing processes for our product candidates;
- the effect of competing technological and market developments; and
- the cost of establishing sales, marketing and distribution capabilities for any products for which we may receive regulatory approval.

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.

Off-Balance Sheet Arrangements.

Calyxt entered 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

For quantitative and qualitative disclosures about market risk that affect us, see “Quantitative and Qualitative Disclosures About Market Risk in Item 11 of Part I of the Annual Report. Our exposure to market risk has not changes materially since December 31, 2018.

Item 4. Controls and Procedures

We must maintain effective internal control over financial reporting in order to accurately and timely report our results of operations and financial condition. In addition, as a public company, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires, among other things, that we assess the effectiveness of our disclosure controls and procedures and the effectiveness of our internal control over financial reporting at the end of each fiscal year. We issued management’s annual report on internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act, as of December 31, 2018.

There have been no changes in the Company’s internal control over financial reporting during the nine-month period ended September 30, 2019, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the Annual Report.

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

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

None.