

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2020;
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 001-38161



Calyxt, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
2800 Mount Ridge Road
Roseville, MN
(Address of principal executive offices)

27-1967997
(I.R.S. Employer
Identification No.)

55113-1127
(Zip Code)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (0.0001 par value)	CLXT	The NASDAQ Global Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of August 5, 2020, there were 33,184,336 shares of common stock, \$0.0001 par value per share, outstanding.

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Terms

When we use the terms “we,” “us,” the “Company,” or “our” in this report, unless the context otherwise requires, we are referring to Calyxt, Inc. When we use the term “Collectis,” we are referring to Collectis S.A., our majority stockholder. Collectis is a clinical-stage biotechnological company, employing its core proprietary technologies to develop best-in-class products in the field of immune-oncology.

We own the names and trademarks for Calyxt® and Calyno®; we also own or license other trademarks, trade names and service marks of Calyxt appearing in this Quarterly Report on Form 10-Q. The name and trademark Collectis® and TALEN®, and other trademarks, trade names and service marks of Collectis appearing in this Quarterly Report are the property of Collectis. This Quarterly Report also contains additional trade names, trademarks and service marks belonging to other companies. We do not intend our use or display of other parties’ trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). We may also make forward-looking statements in other reports filed with the Securities and Exchange Commission, in materials delivered to stockholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements.

We have made these forward-looking statements in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “anticipates,” “believes,” “continue,” “estimates,” “expects,” “targets,” “intends,” “may,” “might,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” or the negative of these terms and other similar terminology. Forward-looking statements in this report include statements about the potential impact of the COVID-19 impact on our business and operating results; our future financial performance; product pipeline and development; our business model and strategies for commercialization and sales of commercial products; regulatory progression; potential collaborations, partnerships and licensing arrangements and their contribution to our financial results, cash usage, and growth strategies; and anticipated trends in our business. These and other forward-looking statements are predictions and projections about future events and trends based on our current expectations, objectives and intentions and premised on current assumptions. Our actual results, level of activity, performance, or achievements could be materially different than those expressed, implied, or anticipated by forward-looking statements due to a variety of factors, including, but not limited to: the severity and duration of the evolving COVID-19 pandemic and the resulting impact on macro-economic conditions; the impact of increased competition; disruptions at our key facilities; changes in customer preferences and market acceptance of our products; competition for collaboration partners and licensees and the successful execution of collaborations and licensing agreements; the impact of adverse events during development, including unsuccessful field trials or disruptions in seed production; the impact of improper handling of our product candidates by unaffiliated third parties during development, such as the improper aerial spraying of our high fiber wheat product candidate; failures by third-party contractors; inaccurate demand forecasting; the effectiveness of commercialization efforts by commercial partners or licensees; our ability to make grain sales on terms acceptable to us; the timing of our grain sales; our ability to collect accounts receivable; disruptions to supply chains, including transportation and storage functions; commodity price conditions; the impact of changes or increases in oversight and regulation; disputes or challenges regarding intellectual property; proliferation and continuous evolution of new technologies; management changes; dislocations in the capital markets; and other important factors discussed under the caption entitled “Risk Factors” in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 5, 2020 (our Annual Report) and our subsequent reports on Forms 10-Q (including under the caption entitled “Risk Factors” in Part II, Item 1A of this Quarterly Report) and 8-K.

Any forward-looking statement made by us are based only on information currently available to us when, and speaks only as of the date, such statement is made. Except as required by securities and other applicable laws, we do not assume any obligation to update or revise any forward-looking statement as a result of new information, future developments or otherwise.

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Market Data

Unless otherwise indicated, information contained in this Quarterly Report concerning our industry and the markets in which we operate is based on information from various sources, including independent industry publications. In presenting this information, we have also made assumptions based on such data and other similar sources, and on our knowledge of, and our experience to date in, the potential markets for our product. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled “Risk Factors” in our Annual Report and other subsequent reports on Forms 10-Q and 8-K filed with the SEC. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Website Disclosure

We use our website (www.calyxt.com), our corporate Twitter account (@Calyxt_Inc) and our corporate LinkedIn account (<https://www.linkedin.com/company/calyxt-inc>) as routine channels of distribution of company information, including press releases, analyst presentations, and supplemental financial information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website and our corporate Twitter and LinkedIn accounts in addition to following press releases, filings with the SEC and public conference calls and webcasts.

Additionally, we provide notifications of announcements as part of our website. Investors and others can receive notifications of new press releases posted on our website by signing up for email alerts.

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CALYXT, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Par Value and Share Amounts)

	June 30, 2020 (unaudited)	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,875	\$ 58,610
Short-term investments	29,942	—
Restricted cash	393	388
Accounts receivable	2,411	1,122
Due from related parties	2	—
Inventory	5,282	2,594
Prepaid expenses and other current assets	1,926	808
Total current assets	43,831	63,522
Non-current restricted cash	1,040	1,040
Land, buildings, and equipment	22,663	23,212
Other non-current assets	427	324
Total assets	\$ 67,961	\$ 88,098
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 572	\$ 1,077
Accrued expenses	1,998	2,544
Accrued compensation	1,293	2,181
Due to related parties	381	977
Current portion of financing lease obligations	361	356
Other current liabilities	44	61
Total current liabilities	4,649	7,196
Financing lease obligations	18,109	18,244
Long-term debt	1,518	—
Other non-current liabilities	132	150
Total liabilities	24,408	25,590
Stockholders' equity:		
Common stock, \$0.0001 par value; 275,000,000 shares authorized; 33,140,672 shares issued and 33,040,520 shares outstanding as of June 30, 2020, and 33,033,689 shares issued and 32,951,329 shares outstanding as of December 31, 2019	3	3
Additional paid-in capital	188,656	185,588
Common stock in treasury, at cost; 100,152 shares as of June 30, 2020, and 82,360 shares as of December 31, 2019	(1,043)	(1,043)
Accumulated deficit	(144,022)	(122,057)
Accumulated other comprehensive income (loss)	(41)	17
Total stockholders' equity	43,553	62,508
Total liabilities and stockholders' equity	\$ 67,961	\$ 88,098

See accompanying notes to these consolidated financial statements.

CALYXT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in Thousands Except Shares and Per Share Amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	\$ 2,307	\$ 408	\$ 4,684	\$ 566
Cost of goods sold	5,321	303	9,205	337
Gross margin	(3,014)	105	(4,521)	229
Operating expenses:				
Research and development	2,825	2,738	5,612	4,957
Selling and supply chain	1,349	1,202	2,929	2,107
General and administrative	3,808	5,206	8,528	9,368
Management fees	42	451	104	812
Total operating expenses	8,024	9,597	17,173	17,244
Loss from operations	(11,038)	(9,492)	(21,694)	(17,015)
Interest, net	154	92	(244)	264
Foreign currency transaction loss	(18)	(3)	(27)	(27)
Loss before income taxes	(10,902)	(9,403)	(21,965)	(16,778)
Income taxes	—	—	—	—
Net loss	\$ (10,902)	\$ (9,403)	\$ (21,965)	\$ (16,778)
Basic and diluted loss per share	\$ (0.33)	\$ (0.29)	\$ (0.67)	\$ (0.51)
Weighted average shares outstanding - basic and diluted	33,039,338	32,732,988	33,013,739	32,704,834

See accompanying notes to these consolidated financial statements.

CALYXT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited and in Thousands Except Shares Outstanding)

	Shares Outstanding	Common Stock	Additional Paid-In Capital	Shares in Treasury	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Three months ended							
June 30, 2020							
Balance at March 31, 2020	32,990,647	\$ 3	\$ 186,859	\$ (1,043)	\$ (133,120)	\$ (163)	\$ 52,536
Net loss	—	—	—	—	(10,902)	—	(10,902)
Stock based compensation	49,873	—	1,797	—	—	—	1,797
Other comprehensive income	—	—	—	—	—	122	122
Balance at June 30, 2020	33,040,520	\$ 3	\$ 188,656	\$ (1,043)	\$ (144,022)	\$ (41)	\$ 43,553
Three months ended							
June 30, 2019							
Balances at March 31, 2019	32,692,189	\$ 3	\$ 177,750	\$ (230)	\$ (89,820)	\$ —	\$ 87,703
Net loss	—	—	—	—	(9,403)	—	(9,403)
Stock based compensation	210,874	—	2,304	—	—	—	2,304
Issuance of common stock	—	—	183	—	—	—	183
Shares withheld for net share settlement	(43,363)	—	—	(559)	—	—	(559)
Other comprehensive loss	—	—	—	—	—	(38)	(38)
Balances at June 30, 2019	32,859,700	\$ 3	\$ 180,237	\$ (789)	\$ (99,223)	\$ (38)	\$ 80,190
Six months ended							
June 30, 2020							
Balance at December 31, 2019	32,951,329	\$ 3	\$ 185,588	\$ (1,043)	\$ (122,057)	\$ 17	\$ 62,508
Net loss	—	—	—	—	(21,965)	—	(21,965)
Stock based compensation	106,983	—	3,068	—	—	—	3,068
Shares withheld for net share settlement	(17,792)	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(58)	(58)
Balance at June 30, 2020	33,040,520	\$ 3	\$ 188,656	\$ (1,043)	\$ (144,022)	\$ (41)	\$ 43,553
Six months ended							
June 30, 2019							
Balances at December 31, 2018	32,648,893	\$ 3	\$ 176,069	\$ (230)	\$ (82,445)	\$ —	\$ 93,397
Net loss	—	—	—	—	(16,778)	—	(16,778)
Stock based compensation	254,170	—	3,860	—	—	—	3,860
Issuance of common stock	—	—	308	—	—	—	308
Shares withheld for net share settlement	(43,363)	—	—	(559)	—	—	(559)
Other comprehensive loss	—	—	—	—	—	(38)	(38)
Balances at June 30, 2019	32,859,700	\$ 3	\$ 180,237	\$ (789)	\$ (99,223)	\$ (38)	\$ 80,190

See accompanying notes to these consolidated financial statements.

CALYXT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in Thousands)

	Six Months Ended June 30,	
	2020	2019
Operating activities		
Net loss	\$ (21,965)	\$ (16,778)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	904	689
Stock-based compensation	3,068	3,860
Changes in operating assets and liabilities:		
Accounts receivable	(1,289)	(810)
Due to/from related parties	(598)	(1,156)
Inventory	(2,688)	(111)
Prepaid expenses and other current assets	(1,118)	(169)
Accounts payable	(505)	(423)
Accrued expenses	(546)	(14)
Accrued compensation	(888)	(67)
Other current liabilities	(93)	(513)
Other non-current assets	59	(378)
Net cash used by operating activities	(25,659)	(15,870)
Investing activities		
Short-term investments	(29,942)	—
Purchases of land, buildings, and equipment	(517)	(1,319)
Net cash used by investing activities	(30,459)	(1,319)
Financing activities		
Proceeds from Payroll Protection Act loan	1,518	—
Repayments of financing lease obligations	(130)	(122)
Proceeds from the exercise of stock options	—	308
Costs incurred related to shares withheld for net share settlement	—	(559)
Proceeds from the sale and leaseback of land, buildings, and equipment	—	217
Net cash provided (used) by financing activities	1,388	(156)
Net decrease in cash, cash equivalents and restricted cash	(54,730)	(17,345)
Cash, cash equivalents and restricted cash - beginning of period	60,038	95,288
Cash, cash equivalents and restricted cash - end of period	\$ 5,308	\$ 77,943

See accompanying notes to these consolidated financial statements.

CALYXT, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP or GAAP) for interim financial information and with the rules and regulations of the Securities and Exchange Commission (SEC) applicable to interim financial statements. In our opinion, the accompanying consolidated financial statements reflect all adjustments necessary for a fair presentation of our statements of financial position, results of operations and cash flows for the periods presented but they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Except as otherwise disclosed herein, these adjustments consist of normal recurring items. Operating results for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole or any other interim period.

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures at the date of the consolidated financial statements and during the reporting period. Actual results could materially differ from these estimates.

Certain prior year amounts have been reclassified to conform to the current year presentation.

For further information, refer to the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 5, 2020. The accompanying Balance Sheet as of December 31, 2019 was derived from the audited consolidated financial statements. This Quarterly Report on Form 10-Q should be read in conjunction with our consolidated financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2019.

Short-term investments

We consider investments with more than ninety days to maturity at issuance to be short-term investments. These short-term investments are considered trading securities and are carried at fair value with any unrealized gains and losses recorded in current earnings as a component of interest, net.

2. FINANCIAL INSTRUMENTS, FAIR VALUE, HEDGING ACTIVITIES, AND CONCENTRATIONS OF CREDIT RISK

The carrying values of cash and cash equivalents, restricted cash, due from related parties, accounts payable, due to related parties and all other current liabilities approximate fair value.

We measure certain assets and liabilities at fair value on a recurring basis, including short-term investments, financing lease obligations and commodity futures and options. The accounting guidance establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as of the measurement date as follows:

Level 1: Fair values are based on unadjusted quoted prices in active trading markets for identical assets and liabilities.

Level 2: Fair values are based on observable quoted prices other than those in Level 1, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3: Fair values are based on at least one significant unobservable input for the asset or liability.

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Fair Value Measurements and Financial Statement Presentation

The fair values of our assets, liabilities, and derivative positions recorded at fair value and their respective levels in the fair value hierarchy as of June 30, 2020 and December 31, 2019, were as follows:

In Thousands	June 30, 2020				June 30, 2020			
	Fair Values of Assets				Fair Values of Liabilities			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other items reported at fair value:								
Short-term investments	\$ 29,942	\$ —	\$ —	\$ 29,942	\$ —	\$ —	\$ —	\$ —
Commodity futures and options	836	—	—	836	—	—	—	—
Financing lease obligations	—	—	—	—	—	15,364	—	15,364
Total	\$ 30,778	\$ —	\$ —	\$ 30,778	\$ —	\$ 15,364	\$ —	\$ 15,364

In Thousands	December 31, 2019				December 31, 2019			
	Fair Values of Assets				Fair Values of Liabilities			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other items reported at fair value:								
Financing lease obligations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15,651	\$ —	\$ 15,651
Commodity futures and options	62	—	—	62	—	—	—	—
Total	\$ 62	\$ —	\$ —	\$ 62	\$ —	\$ 15,651	\$ —	\$ 15,651

The composition of our short-term investments at June 30, 2020 and December 31, 2019 were as follows:

In Thousands	As of June 30,	As of December 31,
	2020	2019
Corporate debt securities	\$ 23,951	\$ —
Commercial paper	5,991	—
Total	\$ 29,942	\$ —

Commodity Price Risk

We enter into seed and grain production agreements (Forward Purchase Contracts) with settlement values based on commodity futures market prices. These Forward Purchase Contracts allow the counterparty to fix their sales prices at various times as defined in the contract. We are also engaged in the business of selling soybean oil and meal under a variety of pricing structures. We may enter hedging arrangements to either fix variable exposures or convert fixed prices to floating prices through commodity derivative contracts. As of June 30, 2020, we held commodity contracts with a notional amount of \$15.7 million.

We have designated all our commodity derivative contracts as cash flow hedges. As a result, all gains or losses associated with recording commodity derivative contracts at fair value are recorded as a component of accumulated other comprehensive income (loss) (AOCI). We reclassify amounts from AOCI to cost of goods sold when we sell the underlying products to which those hedges relate. As of June 30, 2020, we expect the entire AOCI balance to be reclassified into earnings within the next five months.

Certain amounts related to our hedging activities are as follows:

In thousands	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Reclassified to Earnings	
	For the Six Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Cash flow hedges:				
Commodity derivative contracts	\$ (102)	\$ —	\$ 44	\$ —
Total	\$ (102)	\$ —	\$ 44	\$ —

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Foreign Exchange Risk

Foreign currency fluctuations affect our foreign currency cash flows related primarily to payments to Collectis. Our principal foreign currency exposure is to the euro. We do not hedge these exposures, and we do not believe that the current level of foreign currency risk is significant to our operations.

Concentrations of Credit Risk

We invest our cash, cash equivalents and restricted cash in highly liquid securities and investment funds and until late December 2019, also held deposits at a financial institution that exceeded insured limits. In the first quarter of 2020, we diversified this risk by shifting our investments to a diverse portfolio of short-dated, high investment-grade securities we classify as short-term investments that are recorded at fair value in our consolidated financial statements. We ensure the credit risk in this portfolio is in accordance with our internal policies and if necessary, make changes to investments to ensure credit risk is minimized. We have not experienced any counterparty credit losses.

3. RELATED-PARTY TRANSACTIONS

We have several agreements that govern our relationship with Collectis, some of which require us to make payments to Collectis. Pursuant to our management services agreement with Collectis, we incurred nominal management fee expenses for the three months ended June 30, 2020, and \$0.5 million for the same period in 2019. We incurred management fee expenses of \$0.1 million for the six months ended June 30, 2020, and \$0.8 million for the same period in 2019.

Collectis has also guaranteed the lease agreement for our headquarters. Collectis' guarantee of our obligations under the lease will terminate at the end of the second consecutive calendar year in which our tangible net worth exceeds \$300 million.

TALEN® is our primary gene-editing technology, and it is the foundation of our technology platform. TALEN® technology was invented by researchers at the University of Minnesota and Iowa State University and exclusively licensed to Collectis. We obtained an exclusive license for the TALEN® technology for commercial use in plants from Collectis. We also license other technology from Collectis. We owe Collectis royalties on any revenue we generate from sales of products less certain amounts as defined in the license agreement, as well as a percentage of any sublicense revenues. We incurred nominal license and royalty fees for the three months ended June 30, 2020 and 2019. We incurred license and royalty fees of \$0.1 million for the six months ended June 30, 2020, and nominal fees for the same period in 2019.

We have entered into various agreements with the University of Minnesota, pursuant to which we have been granted both exclusive and non-exclusive license agreements that carry annual license fees, milestone payments, royalties, and associated legal fees. These agreements primarily relate to gene-editing tools, enabling technologies and germplasm. We incurred nominal expenses pursuant to these agreements for the three and six months ended June 30, 2020 and 2019.

4. NET LOSS PER SHARE

Basic and diluted loss per share was calculated using the following:

In Thousands, Except Share Data and Per Share Amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net loss	\$ (10,902)	\$ (9,403)	\$ (21,965)	\$ (16,778)
Weighted average shares outstanding - basic and diluted	\$ 33,039,338	\$ 32,732,988	\$ 33,013,739	\$ 32,704,834
Basic and diluted loss per share	\$ (0.33)	\$ (0.29)	\$ (0.67)	\$ (0.51)

	As of June 30,	
	2020	2019
Anti-dilutive stock options, restricted stock units, and performance stock units	5,140,153	5,592,441

All outstanding stock options, restricted stock units, and performance stock units are excluded from the calculation since they are anti-dilutive.

We have not used the treasury method in determining the number of anti-dilutive stock options and restricted stock units in the table above.

5. STOCK-BASED COMPENSATION

We use broad-based stock plans to attract and retain highly qualified officers and employees and to help ensure that management’s interests are aligned with those of our shareholders. We have also granted equity-based awards to directors, nonemployees, and certain employees of Collectis.

In December 2014, we adopted the Calyxt, Inc. Equity Incentive Plan (2014 Plan), which allowed for the grant of stock options, and in June 2017, we adopted the 2017 Omnibus Plan (2017 Plan), which allowed for the grant of stock options, performance shares and other types of equity awards.

As of June 30, 2020, 2,064,594 shares were registered and available for grant under effective registration statements, while 2,893,117 shares were available for grant in the form of stock options, restricted stock, restricted stock units, and performance stock units under the 2017 Plan. Stock-based awards currently outstanding also include awards granted under the 2014 Plan, under which no further awards can be granted.

Stock Options

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

	Six Months Ended June 30,	
	2020	2019
Estimated fair values of stock options granted	\$ 5.19	\$ 10.61
Assumptions:		
Risk-free interest rate	1.7 %	1.9%-2.5%
Expected volatility	77.4 %	77.9%-78.9%
Expected term (in years)	6.9	6.8-10.0

We estimate the fair value of each option on the grant date or other measurement dates if applicable using a Black-Scholes option-pricing model, which requires us to make predictive assumptions regarding future stock price volatility, employee exercise behavior and dividend yield. The risk-free interest rate for periods during the expected term of the options is based on the United States Treasury zero-coupon yield curve in effect at the date of grant. We estimate our future stock price volatility using the historical volatility of comparable public companies over the expected term of the option. Our expected term represents the period that options granted are expected to be outstanding determined using the simplified method. We have not paid dividends on our common stock and we do not currently plan to pay any cash dividends in the foreseeable future.

Option strike prices are set at 100 percent or more of the closing share price on the date of grant, and generally vest over six years following the grant date. Options generally expire 10 years after the date of grant.

Information on stock option activity is as follows:

	Options Exercisable	Weighted- Average Exercise Price Per Share	Options Outstanding	Weighted- Average Exercise Price Per Share
Balance as of December 31, 2019	1,789,567	\$ 8.73	4,481,359	\$ 11.73
Granted			60,000	7.30
Exercised			—	—
Forfeited or expired			(357,531)	15.03
Balance as of June 30, 2020	2,028,498	\$ 9.33	4,183,828	\$ 11.39

Stock-based compensation expense related to stock option awards is as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock-based compensation expense	\$ 1,246	\$ 1,508	\$ 2,252	\$ 2,277

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At June 30, 2020, options outstanding and exercisable had an aggregate intrinsic value of \$1.3 million and the weighted average remaining contractual term was 6.6 years.

Net cash proceeds from the exercise of stock options less shares used for minimum withholding taxes and the intrinsic value of options exercised were as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net cash proceeds	\$ —	\$ 183	\$ —	\$ 308
Intrinsic value of options exercised	\$ —	\$ 527	\$ —	\$ 880

As of June 30, 2020, unrecognized compensation expense related to non-vested stock options was \$9.0 million. This expense will be recognized over 52 months on average.

Restricted Stock Units

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

Information on restricted stock unit activity is as follows:

	Number of Restricted Stock Units Outstanding	Weighted-Average Grant Date Fair Value
Unvested balance at December 31, 2019	813,526	\$ 10.31
Granted	—	—
Vested	(117,389)	9.97
Forfeited	(51,479)	10.59
Unvested balance at June 30, 2020	644,658	\$ 10.35

The total grant-date fair value of restricted stock unit awards that vested is as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Grant-date fair value	\$ 660	\$ 1,279	\$ 1,170	\$ 1,411

Stock-based compensation expense related to restricted stock units is as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock-based compensation expense	\$ 441	\$ 796	\$ 596	\$ 1,583

We treat stock-based compensation awards granted to employees of Collectis as deemed dividends. We recorded deemed dividends as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Deemed dividends from grants to Collectis employees	\$ 198	\$ 366	\$ 422	\$ 777

As of June 30, 2020, unrecognized compensation expense related to restricted stock units was \$2.1 million. This expense will be recognized over 37 months on average.

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Performance Stock Units

In June 2019, we granted 311,667 performance stock units under the 2017 Plan to three executive officers. The performance stock units will vest at 50%, 100% or 120% of the shares under the award at the end of a three-year performance period based upon increases in the value of our common stock from the grant price of \$2.48. The performance stock units will be settled in restricted stock upon vesting, with restrictions on transfer lapsing on the second anniversary of the restricted stock issuance date.

Stock-based compensation expense related to performance stock units is as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock-based compensation expense	\$ 110	\$ —	\$ 220	\$ —

As of June 30, 2020, unrecognized compensation expense related to performance stock units was \$1.8 million. This expense will be recognized over 48 months on average.

6. INCOME TAXES

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

As of June 30, 2020, there were no material changes to what we disclosed regarding tax uncertainties or penalties as of December 31, 2019.

7. LEASES, OTHER COMMITMENTS, AND CONTINGENCIES

Litigation and Claims

We are not currently a party to any material pending legal proceeding.

Leases

We lease our headquarters facility, office equipment, and other items. Our headquarters lease involved the sale of land and improvements to a third party who then constructed the facility. This lease is considered a financing lease.

We also have an equipment financing arrangement that is considered a financing lease. This arrangement has a term of four years for each draw. We were required to deposit cash into a restricted account in an amount equal to the future rent payments required by the lease. As of June 30, 2020, this restricted cash totaled \$1.4 million. We have the option to request the return of excess collateral annually in December, and the amount we expect to receive is reflected as a current asset.

Rent expense from operating leases was as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Rent expense from operating leases	\$ 23	\$ 20	\$ 47	\$ 69

Other Commitments

As of June 30, 2020, we have noncancelable commitments to purchase grain from farmers and seed from growers at dates throughout 2020 and 2021 aggregating \$4.2 million based on current commodity futures market prices, other payments to growers, and estimated yields per acre. This amount is not recorded in the consolidated financial statements because we have not taken delivery of the grain as of June 30, 2020. If growers do not plant our soybeans, we allow the grain production contracts to be cancelled. Therefore, we do not include commitments to purchase grain as noncancelable commitment until the corresponding seed is planted.

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8. EMPLOYEE BENEFIT PLAN

We provide a 401(k) defined contribution plan for all regular full-time employees who have completed three months of service. We match employee contributions up to certain amounts and those matching contributions vest immediately.

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Employee benefit plan expenses	\$ 78	\$ 49	\$ 198	\$ 105

9. SUPPLEMENTAL INFORMATION

Certain balance sheet amounts are as follows:

In Thousands	As of June 30,		As of December 31,	
	2020		2019	
Accounts Receivable:				
Accounts receivable	\$	1,458	\$	1,247
Accounts receivable – extended payment terms		1,188		—
Allowance for doubtful accounts		(235)		(125)
Total	\$	2,411	\$	1,122

Several of our growers have elected to extend their payment terms with us. In exchange for these extensions, we have the right to deduct the amount we are owed from the payment we make upon the purchase of their grain.

In Thousands	As of June 30,		As of December 31,	
	2020		2019	
Inventory:				
Raw materials	\$	4,326	\$	2,211
Work-in-process		553		272
Finished goods		403		111
Total	\$	5,282	\$	2,594

Certain statements of operations amounts are as follows:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock compensation expense:				
Research and development	\$	488	\$	539
Selling and supply chain		151		165
General and administrative		1,158		1,600
Total	\$	1,797	\$	2,304
			\$	807
			\$	779
				(100)
				228
				2,853
				3,860

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest, net:				
Interest expense	\$	(371)	\$	(370)
Interest income		525		462
Total	\$	154	\$	92
			\$	(743)
			\$	(740)
				499
				1,004
				264

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Certain statements of cash flows amounts are as follows:

In Thousands	As of June 30,	
	2020	2019
Cash, cash equivalents, restricted cash, and short-term investments:		
Cash and cash equivalents	\$ 3,875	\$ 76,434
Restricted cash	1,433	1,509
Total cash, cash equivalents, and restricted cash:	5,308	77,943
Short-term investments	29,942	—
Total cash, cash equivalents, restricted cash, and short-term investments:	\$ 35,250	\$ 77,943

In Thousands	Six Months Ended June 30,	
	2020	2019
Supplemental cash flow information:		
Interest paid	\$ 732	\$ 737

10. SEGMENT INFORMATION

We operate in a single reportable segment, agricultural products. Our current commercial focus is North America. Our major product categories are high oleic soybean oil and high oleic soybean meal.

11. LONG-TERM DEBT

Our long-term debt is comprised of a \$1.5 million promissory note pursuant to the Paycheck Protection Program (the “Paycheck Protection Program loan”) established by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) implemented by the U.S. Small Business Administration (“SBA”). We received the funds under the Paycheck Protection Program loan on April 19, 2020. The Paycheck Protection Program loan matures in April 2022 and bears interest at a per annum rate of 1.00%. The Paycheck Protection Program loan may be prepaid at any time prior to maturity with no prepayment penalties.

The Paycheck Protection Program loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. Subject to certain conditions, the Paycheck Protection Program loan and accrued interest may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the Paycheck Protection Program. In order to be eligible for forgiveness, the proceeds of the Paycheck Protection Program loan must be applied to certain eligible expenses, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, with not more than 40% of the amount applied to non-payroll costs.

We have applied the proceeds from the Paycheck Protection Program loan toward qualifying expenses and intend to apply for forgiveness of the full principal amount and all accrued interest. No assurance can be given that we will be granted forgiveness of the Paycheck Protection Program loan in whole or in part.

12. SUBSEQUENT EVENTS

On August 4, 2020, we approved an advancement of our soybean products to a streamlined business model. The impact of the advancement included the elimination of positions related to soybean processing and product sales, resulting in aggregate cash charges of approximately \$0.6 million for severance and other related payments, and we expect to record a \$0.9 million recapture of non-cash stock compensation expense from forfeitures of un-vested awards. We expect to incur \$0.5 million of additional cash charges over the next twelve months as we exit processing and transportation contracts. Contracted grain purchases and sales and the wind down of other contractual obligations are expected to take approximately 12 months.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes, which are included elsewhere in this Quarterly Report on Form 10-Q.

EXECUTIVE OVERVIEW

We are a technology company focused on delivering plant-based innovations and solutions with substantial disruption potential across multiple industries. Our streamlined business model comprises three go-to-market strategies. Specific deal structure and the amount and timing of cash flows will vary depending upon several factors, including cost to develop, size of the opportunity, and the stage at which a partner or licensee enters the development process. Summaries of our go-to-market strategies are as follows:

- **TALEN® Licensing Arrangements:** Through licensing agreements with third parties with respect to our technology, including our TALEN® technology, for negotiated upfront and annual fees and potential royalties upon commercial sale of products.
- **Trait and Product Licensing Arrangements:** Through licensing agreements with downstream partners with respect to Calyxt-developed traits or products for negotiated upfront and milestone payments and potential royalties upon commercial sale of products.
- **Seed Sale Arrangements:** Through purchase agreements for the direct sale of seed, with such sales expected to generate revenue for Calyxt.

For TALEN®, trait, and product licensing arrangements, we expect that our customers will primarily be seed companies, biotechnology companies, germplasm providers, large agricultural processors, others in the crops' relevant supply chain, and growers, who would, in each case, utilize our technology for their own trait development in specified crops. For seed sale arrangements, we expect that our customers will be large agricultural processing companies, including millers and crushers, or others in the relevant crop's supply chain, in each case with developed agronomy infrastructure and commercialization expertise. Across each of these approaches, we will seek to develop relationships with strategic customers where our product candidates are most likely to benefit from deep agronomy, product management, and commercialization expertise. Placing our products and traits with such strategic customers will reduce our expenses and downstream risk exposure, while allowing us to pursue diversified growth across multiple revenue streams.

We believe that our streamlined business model with differentiated go-to-market strategies provides a capital-efficient, lower-cost, and highly scalable approach. Our strategy is based on focusing on our core strengths in research and development, gene-editing, and trait development. We will continue to focus on advancing our gene-editing technologies toward developing high value innovations and plant-based solutions with substantial disruption potential, while leveraging our partners and licensees to manage commercialization and the associated costs and risks. We believe that focusing our efforts on our gene-editing technology and trait development expertise, while contracting with commercialization partners or licensees for downstream execution strikes a balance where we are best positioned for cost-efficient paths to market.

Having established a proof of concept with our high oleic soybean product, we intend to refocus our commercial efforts with respect to this product on the sale of seed for customers' own soybean processing businesses. With respect to grain from the 2020 crop that we have already contracted to purchase from farmers, we intend to pursue sales to large processing companies and have sold 300,000 bushels to a large processor, for which it will retain the rights to process and sell the resulting soybean oil, while we will purchase and market the resulting soybean meal. We are also restructuring our personnel infrastructure to support the execution of our streamlined business model, including through the elimination of positions related to soybean processing and product sales.

We are currently exploring product opportunities in alfalfa, canola, hemp, oats, peanuts, peas, potato, pulses, soybeans, wheat, and other crops for potential applications across a variety of industries, including food, pharmaceutical, energy, and agriculture. Applying our streamlined business model with differentiated go-to-market strategies, we are well positioned to nimbly develop plant-based input solutions for specific downstream issues, including consumer preferences, sustainability, cost, quality, and regulatory compliance.

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As of the date of this report, we have 8 projects at the Discovery stage or later in development across alfalfa, hemp, oats, soybeans, and wheat, and are exploring improved protein profile and flavor in pulse crops, with several options under consideration.

Our current product development pipeline is as follows:

CROP	TRAIT	TARGET COMMERCIAL PLANTING YEAR	TARGET GO-TO-MARKET STRATEGY
Alfalfa	Improved Digestibility	2021	Trait
Wheat	High Fiber	2022	Seed
Soybean	High Oleic, Low Linolenic (HOLL)	2023	Seed
Hemp	Marketable Yield	2023	Seed and Trait
Hemp	Low THC for Food, Fiber, & Therapeutics	2024	Seed and Trait
Oat	Gluten-free and Cold Tolerant	2026	Seed and Trait
Soybean	Improved HOLL	2026	Seed
Soybean	High Saturated Fat	2026	Seed and Trait
Pulse	Improved Protein Profile and Flavor	2027	Trait

We are also actively negotiating agreements with potential partners with respect to specific opportunities for which development activity would only commence upon reaching a commercial agreement. These projects are not included in the preceding table.

As previously reported, during the first quarter of 2020, we were notified that a significant portion of our high fiber wheat plants were lost in field trials due to improper aerial chemical applications by unaffiliated third parties. As a result of the crop destruction, the number of cultivars was reduced, which represents a significant reduction in the genetic potential of the wheat germplasm that carries the high fiber trait. The harvested wheat, which is currently undergoing validation testing, may prove to be of lesser agronomic and functional quality than initially anticipated, and launch size and regulatory timelines may be adversely affected. We are pursuing available avenues of recourse against the unaffiliated third parties involved in the initial crop loss as well as the adverse impact upon the surviving germplasm lines.

In the second quarter of 2020, our HOLL soybean was deemed a non-regulated article under the “Am I Regulated?” process by Biotechnology Regulatory Services of the Animal and Plant Health Inspection Service, an agency of the United States Department of Agriculture. This product represents our second-generation high oleic soybean.

Late in the second quarter of 2020, we released our non-edited hemp germplasm by selling plants directly to a grower, driving several thousands of dollars of revenue. This project leveraged our plant breeding expertise to quickly purify and stabilize key varieties of a partner’s germplasm. While not significant to our financial results, this successful project enabled the gathering of valuable insights and data, and it is expected to serve as the base germplasm for the development of other hemp projects expected to launch beginning in 2023.

We are an early-stage company and have incurred net losses since our inception. As of June 30, 2020, we had an accumulated deficit of \$144.0 million. Our net losses were \$22.0 million for the six months ended June 30, 2020.

We expect to continue to incur significant expenses and operating losses for the next several years. Those expenses and losses may fluctuate significantly from quarter-to-quarter and year-to-year. We expect that our expenses will be driven by:

- continuing to advance the R&D of our current and future products;
- conducting additional breeding and field trials of our current and future products;
- seeking regulatory and marketing approvals for our products;
- acquiring or in-licensing other products, technologies, germplasm, or other biological material;
- maintaining, protecting, expanding, and defending our intellectual property portfolio;
- making royalty and other payments under any in-license agreements;
- seeking to attract and retain new and existing skilled personnel;
- identifying strategic partners and licensees and negotiating agreements under the applicable go-to-market strategy;
- restructuring our infrastructure to support the execution of our streamlined business model;
- short-term soybean product commercialization expenses as we advance the product to a seed sale go-to-market strategy;
- addressing the impacts of the ongoing novel coronavirus (“COVID-19”) pandemic, including implementing expense reduction efforts and seeking to bolster our liquidity position in light of changing business needs and uncertain macro-economic conditions; and

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- experiencing any delays or encountering issues with any of the above, including due to COVID-19 and its impacts.

OUR RELATIONSHIP WITH COLLECTIS AND COMPARABILITY OF OUR RESULTS

We are a majority-owned subsidiary of Collectis. As of June 30, 2020, Collectis owned 68.7% of our outstanding common stock.

Our historical financial information reflects expense allocations for certain support functions that were provided on a centralized basis pursuant to a management services agreement. As a result, such historical financial information may not reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone company and not a subsidiary of Collectis during such historical periods. Effective with the end of the third quarter of 2019 we have internalized nearly all the services Collectis previously provided. Collectis has also guaranteed the lease of our headquarters facility.

Collectis has certain contractual rights as well as rights pursuant to our certificate of incorporation and bylaws, in each case, as long as it maintains threshold beneficial ownership levels in our shares.

We hold an exclusive license from Collectis that broadly covers the use of engineered nucleases for plant gene editing. This intellectual property covers methods to edit plant genes using “chimeric restriction endonucleases,” which include TALEN®, CRISPR/Cas9, zinc finger nucleases, and some types of meganucleases.

FINANCIAL OPERATIONS OVERVIEW

Revenue

For the three and six months ended June 30, 2020, we recognized revenue from the sales of high oleic soybean oil and meal as well as sales of our first hemp product. We do not currently recognize revenue from seed transactions because of the grower’s commitment to sell their crop to us. We benefit from the cash upon payment and defer the net profit on the seed to inventory and recognize that benefit when the grower delivers grain to us.

Cost of Goods Sold and Inventory

Prior to 2019, our cost of goods sold represented immaterial costs associated with our out-licensing activities. Costs we incurred associated with the purchasing, storing, transporting and processing grain, net of proceeds of seed sales (Grain Costs), were expensed as R&D. Beginning during the first quarter of 2019, we began to capitalize all Grain Costs into inventory. This affects the year-over-year comparability of cost of goods sold, gross margins and R&D expenses. For the three months ended June 30, 2019 Grain Costs expensed as R&D totaled \$0.4 million, and for the six months ended June 30, 2019, Grain Costs expensed as R&D totaled \$0.5 million.

Cost of goods sold also includes crush and refining losses that are expensed as incurred since they do not add to the value of the finished products. All other grain and risk management costs, net of the benefit from our seed activity, are capitalized to inventory and relieved to cost of goods sold as the high oleic soybean oil and meal is sold. Any valuation adjustments to inventory are recognized as incurred.

Research and Development Expense

Research and development (R&D) expenses consist of the costs of performing activities to discover and develop products and advance our intellectual property. We recognize R&D expenses as they are incurred.

Excluding the Grain Costs mentioned above, our R&D expenses consist primarily of employee-related costs for our R&D personnel, fees for contractors who support product development and breeding activities, expenses for trait validation, purchasing material and supplies for our laboratories, licensing, facilities, regulatory, and other costs associated with owning and operating our own laboratories. R&D expenses also include costs to write and support the research for filing patents.

Selling and Supply Chain Expense

Selling and Supply Chain (S&SC) expenses consist primarily of employee-related expenses for marketing and selling our products, acreage acquisition, managing the supply chain and business development, as well as costs to market our products and an allocation of facility and information technology expenses.

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General and Administrative Expense

General and administrative (G&A) expenses consist primarily of employee-related expenses for our executive, legal, intellectual property, information technology, finance, and human resources functions. Other G&A expenses include facility and information technology expenses not otherwise allocated to R&D or S&SC expenses, professional fees for auditing, tax and legal services, expenses associated with maintaining patents, consulting costs and other costs of our information systems.

Interest, net

Interest, net is comprised of interest income resulting from investments of cash and cash equivalents and short-term investments, any unrealized gains and losses on short-term investments, and interest expense on our financing lease obligations. It is also driven by balances, yields, and timing of financing activities.

Anticipated Changes Between Revenues and Costs

As we execute upon our streamlined business model with differentiated go-to-market strategies, we expect the composition of our revenues and costs to evolve. Future cash and revenue-generating opportunities are expected to primarily arise from seed sales and licensing arrangements. Under licensing arrangements, revenues would comprise upfront and milestone payments as well as royalty payments upon commercial sale of products.

Because our strategy is based on focusing on our core strengths in research and development, gene-editing, and trait development, we expect R&D expenses to increase moderately. At the same time, because our streamlined business model relies on third parties assuming responsibility for agronomy infrastructure, product management, and commercialization, we expect that S&SC expense will reduce substantially as the new models are fully implemented.

Recent Developments – COVID-19 Update

As previously reported, our operations in Minnesota are classified as critical sector work under the State of Minnesota’s COVID-19 executive orders. Accordingly, most of our laboratory workers have continued to work onsite at our headquarters throughout the pandemic, and our R&D programs and seed distribution activities have not experienced material delays. In accordance with our COVID-19 Preparedness Plan, Minnesota executive order requirements, and CDC and WHO guidelines, we have implemented health and safety measures for the protection of our onsite workers and have maintained remote work arrangements for our non-laboratory personnel.

During the second quarter, supply chain disruptions did not have a material impact on our operations although our financial results and operations were negatively impacted by price, demand and supply dislocations, and our previously reported responsive actions. Over the course of the second quarter, initial supply and demand dislocations for premium oil and meal have generally moderated, led by the premium oil industrial market segment. Although still impacted by food service and food manufacturing segment disruptions, broader supply and demand normalization trends have contributed to substantial price recovery in the premium oil and meal markets. Notwithstanding these improvements, a resurgence of the COVID-19 pandemic (as is currently occurring in some states), governmental response measures, and resulting disruptions could rapidly offset such improvements. Moreover, the effects of the COVID-19 pandemic on the financial markets remain substantial and broader economic uncertainties persist, which may make obtaining capital challenging and have exacerbated the risk that such capital, if available, may not be available on terms acceptable to us. There continues to be significant uncertainty relating to the COVID-19 pandemic and its impact, and many factors could affect our results and operations, including, but not limited to, those discussed under the caption “Risk Factors” in the reports we file with the SEC.

As previously reported, since before the onset of the COVID-19 pandemic, we have been exploring additional revenue-generating opportunities, including licensing and other value capture models for our technology platform and have committed to evaluate our go-to-market strategy for product candidates on a case-by-case basis in order to pursue the most efficient paths to value creation.

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The downstream demand disruptions and pricing volatility caused by the COVID-19 pandemic reinforced the potential benefits of our strategic trajectory toward more streamlined, lower cost, and more capital-efficient upstream-focused go-to-market strategies. Moreover, the crush schedule cancellations that we took in response to the COVID-19 pandemic provided an evaluation point for our soybean product go-to-market strategy.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2020 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2019

A summary of our results of operations for the three months ended June 30, 2020 and 2019 follows:

	Three Months Ended June 30,			
	2020	2019	\$ Change	% Change
Revenue	\$ 2,307	\$ 408	\$ 1,899	465 %
Cost of goods sold	5,321	303	5,018	1656 %
Gross margin	(3,014)	105	(3,119)	(2970 %)
Research and development expense	2,825	2,738	87	3 %
Selling and supply chain expense	1,349	1,202	147	12 %
General and administrative expense	3,808	5,206	(1,398)	(27 %)
Management fees and royalties	42	451	(409)	(91 %)
Interest, net	154	92	62	67 %
Other income and expense	(18)	(3)	(15)	500 %
Net loss	\$ (10,902)	\$ (9,403)	\$ (1,499)	16 %
Adjusted EBITDA	\$ (6,509)	\$ (6,627)	\$ 118	(2 %)

Revenue

Revenue increased by \$1.9 million, or 465 percent, from the second quarter of 2019 to \$2.3 million in the second quarter of 2020. The revenue growth was driven by 487 basis points of volume growth and 16 basis points of favorable product mix as we sold more oil in 2020 as a percent of total revenue than in 2019, both partially offset by 37 basis points of pricing, primarily the result of lower meal prices than the prior period. High oleic soybean meal was 79 percent of revenue in the period, compared to 89 percent a year ago. Most oil revenue in 2020 was from a single customer purchasing our oil to be used as a plant-based alternative to synthetic fluids, and we expect to fulfill their remaining orders over the next three months.

Cost of Goods Sold

Cost of goods sold increased by \$5.0 million from the second quarter of 2019 to \$5.3 million in the second quarter of 2020. The increase in cost of goods sold reflects an increase in the cost of product sold in the period as a result of higher sales volumes, the impact of lower costs associated with products sold in 2019 because Grain Costs were previously expensed as R&D, and a \$3.2 million net realizable value adjustment to inventories based on expected selling prices, grain processing costs, and a significant amount of excess seed produced for 2020 plantings.

Gross Margin

Gross margin, as reported, was a negative \$3.0 million, or a negative 131 percent, in the second quarter of 2020, a decrease of \$3.1 million from the second quarter of 2019. The decrease in gross margin in the second quarter of 2020 reflects the higher costs we have experienced during the high oleic soybean product's proof of concept period. The primary driver for gross margin, as reported, was the net realizable value adjustment to inventories of \$3.2 million, as described above for cost of goods sold. The year over year comparability is also affected by \$0.4 million of Grain Costs expensed as R&D prior to the commercialization of our first products in early 2019, which resulted in those margins being higher than they would have been had those costs been recognized in cost of goods sold in 2019 instead of R&D expense in 2018.

During the period, gross margins were impacted by the effect of the COVID-19 pandemic and our responsive measures. The increase in negative gross margin percentage related to lower sales volumes and lower average selling prices, while the prices that we pay per bushel for processing, storage and transport of grain remained fixed.

Gross margin, as adjusted, was negative \$0.8 million, or negative 34 percent, in the second quarter of 2020, as compared to negative \$0.3 million, or negative 69 percent, in the second quarter of 2019. The improvement was driven by higher oil prices and favorable product mix, partially offset by lower meal prices and higher grain costs and processing expenses.

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See below under the heading “Use of Non-GAAP Financial Information” for a discussion of gross margin, as adjusted, and a reconciliation of gross margin, the most comparable GAAP measure, to gross margin, as adjusted.

Research and Development Expense

R&D expenses increased by \$0.1 million to \$2.8 million, driven by incremental professional service expenses related to new patent filings to bolster our intellectual property portfolio.

Selling and Supply Chain Expense

S&SC expenses increased by \$0.1 million to \$1.3 million, driven by additional personnel costs.

General and Administrative Expense

G&A expenses decreased by \$1.4 million to \$3.8 million, driven by decreases in Section 16 officer transition expenses of \$0.5 million and \$0.4 million less non-cash stock compensation expenses.

Management Fees

Management fees decreased by \$0.4 million as we previously internalized certain services provided by Collectis, including investor relations, information technology, human resources, legal, and communications.

Interest, net

Interest, net increased by \$0.1 million, driven by lower yields and lower cash balances, partially offset by \$0.4 million of unrealized gains on short-term investments.

Due to changes in our cash balance and the current interest rate environment, we expect interest, net to decrease in the balance of 2020 as compared to the same period in 2019.

Net Loss

Net loss was \$10.9 million in the second quarter of 2020, an increase of \$1.5 million from the second quarter of 2019, driven by a \$3.1 million decrease in gross margin following the launch of our high oleic soybean products and the higher costs we experienced during the product’s proof of concept period, which includes the write-down of inventories to net realizable value, partially offset by decreases in G&A expenses from \$0.5 million of lower Section 16 officer transition, \$0.4 million of lower stock compensation expenses and a \$0.4 million decrease in management fees.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Adjusted EBITDA loss was \$6.5 million in the second quarter of 2020, a decrease of \$0.1 million from the second quarter of 2019.

See below under the heading “Use of Non-GAAP Financial Information” for a discussion of adjusted EBITDA and a reconciliation of such measure to net loss, the most comparable measure calculated under U.S. GAAP.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2020 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2019

A summary of our results of operations for the six months ended June 30, 2020 and 2019 follows:

	Six Months Ended June 30,			
	2020	2019	\$ Change	% Change
Revenue	\$ 4,684	\$ 566	\$ 4,118	728 %
Cost of goods sold	9,205	337	8,868	2631 %
Gross margin	(4,521)	229	(4,750)	(2074) %
Research and development expense	5,612	4,957	655	13 %
Selling and supply chain expense	2,929	2,107	822	39 %
General and administrative expense	8,528	9,368	(840)	(9) %
Management fees and royalties	104	812	(708)	(87) %
Interest, net	(244)	264	(508)	(192) %
Other income and expense	(27)	(27)	—	0 %
Net loss	\$ (21,965)	\$ (16,778)	\$ (5,187)	31 %
Adjusted EBITDA	\$ (14,757)	\$ (12,295)	\$ (2,462)	20 %

Revenue

Revenue increased by \$4.1 million, or 728 percent, from the first six months of 2019 to \$4.7 million in the first six months of 2020. The revenue growth was driven by 751 basis points of volume growth and 19 basis points of favorable product mix as we sold more oil in 2020 as a percentage of total revenue than in 2019, both partially offset by 42 basis points of pricing, primarily the result of lower meal prices compared to the same period in 2019. High oleic soybean meal was 82 percent of revenue in the period, compared to 89 percent a year ago. Most oil revenue in 2020 was from a single customer purchasing our oil to be used as a plant-based alternative to synthetic fluids, and we expect to fulfill their remaining orders over the next three months.

Cost of Goods Sold

Cost of goods sold increased by \$8.9 million from the first six months of 2019 to \$9.2 million in the first six months of 2020. The increase in cost of goods sold reflects an increase in the cost of product sold in the period as a result of higher sales volumes, the impact of lower costs associated with products in 2019 because Grain Costs were previously expensed as R&D, and a \$4.2 million net realizable value adjustment to inventories based on expected selling prices, grain processing costs, and a significant amount of excess seed produced for 2020 plantings.

Gross Margin

Gross margin, as reported, was a negative \$4.5 million, or a negative 97 percent, in the first six months of 2020, a decrease of \$4.8 million from the first six months of 2019. The decrease in gross margin in the first six months of 2020 reflects the higher costs we have experienced during the high oleic soybean product's proof of concept period. The primary driver for gross margin, as reported, was the net realizable value adjustment to inventories of \$4.2 million, as described above for cost of goods sold. The year over year comparability is also affected by \$0.5 million of Grain Costs expensed as R&D prior to the commercialization of our first products in early 2019, which resulted in those margins being higher than they would have been had those costs been recognized in cost of goods sold in 2019 instead of R&D expense in 2018.

During the period, gross margins were impacted by the effect of the COVID-19 pandemic and our responsive measures. The increase in negative gross margin percentage related to lower sales volumes and lower average selling prices, while the prices that we pay per bushel for processing, storage and transport of grain remained fixed.

Gross margin, as adjusted, was negative \$2.0 million, or negative 42 percent, in the six months ended June 30, 2020 compared to negative \$0.3 million, or negative 54 percent, in the same period in 2019. The improvement was driven by higher oil prices and favorable product mix, partially offset by lower meal prices and higher grain costs and processing expenses.

See below under the heading "Use of Non-GAAP Financial Information" for a discussion of gross margin, as adjusted, and a reconciliation of gross margin, the most comparable GAAP measure, to gross margin, as adjusted.

Research and Development Expense

R&D expenses increased by \$0.7 million to \$5.6 million, driven by incremental professional service expenses related to new patent filings to bolster our intellectual property portfolio, increased experimental seed expenses, and higher personnel costs.

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Selling and Supply Chain Expense

S&SC expenses increased by \$0.8 million to \$2.9 million, driven by additional personnel costs, including \$0.3 million of Section 16 officer transition expenses.

General and Administrative Expense

G&A expenses decreased by \$0.8 million to \$8.5 million, driven by a decrease in non-cash stock compensation of \$0.5 million and lower Section 16 officer transition expenses of \$0.3 million.

Management Fees

Management fees decreased by \$0.7 million as we previously internalized certain services provided by Collectis, including investor relations, information technology, human resources, legal, and communications.

Interest, net

Interest, net decreased by \$0.5 million, driven by lower yields and lower cash balances.

Due to changes in our cash balance and the current interest rate environment, we expect interest, net to decrease in the balance of 2020 as compared to the same period in 2019.

Net Loss

Net loss was \$22.0 million in the first six months of 2020, an increase of \$5.2 million from the first six months of 2019, driven by a \$4.8 million decrease in gross margin following the launch of our high oleic soybean products and the higher costs we experienced during the product's proof of concept period, which includes the write-down of inventory to net realizable value and \$0.5 million of incremental professional service and personnel costs, partially offset by \$0.8 million of lower non-cash stock compensation expenses across G&A and S&SC and a \$0.5 million decline in interest, net.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Adjusted EBITDA loss was \$14.8 million in the first six months of 2020, an increase of \$2.5 million from the first six months of 2019.

See below under the heading "Use of Non-GAAP Financial Information" for a discussion of adjusted EBITDA and a reconciliation of such measure to net loss, the most comparable measure calculated under U.S. GAAP.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As of June 30, 2020, we had a total of \$35.3 million of cash, cash equivalents, short-term investments, and restricted cash. Short-term investments consist of corporate debt securities and commercial paper with more than 90 days to maturity at issuance. All these amounts are convertible to cash within 90 days except for \$1.0 million of restricted cash associated with our financing leases. Current liabilities were \$4.6 million at June 30, 2020. Accordingly, we have cash, cash equivalents and short-term investments sufficient to fund all short-term obligations as of that date.

We incurred losses from operations of \$22.0 million for the six months ended June 30, 2020, and \$16.8 million for the six months ended June 30, 2019. As of June 30, 2020, we had an accumulated deficit of \$144.0 million and expect to continue to incur losses in the future.

Cash Flows from Operating Activities

In Thousands	Six Months Ended June 30,	
	2020	2019
Net loss	\$ (21,965)	\$ (16,778)
Depreciation and amortization	904	689
Stock-based compensation	3,068	3,860
Changes in operating assets and liabilities	(7,666)	(3,641)
Net cash used by operating activities	\$ (25,659)	\$ (15,870)

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Net cash used by operating activities increased by \$9.8 million, driven by the increase in our net loss of \$5.2 million, a \$4.0 million increase in cash flows used by operating assets and liabilities—primarily, an increase in inventory of \$2.6 million, and \$0.8 million of lower non-cash stock compensation expense.

Based on the cost-saving actions we are implementing in response to the COVID-19 pandemic, we expect cash flows from operating activities to improve over the balance of 2020 as compared to the first quarter 2020. In addition, we expect cash usage to improve in the second half of 2020 as we execute on our streamlined business model, including with respect to the sale of soybean that we have already contracted to purchase, and realize lower cash usage as a result of related headcount reductions.

Cash Flows from Investing Activities

In Thousands	Six Months Ended June 30,	
	2020	2019
Purchases of land, buildings, and equipment	\$ (517)	\$ (1,319)
Short-term investments	(29,942)	—
Net cash used by investing activities	\$ (30,459)	\$ (1,319)

Net cash used by investing activities increased by \$29.1 million, driven by our purchases of short-term investments as part of our risk diversification strategy.

We expect net cash used by investing activities in the second half of 2020 to be comparable to the first six months of the year.

Cash Flows from Financing Activities

In Thousands	Six Months Ended June 30,	
	2020	2019
Proceeds from Paycheck Protection Program loan	\$ 1,518	\$ —
Repayments of financing lease obligations	(130)	(122)
Proceeds from the exercise of stock options	—	308
Costs incurred related to shares withheld for net share settlement	—	(559)
Proceeds from the sale and leaseback of land, buildings, and equipment	—	217
Net cash provided (used) by financing activities	\$ 1,388	\$ (156)

Net cash provided by financing activities increased by \$1.5 million, driven by the proceeds from a Paycheck Protection Program loan executed in the second quarter of 2020.

We expect net cash provided (used) by financing activities to be comprised primarily of repayments of financing lease obligations and proceeds from the sale and leaseback of land, buildings, and equipment for the balance of 2020.

CAPITAL RESOURCES

Considering our anticipated cash burn rate, anticipated expense reduction efforts, and our expectations regarding an effective advancement of our go-to-market soybean strategy and anticipated cash receipts from our product development efforts with partners, we believe our cash, cash equivalents, short-term investments, and restricted cash as of June 30, 2020 will be enough to fund our operations for at least the next twelve months and into 2022.

For the six months ended June 30, 2020, we generated \$4.7 million in revenues from product sales. We anticipate that we will continue to generate losses for the next several years before revenue is enough to support our operating capital requirements.

Until we can generate substantial cash flow, we expect to finance a portion of future cash needs through cash on hand, public or private equity or debt financings, government or other third-party funding, and commercialization activities, which may result in various types of revenue streams from future licensees, including upfront and milestone payments, annual license fees, or royalties.

Our financing needs are subject to change depending on, among other things, the success of our product development efforts, the effective execution of our streamlined business model, our revenue, and our efforts to effectively manage expenses. The effects of the COVID-19 pandemic on the financial markets and broader economic uncertainties may make obtaining capital through equity or debt financings more challenging and have exacerbated the risk that such capital, if available, may not be available on terms acceptable to us.

In response to current economic conditions, we have postponed non-essential capital expenditures and undertaken other efficiency efforts. In addition, the headcount reductions undertaken in connection with our business model advancement will contribute to our

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cost-saving initiatives. We will continue to review our operating expenses and to take actions that support efficient operations, financial flexibility, and optimized liquidity.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

As of June 30, 2020, there were no material changes in our commitments under contractual obligations as disclosed in our Annual Report, except that our forward purchase contracts, which consist of commitments to purchase grain and seed, have decreased to \$34.2 million from \$50.9 million. During the second quarter of 2020, we also entered into a Paycheck Protection Program loan for \$1.5 million.

OFF BALANCE SHEET OBLIGATIONS

As of June 30, 2020, we do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

CRITICAL ACCOUNTING POLICIES

The preceding discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements and the related disclosures, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates, assumptions, and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the policies discussed in Note 1, Basis of Presentation and Summary of Significant Accounting Policies, are the most critical to an understanding of our financial condition and results of operations because they require us to make estimates, assumptions and judgments about matters that are inherently uncertain.

As of June 30, 2020, there have been no significant changes to our critical accounting policies disclosure reported in “Critical Accounting Estimates” in our Annual Report.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2019, we adopted new accounting requirements for share-based payment transactions for acquiring goods and services from nonemployees. The adoption did not have an impact on our consolidated financial statements as each of the share-based payment awards granted to nonemployees had a measurement date upon grant, and thus no cumulative adjustment to retained earnings was required.

In the first quarter of 2019, we adopted new accounting requirements for recognition of revenue from contracts with customers. We adopted these requirements using the cumulative effect approach. The adoption did not have an impact on our consolidated financial statements.

In the first quarter of 2019, we adopted new hedge accounting requirements that better aligned our risk management activities and financial reporting. The adoption did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued new accounting requirements for accounting, presentation and classification of leases. This will result in most leases being capitalized as a right of use asset with a related liability on our balance sheets. The requirements of the new standard are effective for annual reporting periods beginning after December 15, 2020, and interim periods within those annual periods, which for us is the first quarter of 2021 because we are an emerging growth company. We are in the process of analyzing the impact of this standard on our results of operations and financial position.

In June 2016, the FASB issued new accounting requirements on how to account for credit losses on most financial assets and certain other instruments. This will require the estimation of lifetime expected credit losses and corresponding recognition of allowance for losses on trade and other receivables, loans, and other instruments held at amortized cost. The ASU requires certain recurring disclosures and is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2023. We are in the process of analyzing the impact of this standard on our results of operations.

USE OF NON-GAAP FINANCIAL INFORMATION

To supplement our audited financial results prepared in accordance with GAAP, we have prepared certain non-GAAP measures that include or exclude special items. These non-GAAP measures are not meant to be considered in isolation or as a substitute for financial information presented in accordance with GAAP and should be viewed as supplemental and in addition to our financial information presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures. In addition, other companies may report similarly titled measures, but calculate them differently, which reduces

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their usefulness as a comparative measure. Management utilizes these non-GAAP metrics as performance measures in evaluating and making operational decisions regarding our business.

We present gross margin, as adjusted, a non-GAAP measure that includes the effects of high oleic soybean products sold with no associated cost of goods sold because those costs were expensed as R&D in a prior period and that also includes the impact of any net realizable value adjustments to inventories occurring in the period, which would otherwise have been recorded as an adjustment to value in a prior period or would have been recorded in a future period as the underlying products are sold.

We provide in the table below a reconciliation of gross margin, as adjusted, to gross margin, which is a most directly comparable GAAP financial measure. We provide gross margin, as adjusted because we believe that this non-GAAP financial metric provides investors with useful supplemental information at this stage of commercialization as the amounts being adjusted affect the period to period comparability of our gross margins and financial performance.

The table below presents a reconciliation of gross margin to gross margin, as adjusted:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Gross margin (GAAP measure)	\$ (3,014)	\$ 105	\$ (4,521)	\$ 229
Gross margin percentage	(131)%	26%	(97)%	40%
Adjustments:				
Grain costs expensed as R&D	—	(386)	—	(535)
Net realizable value adjustment to inventories	2,221	—	2,555	—
Gross margin, as adjusted	\$ (793)	\$ (281)	\$ (1,966)	\$ (306)
Gross margin percentage, as adjusted	(34)%	(69)%	(42)%	(54)%

We present adjusted EBITDA, a non-GAAP measure, and define it as net loss excluding interest, net, income tax expense, depreciation and amortization expenses, stock-based compensation expenses, Section 16 officer transition expenses, research and development payroll tax credits that are no longer realizable, Grain Costs expensed as R&D and net realizable value adjustments to inventories.

We provide in the table below a reconciliation of adjusted EBITDA to net loss, which is the most directly comparable GAAP financial measure. Because adjusted EBITDA excludes non-cash items and discrete or infrequently occurring items, we believe that adjusted EBITDA provides investors with useful supplemental information about the operational performance of our business and facilitates comparison of our financial results between periods where certain items may vary significantly independent of our business performance.

The table below presents a reconciliation of net loss to adjusted EBITDA:

In Thousands	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Loss (GAAP measure)	\$ (10,902)	\$ (9,403)	\$ (21,965)	\$ (16,778)
Non-GAAP adjustments:				
Interest, net	(154)	(92)	244	(264)
Income tax expense	—	—	—	—
Depreciation and amortization	452	342	904	689
Stock-based compensation expenses	1,797	2,304	3,068	3,860
Grain Costs expensed as R&D	—	(386)	—	(535)
Net realizable value adjustment to inventories	2,221	—	2,555	—
Section 16 officer transition expenses	77	671	437	859
Research and development payroll tax credit	—	(63)	—	(126)
Adjusted EBITDA	\$ (6,509)	\$ (6,627)	\$ (14,757)	\$ (12,295)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk that affect us, see “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A of Part II of the Annual Report. There have been no material changes in information that would have been provided in the context of Item 3 from the end of the preceding year until June 30, 2020. However, the Company does provide risk

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management discussion in various places in this Quarterly Report on Form 10-Q, primarily in Note 2 Financial Instruments, Fair Value, Hedging Activities, and Concentrations of Credit Risk.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, were effective as of June 30, 2020.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2020, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material pending legal proceeding as of June 30, 2020. From time to time, we may be involved in legal proceedings arising in the ordinary course of business.

Item 1A. Risk Factors

The most significant risk factors applicable to Calyxt are described in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2019 and in Part II, Item 1A “Risk Factors” of our Quarterly Report on Form 10-Q for the three months ended March 31, 2020. There have been no material changes from the risk factors previously disclosed in our Annual Report and our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, except for the additional risk factors set forth below. You should carefully consider the risk factors included in our Annual Report, our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, and below in connection with Part I, Item 2, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations.”

We intend to license certain product candidates that we develop and, in some cases, our TALEN® technology to third parties and will be dependent on them to successfully commercialize these product candidates or product candidates developed with our technology.

In addition to our seed sale go-to-market strategy, we intend to license certain product candidates that we develop to third parties for commercialization and sale under their own brands. In addition, we may out-license our TALEN® technology to permit third parties to develop specific traits in specific crops. Our licensee customers will primarily be global food processing companies, but may also include seed companies, biotechnology companies, germplasm providers, and growers. Once we license a product candidate to a customer, they will typically oversee its commercialization. Where we license TALEN® technology to a customer, they will typically oversee its development and commercialization. In both cases, our ability to achieve milestone payments or generate royalties will not be within our direct control.

We have an exclusive license for our primary gene-editing technology, TALEN®, for commercial use in plants from Collectis and also license other technology from Collectis and the University of Minnesota. Accordingly, the economic terms of our partnership and licensing agreements will need to take into account royalty payments that we are required to make to our licensors on revenue we generate under our partnership agreements and license arrangements.

If our licensees are delayed or unsuccessful in their development and commercialization efforts, as applicable, or if they fail to devote sufficient time and resources to support the marketing and selling efforts of those products, we may not receive milestone and/or royalty payments as expected and our financial results could be harmed. Further, if these licensee customers fail to market licensed products or products developed with our licensed technology at prices that will achieve or sustain market acceptance for those products, our royalty revenues could be further harmed.

Some of the licenses we may grant to our licensing partners may be exclusive, which could limit further licensing or partnership opportunities.

Some of the licenses we may grant to our licensing partners with respect to certain product candidates or for the development of specific traits in identified crops using our TALEN® technology may be exclusive within specified jurisdictions, so long as our licensing partners comply with the terms of the license agreements. That means that once a product candidate is licensed to a licensing partner, we may be generally prohibited from licensing that product candidate to any other third party. Similarly, once TALEN® technology is licensed for a specific trait in a specific crop, we may be generally prohibited from licensing our TALEN® technology to any other third party for purposes of developing the same trait in the same crop or from using our TALEN® technology ourselves to develop the same trait in the same crop. The limitations imposed by such exclusive licenses could prevent us from expanding our business and increasing our product development initiatives with new licensing partners, both of which could adversely affect our business and results of operations.

[Table of Contents](#)**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In the six months ended June 30, 2020, the Company repurchased shares of stock as follows in connection with the payment of taxes upon vesting of restricted stock previously issued to employees:

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced programs	Approximate dollar value of shares that may yet be purchased under the programs
January 1, 2020 – January 31, 2020	17,752	\$ 7.01	—	\$ —
February 1, 2020 – February 29, 2020	—	\$ —	—	\$ —
March 1, 2020 – March 31, 2020	—	\$ —	—	\$ —
April 1, 2020 – April 30, 2020	—	\$ —	—	\$ —
May 1, 2020 – May 31, 2020	—	\$ —	—	\$ —
June 1, 2020 – June 30, 2020	—	\$ —	—	\$ —
Total	17,752	\$ 7.01	—	\$ —

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Item 6. Exhibits

- (a) Index of Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on September 1, 2017)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q filed with the SEC on May 7, 2018)
10.1*†	Annual Incentive Payment Criteria for Executive Officers
10.2*†	Form of Stock Option Agreement pursuant to the Calyxt, Inc. 2017 Omnibus Incentive Plan
10.3*†	Form of Restricted Stock Unit Agreement pursuant to the Calyxt, Inc. 2017 Omnibus Incentive Plan
31.1*	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act
31.2*	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act
32*	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	The cover page for the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, has been formatted in Inline IXBRL

*Filed herewith

†Indicates management contract or compensatory plan

SIGNATURE

Pursuant to the requirements of the Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 5, 2020.

CALYXT, INC.

By: /s/ James A. Blome

Name: James A. Blome

Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ William F. Koschak

Name: William F. Koschak

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)



Annual Incentive Payment Criteria – In Respect of Fiscal Year 2020

Bonus at target (100%) level of achievement of Company Objectives and Individual Objectives is a percentage of base salary to be determined by the Compensation Committee of the Board of Directors (the "Committee"). The maximum bonus that may be earned will not exceed 1.5x target level bonus, even if actual performance exceeds the maximum level for any or all performance goals. A participant in the 2020 annual bonus program must be employed by Calyxt as of December 31, 2020 and as of the payment date in order to receive any bonus under the 2020 annual bonus program unless otherwise provided in a written agreement between Calyxt and the participant. Additionally, all bonuses are subject to "clawback" to the extent required by federal law.

Company Objectives – 50%

Portion of bonus attributable to Company Objectives is weighted as follows: 50% R&D (Measure 1 and 2), 30% Cash Balance (Measure 3) & 20% Revenue (Measure 4). Each Measure 1-4 will be determined by the Committee. Each Measure 1-4 must achieve at least 50% level for any bonus amount to be earned under Company Objectives.

With respect to the Company Objectives, the Compensation Committee shall have the authority to determine whether (and by what amount) the actual result used to calculate the achievement of a Measure should be adjusted to account for extraordinary events or circumstances (including, without limitation, overall financial market performance factors relative to assumptions used in establishing target Measures), or should otherwise be adjusted in order to be consistent with the purpose or intent of the 2020 annual performance bonus program.

Multiplier/ Achievement Level	Measure 1 Execution	Measure 2 Innovation	Measure 3 Cash Balance	Measure 4 GAAP Revenue
50%	[Pipeline Advancement Measure]	[Product Innovation Measure]	[Minimum Cash Balance Measure]	[GAAP Revenue Measure]
100%	[Pipeline Advancement Measure]	[Product Innovation Measure]	[Minimum Cash Balance Measure]	[GAAP Revenue Measure]
150%	[Pipeline Advancement Measure]	[Product Innovation Measure]	[Minimum Cash Balance Measure]	[GAAP Revenue Measure]
Weighting of Company Objectives	25%	25%	30%	20%

Individual Objectives – 50%

The Compensation Committee will determine, in its discretion, the level of achievement of the goals identified below and the overall achievement of the Individual Objectives, with a multiplier of 0.7x to 1.5x based on performance.

Specific individual measures will be determined by the Committee drawn from the categories identified below, together with individual weighting of such Individual Measure.

Individual Measures
<ul style="list-style-type: none"> •Internal & External Communications Achievement / Advancement •Financial Reporting Achievement / Advancement •Information Technology Achievement / Advancement •Research and Development Achievement / Advancement •Safety & Compliance Achievement / Advancement •Leadership Achievement / Advancement •Risk Management Achievement / Advancement •Intellectual Property Achievement / Advancement

CALYXT, INC.
2017 OMNIBUS INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK UNIT AWARD

Recipient

Subject to the terms and conditions set forth in this notice of grant (the “Notice”) and the Restricted Stock Agreement (the Notice and Restricted Stock Agreement constituting this “Award Agreement”), Calyxt, Inc., a Delaware corporation (the “Company”) has granted you an award of RSUs (the “Award”). The Award is granted under and is subject to the Calyxt, Inc. 2017 Omnibus Incentive Plan (the “Plan”). Unless otherwise defined in this Agreement, the terms used in this Agreement shall have the meanings defined in the Plan. The provisions of the Plan shall control in the event of a conflict among the provisions of the Plan, this Notice, the Award Agreement and any descriptive materials provided to you.

Date of Grant: [•]
 Total Number of Units: [•]
 Vesting Commencement
 Date: [•]
 First Vest Date: [•]
 Vesting/Exercise
 Schedule:

Subject to Sections 2(n) and 19(g) of the Plan and Section 8 of the Award Agreement, so long as your Continuous Service Status does not terminate, the RSUs shall vest and be settled in accordance with the provisions of the Award Agreement.

Transferability: You may not transfer this Award.

By your signature and the signature of the Company’s representative below, you and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and the Agreement.

You are advised to consult with your own tax advisors in respect of any tax consequences arising in connection with this Award. In addition, you agree and acknowledge that your rights to any Shares underlying this Award will be earned only as you provide services to the Company over time, that the grant of this Award is not as consideration for services you rendered to the Company prior to the Date of Grant, and that nothing in this Notice or the attached documents confers upon you any right to continue your employment or consulting relationship with the Company for any period of time, nor does it interfere in any way with your right or the Company’s right to terminate that relationship at any time, for any reason, with or without cause. However, there is no guarantee that the Internal Revenue Service will agree with the valuation, and by signing below, you agree and acknowledge that the Company and the Administrator shall not be held liable for any applicable costs, taxes, or penalties associated with this Award if, in fact, the Internal Revenue Service were to determine that this Award constitutes deferred compensation under Section 409A of the Code.

[Signature Page Follows]

THE COMPANY:

CALYXT, INC.

By: _____ Name:
Title:

PARTICIPANT:

CALYXT, INC.

2017 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. **Grant of RSU Award.** Calyxt, Inc., a Delaware corporation (the “Company”), hereby grants to [•] (“Participant”), the number of restricted stock units (“RSUs” or “Award”) set forth in the Notice of Restricted Stock Unit Award Grant (the “Notice”), subject to the terms, definitions and provisions of the Calyxt, Inc. 2017 Omnibus Incentive Plan (the “Plan”) adopted by the Company, which is incorporated in this agreement (this “Agreement”) by reference. Unless otherwise defined in this Agreement, the terms used in this Agreement shall have the meanings defined in the Plan.

2. **Issuance of RSUs.** Each RSU shall represent the right to receive one Share upon the vesting of such RSU, as determined in accordance with and subject to the terms of this Agreement and the Plan.

3. **Vesting of RSUs.** Provided that the Participant’s Continuous Service Status does not terminate, this Award shall vest as follows:

- [•] of the total number of RSUs on the Date of Grant (as defined in the Notice);
- [•]% of the total number of RSUs on [•]; and
- [•]% of the total number of RSUs on [•];

(each date above, a “Vesting Date”)[, *provided* that in the event that a Triggering Event occurs during the vesting period, an additional 25% of the total number of RSUs shall immediately vest; and *provided further* that 100% of the total number of RSUs shall vest in the event of (a) the termination of Participant’s employment without Cause within 12 months following a Triggering Event or (b) the resignation of Participant for Good Reason within 12 months following a Triggering Event. In all cases, in no event will more than 100% of the RSUs vest.

As used in this Agreement and for all purposes relating to the RSUs, including Continuous Service Status, “Good Reason” shall mean: (i) a material reduction in the Participant’s base salary, other than a general reduction in base salaries that affects all similarly-situated Employees or Consultants, as applicable, in substantially the same proportion or (ii) an involuntary relocation of the Participant’s principal place of employment by more than 100 miles, provided that (x) the Participant has provided written notice to the Company of the existence of the circumstances constituting Good Reason within 30 days of the initial existence of such circumstances, (y) the Company fails to cure such circumstances within 30 days of the receipt of such written notice and (z) Participant’s resignation is effective not later than 90 days after the first occurrence of the applicable grounds constituting Good Reason. If Participant does not resign for Good Reason in accordance with, and within the time period set forth in, the preceding sentence, then Participant will be deemed to have waived

Participant's right to terminate for Good Reason with respect to such circumstances and such circumstances shall be deemed not to constitute Good Reason.]¹

[in the event that a Triggering Event or change in control of a Parent occurs, 100% of the total number of Shares shall immediately vest to the extent not already vested. In all cases, in no event will more than 100% of the RSUs vest.]²

4. **Tax Liability; Withholding Requirements; Compliance with Applicable Laws.** As a condition to the settlement of RSUs and as further set forth in Section 15 of the Plan, Participant agrees to make adequate provision for federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or disposition of shares of the RSUs, dividend distribution thereon, whether by withholding, direct payment to the Company, or otherwise. Regardless of any action the Company takes with respect to any or all income tax, social security, payroll tax, or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items"), Participant acknowledges that the ultimate liability for **all** Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld. Participant further acknowledges that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting, settlement of the Award, the issuance of Shares upon settlement of the Award and the subsequent sale of Shares acquired pursuant to such issuance and (b) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result.

In the event Participant fails to make adequate provision for applicable tax withholding obligations (or where the amount of money provided is insufficient to satisfy the applicable obligations), Participant authorizes the Company, in its discretion, to satisfy the obligations with regard to all Tax-Related Items by (i) withholding from Participant's wages or other cash compensation paid to Participant, (ii) withholding through a net settlement or sell-to-cover transaction with respect to the Participant's Shares or (iii) a combination of the foregoing. Notwithstanding anything in this Agreement to the contrary, the Company may, in its discretion, determine and notify the Participant that obligations with regard to all Tax-Related Items must be satisfied by withholding through a net settlement or sell-to-cover settlement on the Participant's behalf, to which the Participant hereby consents.

If Participant's obligation is satisfied through a sell-to-cover settlement as described in the foregoing paragraph, the Company, on the Participant's behalf, shall endeavor to sell only the number of Shares required to satisfy Participant's obligations for Tax-Related Items; however, Participant agrees that the Company may sell more Shares than necessary to cover the Tax-Related Item, and that in such event, the Company shall reimburse Participant for the excess amount withheld, in cash and without interest.

(c) The Company shall have no obligation to issue or deliver any Shares upon the vesting of the RSUs unless such issuance or delivery would comply with the Applicable Laws, including any applicable federal or state securities laws or any other law or

¹ To be included in the award agreements for Participants who are employees of the Company.

² To be included in the award agreements for Participants who are Consultants, non-employee directors of the Company, or directors or employees of a Parent.

regulation, with such compliance determined by the Company in consultation with its legal counsel. As a condition to the settlement of this Award, the Company may require Participant to make any representation and warranty to the Company as may be required by the Applicable Laws.

(d) Subject to compliance with Applicable Laws, this Award shall be deemed to be settled upon the satisfaction of any applicable withholding obligations.

5. **Terms and Conditions.** It is understood and agreed that the Award evidenced hereby is subject to the following terms and conditions:

(a) **Voting Rights.** The Participant shall have no voting rights or any other rights as a shareholder of the Company with respect to the RSUs unless and until the Participant becomes the record owner of the Shares underlying such RSUs.

(b) **Dividends.** If a dividend is paid on Shares during the period commencing on the Grant Date and ending on the date on which the Shares underlying the RSUs are distributed to the Participant pursuant to Section 3, the Participant shall be eligible to receive an amount equal to the dividend that the Participant would have received had the Shares underlying the RSUs been distributed to the Participant as of the time at which such dividend is paid; *provided, however*, that no such amount shall be payable with respect to any RSUs that are forfeited. Such amount shall be paid to the Participant on the date on which the Shares underlying the RSUs are distributed to the Participant in the same form (cash, Shares or other property) in which such dividend is paid to holders of Shares generally. Any Shares that the Participant is eligible to receive pursuant to this Section 4(b) are referred to herein as "Dividend Shares."³

(c) **Distribution on Vesting.** Subject to the provisions of this Agreement, upon the vesting of any of the RSUs, the Company shall deliver to the Participant, as soon as reasonably practicable after the applicable Vesting Date (or the Termination Date (as defined below), as applicable), one Share for each such RSU and the number of Dividend Shares (as determined in accordance with Section 5(b)); *provided* that such delivery of Shares shall be made no later than March 15 of the calendar year immediately following the year in which the applicable Vesting Date (or the Termination Date, as applicable) occurs. Upon such delivery, such Shares (including Dividend Shares) shall be fully assignable, alienable, saleable and transferrable by the Participant; *provided* that any such assignment, alienation, sale, transfer or other alienation with respect to such Shares shall be in accordance with applicable securities laws and any applicable Company policy.

6. **No Right to Continued Service.** The grant of an Award shall not be construed as conferring upon the Participant any right to continue his or her employment or consulting relationship with the Company for any period of time, nor does it interfere in any way with the Participant's right or the Company's right to terminate that relationship at any time, for any reason, with or without cause.

7. **No Right to Future Awards.** Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants. The Company, in its sole discretion, maintains the right to make available future grants under the Plan.

³ To be deleted in the award agreements for awards made pursuant to the Calyxt, Inc. 2017 Restricted Stock Unit Sub-Plan for French Employees and Directors.

8. **Termination of Relationship.** Following the date of termination of Participant's Continuous Service Status for any reason, including the Participant's death or Disability (the "**Termination Date**"), other than a termination for Cause, Participant may continue to hold the vested portion of the Award, only as set forth in the Notice and this Section 8. [The unvested portion of the Award on the Termination Date shall be forfeited on such date.]⁴ Notwithstanding the foregoing, any Award granted to an individual who is nominated to become a Director and is not an Employee or Consultant or a director of a Parent at the time of grant shall be forfeited in its entirety if such individual does not commence providing services to the Company within 12 months after the date of grant of such Award.

9. **Non-Transferability of RSUs.** This Award may not be transferred in any manner otherwise than by will or by the laws of descent or distribution. The terms of this Award shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.

10. **Not Salary, Pensionable Earnings or Base Pay.** The Participant acknowledges that the Award shall not be included in or deemed to be a part of (a) salary, normal salary or other ordinary compensation, (b) any definition of pensionable or other earnings (however defined) for the purpose of calculating any benefits payable to or on behalf of the Participant under any pension, retirement, termination or dismissal indemnity, severance benefit, retirement indemnity or other benefit arrangement of the Company or any Subsidiary or (c) any calculation of base pay or regular pay for any purpose.

11. **Forfeiture Upon Breach of Certain Other Agreements.** The Participant's breach of any non-competition, non-solicitation, confidentiality, non-disparagement, assignment of inventions or other intellectual property agreement that the Participant may be a party to with the Company or any Affiliate, in addition to whatever other equitable relief or monetary damages that the Company or any Affiliate may be entitled to, shall result in automatic rescission, forfeiture, cancellation or return of any Shares (whether or not vested) held by the Participant.

12. **Recoupment/Clawback.** This Award may be subject to recoupment or "clawback" as may be required by Applicable Laws or by any applicable Company policy or arrangement, as it may be established or amended from time to time.

13. **Effect of Agreement.** Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof (and has had an opportunity to consult counsel regarding the Award terms), and hereby accepts this Award and agrees to be bound by its contractual terms as set forth herein and in the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Plan Administrator regarding any questions relating to this Award. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of the Notice and this Agreement, the Plan terms and provisions shall prevail.

14. **Miscellaneous.**

⁴ To be deleted in award agreements for awards made pursuant to the Calyxt, Inc. 2017 Restricted Stock Unit Sub-Plan for French Employees and Directors.

(a) **Governing Law; Waiver of Jury Trial** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. BY RECEIPT OF THIS AWARD, THE PARTICIPANT WAIVES ANY RIGHT THAT THE PARTICIPANT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE PLAN.

(b) **Participant Undertaking; Acceptance**. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the Award pursuant to this Agreement. The Participant acknowledges receipt of a copy of the Plan and this Agreement and understands that material definitions and provisions concerning the Award and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of this Agreement and the Plan.

(c) **Dispute Resolution**. Any dispute or claim arising out of, under or in connection with the Plan or any Award Agreement shall be submitted to arbitration in Delaware and shall be conducted in accordance with the rules of, but not necessarily under the auspices of, the American Arbitration Association rules in force when the notice of arbitration is submitted. The arbitration shall be conducted before an arbitration tribunal, one selected by the Company, one selected by the Participant, and the third selected by the first two. The Participant and the Company agree that such arbitration will be confidential and no details, descriptions, settlements or other facts concerning such arbitration shall be disclosed or released to any third party without the specific written consent of the other party, unless required by law or court order or in connection with enforcement of any decision in such arbitration. Any damages awarded in such arbitration shall be limited to the contract measure of damages, and shall not include punitive damages.

(d) **Entire Agreement; Enforcement of Rights**. This Agreement, together with the Notice to which this Agreement is attached and the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and therein and merges and supersedes all prior and contemporaneous discussions, arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(e) **Amendment; Waiver**. Except as contemplated under the Plan, no modification of or amendment to this Agreement that has a material adverse effect on the Participant, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement; *provided* that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party; *provided* that no waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement and a substantially similar provision shall be inserted that as closely as possible reflects the intent of the parties shall be substituted in place of such unenforceable provision, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(g) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by telegram or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address as set forth below or as subsequently modified by written notice:

If to the Company:

Calyxt, Inc.
2800 Mount Ridge Road
Roseville, MN 55113
Attention:
Email:

If to the Participant:

At the Participant's most recent address in the Company's records.

(h) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(i) **Successors and Assigns; No Third-Party Beneficiaries.** The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of Participant under this Agreement may not be assigned without the prior written consent of the Company. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

15. **Data Privacy Notice and Consent.** By participating in the Plan, the Participant consents to the holding and processing of personal information provided by the Participant to the Company or any subsidiary, trustee or third-party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participant records;
- (b) providing information to the Company, Subsidiaries, trustees of any employee benefit trust, registrars, brokers or third-party administrators of the Plan;

(c) providing information to future purchasers or merger partners of the Company or any subsidiary, or the business in which the Participant works; and

(d) transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed by their officers thereunto duly authorized, effective as of the Date of Grant set forth in the accompanying Notice.

THE COMPANY:

CALYXT, INC.

By: _____ Name:
Title:

PARTICIPANT:

I, _____, spouse of [•], have read and hereby approve the foregoing terms set forth in this Agreement. In consideration of the Company's granting my spouse the right to receive Shares as set forth in this Agreement, I hereby agree to be irrevocably bound by this Agreement and further agree that any community property or other such interest shall hereby be similarly bound by this Agreement. I hereby appoint my spouse as my attorney-in-fact with respect to any amendment or exercise of any rights under this Agreement.

Spouse of [•] (if applicable)

CALYXT, INC.
2017 OMNIBUS INCENTIVE PLAN
NOTICE OF STOCK OPTION GRANT

Recipient

Subject to the terms and conditions set forth in this Notice of Stock Option Grant (this “Notice”) and Stock Option Agreement (the Notice and Stock Option Agreement collectively constituting this “Award Agreement”), by and between Calyxt, Inc., a Delaware corporation (the “Company”) and the undersigned participant (the “Participant,” “you,” or “your”), the Company has granted you an option (the “Option”) to purchase the total number of shares of Common Stock of the Company equal to the number of shares set forth below. The Option is being granted under, and is subject to, the Calyxt, Inc. 2017 Omnibus Incentive Plan (the “Plan”). Unless otherwise defined in the Award Agreement, the terms used in the Award Agreement shall have the meanings defined in the Plan. The provisions of the Plan shall control in the event of a conflict among the provisions of the Plan, the Award Agreement and any descriptive materials provided to you.

Date of Grant: [•]
 Exercise Price Per Share: [•]
 Total Number of Shares: [•]
 Total Exercise Price: [•]
 Type of Option: [Non-statutory Stock Option][Incentive Stock Option]
 Expiration Date: [•]
 Vesting Commencement
 Date: [•]
 First Vest Date: [•]
 Vesting/Exercise
 Schedule:

Subject to Sections 2(n) and 19(g) of the Plan and Section 7 of the Award Agreement, so long as your Continuous Service Status does not terminate, the Shares underlying the Option shall vest in accordance with the provisions of the Award Agreement. The Option shall only become exercisable in accordance with the provisions of the Award Agreement.

Transferability: You may not transfer the Option, except as set forth in Section 8 of the Award Agreement.

By your signature and the signature of the Company’s representative below, you and the Company acknowledge receipt of, and understand and agree to the Option, the Award Agreement, and the Plan. You and the Company further acknowledge that as of the Date of Grant, the Option, this Award Agreement, and the Plan set forth the entire understanding between you and the Company regarding the acquisition of stock in the Company and

supersede all prior oral and written agreements on that subject with the exception of options previously granted and delivered to you under the Plan.

You are advised to consult with your own tax advisors in respect of any tax consequences arising in connection with the Option. In addition, you agree and acknowledge that your rights to any Shares underlying the Option will be earned only as you provide services to the Company over time, that the grant of the Option is not as consideration for services you rendered to the Company prior to the Date of Grant, and that nothing in this Notice or the attached documents confers upon you any right to continue your employment or consulting relationship with the Company for any period of time, nor does it interfere in any way with your right or the Company's right to terminate that relationship at any time, for any reason, with or without cause. To the extent applicable, the Exercise Price Per Share has been set in good faith compliance with the applicable guidance issued by the Internal Revenue Service under Section 409A of the Internal Revenue Code of 1986, as it may be amended from time to time (the "Code"). Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder. However, there is no guarantee that the Internal Revenue Service will agree with the valuation, and by signing below, you agree and acknowledge that the Company and the Administrator shall not be held liable for any applicable costs, taxes, or penalties associated with the Option if, in fact, the Internal Revenue Service were to determine that the Option constitutes deferred compensation under Section 409A of the Code.

THE COMPANY:

CALYXT, INC.

By: _____ Name:

Title:

PARTICIPANT:

CALYXT, INC.

2017 OMNIBUS INCENTIVE PLAN

STOCK OPTION AGREEMENT

1. **Grant of Option.** Calyxt, Inc., a Delaware corporation (the “Company”), hereby grants to [•] (the “Participant”), an option (the “Option”) to purchase the total number of shares of Common Stock (the “Shares”) set forth in the Notice of Stock Option Grant (the “Notice”), at the Exercise Price per Share set forth in the Notice, which represents at least the Fair Market Value of a Share on the Date of Grant (the “Exercise Price”). The Option is being granted pursuant to the terms of the Calyxt, Inc. 2017 Omnibus Incentive Plan (the “Plan”) adopted by the Company, which is incorporated in this agreement (this “Agreement”) by reference.

(a) **Designation of Option.** The Option is intended to be an Incentive Stock Option within the meaning of Section 422 of the Code, although the Company makes no representation or guarantee that the Option will qualify as an Incentive Stock Option. To the extent that the aggregate Fair Market Value (determined on the Date of Grant) of the Shares that are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and its parent and subsidiary corporations, within the meaning of Sections 424(e) and (f) of the Code) exceeds One Hundred Thousand Dollars (\$100,000) (or such other amount as may be permitted from time to time under Section 422 of the Code), the Option or portions thereof which exceed such limit (according to the order in which they are granted) shall be treated as an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.]¹ [*Reserved.*]²

(b) **Consideration; Subject to Plan.** The grant of the Option is made in consideration of the services to be rendered by the Participant to the Company and is subject to the terms and conditions of the Plan. Unless otherwise defined in this Agreement, the terms used in this Agreement shall have the meanings defined in the Plan.

2. **Vesting of Option.** Provided that the Participant’s Continuous Service Status does not terminate, the Option shall become vested as to:

- [•]% of the total number of Shares underlying the Option on [•]; and
- [•]% of the total number of Shares underlying the Option on [•]; and
- [•]% of the total number of Shares underlying the Option on [•];

provided that:

[in the event that a Triggering Event occurs prior to the Expiration Date of the Option, the Option shall become vested as to an additional 25% of the total number of Shares underlying the Option; and provided further that the Option shall become vested as to 100% of the Shares underlying the Option in the event of (a) the termination of the Participant’s employment without Cause within 12 months following a Triggering Event or (b) the

¹ To be included in award agreements for Incentive Stock Options only.

² To be included in award agreements for Non-statutory Stock Options only.

resignation of the Participant for Good Reason within 12 months following a Triggering Event. In all cases, in no event will the Option become vested as to more than 100% of the total number of Shares subject to the Option.

As used in this Stock Option Agreement and for all purposes relating to the Option, including cessation of Continuous Service Status, "Good Reason" shall mean: (i) a material reduction in the Participant's base salary, other than a general reduction in base salaries that affects all similarly-situated Employees or Consultants, as applicable, in substantially the same proportion or (ii) an involuntary relocation of the Participant's principal place of employment by more than 100 miles, provided that (x) the Participant has provided written notice to the Company of the existence of the circumstances constituting Good Reason within 30 days of the initial existence of such circumstances, (y) the Company fails to cure such circumstances within 30 days of the receipt of such written notice, and (z) the Participant's resignation is effective not later than 90 days after the first occurrence of the applicable grounds constituting Good Reason. If the Participant does not resign for Good Reason in accordance with, and within the time period set forth in, the preceding sentence, then the Participant will be deemed to have waived the Participant's right to terminate for Good Reason with respect to such circumstances and such circumstances shall be deemed not to constitute Good Reason.]³

[in the event that a Triggering Event occurs or in the event of a change in control of a Parent, in each case prior to the Expiration Date of the Option, the Option will become vested as to 100% of the total number of the Shares underlying the Option, to the extent not already vested. In all cases, in no event will the Option become vested as to more than 100% of the total number of Shares subject to the Option.]⁴

3. **Exercise of Option.**

(a) **Right to Exercise.**

(i) The Option may not be exercised for a fraction of a share.

(ii) In the event of the Participant's death, Disability or other termination of Continuous Service Status, the exercisability of the Option shall be governed by Section 7 below, subject to the limitations contained in this Section 3.

(iii) In no event may the Option be exercised after the Expiration Date of the Option as set forth in the Notice, which Expiration Date shall in no event exceed the tenth anniversary of the Date of Grant.

(b) **Method of Exercise.** The Participant may exercise the vested portion of the Option during its term by:

(i) delivering the Exercise Agreement (in the form attached hereto as Exhibit A) or of any other form of written notice approved for such purpose by the Company, which shall state the Participant's election to exercise the Option, the number of Shares in respect of which the Option is being exercised, the Exercise Price, and such other representations and

³ To be included only in award agreements for Participants who are employees of the Company.

⁴ To be included in award agreements for Participants who are Consultants, non-employee directors of the Company, or directors or employees of a Parent.

agreements as to the holder's investment intent with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by the Participant and shall be delivered to the Company by such means as are determined by the Plan Administrator in its discretion to constitute adequate delivery. The written notice shall be accompanied by payment of the entire aggregate Exercise Price for the purchased Shares.

(ii) As a condition to the exercise of the Option and as further set forth in Section 15 of the Plan, the Participant agrees to make adequate provision for federal, state or other tax withholding obligations, if any, which arise upon the grant, vesting or exercise of the Option, or disposition of Shares, whether by withholding, direct payment to the Company, or otherwise. Regardless of any action the Company takes with respect to any or all income tax, social security, payroll tax, or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for **all** Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld. The Participant further acknowledges that the Company (A) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting, exercise/settlement of the Option, the issuance of Shares upon settlement of the Option and the subsequent sale of Shares acquired pursuant to such issuance and (B) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result.

In the event that the Participant fails to make adequate provision for applicable tax withholding obligations (or where the amount of money provided is insufficient to satisfy the applicable obligations), the Participant authorizes the Company, in its discretion, to satisfy the obligations with regard to all Tax-Related Items by (x) withholding from the Participant's wages or other cash compensation paid to the Participant, (y) withholding through a Cashless Exercise established with a broker, or (z) a combination of the foregoing.

If the Participant's obligation is satisfied through a Cashless Exercise as described in the foregoing paragraph, the Company shall endeavor to sell only the number of Shares required to satisfy the Participant's obligations for Tax-Related Items; however the Participant agrees that the Company may sell more Shares than necessary to cover the Tax-Related Item, and that in such event, the Company shall reimburse the Participant for the excess amount withheld, in cash and without interest.

(iii) The Company is not obligated, and shall have no liability for failure, to issue or deliver any Shares upon exercise of the Option unless such issuance or delivery would comply with the Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel. The Option may not be exercised until such time as the issuance of

such Shares upon such exercise or the method of payment of consideration for such Shares would not constitute a violation of any Applicable Laws, including any applicable federal or state securities laws or any other law or regulation. As a condition to the exercise of the Option, the Company may require the Participant to make any representation and warranty to the Company as may be required by the Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Participant on the date on which the Option is exercised with respect to such Shares.

(iv) Subject to compliance with Applicable Laws, the Option shall be deemed to be exercised upon receipt by the Company of the appropriate written notice of exercise accompanied by the Exercise Price and the satisfaction of any applicable withholding obligations.

4. **Method of Payment.** Payment of the Exercise Price shall be by any of the following, or a combination of the following, at the election of the Participant:

(a) Cash, check or wireless transfer;

(b) at the discretion of the Plan Administrator on a case by case basis, by surrender of other shares of Common Stock of the Company (either directly or by stock attestation) that the Participant previously acquired and that have an aggregate Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised; or

(c) at the discretion of the Plan Administrator on a case by case basis, by Cashless Exercise established with a broker.

5. **No Right to Continued Service.** Neither the Plan nor this Agreement, or the grant of an Option, shall confer upon the Participant any right to be retained in any position, as an employee, consultant, director, or officer of the Company. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Participant's Continuous Service Status at any time, with or without Cause. The Participant shall not have any rights as a shareholder with respect to any shares of Common Stock subject to the Option unless and until the Participant is the registered owner of such Shares.

6. **No Right to Future Options.** Any Option granted under the Plan shall be a one-time Option that does not constitute a promise of future grants. The Company, in its sole discretion, maintains the right to make available future grants under the Plan.

7. **Termination of Relationship.** [Notwithstanding the foregoing, any Award granted to an individual who is nominated to become a Director and is not an Employee or Consultant or a director of a Parent at the time of grant shall be forfeited in its entirety if such individual does not commence providing services to the Company within 12 months after the date of grant of such Award.]⁵

(a) **Termination for Reasons Other than Cause.** In the event of termination of the Participant's Continuous Service Status for any reason other than Cause,

⁵ To be included in award agreements for Non-statutory Stock Options only, as Incentive Stock Options are only granted to current Employees.

including the Participant's death or Disability, the Participant (or the Participant's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, as applicable) may exercise the vested portion of the Option, but only within such period of time ending on the earlier of (i) the date that is three (3) months following the date of termination of the Participant's Continuous Service Status or (ii) the Expiration Date. The unvested portion of the Option shall expire on the date of termination of the Participant's Continuous Service Status.

(b) **Termination for Cause.** In the event of termination of the Participant's Continuous Service Status for Cause, the Option (whether vested or unvested) shall immediately terminate and cease to be exercisable. If the Participant's Continuous Service Status is suspended pending an investigation of whether the Participant's Continuous Service Status will be terminated for Cause, all the Participant's rights under the Option, including the right to exercise the Option, shall be suspended during the investigation period.

8. **Non-Transferability of Option.** The Option may not be transferred by the Participant other than by will or the laws of descent and distribution, and is exercisable during the Participant's lifetime only by him or her. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

9. **Not Salary, Pensionable Earnings or Base Pay.** The Participant acknowledges that the Option shall not be included in or deemed to be a part of (a) salary, normal salary or other ordinary compensation, (b) any definition of pensionable or other earnings (however defined) for the purpose of calculating any benefits payable to or on behalf of the Participant under any pension, retirement, termination or dismissal indemnity, severance benefit, retirement indemnity or other benefit arrangement of the Company or any Subsidiary or (c) any calculation of base pay or regular pay for any purpose.

10. **Forfeiture Upon Breach of Certain Other Agreements.** The Participant's breach of any non-competition, non-solicitation, confidentiality, non-disparagement, assignment of inventions or other intellectual property agreement that the Participant may be a party to with the Company or any Subsidiary or Affiliate, in addition to whatever other equitable relief or monetary damages that the Company or any Subsidiary or Affiliate may be entitled to, shall result in automatic rescission, forfeiture, cancellation or return of any Shares (whether or not vested) held by the Participant.

11. **Recoupment/Clawback.** The Option may be subject to recoupment or "clawback" as may be required by Applicable Laws, stock exchange rules or by any applicable Company policy or arrangement, as it may be established or amended from time to time.

12. **Effect of Agreement.** The Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof (and has had an opportunity to consult counsel regarding the Option terms), and hereby accepts the Option and agrees to be bound by its contractual terms as set forth herein and in the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Plan Administrator regarding any questions relating to the Option. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of the Notice and this Agreement, the Plan terms and provisions shall prevail.

13. **Qualification as an Incentive Stock Option.** It is understood that the Option (except to the extent of the \$100,000 limitation as described in Section 1(a) above) is intended to qualify as an incentive stock option as defined in Section 422 of the Code to the extent permitted under Applicable Law. Accordingly, the Participant understands that in order to obtain the benefits of an incentive stock option, no sale or other disposition may be made of shares for which incentive stock option treatment is desired within one (1) year following the date of exercise of the Option or within two (2) years from the Date of Grant. The Participant understands and agrees that the Company shall not be liable or responsible for any additional tax liability the Participant incurs in the event that the Internal Revenue Service for any reason determines that the Option does not qualify as an incentive stock option within the meaning of the Code.]⁶ ***Reserved.***⁷

14. **Disqualifying Disposition.** If the Participant disposes of the Shares of Common Stock prior to the expiration of either two (2) years from the Date of Grant and or one (1) year from the date the Shares are transferred to the Participant pursuant to the exercise of the Option, the Participant shall notify the Company in writing within thirty (30) days after such disposition of the date and terms of such disposition. The Participant also agrees to provide the Company with any information concerning any such dispositions as the Company requires for tax purposes.]⁸ ***Reserved.***⁹

15. **Significant Stockholders.** Notwithstanding anything in this Agreement to the contrary, if the Participant owns, directly or indirectly through attribution, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries (within the meaning of Section 424(f) of the Code) on the Date of Grant, then the Exercise Price shall be at least 110% of the Fair Market Value per Share on the Date of Grant, and the Expiration Date shall in no event exceed the fifth anniversary of the Date of Grant.]¹⁰ ***Reserved.***¹¹

16. **Miscellaneous.**

(a) **Governing Law; Waiver of Jury Trial.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. BY RECEIPT OF THE OPTION, THE PARTICIPANT WAIVES ANY RIGHT THAT THE PARTICIPANT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE PLAN.

(b) **Participant Undertaking; Acceptance.** The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the Option pursuant to this Agreement. The Participant acknowledges receipt of a copy of the Plan and this Agreement and understands that material definitions and provisions concerning the Option and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully,

⁶ To be included in award agreements for Incentive Stock Options only.

⁷ To be included in award agreements for Non-statutory Stock Options only.

⁸ To be included in award agreements for Incentive Stock Options only.

⁹ To be included in award agreements for Non-statutory Stock Options only.

¹⁰ To be included in award agreements for Incentive Stock Options only.

¹¹ To be included in award agreements for Non-statutory Stock Options only.

and understands, the provisions of this Agreement and the Plan. The Participant acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the underlying shares and that the Participant should consult a tax advisor prior to such exercise or disposition.

(c) **Dispute Resolution.** Any dispute or claim arising out of, under or in connection with the Plan or any Award Agreement shall be submitted to arbitration in Delaware and shall be conducted in accordance with the rules of, but not necessarily under the auspices of, the American Arbitration Association rules in force when the notice of arbitration is submitted. The arbitration shall be conducted before an arbitration tribunal, one selected by the Company, one selected by the Participant, and the third selected by the first two. The Participant and the Company agree that such arbitration will be confidential and no details, descriptions, settlements or other facts concerning such arbitration shall be disclosed or released to any third party without the specific written consent of the other party, unless required by law or court order or in connection with enforcement of any decision in such arbitration. Any damages awarded in such arbitration shall be limited to the contract measure of damages, and shall not include punitive damages.

(d) **Entire Agreement; Enforcement of Rights.** This Agreement, together with the Notice to which this Agreement is attached and the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and therein and merges and supersedes all prior and contemporaneous discussions, arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(e) **Amendment; Waiver.** Except as contemplated under the Plan, no modification of or amendment to this Agreement that has a material adverse effect on the Participant, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement; provided that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party, provided that no waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under Applicable Laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement and a substantially similar provision shall be inserted that as closely as possible reflects the intent of the parties shall be substituted in place of such unenforceable provision, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(g) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by telegram or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered

mail, with postage prepaid, and addressed to the party to be notified at such party's address as set forth below or as subsequently modified by written notice:

If to the Company:

Calyxt, Inc.
2800 Mount Ridge Road
Roseville, MN 55113
Attention:
Email:

If to the Participant:

At the Participant's most recent address in the Company's records.

(h) **Counterparts.** The Option may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(i) **Successors and Assigns; No Third-Party Beneficiaries.** The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Participant under this Agreement may not be assigned without the prior written consent of the Company. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

17. **Data Privacy Notice and Consent.** By participating in the Plan, the Participant consents to the holding and processing of personal information provided by the Participant to the Company or any subsidiary, trustee or third-party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining the Participant records, a dissolution or liquidation of the Company;
- (b) providing information to the Company, Subsidiaries, trustees of any employee benefit trust, registrars, brokers or third-party administrators of the Plan;
- (c) providing information to future purchasers or merger partners of the Company or any subsidiary, or the business in which the Participant works; and
- (d) transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed by their officers thereunto duly authorized, effective as of the Date of Grant set forth in the accompanying Notice.

THE COMPANY:

CALYXT, INC.

By: _____ Name:
Title:

PARTICIPANT:

EXHIBIT A

CALYXT, INC.

2017 OMNIBUS INCENTIVE PLAN

EXERCISE AGREEMENT

This Exercise Agreement (this "Agreement") is made as of _____, by and between Calyxt, Inc., a Delaware corporation (the "Company"), and [•] ("Purchaser"). To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Company's 2017 Omnibus Incentive Plan (the "Plan").

1. **Exercise of Option.** Subject to the terms and conditions hereof, Purchaser hereby elects to exercise his or her option to purchase [•] shares of the Common Stock (the "Shares") of the Company under and pursuant to the Plan and the Stock Option Agreement granted [•] (the "Option Agreement"). The purchase price for the Shares shall be \$[•] per Share for a total purchase price of \$[•]. The term "Shares" refers to the purchased Shares and all securities received as stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other property to which Purchaser is entitled by reason of Purchaser's ownership of the Shares.

2. **Time and Place of Exercise.** The purchase and sale of the Shares under this Agreement shall occur at the principal office of the Company simultaneously with the execution and delivery of this Agreement, the payment of the aggregate exercise price by any method listed in Section 4 of the Option Agreement, and the satisfaction of any applicable tax withholding obligations, all in accordance with the provisions of Section 3(b) of the Option Agreement. The Company shall issue the Shares to Purchaser by entering such Shares in Purchaser's name as of such date in the books and records of the Company or, if applicable, a duly authorized transfer agent of the Company, against payment of the exercise price therefor by Purchaser. If applicable, the Company shall deliver to Purchaser a certificate representing the Shares as soon as practicable following such date.

3. **Limitations on Transfer.** In addition to any other limitation on transfer created by applicable securities laws, Purchaser shall not assign, encumber or dispose of any interest in the Shares except in compliance with the provisions set forth below and applicable securities laws.

4. **Restrictive Legends and Stop-Transfer Orders.**

(a) **Stop-Transfer Notices.** Purchaser agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(b) **Refusal to Transfer.** The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

5. **No Right to Continued Service.** Nothing in this Agreement, the Plan, the Option Agreement, or the attached documents confers upon the Participant any right to be retained in any position, as an employee, consultant, director, or officer of the Company. Further, nothing in the Plan, the Option Agreement, or this Agreement shall be construed to limit the discretion of the Company to terminate the Participant's Continuous Service Status at any time, with or without Cause.

6. **Miscellaneous.**

(a) **Governing Law; Waiver of Jury Trial.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. BY RECEIPT OF THE OPTION, THE PARTICIPANT WAIVES ANY RIGHT THAT THE PARTICIPANT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE PLAN.

(b) **Participant Undertaking; Acceptance.** The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the Option pursuant to this Agreement. The Participant acknowledges receipt of a copy of the Plan and this Agreement and understands that material definitions and provisions concerning the Option and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of this Agreement and the Plan.

(c) **Dispute Resolution.** Any dispute or claim arising out of, under or in connection with the Plan or any Award Agreement shall be submitted to arbitration in Delaware and shall be conducted in accordance with the rules of, but not necessarily under the auspices of, the American Arbitration Association rules in force when the notice of arbitration is submitted. The arbitration shall be conducted before an arbitration tribunal comprised of three individuals, one selected by the Company, one selected by the Participant, and the third selected by the first two. The Participant and the Company agree that such arbitration will be confidential and no details, descriptions, settlements or other facts concerning such arbitration shall be disclosed or released to any third party without the specific written consent of the other party, unless required by law or court order or in connection with enforcement of any decision in such arbitration. Any damages awarded in such arbitration shall be limited to the contract measure of damages, and shall not include punitive damages.

(d) **Entire Agreement; Enforcement of Rights.** This Agreement, together with the Notice to which this Agreement is attached and the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and therein and merges and supersedes all prior and contemporaneous discussions, arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(e) **Amendment; Waiver.** Except as contemplated under the Plan, no modification of or amendment to this Agreement that has a material adverse effect on the Participant, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement; provided that the Company may amend or

modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party, provided that no waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement and a substantially similar provision shall be inserted that as closely as possible reflects the intent of the parties shall be substituted in place of such unenforceable provision, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(g) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by telegram or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address as set forth below or as subsequently modified by written notice:

If to the Company:

Calyxt, Inc.
2800 Mount Ridge Road
Roseville, MN 55113
Attention:
Email:

If to the Participant:

At the Participant's most recent address in the Company's records.

(h) **Counterparts.** The Option may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(i) **Successors and Assigns; No Third-Party Beneficiaries.** The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Participant under this Agreement may not be assigned without the prior written consent of the Company. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

[Signature Page Follows]

The parties have executed this Exercise Agreement as of the date first set forth above.

THE COMPANY:

CALYXT, INC.

By:

(Signature)

Name:

PURCHASER:

I, _____, spouse of [•], have read and hereby approve the foregoing terms set forth in this Agreement. In consideration of the Company's granting my spouse the right to purchase the Shares as set forth in this Agreement, I hereby agree to be irrevocably bound by this Agreement and further agree that any community property or other such interest shall hereby be similarly bound by this Agreement. I hereby appoint my spouse as my attorney-in-fact with respect to any amendment or exercise of any rights under this Agreement.

Spouse of [•] (if applicable)

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

I, James A. Blome, certify that:

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

Date: August 5, 2020

/s/ James A. Blome

James A. Blome
Chief Executive Officer

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

I, William F. Koschak, certify that:

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

Date: August 5, 2020

/s/ William F. Koschak

William F. Koschak
Chief Financial Officer

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

In connection with the Quarterly Report of Calyxt, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

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

Date: August 5, 2020

/s/ James A. Blome
James A. Blome
Chief Executive Officer

/s/ William F. Koschak
William F. Koschak
Chief Financial Officer