genome engineering

PRESS RELEASE

# Cellectis: 2011 full-year earnings

## Growth strategy stepped up
## 22%sales growth

*Paris, March 23rd, 2012* – **Cellectis (Alternext: ALCLS), the French genome engineering specialist, is reporting its consolidated financial results for FY 2011.**

**Marc Le Bozec, Chief Financial Officer of Cellectis**, declared: "*Fiscal year 2011 marked the start of an industrial ramp-up phase, which will deliver sustained sales growth. We are targeting +35% for 2012 and +40% sales growth over the next two fiscal years, with the Group to reach breakeven on a comparable basis. Our technology is delivering new results every day, enabling new commercial offers to be launched month after month across many different areas. The next biotechnologies revolution is underway".*

**First programs entering industrial phase**

Cellectis has launched several operational programs, moving into an industrialization phase for its technologies, with:

- A tenfold increase in nuclease production capacity , paving the way for all research laboratories around the world to access this technology;
- The commercial launch of TALEN® Access, the first range of services making it possible to specifically modify a gene in any cell type, at an affordable price. This offer received the "most innovative service" distinction at the Life Sciences Awards held in Hamburg in June 2011;
- The operational start of StemRed, a program co-led with the French Blood Establishment (EFS) to produce red blood cells derived from iPS stem cells;
- The gradual building of the world's largest iPS cell bank, in terms of both diversity and volume, scheduled for completion in 2014;
- The acquisition of Cellartis, the European leader for in vitro stem cell-derived R&D tools, and its integration within the Cellectis stem cells business unit.

**Stronger sales momentum**

Cellectis bioresearch has set up a 10-strong sales team.

Several new research collaboration, development and licensing contracts have been signed, including with:

- French biotech VitamFero for the use of meganucleases in the design of new vaccines against parasitic infections;
- US biotech Recombinetics for the use of modified nucleases on large livestock;
- US biotech Pregenen for the development of innovative genome engineering tools;
- Novartis for the use of the WO 90/11354 patent family for homologous recombination.

**Financing structured to support development across all business lines**

Cellectis has further strengthened financing for its growth strategy thanks to:

- The agreement signed between its subsidiary Ectycell and the French Caisse des Dépôts et Consignations to build the world's largest stem cell bank for industrial applications, with a two-step capital increase for a total of €12 million, reserved in equal parts for Cellectis and the Caisse des Dépôts et Consignations;

- The project financing agreements signed as grants and refundable loans, with OSEO, the French Unique Ministerial Fund (FUI) and local authorities, for a total of €23 million (for the Group);
- The financing put in place for the ETICS innovative research developments kits project, led by CYTOO in association with Cellectis bioresearch, through an OSEO grant for €7.6 million (including €2.9 million for Cellectis bioresearch);
- The €50 million capital increase closed at the end of 2011 with the FSI and Pierre Bastid, giving the Group the resources needed to finance the growth strategy for all its businesses.

**FY 2011 financial results**

Full-year earnings for 2011[1] reflect the intensified development of activities, the acceleration of investments and the structuring of teams, all undertaken to prepare for and optimize the upcoming sales growth.

- **Revenues are up 22% compared with 2010 (+11% like-for-like), driven among other factors by the very good performance achieved when starting up Cellectis bioresearch's new commercial offer**. Total operating income, penalized by a lower research tax credit, shows a more modest rate of growth, climbing +2% to €16 million (+0.5% like-for-like).

- **Operating expenses came in higher (€35.5 million), reflecting the development of the resources assigned to the Group's various business lines, and the strengthening of the Stem Cell division in particular.** The 28% increase compared with 2010 (+12% like-for-like) also factors in growth in the teams, as well as marketing investments.

- **Net income came to €(23.8) million, marking a clear contraction compared with the €(8.3) million recorded in FY 2010, which included €2.9 million in tax income linked to the capitalization of losses carried forward**.

- **Cash represented €42.4 million at December 31st, 2011, up €18.3 million** in relation to December 31st, 2010 (€24 million). This increase in cash reflects a successful operation to raise funds, generating a total of €45.8 million in net income (after acquisition, fundraising and interest costs) at the end of 2011.

- **Operating cash consumption decreased significantly between 2010 and 2011** (€10.4 million at December 31st, 2011, versus €15.9 million in 2010). This change factors in the strong improvement in working capital (high research tax credit for 2010 received in May 2011, and receipt of grants).

**Events occurred after December 31st, 2011**

- Several new research collaboration, development and licensing contracts have been signed with:
  - Total for the development of substitute microalgae-based products to replace oil-derived products;
  - Canadian biotech Medicago for the enhancement of therapeutic proteins expressed from tobacco leaves;
  - SES VanderHave for the development of commercial varieties of sugar beet;
  - Bayer CropScience for the development of commercial products for the agricultural crops market.

- Cellartis has announced its participation in the European Innovative Medicines Initiatives (IMI) project, aimed at accelerating the development of safer treatments for patients, in collaboration with the European pharmaceutical industry. Cellectis is also taking part in the following European R&D projects: *InnovaLiv* (regenerative medicine), *CardioNet* (new tools to detect cardiac illnesses), *TissueGen* and *4DCellFate* (stem cells).

[1] For the first time, Cellectis' accounts for FY 2011 include the accounts of Cellartis, consolidated since November 1st, 2011, More specifically, they include non-current costs relating to the acquisition of this new subsidiary and the related operation to raise funds. These accounts have been approved by the Board of Directors, but audit work is still being carried out by the association of statutory auditors.

- The FSI and Pierre Bastid have been fully reimbursed, with Cellectis shares, for their convertible bonds (ORA) issued in November 2011 as part of/for the €50 million capital increase launched in conjunction with the acquisition of Cellartis. Following this transaction, the FSI and Pierre Bastid each hold approximately 15.4% of Cellectis' capital.

**About Cellectis**
Cellectis improves life by applying its genome engineering expertise to a broad range of applications, including agriculture, bioresearch and human therapeutics. Cellectis is listed on the NYSE-Euronext Alternext market (code: ALCLS) in Paris.
For further information about Cellectis, visit our website at www.cellectis.com

**Contacts:**


**Cellectis**
Philippe Valachs
Company Secretary
Tel: +33 (0)1 41 83 99 00
media@cellectis.com

Marc Le Bozec
Chief Financial Officer
Tel: +33 (0)1 41 83 99 00
investor@cellectis.com

**Calyptus**
Alexis Breton / Cyril Combe
Tel: +33 (0)1 53 65 68 68
cellectis@calyptus.net

## APPENDIX

**Condensed statement of comprehensive income**

| (€'000) | Consolidated 2011 | Consolidated 2010 | Pro forma 2011 | Pro forma 2010 |
|---|---|---|---|---|
| Revenues | 9,928 | 8,166 | 12,313 | 11,088 |
| Other operating income | 6,065 | 7,505 | 7,029 | 8,170 |
| **Operating income** | **15,993** | **15,671** | **19,342** | **19,258** |
| Cost of sales | (2,515) | (1,445) | (2,570) | (1,455) |
| **Gross margin** | **13,478** | **14,225** | **16,771** | **17,803** |
| Research and development costs | (12,306) | (12,311) | (17,809) | (17,064) |
| Sales and administrative costs | (20,589) | (13,457) | (21,830) | (19,434) |
| Other operating income | (101) | - | (101) | 29 |
| Other operating expenses | (9) | (27) | (9) | (67) |
| **Income from operations** | **(19,526)** | **(11,569)** | **(22,977)** | **(18,733)** |
| Interest income | 622 | 485 | 1,165 | 1,277 |
| Interest expense | (488) | (153) | (658) | (497) |
| Other financial income and expenses | (1) | 34 | (12) | (1) |
| **Financial income** | **133** | **366** | **495** | **778** |
| Corporate income tax | (4,394) | 2,902 | (4,362) | 3,153 |
| **Profit (loss) for the period** | **(23,787)** | **(8,302)** | **(26,845)** | **(14,802)** |

## Condensed statement of financial position

| ASSETS (€'000) | Consolidated Dec 31, 2011 | Consolidated Dec 31, 2010 | Pro forma Dec 31, 2011 | Pro forma Dec 31, 2010 |
|---|---|---|---|---|
| Intangible fixed assets | 35,202 | 3,976 | 31,604 | 26,480 |
| Tangible fixed assets | 6,619 | 3,913 | 6,619 | 4,730 |
| Non-current financial assets | 960 | 231 | 960 | 510 |
| Deferred tax assets | 5,269 | 7,853 | 5,253 | 9,847 |
| **Non-current assets** | **48,051** | **15,972** | **44,437** | **41,568** |
| Inventories | 626 | 153 | 626 | 296 |
| Trade receivables | 10,062 | 11,565 | 10,062 | 12,230 |
| Cash and cash equivalents | 42,384 | 24,048 | 42,893 | 56,292 |
| **Current assets** | **53,071** | **35,766** | **53,580** | **68,818** |
| **TOTAL ASSETS** | **101,122** | **51,739** | **98,017** | **110,385** |

| LIABILITIES (€'000) | Dec 31, 2011 | Dec 31, 2010 | Dec 31, 2011 | Dec 31, 2010 |
|---|---|---|---|---|
| Common stock and paid-in capital | 80,397 | 66,018 | 80,397 | 78,681 |
| Reserves | (27,996) | (20,236) | (27,996) | (20,236) |
| Net income | (23,787) | (8,302) | (26,845) | (14,802) |
| **Stockholders' equity** | **28,615** | **37,480** | **25,557** | **43,643** |
| Long-term debt | 52,142 | 1,397 | 52,142 | 51,501 |
| Provision for retirement plans | 239 | 120 | 239 | 400 |
| Non-current provisions | 66 | 50 | 66 | 50 |
| Deferred tax liabilities | 735 | - | 688 | 680 |
| **Non-current liabilities** | **53,182** | **1,567** | **53,135** | **52,630** |
| Short-term debt | 1,213 | 817 | 1,213 | 817 |
| Trade payables | 18,112 | 11,875 | 18,112 | 13,295 |
| Current provisions | - | - | - | - |
| **Current liabilities** | **19,325** | **12,692** | **19,325** | **14,112** |
| **TOTAL LIABILITIES** | **101,122** | **51,739** | **98,017** | **110,385** |

## Condensed consolidated cash-flow statement

| (€'000) | 2011 | 2010 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit (loss) for the period** | **(23,787)** | **(8,302)** |
| Other non cash items | 9,170 | (1,557) |
| **Cash flow from operations** | **(14,616)** | **(9,859)** |
| Change in working capital | 6,206 | (6,428) |
| Interest received / (paid) | 378 | 420 |
| **Net cash flow from operating activities** | **(8,033)** | **(15,866)** |
| **Cash flow from investment activities** | | |
| Proceeds from sale of property, plant and equipment | - | - |
| Acquisition of development costs | (2,763) | (1,951) |
| Acquisition of other intangible fixed assets | (29,464) | (1,577) |
| Acquisition of property, plant and equipment | (6,829) | (1,477) |
| Acquisition of other non-current assets | (729) | |
| **Net cash from investing activities** | **(39,785)** | **(5,005)** |
| **Cash flow from financing activities** | | |
| Capital increase | 14,380 | 93 |
| Proceeds from lease-back operations | 520 | 729 |
| Repayable advances and borrowings | 51,270 | (987) |
| Sale and purchase of treasury shares | (15) | 3 |
| **Net cash from financing activities** | **66,156** | **(161)** |
| Effect of exchange rate changes on cash | (2) | - |
| **Net increase (decrease) in cash and cash equivalents** | **18,336** | **(21,033)** |
| Net cash and cash equivalents at beginning of period | 24,048 | 45,080 |
| Net cash and cash equivalents at end of period | 42,384 | 24,048 |