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First Quarter 2020 Financial Results Conference Call

(NASDAQ: CLXT)

May 7, 2020

FORWARD LOOKING STATEMENTS

This communication contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “anticipates,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “should,” “will,” or “continue,” the negative of these terms and other similar terminology. Forward-looking statements in this press release 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, commercialization efforts and sales of commercial products, regulatory progression, potential collaborations and partnerships and their contribution to our financial results, cash usage, 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 the successful execution of collaborations; the impact of adverse events during development, including unsuccessful field trials or disruptions in seed production; failures by third-party contractors; inaccurate demand forecasting; 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 Annual Report on Form 10-K and subsequent filings on Form 10-Q or 8-K with the U.S. Securities and Exchange Commission. We do not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by law.

Jim Blome
Chief Executive Officer

Travis Frey

Chief Technology Officer

Keith Blanks

Senior Vice President, Sales & Marketing

Bill Koschak

Chief Financial Officer

FIRST QUARTER FINANCIAL RESULTS

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$ in millions

	2020	2019
Revenue	**$ 2.4**	$ 0.2
Gross margin	**$ (1.5)**	$ 0.1
Gross margin (%)	**(63%)**	78%
Gross margin, as adjusted [1]	**$ (1.2)**	$ (0)
Gross margin, as adjusted (%)	**(49%)**	(16%)
Net loss	**$ (11.1)**	$ (7.4)
Adjusted EBITDA [1]	**$ (8.2)**	$ (5.7)
Net cash used	**$ 12.6**	$ 9.6

[1] Gross margin, as adjusted and adjusted EBITDA are non-GAAP measures. Reconciliations provided to gross margin and net loss, the associated GAAP measures.

2020 FINANCIAL GUIDANCE REVISIONS

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FINANCIAL METRIC	PREVIOUS EXPECTATION	REVISED EXPECTATION
Revenue	+ 90% to + 110%	SUSPENDED
Gross Margin, As Adjusted[1]	+ 3,000 bps to + 3,500 bps	SUSPENDED
Net Cash Used	$34M to $38M	$30M to $34M

"Due to the COVID-19 crisis, we have observed changes in demand across the oil and meal markets," added Bill Koschak, Calyxt's CFO. "As a result, we slowed our crush and refining schedule and expect product sales efforts in the second quarter to shift to the second half of 2020. We are pursuing sources of cash through high margin collaboration agreements and licensing opportunities and are taking further action to increase financial flexibility and liquidity, including reviewing operating expenses and postponing non-essential capital expenditures. As a result of these actions, we expect our 2020 cash usage to be between $30 million and $34 million, lowered from our prior guidance of $34 million to $38 million. The lower use of cash in 2020 and continued improvement in 2021 is expected to extend our cash runway into late 2021."

[1] Gross margin, as adjusted, reflects just our soybean products and is a non-GAAP measure.


CONCLUSION & Q&A

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 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 our 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 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.

We present adjusted EBITDA 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 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.

THREE MONTHS ENDED MARCH 31, 2020 GROSS MARGIN GAAP TO NON-GAAP RECONCILIATIONS

$ in thousands

	2020	2019
Gross margin (GAAP measure)	**$ (1,501)**	$ 123
Gross margin percentage	**(63%)**	78%
Non-GAAP adjustments:		
Grain costs expensed as R&D in a prior period	**—**	(149)
Net realizable value adjustment to inventories	**334**	—
Gross margin, as adjusted	**$ (1,174)**	$ (25)
Gross margin, as adjusted percentage	**(49%)**	(16%)

THREE MONTHS ENDED MARCH 31, 2020
ADJUSTED EBITDA GAAP TO NON-GAAP RECONCILIATIONS

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$ in thousands

	2020	2019
Net loss (GAAP measure)	**$ (11,063)**	$ (7,375)
Non-GAAP adjustments:		
Interest, net	**398**	(172)
Income tax expense	**—**	—
Depreciation and amortization expenses	**452**	342
Stock-based compensation expenses	**1,271**	1,556
Section 16 officer transition expenses	**360**	188
Research and development payroll tax credit	**—**	(63)
Grain costs expensed as R&D	**—**	(149)
Net realizable value adjustment to inventories	**334**	—
Adjusted EBITDA	**$ (8,247)**	$ (5,672)