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Société anonyme with a share capital of 1.766.753 euros
Registered office : 8 rue de la Croix Jarry, 75013 Paris
Paris Trade and Companies Register (RCS) 428 859 052

MANAGEMENT REPORT

FISCAL YEAR ENDING DECEMBER 31st 2016

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1. Situation of the Company and its subsidiaries and activities for the financial year ending December 31st 2016

Cellectis S.A. (hereinafter "Cellectis" or "we") is a limited liability company ("société anonyme") registered and domiciled in Paris, France. We are a gene-editing company, employing our core proprietary technologies to develop products in the emerging field of immuno-oncology. Our product candidates, based on gene-edited T-cells that express chimeric antigen receptors, or CARs, seek to harness the power of the immune system to target and eradicate cancers. Our gene-editing technologies allow us to create allogeneic CAR T-cells, meaning they are derived from healthy donors rather than the patients themselves. In addition to our focus on immuno-oncology, we are exploring the use of our gene-editing technologies in other therapeutic applications, as well as to develop healthier food products for a growing population.

Cellectis is listed since 2007 on the Alternext market of Euronext Paris. In March 2015, we completed a public offering of 5.5 million American Depositary Shares on the Nasdaq for gross proceeds of $ 228.2 million.

The financial statements of the Company for the year ended December 31st 2016 include Cellectis S.A. and its two subsidiaries located in the United States, Cellectis, Inc. and Calyxt, Inc.

Corporate Highlights for the year ending December 31st, 2016

Manufacturing:

- January 2016 – Cellectis entered into a new agreement with CELLforCURE for the GMP manufacturing of clinical batches of UCART123 Cellectis' lead product candidate. Under the agreement, CELLforCURE will implement GMP manufacturing processes designed and developed by Cellectis.

- March 2016 – Cellectis announced that it had entered into a supply and license agreement with Takara Bio Inc. for recombinant human fibronectin fragment RetroNectin ®. Access to Takara Bio Inc.'s RetroNectin supports Cellectis' manufacturing processes and expands the Company's UCART production capabilities. Under the terms of the agreement, RetroNectin, which is used for cell engineering, may be applied in the production of both R&D- and GMP-grade Cellectis' UCART product candidates.

- November 2016 – A series of production runs of UCART123 was successfully performed in large scale, according to cGMP standards, for the purpose of conducting two Phase 1 clinical trials in patients with acute myeloid leukemia (AML) and blastic plasmacytoid dendritic cell neoplasm (BPDCN).

R&D:

- April 2016 – Cellectis employees gave scientific presentations at AACR in New Orleans, LA:

"Improved Safety by a Non-Lethal Switch to Control CAR Activity at the T-Cell Surface Membrane", presented by Laurent Poirot, Cellectis Head of Early Discovery, during the session "Adoptive Cell Therapy".

"Allogeneic TCRαβ-deficient CAR T-cells targeting CD123 effectively eliminate myeloid leukemia cells in vitro and in vivo PDX mice", presented by Roman Galetto, Cellectis Senior Project Leader, during the session "Immune Modulation from Non-Immunotherapy: Preclinical".

- October 2016 – Cellectis announced the issuance of U.S. patent 9,458,439 – which claims gene inactivation by use of chimeric restriction endonucleases. This patent granted by the USPTO to the Institut Pasteur and Boston Children's Hospital naming Dr. André Choulika and Pr. Richard C. Mulligan as co-inventors, is exclusively licensed to Cellectis.

Clinical trials:

- January 2016 – Dr. Loan Hoang–Sayag was appointed to the role of Chief Medical Officer, joining Cellectis from Quintiles Transnational, where she was most recently Senior Director of Medical Science.

- June 2016 – Cellectis announced that the first dose of UCART 19 had been administered in the Phase 1 Trial of UCART19 in Pediatric Acute B Lymphoblastic Leukemia (B-ALL) at the University College of London (UCL). This UCART19 pediatric phase 1 clinical trial, which is sponsored by Servier in close collaboration with Pfizer, is an open label, non-comparative, monocenter study to evaluate the safety and ability of UCART19 to induce molecular remission in pediatric patients with relapsed or refractory CD19 positive B-cell acute lymphoblastic leukemia ahead of planned allogeneic haematopoeitic stem cell transplantation (allo-HSCT).In connection with this initial dosing, Cellectis received a milestone payment from Servier pursuant to its collaboration agreement.

- December 2016 – National Institute of Health's Recombinant DNA Advisory Committee (RAC)'s unanimous approval of two Phase 1 study protocols for Cellectis' UCART123 in patients with acute myeloid leukemia (AML) and blastic plasmacytoid dendritic cell neoplasm (BPDCN).

Corporate:

- March 2016 – 2,060,602 stock options were granted under the 2015 Stock Option Plan with an exercise price of €22.44 per ordinary share, 944,121 of which were granted to our directors and executive officers. In addition, 229,361 non-employee warrants exercisable for an aggregate of 229,361 ordinary shares at an exercise price of €27.37 per share, were issued by our board of directors to certain of our directors and consultants.

- June 2016, Cellectis was selected as a 2016 World Economic Forum Technology Pioneer, a credential that is awarded annually to companies selected as among the most innovative and impactful in developing new technologies around the world.

- September 2016 – Cellectis won EuropaBio's 2016 Most Innovative European Biotech SME Award for the healthcare category on September 27, 2016. The Awards recognize innovative biotech small- and medium-sized enterprises in Europe and the crucial role that they play in answering societal challenges through biotechnology.

- October 2016 – The board of directors granted 2,773,028 stock options under the 2016 Stock Option Plan with an exercise price of €17.90 per ordinary share, of which 1,358,865 were granted to our directors and executive officers. In addition, on October 28, 2016, 188,000 non-employee warrants exercisable for an aggregate of 188,000 ordinary shares at an exercise price of €18.68 per share, were issued by our board of directors to certain of our directors and consultants.

Calyxt, Inc. (« Calyxt »)

- January 2016 – Purchase of a 10-acre parcel in the St. Paul suburb of Roseville, Minnesota to build its new headquarters facility. The new facility consists of an office and lab building, with greenhouses and outdoor research plots. On-site operations started during the third quarter of 2016.

- May 2016 – Appointment of former Monsanto Corporation executive Federico A. Tripodi to the role of Chief Executive Officer. Mr. Tripodi is closely working with Calyxt's executive team and researchers to further the Company's mission to develop crops and food products with healthier characteristics, as well as maximize partnerships and collaborations.

- May 2016 – Completion of the expansion of its high oleic/no trans-fat soybean variety in Argentina, as part of its counter-season seed production. Thirty tons of high oleic/no trans-fat soybean seeds have been shipped to production sites in the United States for further expansion, in preparation of a soft commercial launch expected in 2018.

- May 2016 – Calyxt hosted an R&D Day in New York City. Management provided an overview of Calyxt's crop programs.

- October 2016 – The world's first dinner made with gene edited foods in New York.

- November 2016 – Harvest of 1200 tons of high oleic/no trans-fat soybeans in the United States.

Group Headcount

The headcount for the Company was 122 employees in 2016, and 116 employees in 2015.

Strategy

Our strategy is to leverage the transformative potential of our unique gene-editing technologies and expertise through two product platforms: our cell engineering platform designed to deliver therapeutic products and our plant engineering platform designed to deliver healthier food to a growing population.

Key elements of our strategy are the following:

Advance our additional UCART product candidates into clinical trials.

We have a deep pipeline of promising immunotherapy product candidates in various stages of development, which we plan to develop and advance into clinical investigations. Based upon pre-clinical results to date, we expect several of our product candidates to enter into clinical trials in the coming years. We plan to continue to leverage our cell-engineering platform to develop additional UCART product candidates and to expand our clinical pipeline of CAR T-cell product candidates in the coming years.

Leverage our existing and potential future alliances to advance our research and to bring products to market.

Our strategic alliances with Pfizer and Servier for the development of CAR T-cell applications in oncology provide us with funding for research and development, and may provide milestone payments and royalties on sales. We may enter into additional strategic alliances to facilitate our development and commercialization of CAR T-cell immunotherapy products.

Expand our product pipeline to other therapeutic indications with unmet medical needs.

We intend to continue using our gene-editing technologies in therapeutic applications beyond immuno-oncology, including the treatment of chronic infectious diseases, autoimmune diseases and allergic diseases.

Develop plant products for the multibillion dollar agricultural-biotechnology market through the use of our gene-editing platform.

We are applying our gene-editing technologies to create food products with consumer health benefits, adaptations for climate change or nutritional enhancements that address the needs of a growing population. By selecting and inactivating target genes in certain agricultural crops, we believe we can produce unique variants with consumer benefits. For example, we are developing a potato that could be stored safely in cold conditions and have completed the first field trials for this product, new soybean breeds with improved oil qualities and protein content, of which we have completed the second year of field trials and powdery mildew resistant wheat. We also intend to integrate additional crops into our product pipeline, including canola, corn and rice.

2. Review of Financial Statements and Results

- **Cellectis' Annual Accounts**

Cellectis' consolidated financial statements for the fiscal year 2016 have been prepared in accordance with the presentation rules and the evaluation methods provided for by the regulations (French GAAP for statutory accounts).

Income Statement

Our net sales amounted to €43,952,432, a decrease of 16.55% from the amount of €52,671,168 recorded in 2015. The decrease of €8,718,736 is mainly driven by the decrease of €10,432,032 in collaboration revenues notably due to revenue recorded in 2015 in relation to the early exercise by Servier of its option to acquire the exclusive worldwide rights to further develop and commercialize UCART19, partially offset by the revenue from milestones achievement and from a supply agreement with Servier. This decrease has been partially offset by the increase of €1,511,298 in Management fees invoiced to Calyxt and the increase of €111,929 in license fees.

It should be added to this amount:

- €1,294,067 from subsidies; and
- €675,557 in reversals of provisions and transfer of charges; and
- €29,507 from capitalized production; and
- €110 from other income.

As a result, our revenues amounted to €45,951,673, compared to €53.530.736 for the previous year (decrease of 14.16%).

Our operating expenses amounted to €49,731,811, compared to €53,041,959 for the previous year, and consist of:

- Purchases of raw materials and other supplies: €2,242,714
- Inventory variation €45,390
- Other purchases and external expenses: €27,375,204
- Taxes: €530,573
- Wages: €7,295,979
- Social charges: €9,592,557
- Amortization and depreciation: €1,279,123
- Depreciation and operating provisions: €159,836
- Other expenses: €1,210,435

Operating loss amounted to €3,780,138 compared to an operating income of €488,777 for the previous year.

Our financial income and financial expenses amounted respectively to €6,223,472 and €4,626,423, resulting a financial result of €1,597,048, compared to €7,227,177 for the previous year.

As a result, the loss before tax amounted to €2,183,090, compared to €7,715,954 for the previous year.

Our exceptional income and charges amounted respectively to €827,364 and €933,473, resulting a loss from exceptional items of €106,109, compared to a loss of €1,384,040 for the previous year.

Given the research tax credit amounting to €8,088,839, the result for the year was a profit of €5,799,641 against a profit of €11,370,668 for 2015.

Balance sheet

Assets

Net intangible assets amounted to €10,849,002.

Net tangible fixed assets amounted to €2,721,682.

The "financial assets" rises to December 31st 2016 the net amount of €108,636,080 corresponding to Calyxt shares for €36,376,009 and advances related to Cellectis Inc, for €71,614,001 and the liquidity contract for €646,070.

- Current assets amounted to €225,345,004,
- Cash amounted to €209,282,336,
- Prepaid charges amounted to €6,129,253,
- Unrealized foreign exchange asset position amounted to €29,195.

Liabilities:

The share capital amounts to €1,766,753 on December 31st 2016 against €1,758,931 at the end of last year and premium/paid in capital amounted to €396,550,983 on December 31st 2016.

Retained earnings is a debit of €104,374,029.

"Other equity" amounts is null, compared to €1,838,650 for the previous year.

Provisions for risks and charges amounted to €2,197,459, compared to €1,190,307 on December 31st 2015.

Various positions and liabilities amounted to €51,715,989, compared to € 72,116,067 for the previous year), consisting mainly of:

- Borrowing and financial debt: -
- Customer advances and prepayment: €18,381
- Suppliers payables: €11,125,087
- Tax and social payables: €3,498,040
- Payables on fixed assets: €217,583
- Other debts: €558,631
- Deferred income: €36,229,001
- Unrealized foreign exchange liability position €69,267

Pursuant to Article L. 441-6-1 of the French Commercial Code, we specify that a total payable of €11,125,087 are broken down according to maturity dates as follows:

	Dec. 31st 2016	**Dec. 31st 2015**
- Undue:	€9,642,443	€4,891,934
- Less than 30 days:	€1,398,095	€245,552
- From 30 to 60 days:	€74,619	€24,563
- From 60 to 90 days:	€6,047	€9,210
- More than 90 days:	€3,883	€120,760

Consolidated financial statements

The consolidated financial statements for the year ended December 31, 2016, submitted to shareholder's approval, have been prepared in accordance with IFRS.

Consolidated net result

Revenues. The consolidated revenues amounted to €40,491 thousand against €50,346 thousand for the previous year. The decrease of €9,855 thousand is mainly driven by the decrease of €10,432 thousand in collaboration revenues notably due to revenue recorded in 2015 in relation to the early exercise by Servier of its option to acquire the exclusive worldwide rights to further develop and commercialize UCART19, partially offset by the revenue from milestones achievement and from a supply agreement with Servier. This decrease has been partially offset by the increase of €445 thousand in license fees.

Other income. They amounted to €10,516 thousand against €6,039 thousand for the previous year.
The increase in other income of €4.5 million, or 74.1%, between the years ended December 31, 2015 and 2016 reflects an increase of €4.0 million in research tax credit, and an increase of €0.4 million in research subsidies, resulting from settlements after termination of research programs.

As a result, Total revenue and other operating income amounted to €51,007 thousand, compared to €56,385 thousand for the previous year (decrease of 9.6%).

Operating expenses amounted to €111,824 thousand, compared with €84,309 thousand for the previous year, and consist of the following:

- Royalties expenses. On 2015 and 2016, spending on royalty expenses decreased by €870 thousand, going from €2,475 thousand to €1,605 thousand. This primarily reflects lower expense to existing partners.
- Research & Development expenses. Between 2015 and 2016, the costs of research and development increased by €18,489 thousand, from €52,410 thousand to €70,899 thousand. Personnel expenses increased by €8,808 thousand from €35,455 thousand in 2015 to €44,263 thousand in 2016, notably due to a €1,627 thousand increase in wages and salaries, and a €11,476 thousand increase in non-cash stock based compensation expense, partly offset by a €4,294 thousand decrease in social charges on stock option and free shares grants. Purchases and external expenses increased by €9,801 thousand from €15,249 thousand in 2015 to €25,050 thousand in 2016, mainly due to increased expenses related to UCART123 and other product candidates' development, including payments to third parties, purchases of biological materials and expenses associated with the use of laboratories and other facilities. Expenses in 2016 also include costs related to preparation of UCART123 clinical trials. Other expenses relate to continuing leasing and other commitments and amounted to €1,705 thousand in 2015 and €1,587 thousand in 2016.
- Selling, General & Administrative expenses. For 2015 and 2016 the selling, general and administrative expenses amounted to €27,238 thousand and €39.230 thousand, respectively. The increase of €11,992 thousand, primarily reflects (i) an increase of €10,705 thousand in personnel expenses from €19,588 thousand to €30,293 thousand, attributable to a €930 thousand increase in wages and salaries, and an increase of €11,396 thousand of non-cash stock-based compensation expense, partly offset by a decrease of €1,621 thousand of social charges on stock options and free share grants, and (ii) an increase of €1,904 thousand in purchases and external expenses. Other expenses relate to taxes, various depreciation and amortization and other commitments and amounted to €1,553 thousand in 2015 and €936 thousand in 2016. Their decrease is notably due to lower business taxes and lower provisions.
- Other operating income. In 2016, other operating income amounted to €1,060 thousand (compared to €345 thousand in 2015) and included (i) a one-off tax reimbursement, (ii) the reversal of lease incentive deferrals and (iii) reversals of reserves for personnel and commercial litigation.
- Other operating expenses. In 2015 and 2016 we recognized respectively €3,246 thousand and €434 thousand in other operating expenses. This decrease mainly reflects settlements signed in 2015.

Operating loss amounted €60,818 thousand, compared to operating loss of €27,924 thousand for the previous year.

Financial gain amounted to €7,550 thousand in 2015, compared to a financial gain of €42 thousand in 2016. Financial income decreased by €2,782 thousand (€9,240 thousand in 2015 compared to € 6,459 in 2016), which resulted from the translation of our U.S. Dollar-denominated cash and cash equivalent into Euro at the closing rate for the period for €3,829 thousand, partly offset by the increase in interest income of €486 thousand. Financial expenses increased by €4,727 thousand, mainly attributable to a €2,133 thousand increase in foreign exchange loss, and a €2.610 thousand increase in fair value adjustments expense.

Net Income (Loss) Attributable to Shareholders of Cellectis: During the year ended December 31, 2015 and 2016, we recorded a net loss of €20,544 thousand (or €0.60 per share on both a basic and a diluted basis) and a net loss of €60,776 thousand (or €1.72 per share on both a basic and diluted basis), respectively. Adjusted loss attributable to shareholders of Cellectis for the year ended December 31, 2016 was €7,802 thousand (€0.22 per share on both a basic and a diluted basis) compared to Adjusted income attributable to shareholders of Cellectis of €9,559 thousand (€0.28 per share on both a basic and a diluted basis), for the year ended December 31, 2015. Adjusted income (loss) attributable to shareholders of Cellectis for the year ended December 31, 2016 and 2015 excludes non-cash stock-based compensation expense of €52,974 thousand and €30,103 thousand, respectively.

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Balance sheet

Assets

- Intangible assets amounted to €1,274 thousand.
- Tangible fixed assets amounted to €16,033 thousand.
- Current assets on December 31st, 2016, amounted to €296,459 thousand, including €276,216 thousand in cash and cash equivalents and current financial assets.

Liabilities

Share capital and premiums related to the share capital amounted €475,072 thousand on December 31st 2016, compared to €422,441 thousand at the end of last year. Retained earnings amount to €-157,695 thousand, compared to €-137,188 thousand at the end of 2015. Shareholders' equity amounted to €260,574 thousand, from which €258,795 thousand are attributable to Cellectis' shareholders.

Group debt situation

Financial liabilities amounted to €1,669 thousand (compared to €1,987 thousand for the previous year), consisting exclusively of derivative instruments and liabilities related to leases.

The sum of trade payables and other current liabilities amounted to €14,153 thousand on December 31st 2016, compared to €19,308 thousand the previous year.

Deferred revenues and deferred income amounted to €36,931 thousand on December 31st 2016, compared to €54,758 thousand the previous year.

3. Principal risks and uncertainties faced by the Company - Company's use of financial instruments

The risks relating to the Company's business, the coverage of said risks and the associated insurance are described in filings Cellectis makes with the Security Exchange Commission from time to time.

4. Research and development activity

The Company's research and development policy can be found in Appendix 4 to this management report.

5. Key events since the end of the fiscal year

Clinical trials:

- January 2017 – Submission of an application for clinical trials (Investigational New Drug or IND) with the U.S. Food and Drug Administration (FDA) soliciting approval for initiating Phase I clinical trials for UCART123, the "off-the-shelf" allogeneic CAR-T drug candidate of Cellectis targeting hematological tumors (acute myeloblastic leukemia or AML and plasmacytoid dendritic cell leukemia or BPDCN).

- February 2017 – The U.S. Food and Drug Administration (or FDA) authorizes Cellectis to conduct Phase I clinical trials in the USA for UCART123, a candidate product wholly controlled by Cellectis, targeting AML and BPDCN. It is the first clinical trial authorization granted in the USA for an "off-the-shelf" allogeneic product candidate based on CAR T-cells from gene editing.

- March 2017 – Laboratoires Servier and Pfizer Inc. announced that the U.S. Food and Drug Administration authorized them to carry out the UCART19 development in the USA in the treatment of relapsed or refractory acute leukemia in adults.

Corporate:

- January 2017 – Appointment of four new members on the Clinical Advisory Board of Cellectis. The Clinical Advisory Board is a strategic resource for Cellectis, which is developing allogeneic immunotherapies, in particular the clinical development of its wholly controlled lead candidate product, UCART123. The new Clinical Advisory Board members are Professors Catherine Thieblemont, John Gribben, Koen van Besien and Kanti Rai.

6. Employee shareholding

On the last day of the fiscal year, the Company's employee shareholding, calculated in accordance with the provisions of Articles L. 225-102 of the French Commercial Code, was 0%.

The Chairman and Chief Executive Officer were granted stock options and bonus shares. In accordance with the applicable legal provisions, said both of these shareholders are required to hold, registered in their own name and until the termination of their respective duties, 10% of the shares resulting from the exercise of options and/or the acquisition of free shares, allocated by the board of directors, within the limit of a number of shares whose total value does not exceed one year of their total (fixed and variable) gross compensation.

7. Executive management of the Company

During the year 2016, there was no change in the general management of the Company.
André Choulika has served as Chairman and Chief Executive Officer since his appointment as Chairman of the Company on June 21, 2011. Mr. David Sourdive is Deputy Chief Executive Officer.

8. Information regarding the directors

The terms of office and duties performed by these directors in any companies are listed below:

Name	Other current terms of office	
	Company	**Terms of office**
André Choulika Chairman of the Board of Directors and Chief Executive Officer	Calyxt, Inc.	Chairman
	Cellectis, Inc.	Chairman and Chief Executive Officer
David Sourdive Director and Deputy Chief Executive Officer	MEDILS	Director
	Eukaryÿs S.A.S.	Director
Mathieu Simon Director	Vaximm	Director
Alain Godard Independent Director	SARL Godard et CO	Manager

Name	Other current terms of office	
	Company	**Terms of office**
Laurent Arthaud Independent Director	Adocia S.A.S.	Director
	Spring Vision SAS	Chairman of the board of directors
	TxCell	Director
	Kurma Life Sciences	Member of the supervisory board
Annick Schwebig Independent Director	Inventiva Pharma	Director
	INSERM-TRANSFERT S.A.	Director
Jean-Marie Messier Independent Director	Rentabiliweb Group	Director
Pierre Bastid Independent Director	Pharnext S.A.S	Director
	Hougou Development S.A.	Director
	Hougou Finance S.A.	Chairman of the board of directors
	Zaka S.A et Grid	Director
	Shango S.A.	Director
	Evok	Director
	Nepteam S.A.S.	Director
	Louise 342-344 S.A.	Director
	Hebioso S.A.	Chairman of the board of directors
	La Chartreuse B.S.C	Co-manager
	Batuque Hoteleria e Turimo S.A.	Manager
	Casino Royal S.A.	Director

9. Significant shareholdings in companies whose registered offices are located in France, or take-overs of such companies; sales of such shareholdings (Article L. 233-6 of the French Commercial Code)

The Company has neither acquired, nor sold any shareholding during the fiscal year.

10.Activities of subsidiaries and controlled companies

i. Calyxt Inc., wholly-owned subsidiary of Cellectis S.A. was created in March 2010, is registered in Delaware and is based in Minnesota (USA). Its objective is to leverage and adapt the Group's technology in the field of plants. In the year ended December 31, 2016, Calyxt Inc. generated sales of €478 thousand and a loss of €9,909 thousand.

ii. Cellectis Inc., wholly-owned subsidiary of Cellectis S.A. was created in December 2014, is registered in Delaware (USA), and is based in New-York (USA). Its objective is to carry out research and development activities on behalf of Cellectis S.A. In the fiscal year ended December 31, 2016, Cellectis Inc. generated sales of €3,483 thousand and a loss of €2,054 thousand.

11. Information relating to the allocation of share capital and treasury shares – Shares buyback program

In accordance with the provisions of Article L. 233-13 of the French Commercial Code and considering the information received pursuant to Articles L. 233-7 and L. 233-12 of said code, given below is the identity of the shareholders owning, as of December 31, 2016, directly or indirectly, more than a twentieth, a tenth, three-twentieths, a fifth, a fourth, a third, half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights in the Company's general shareholders' meetings:

Mr. André Choulika: 3.31 % of the share capital and 4.63% of the voting rights
Mr. David Sourdive (tax home): 3.20 % of the share capital and 2.89% of the voting rights
Fidelity Management & Research Company: 9.80 % of the capital and 8.88% of the voting rights
Mr. Pierre Bastid: 9.67% of the capital and 9.34% of the voting rights
Bpifrance Participations: 8.15% of the capital and 14.44% of the voting rights
Pfizer OTC BV: 7.97% of the capital and 7.11% of the voting rights

As part of the liquidity contract concluded with Natixis in 2008, Cellectis held 10,525 treasury shares as of December 31, 2016, i.e. 0.03% of the Company's capital.

Number of shares purchased and sold during 2016

As part of the liquidity contract, during the financial year ended December 31, 2016:

- 311,580 shares were purchased at an average price of €22.00 per share, and
- 305,342 shares were sold at an average price of €22.15 per share.

The Company did not buyback its treasury shares for other reasons.

Number and value of treasury shares held as of December 31, 2016

Considering the purchases and sales made during the fiscal year, the balance of the liquidity contract was 10,525 shares as of December 31, 2016. On this date, the value of the portfolio was €170,610.25, based on the closing price on December 31, 2016, i.e. €16.21.

The Company did not give notice to another publicly-traded company that it held more than 10% of its capital.

The Company does not hold any cross-shareholdings and has therefore not carry out any share disposals.

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12. Changes in the composition of the capital during the financial year

	Number	Nominal value (euros)	Share capital (euros) (after the change)
Shares composing the share capital at the beginning of the year	**35,178,614**	**0.05**	**1,758,930.70**
Shares issued during the financial year			
Board of directors' meeting dated April 14, 2016: Increase in capital by a nominal amount of €4,900 through the issue of 98,000 shares with a nominal value of 5 cents each	98,000	0.05	1,763,830.70
Board of directors' meeting dated May 10, 2016: Increase in capital by a nominal amount of €2,536.35 through the issue of 50,727 shares with a nominal value of 5 cents each and a share premium of €307,459.90	50,727	0.05	1,766,367.05
Board of directors' meeting dated September 8, 2016: Increase in capital by a nominal amount of €311.55 through the issue of 6,231 shares with nominal value of 5 cents each and a share premium of €85,364.70	6,231	0.05	1,766,678.60
Board of directors' meeting dated October 28, 2016: Increase in capital by a nominal amount of €74.40 through the issue of 1,488 shares with a nominal value of 5 cents each	1,488	0.05	1,766,753.00
Shares making up the share capital at the end of the fiscal year	**35,335,060**	**0.05**	**1,766,753.00**

13. Change in stock price – Risk of price fluctuation

Alternext:

The security listed at €28.18 per share at the beginning of year 2016. It reached a high of €29.71 on June 6, 2016 and a low of €14.99 on November 8, 2016. The security ended the year 2016 at €16.21 per share.

During 2016, an average of 101,573 shares per day were traded on Alternext, compared to approximately 245,742 shares per day in 2015.

Nasdaq:

The security listed at $30.46 per share at the beginning of year 2016. It reached a high of $33.64 on June 6, 2016 and a low of $16.40 on December 1, 2016. The security ended the year 2016 at €16.95 per share.

During 2016, an average of 128,824 shares per day were traded on the Nasdaq, compared to approximately 265,454 shares per day in 2015.

14. Summary statement of the transactions of directors and persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code on the Company's shares carried out during the fiscal year

In 2016, the following transactions were carried out by the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code:

André Choulika, Chairman and Chief Executive Officer:

- June 2, 2016: Mr. André Choulika set up a programmed management mandate for the disposal of a maximum of 40,000 Cellectis shares.

Pierre Bastid, Director:

- April 6, 2016: contribution in kind of securities amounting to €71,455,127, reclassification of Pierre Bastid's shareholding via SA ZAKA for ZAKA Biotech SARL.
- November 15, 2016: acquisition of Cellectis' shares amounting to €163,914
- November 16, 2016: acquisition of Cellectis' shares amounting to €130,222
- November 17, 2016: acquisition of Cellectis' shares amounting to €88,600
- November 18, 2016: acquisition of Cellectis' shares amounting to €658,504

David Sourdive, Deputy Chief Executive Officer:

- June 2, 2016: Mr. David Sourdive set up a programmed management mandate for the disposal of a maximum of 40,000 Cellectis shares.

ALLOCATION OF INCOME

It is proposed to allocate the profit for the fiscal year ending December 31, 2016, i.e. an amount of €5,799,641, to the "retained earnings" account, which will be reduced to €98,574,388.

PREVIOUS DIVIDEND DISTRIBUTIONS

The Company has not paid any dividends in the past three years.

NON-TAX DEDUCTIBLE EXPENDITURES

No luxury or non-deductible expenses, referred to in Article 39-4 of the Monetary and Financial Code, were recognized in 2016.

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REGULATED AGREEMENTS

New agreement signed:

SARL Alain Godard & Co:
Consultancy contract for preparing a development strategy, for a period of one year, renewable by tacit agreement.
Amount: €25,000/year
Agreement initially approved by the Board of Directors' meeting dated March 13, 2012.
Renewal of the contract authorized by the Board of Directors' meeting dated March 14, 2016.

The expense incurred during the year 2016 for this mission was €25,000 excluding taxes (fees) and €3,434 excluding taxes (travel costs).

The development strategy advisory contract is in accordance with the corporate interest and this agreement is part of the normal pursuit of contractual relations between the company and the persons concerned.

TABLE OF RESULTS FOR THE PAST FIVE YEARS

The table referred to in Article R. 225-102 of the French Commercial Code showing the Company's results during the last five years is attached to this report as Appendix 1.

DELEGATIONS FOR CAPITAL INCREASES

In accordance with the provisions of Article L. 225-100, paragraph 4, of the French Commercial Code, a summary table of the delegations of authority and powers granted by the General Shareholders' Meeting to the Board of Directors for increasing the capital pursuant to the provisions of Articles L. 225-129-2 and L. 225-129-2 of said code is attached to this report as Appendix 2.

The board of directors

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APPENDIX 1

TABLE OF RESULTS FOR THE PAST FIVE YEARS - CELLECTIS SA

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Capital at the end of the financial year					
Share capital	1 023 851,00	1 054 116,00	1 472 336,00	1 758 391,00	1 766 753,00
Number of ordinary shares	20 477 014,00	21 082 320,00	29 446 721,00	35 178 614,00	35 335 060,00
Number of priority dividend shares without voting rights	-	-	-	-	-
Number of shares created:					
- through conversion of bonds	-	-	-	-	-
- through subscription right	-	-	-	-	-
Operations and results					
Revenues	13 572 995,00	11 683 480,00	22 706 204,00	52 671 168,00	43 952 432,00
Pre-tax earnings, shareholding, net amortization and depreciation	- 8 364 794,00	- 11 552 344,00	- 35 568 313,00	15 886 122,00	- 190 401,00
Income tax (Resarch tax credit)	- 3 078 102,00	- 2 980 191,00	- 3 772 262,00	- 5 038 754,00	- 8 088 839,00
Employee shareholding	-	-	-	-	-
Post-tax earnings, shareholding, amortization and depreciation	- 7 059 502,00	- 68 475 619,00	2 831 531,00	11 370 668,00	5 799 641,00
Distributed earnings	-	-	-	-	-
Earnings per share					
Post-tax earnings, shareholding, before amortization and depreciation	- 0,26	- 0,41	- 1,18	0,59	0,22
Post-tax earnings, shareholding, amortization and depreciation	- 0,34	- 3,25	0,10	0,32	0,16
Dividend allocated	-	-	-	-	-
Personnel					
Average headcount	84,00	76,00	67,00	80,00	79,00
Payroll amount	4 983 864,00	4 994 514,00	6 725 824,00	6 547 826,00	7 295 979,00
Amount of the sums paid as employee benefits (Soc. security, social welfare)	-	-	3 362 441,00	16 575 854,00	9 565 908,93

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APPENDIX 2

Table of the delegations granted to the Board of Directors for increasing the capital

	Period of validity/ date of expiry	Ceiling (nominal value)	Implemented in 2016
In 2016, the Board of Directors used the following delegations granted by the General Shareholders' Meeting dated February 16, 2015 (it is specified that these delegations are no longer in force as of the date this report was drawn up)			
Authorization to be given to the board of directors to grant options to subscribe or purchase Company's shares	38 months/April 16, 2018	7,354,930 options giving right to 7,354,930 shares	2,060,602 options were granted by the board of directors' meeting dated March 14, 2016
Delegation of authority to be granted to the board of directors to issue and grant share warrants to (i) members and non-voting members (censeurs) of the Company's board of directors in office on the date the warrants are granted who are not employees or senior executives of the Company or one of its subsidiaries or (ii) persons who have entered into a services or consultants contract with the Company or with one of its subsidiaries or (iii) members of any committee which the board or of directors has set up or could set up who are not employees or directors of the Company or of one of its subsidiaries. This delegation replaced the delegation with the same purpose that was granted on June 27, 2014.	18 months/August 16, 2016	2,941,972 BSAs giving right to 2,941,972 ordinary shares	229,361 BSAs were granted by the board of directors' meeting dated March 14, 2016

Delegations granted by the General Shareholders' Meeting dated May 17, 2016			
Delegation of authority to be granted to the board of directors for the purpose of increasing the share capital by issuing ordinary shares and/or any securities giving access immediately or in the future to the share capital and/or giving entitlement to the allotment of debt securities, with a waiver of the preferential subscription rights, in favor of a category of persons meeting specified characteristics.	18 months/November 17, 2017	€1,758,930	The board of directors did not use this delegation in the previous year
Delegation of authority to be granted to the board of directors for the purpose of increasing the share capital through the issuance of ordinary shares or of any securities with a waiver of the preferential subscription rights, in favor of a category of persons ensuring the underwriting of the Company's equity securities that may arise as part of a line of equity financing	18 months/November 17, 2017	€879,465	The board of directors did not use this delegation in the previous year
Delegation of authority to be granted to the board of directors for the purpose of increasing the share capital immediately or in future by issuing ordinary shares or any securities giving access immediately or in the future to the share capital or giving entitlement to the allotment of debt securities, while maintaining the preferential subscription rights	26 months/July 17, 2018	€1,758,930	The board of directors did not use this delegation in the previous year
Delegation of authority to be granted to the board of directors for the purpose of increasing the share capital immediately or in the future through the issuance of ordinary shares or of any securities giving access immediately or in the future to the share capital or giving entitlement to the allotment of debt securities, with a waiver of the preferential subscription rights and public offering	26 months/July 17, 2018	€1,758,930	The board of directors did not use this delegation in the previous year

Delegation of authority to be granted to the board of directors for the purpose of increasing the share capital through the issuance of ordinary shares and/or of any securities giving access immediately or in the future to the share capital or giving entitlement to the allotment of debt securities, with a waiver of the preferential subscription rights of the shareholders, through an offer to qualified investors or a limited circle of investors within the meaning of paragraph II of article L. 411-2 of the French monetary and financial code	26 months/July 17, 2018	€879,465 Within the limit of 20% of the capital per year	The board of directors did not use this delegation in the previous year
Delegation granted to the board of directors to increase the number of securities to be issued in case of share capital increase with or without preferential subscription rights	26 months/July 17, 2018	15% of the initial issue	The board of directors did not use this delegation in the current year
Delegation of authority to be granted to the board of directors for the purpose of increasing the share capital by incorporation of premiums, reserves, profits or others	26 months/July 17, 2018	€2,000,000	The board of directors did not use this delegation in the current year
Authorization to be given to the board of directors to grant options to subscribe or purchase Company's shares	38 months/July 17, 2019	3,417,861 options giving right to 3,417,861 shares	2,773,028 options were granted by the board of directors' meeting dated October 28, 2016
Authorization be given to the board of directors for the allocation of free shares existing and/or to be issued in the future	38 months/July 17, 2019	3,417,861 actions	The board of directors did not use this delegation in the previous year

Delegation of authority to be granted to the board of directors to issue and grant share warrants to (i) members and non-voting members (censeurs) of the Company's board of directors in office on the date the warrants are granted who are not employees or senior executives of the Company or one of its subsidiaries or (ii) persons who have entered into a services or consultants contract with the Company or with one of its subsidiaries or (iii) members of any committee which the board or of directors has set up or could set up who are not employees or directors of the Company or of one of its subsidiaries	18 months/ November 17, 2017	2,941,972 BSAs giving right to 2,941,972 ordinary shares	188,000 options were granted by the board of directors ' meeting dated October 28, 2016
Delegation of authority to be granted to the board of directors for the purpose of issuing warrants to subscribe to and/or acquire redeemable shares (BSAAR) or share subscription warrants - with a waiver of the preferential subscription rights in favor of the following category of beneficiaries: employees and corporate officers of the Company and its subsidiaries	18 months/ November 17, 2017	5,883,944 BSAARs giving right to 5,883,944 ordinary shares	The board of directors did not use this delegation in the previous year

APPENDIX 4

Research and development activity and the positioning of the Group

We are developing products internally and through strategic alliances with Pfizer and Servier. Our strategic alliances include upfront and potential milestone payments to us of up to $3.9 billion and high single-digit royalties on future sales. We believe that our alliances with Pfizer and Servier validate our technology platform, our strong expertise in the allogeneic CAR T-cells field and the strength of our intellectual property portfolio.

In 2016, Servier commenced two Phase I clinical studies the United Kingdom for UCART19, one in adult Acute Lymphoblastic Leukemia (ALL), the CALM study, and one in pediatric ALL, the PALL study. We refer in this Annual Report to the CALM study and the PALL study, collectively, as the UCART19 Clinical Studies. In November 2015, when we exclusively licensed the rights to UCART19 to Servier, Servier also announced that it had granted Pfizer the exclusive rights for the development and the commercialization of UCART19 in United States. During a meeting at the National Institutes of Health's Recombinant DNA Advisory Committee (or "RAC") held on December 14, 2016, Servier and Pfizer presented early clinical data on UCART19 and the CALM protocol. In March 2017, Servier, in collaboration with Pfizer, announced the FDA approval to extend the Phase I of the CALM study in United States.

With respect to UCART123, we obtained the unanimous approval of the RAC on December 14, 2016 to start two proposed studies in the United States. In December 2016, we submitted an Investigational New Drug (IND) application for UCART123 with respect to two proposed Phase I studies to be conducted, one in Acute Myeloid Leukemia (AML) and one in Blastic Plasmacitoid Dendritic Cell Neoplasm (BPDCN). In February 2017, the FDA approved the IND. Subject to the successful negotiation of clinical trial agreements, we intend to have the Phase I clinical study in AML performed by Weill Cornell, and the Phase I clinical study in BPDCN performed by MD Anderson Cancer Center.

Immunotherapy

The promise of immuno-oncology rests on the ability to cause the immune system to recognize and destroy tumor cells that otherwise escape immune surveillance. Recent advances in immuno-oncology have shown that exploiting the ability of the immune system to fight tumor cells could potentially cure certain cancers. Based on these advances, immuno-oncology has become a new frontier for treatment and we believe it is one of the most promising fields of development in oncology.

Our platforms and portfolios of proprietary technologies

TALEN—Proprietary Gene-editing Technology

The flagship nuclease structure we use for gene editing is based on a class of proteins derived from transcription activator-like effectors, or TALE. TALEN products are designed by fusing the DNA-cutting domain of a nuclease to TALE domains, which can be tailored to specifically recognize a unique DNA sequence. These fusion proteins serve as readily targetable "DNA scissors" for genome engineering applications that enable us to perform targeted genome modifications such as sequence insertion, deletion, repair and replacement in living cells.

We believe that the key benefits of the TALEN technology are:

- Precision. It is possible to design a TALEN that will cleave at any selected region in any gene, giving us the ability to achieve the desired genetic outcome with any gene in any living species.

- Specificity and Selectivity. TALEN may be designed to limit its DNA cleavage to the desired sequence and to reduce the risk of cutting elsewhere in the genome. This parameter is essential, especially for therapeutic applications, because unwanted genomic modifications potentially could lead to harmful effects for the patient. In addition, gene editing requires only a transient presence of TALEN, thus preserving the integrity and functionality of the T-cell's genome.

- Efficiency. A large percentage of cells treated by the nuclease bear the desired genomic modification after treatment is completed. In our routine gene-editing processes, around 70% of the T-cells treated by TALEN to inactivate one gene copy bear the desired genomic modification. We believe TALEN's high efficiency will be important to the cost-effectiveness of a manufacturing process involving the generation of gene-edited T-cells.

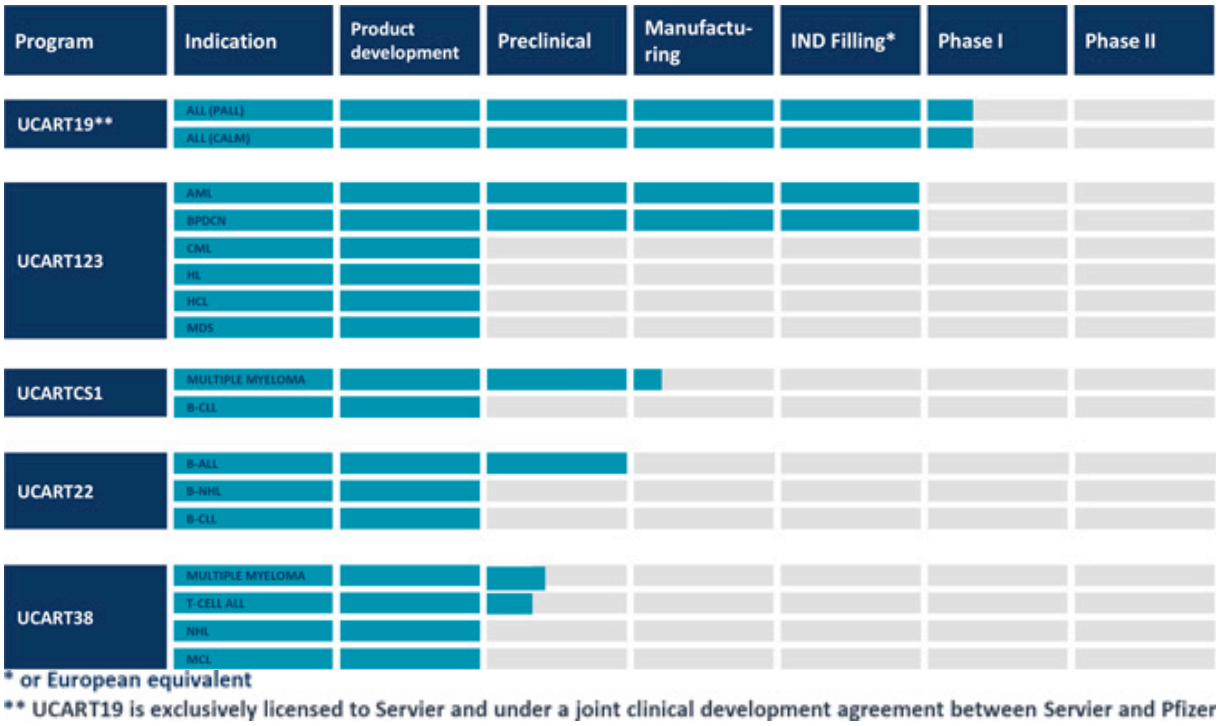
PulseAgile – Electroporation technology

In order to perform gene editing, we use our proprietary PulseAgile electroporation technology to introduce nucleases inside the target T-cell where they can access the cell's DNA. Electroporation allows messenger RNA, or mRNA, molecules coding for the nuclease to enter into the cell, where it is translated into the nuclease protein that can cut into the cell's DNA. The mRNA molecules are rapidly degraded by the cell, which means that the nuclease is only expressed for a short time.

PulseAgile electroporation uses a unique electrical field wave-form that, in combination with a proprietary buffer solution, enables molecules, such as nucleases, to enter efficiently into the cell while maintaining a high percentage of viable cells. PulseAgile technology is particularly effective due to the shape of the electrical field that includes high voltage peaks, which are optimized to create transient holes in the cell membrane, followed by lower voltage pulses that help mRNA (for example TALEN-encoding mRNA) migrate into the cells. In addition, PulseAgile is optimized to preserve high cell viability and thus suited for large-scale manufacturing.

Our immuno-oncology portfolio

Our lead immuno-oncology product candidates, which we refer to as UCARTs, or universal CARTs, are all allogeneic CAR T-cells engineered to be used for treating any patient with a particular cancer type. Each UCART product candidate targets a selected antigen expressed on tumor cells and bears specific engineered attributes, such as compatibility with specific medical regimens that cancer patients may undergo. UCART is the first therapeutic product line that we are developing using our gene-editing platform to address unmet medical needs in oncology. We are focusing our initial internal pipeline in the hematologic malignancies space, targeting diseases with high unmet needs such as acute lymphoblastic leukemia (ALL), acute myeloid leukemia (AML), multiple myeloma (MM) and different types of lymphomas. In December 2016, we filed an IND for our lead product candidate, UCART123 in AML and BPDCN, and in February 2017, we received FDA approval to commence the UCART123 Clinical Studies. All of our other fully-controlled product candidates are currently in the pre-clinical proof-of-concept phase, and the following chart highlights some of these product candidates:



* or European equivalent

** UCART19 is exclusively licensed to Servier and under a joint clinical development agreement between Servier and Pfizer

Calyxt

Calyxt, Inc., or Calyxt, was established in 2010 and currently focuses on the development and commercialization of new crops and plant-derived products. As the global population continues to increase, so too does the global demand for food. The current U.S. market size of major crops such as soybean, wheat and potato, as measured at the grower level, is in excess of $40 billion, $9 billion and $3 billion, respectively. By leveraging the transformative potential of gene editing, we aim to create food products with consumer health benefits, adaptations for climate change or nutritional enhancements that address the needs of a growing population. Further, we believe we can create crops that withstand the challenges of a changing climate and are more productive with fewer inputs. We believe we have the unique opportunity to develop products at a much lower cost than current transgenic plants and to do so within a shorter timeline.

Calyxt's candidate products are presented in the following table:

Product	Trait	Discovery	Phase I	Phase II	Phase III	Commercialization
Soybean	High oleic	■	■	■	■	
	High oleic/low linolenic oil	■				
	Modified Protein content	■				
Potato	Cold storable	■	■	■		
	Reduced browning	■				
Canola	Improved oil composition	■				
Wheat	High fiber	■	■			
	Low gluten	■	■			
	Disease Resistant	■	■	■		
Alfalfa	Improved quality	■	■			