
cellectis
2012
ANNUAL REPORT

Cover by Cellectis for the *Journal of Biological Chemistry* – see page 11, Highlights of 2012

Contents

About Cellectis

Cellectis is a biotech group with a novel business model centered on genome engineering. Our technologies can be used to edit DNA with extreme accuracy, enabling us to develop totally new treatments for diabetes and cancer, provide break-through research solutions to scientists the world over, and design highly innovative crop varieties.

As one of today's world leaders in the field of genome engineering, Cellectis specializes in pluripotent stem cells. We have developed special expertise in drug discovery and toxicity testing as well as regenerative medicine.

Cellectis has a range of technologies at the cutting edge of global R&D in genome, protein, and cell engineering as well as the promising new field of metabolic engineering.

2012 revenue:

€21m

Listing market:

NYSE Euronext Alternext, Paris

Milestones

1999: Cellectis is founded

2005: development of a process for the industrial production of nucleases

2007:

- listing on the NYSE Euronext Alternext market in Paris
- acquisition of technologies and creation of subsidiaries (2008-2010)

2011: acquisition of the Swedish company Cellartis

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Cellectis securities services:
Société Générale Securities Services (affiliate 042)

Legal form: French *Société Anonyme* corporation with board of directors

ISIN code: FR0010425595 – ALCLS
Listing date: February 6, 2007
Stock indexes: Alternext Allshare, Next Biotech, Oseo Innovation
Number of shares outstanding at December 31, 2012: 20,477,024
Share capital at December 31, 2012: €1,023,813.15
Market capitalization at December 31, 2012: €143m
Reuters: ALCLS.PA
Bloomberg: ALCLS: FP

Cellectis: meeting the future head on

Dear shareholders,

The six pillars of life science in the 21st century are and will continue to be: accessing genomic information (reading DNA), genome engineering (editing DNA), protein engineering (inventing new genes), metabolic engineering (improving cellular metabolism), large-scale DNA synthesis (designing DNA) and cell engineering (adjusting cells to fit specific needs). Companies with expertise in one or more of these building blocks of modern biology will have the fantastic potential to develop a virtually unlimited wealth of products and services. Cellectis has acquired expert knowledge in three of these fields: genome engineering, protein engineering and cell engineering.

We are now turning our efforts toward metabolic engineering, which builds upon the foundations of genome engineering and is an essential component of the Cellectis Group's natural calling – synthetic biology.

Sharpening our focus in 2012

In 2012, we focused our activities on three business lines: therapeutics, seeds, tools and services. Synthetic biology is the backbone of all three.

Cellectis therapeutics has developed a revolutionary cancer treatment approach, based on adoptive cell transfer immunotherapy, that involves modifying T cells to make them destroy tumor cells. In partnership with University College London, we are conducting a program that aims to treat chronic lymphocytic leukemia. Working with Novo Nordisk, we are also developing treatments for type 1 diabetes. The objective of this new approach, which draws from the toolkit of regenerative medicine, will be to find a long term, patient-acceptable, and safe solution to insulin deficiency.

Cellectis plant sciences is based in the United States, in New Brighton, Minnesota. This subsidiary develops innovative new seeds that can reduce the natural toxicity of some foods and improve the properties of food oils, for the better health and well-being of consumers. These products are made with a technology that uses no foreign genes.

Cellectis bioresearch develops tools and services for researchers in universities and life science companies worldwide and was the first to market TALEN™, a new type of nuclease. Cellectis bioresearch offers genome and cell engineering kits for research, drug development and biomanufacturing. This subsidiary has three service solutions: one for custom nuclease production, one for cell engineering, and one for iPS cells known as the iPS Engineering Hub.

iPS

As early as 2009, Cellectis began to work on induced pluripotent stem cells, or iPS cells, a discovery that is destined to revolutionize the field of regenerative medicine and for which professor Shinya Yamanaka was awarded the 2012 Nobel Prize in medicine. This technology makes it possible to return an adult skin, blood or other type cell to its initial form by erasing the 'memory' of its adult characteristics. Cells can thus be reset to zero regardless of a person's age. Cellectis' iPS Engineering Hub enables pharmaceutical laboratories and leading research centers around the world, such as the National Institutes of Health in the United States, to transform any type of adult cell into an iPS cell. With its acquisition of Cellartis AB in November 2011, Cellectis is now able to differentiate these iPS cells into heart, liver, and pancreatic cells that can be used to develop new treatments. These technologies offer a new path for the future, one of personalized health care tailored to meet the specific needs of individual patients.

Before I conclude this message I would like to pay a personal tribute to Professor François Jacob, winner of the 1965 Nobel Prize in medicine, who passed away on April 19. I would like to express my deep admiration for him and my gratitude for his assistance and guidance, without which Cellectis would not be what it is today. He was the iconic Chairman of our Scientific Advisory Board when our Group was in its infancy, and continued throughout the years to lend his enthusiastic support.

Professor Jacob is without a doubt one of the fathers of modern biology, the other being Jacques Monod. Together, these two men opened up the life sciences field to new realms of possibility whose future impact we are just beginning to imagine.

Although Cellectis faces sizeable challenges, over the 13 years of our existence we have become a major global force in biotechnology thanks to the trust and loyalty that you, our shareholders, have shown. From this solid foundation, we intend to continue building a world-class company that will generate tremendous value.

ANDRÉ CHOULIKA
Chairman and CEO







The Executive Committee

our strategic nerve center

The Executive Committee designs and implements Group strategy, ensuring that targets are met for the benefit of our clients, shareholders, and partners.

01. André Choulika, Chairman and Chief Executive Officer
André Choulika, PhD is the Chairman, CEO, and founder of Cellectis. Dr Choulika is a pioneer in the analysis and use of meganucleases to modify complex genomes. After receiving his doctorate in molecular virology from the University of Paris VI (Pierre et Marie Curie), he completed a research fellowship in the Harvard Medical School Department of Genetics. Later, while working in the Division of Molecular Medicine at Boston Children's Hospital, he developed the first approaches to meganuclease-based human gene therapy. Dr Choulika also has management training from the HEC (Challenge +).

02. David Sourdive, Executive Vice President Corporate Development
David Sourdive, PhD is a graduate of the École Polytechnique. He is VP of Corporate Development and co-founder of the company. After completing his doctorate in molecular virology at the Institut Pasteur, he joined one of the leading laboratories in viral immunology, at Emory University in Atlanta, Georgia (United States). His work there was focused on immunological memory. Before co-founding Cellectis, he directed the biotechnologies laboratory of the Centre d'études du Bouchet for the French Ministry of Defense. He also has management training from the HEC (Challenge +).

03. Mathieu Simon, Senior Vice President
After graduating from medical school at the University of Paris in 1982, Dr Mathieu Simon embarked upon an illustrious international career in the pharmaceutical sector. After serving as Director of Marketing and Sales at Wyeth France, he became Group Vice President of Marketing and Clinical Affairs for Wyeth Pharmaceuticals in the United States, and later led several of the Wyeth Group's biggest regional subsidiaries in the Benelux countries, Italy, Greece, and the Balkans. In 2010, Dr Simon was named Senior Vice President of Pharma Global Operations at Pierre Fabre Médicament. He joined the Cellectis Group in 2012.

04. Xavier Champavère, Deputy CEO of Cellectis bioresearch
Xavier Champavère, Deputy CEO of Cellectis bioresearch, holds a PhD in enzymology from the University of Compiègne (France) and a Master's degree in pharmaceutical marketing from the École Supérieure de Commerce in Paris. With 25 years' international experience in the pharmaceutical industry, including work for Serono FBL and Aventis Pasteur, he has become a respected expert in business growth management.

05. Jean-Charles Epinat, Deputy CEO of Cellectis bioresearch
Jean-Charles Epinat, PhD completed his doctoral studies in molecular and cellular genetics at the University of Paris VI after working at the Institut Pasteur on gene transcription regulation. He did his research fellowship at Boston University in the United States. Dr Epinat joined Cellectis in 2000, and starting in 2005 he served as Director of the Group's high throughput screening and nuclease production facility. Among other accomplishments, his methods for selecting and screening meganuclease activity in yeast are still used today.

06. Luc Mathis, Chief Executive Officer of Cellectis plant sciences
Luc Mathis, PhD completed his doctorate at the University of Paris XI (Paris Sud) and did his postdoctoral fellowship at the California Institute of Technology. He began his career at the Institut Pasteur before joining Cellectis in 2006.

07. Philippe Duchateau, Chief Scientific Officer
Philippe Duchateau, PhD received his doctorate in biochemistry and molecular biology from the University of Lille and the Institut Pasteur. He joined Cellectis in 2001 after nine years at the Cardiovascular Research Institute of the University of California, San Francisco (United States). He previously headed Cellectis' Research department, starting in 2004.

08. Pierre Schwich, Chief Financial Officer
A graduate of the École des Mines de Paris, Pierre Schwich has held positions ranging from industrial operations manager (Corning, Danone, Hewlett-Packard) to private equity investment director (3i, Siparex, Next Venture), eventually specializing in the administrative and financial management of listed or privately held companies such as Genesys Conferencing and Global Design Technologies in Los Angeles, California (United States). Pierre Schwich is also known for his expertise in financial strategy, especially as pertains to businesses that are experiencing major organic or external growth. He joined Cellectis in 2011.


09. Philippe Valachs, Company Secretary
Philippe Valachs, Cellectis Company Secretary, became a partner in public affairs consulting firm Archimède Consultants in 2003 and, from 2004 to 2008, served as Associate Director of the think tank Cercle des Économistes. An economist by training, he began his career in the field of international consulting before working at France's Ministry of Industry and Foreign Trade from 1991 to 1993. He then joined Compagnie Générale des Eaux (now Vivendi), where he was named Chief of Staff to the Chairman in 1996. He then set out on a new business venture, co-founding Europe's first web television provider, Canalweb, in 1999.

Governance

The Board of Directors

The Board **of Directors**

protecting the company's interests

The Executive Committee submits strategic decisions to the Board of Directors for approval. The Board's main job is to safeguard the Group's interests, ensuring its continued success with an eye to creating value.

André Choulika, Chairman and CEO
David Sourdive, Director, Executive Vice President Corporate Development
Alain Godard, Independent Director
Kaminvest, Director, represented by Roger J. Hajjar
Pierre Bastid, Director
Laurent Arthaud, Director
Annick Schwebig, Director
Institut Pasteur, Non-voting Director, represented by Pascale Augé

The Scientific **Advisory Board**

driving performance

The Scientific Advisory Board is in charge of setting the course for Cellectis' scientific affairs. It presents the Executive Committee with methods and strategies designed to achieve certain technological objectives; it then assesses the resulting work and outcomes.

Professor François Jacob,
Honorary Chairman, PhD, MD, Collège de France, Paris (deceased April 19, 2013)

Professor Rodney J. Rothstein,
PhD, Chairman of the Scientific Advisory Board, Columbia University, New York City, United States

Professor Frederick W. Alt,
PhD, Howard Hughes Medical Institute, Chevy Chase, Maryland, United States; Harvard Medical School, Boston, United States

Professor Bernard Dujon,
PhD, Université Paris VI, Pierre et Marie Curie - Institut Pasteur, Paris, France

Professor Alain Fischer,
MD, PhD, Necker children's hospital, Paris, France

Professor James E. Haber,
PhD, Brandeis University, Waltham, Massachusetts, United States

Professor Denis Pompon,
PhD, Centre de génétique moléculaire, CNRS, Gif-sur-Yvette, France

Professor Luis Serrano,
PhD, Centre for Genomic Regulation (CRG), Barcelona, Spain

Doctor Frédéric Pâques,
PhD, ENS graduate, Former Chief Scientific Officer of Cellectis, France

WORLD
LEADER
IN GENOME ENGINEERING

LEGAL FORM
SOCIÉTÉ ANONYME
WITH BOARD OF DIRECTORS

CEO
ANDRÉ CHOULIKA

APPLICATIONS

- **Human health**
- **Biomanufacturing**
- **Agricultural biotechnology**
- **iPS / stem cells**
- **Research**
- **Synthetic biology**

INDUSTRIAL PROPERTY

98 PATENTS GRANTED

321 patents pending extension or approval

AS OF DEC 31, 2012

2012 REVENUE

€21m

70% OF SALES FROM INTERNATIONAL BUSINESS

5 SITES WORLDWIDE

- New Brighton (Minnesota) and Cambridge (Massachusetts) in the **United States**
- Gothenburg, in **Sweden**
- Paris and Evry, in **France**

STAFF

228 PEOPLE

including 82 PhDs *AS OF DEC 31, 2012*

January 9 2012

Signing of a partnership agreement with Total to develop microalgae-based substitutes for petroleum products. Over the long term, the use of microalgae could help preserve dwindling supplies of fossil fuels and reduce environmental side effects.

January 16 2012

Signing of two partnership agreements with key agribusiness players. The first is with Medicago, a biotechnology company specializing in the development of vaccines based on proprietary manufacturing technologies, with the aim of improving therapeutic proteins. The second collaboration is with SESVanderHave, a global market leader in the sugar beet seed industry, and relates to the development of new commercial sugar beet varieties.

January 30 2012

Changes in the Group's management: **Philippe Duchateau** is appointed as Chief Scientific Officer of Cellectis and **Luc Mathis** is named CEO of Cellectis plant sciences.

April 2 2012

Dr Mathieu Simon joins Cellectis as Senior Vice President to take charge of developing the Group's activities in the realm of therapeutics.
"Cellectis is one of the most emblematic companies in the biotech sector," says Dr Simon, adding that he is happy to join the ranks of a company *"known for its scientific expertise and innovational drive."*

Dr Frédéric Pâques has left operations management and joined the Group's Scientific Advisory Board. Dr Pâques, who became Chief Scientific Officer in 2002, was behind the design and implementation of the high throughput screening tools that have made such a difference in the success of Cellectis' research activities.

May 18 2012

As the world's leading provider of liver cells derived from human induced pluripotent stem cells, Cellectis announces the launch of hiPS-HEP. The introduction of this new liver cell product meets a genuine need in the pharmaceutical industry for better and more clinically relevant models early in the drug development process. André Choulika points out that *"this new product is in keeping with Cellectis' goal of becoming the global market leader in stem cells and related technologies."*

September 10 2012

Publication in *Nature Methods*, one of the most prestigious biotechnology-related journals, of a new process developed by Cellectis for the targeted modification of DNA in order to produce HIV-resistant immune cells.

In this paper, Cellectis' teams report their success in improving targeted genome editing techniques to greatly increase disruption of the target gene while favoring effective DNA repair. This new strategy represents a key advance for the therapeutics industry.

October 2 2012

Publication in the *Journal of Biological Chemistry* (JBC), one of the world's most respected scientific journals, of a paper presenting a new approach to targeted gene editing.

Until this time, Cellectis' TALEN™ could target only certain parts of the genome. In this paper, a team of Cellectis researchers describes how they have overcome this constraint, paving the way to a wider range of applications, including the development of treatments for cancer and genetic diseases.

This first study of TALEN™ was elected "Paper of the Week" by the JBC editorial board.

October 16 2012

The National Institutes of Health (NIH) awards two contracts to Cellectis bioresearch in the space of a few days, affirming the company's position as a leading player in the development of stem cell technologies for the US market. These contracts will cover the generation of clinical-grade induced pluripotent stem (iPS) cell lines and research-grade iPS cell lines.

October 25 2012

Signing of two exclusive license agreements with Iowa State University in the United States covering all uses of TAL technologies. *"With this expansion of its patent portfolio, Cellectis strengthens its leading position in genome engineering,"* says André Choulika. *"These new acquisitions will enable us to broaden our range of offerings in step with market requirements."*

October 29 2012

Cellectis unveils a technological breakthrough at the congress of the European Society of Gene and Cell Therapy (ESGCT) in Versailles: **the successful programming of certain immune cells (T cells) to kill cancer cells.** The results presented at the ESGCT congress by Dr Andrew Scharenberg, Chief Scientific Officer of Cellectis therapeutics, establish proof of concept for the protocol developed by Cellectis, opening up new treatment options for certain types of cancers, particularly prostate cancer, leukemia, non-small cell lung cancer (80% of cases), and glioblastomas.

November 9 2012

French prime minister Jean-Marc Ayrault pays a visit to Cellectis' Paris laboratories accompanied by Fleur Pellerin, the French deputy minister for industrial renewal with responsibility for small and medium-sized enterprises, innovation, and the digital economy.
During his visit, the prime minister expressed a strong interest in the Group's business model and reaffirmed his commitment to the revitalization of the French industrial landscape.

November 12 2012

Shinya Yamanaka, co-laureate of the 2012 Nobel Prize in Medicine or Physiology for his discovery of induced pluripotent stem (iPS) cells, meets with Cellectis research teams in Paris, joined by deputy minister Fleur Pellerin on behalf of the French government. Professor Yamanaka is the director of the Center for iPS Cell Research and Application (CiRA) at Kyoto University in Japan, which has been working with the Group for several years. His visit offers an opportunity to reaffirm the essential role his research on iPS cells has played in shaping the future of the life sciences industry.

December 18 2012

Signing of a working arrangement with University College London (UCL) to develop a therapeutics program to treat leukemia. This agreement builds on the proprietary genome engineering technologies developed by Cellectis to manufacture T cells that specifically target and destroy cancer cells. With this approach, Cellectis paves the way to treating a large number of cancer patients using a standardized, off-the-shelf therapeutic product.

CELLECTIS

- GROUP MANAGEMENT
- SUPPORT ROLES
- BUSINESS DEVELOPMENT
- UPSTREAM RESEARCH

TOOLS & SERVICES

- RESEARCH TOOLS
- PRODUCTION TOOLS
- SERVICES
- MARKETING
- SALES FORCE

PROFIT IN SHORT TERM

THERAPEUTICS

- CANCER
- REGENERATIVE MEDICINE: *diabetes, hemophilia*
- ANTIVIRAL THERAPIES: *CMV (herpes family) and HIV*

PROFIT IN LONG TERM

PLANTS

- DEVELOPMENT
  - TRAITS
  - PARTNERSHIPS
- PRODUCTION FACILITIES

PROFIT IN MEDIUM TERM

The **Cellectis** *Group*

Cellectis, the parent company

Cellectis was founded in 1999 by André Choulika, now its Chairman and Chief Executive Officer, and David Sourdive, now Executive Vice President of Corporate Development. Our flagship genome engineering technology enables us to alter the DNA of any living organism in very precise ways so as to modify, delete, or replace all or part of a gene. The applications of this are as numerous as they are exciting, from fighting specific diseases to designing innovative biopharmaceuticals; from the invention of new plant species to the development of bio-energies – the potential is simply unlimited.

Taking a page from the chemical industry's book, we have expanded by founding subsidiaries dedicated to different target markets. Based on this rationale of industrialization, Cellectis fosters synergy in order to enlarge the spectrum of applications for its technology and realize its full potential. Today, Cellectis is a world leader in biotechnology. Its clients include renowned pharmaceutical laboratories, giants of the agri-food sector, and other prominent industry players.

Cellectis therapeutics

Established in 2008, Cellectis therapeutics develops innovative processes employing the Group's proprietary tools — nucleases and cell lines — to treat certain cancers, metabolic disorders such as diabetes, and persistent viral infections. This biopharmaceuticals unit is organized around two specific approaches:

- regenerative medicine, using therapeutic stem cells;
- adoptive cell transfer immunotherapy, using T cells engineered to fight tumors and viruses.

Genome engineering to fight cancer and viral infections

The genome engineering technologies developed by the Group have allowed for the large-scale isolation of immune cells from healthy individuals, which are then genetically reprogrammed to specifically target and destroy cancer cells. These allogeneic (donor-derived) T cells are engineered to avoid attacking the recipient's healthy tissues, and by the same token rendered resistant to the most widely used lymphodepleting chemotherapies[1].

Allogeneic T cells engineered by Cellectis may be used to overcome the limitations of autologous (patient-derived) adoptive cell transfer immunotherapies, eventually making it possible to treat a large number of cancer patients using a standardized, off-the-shelf therapeutic product.

1. Lymphodepletion is the process of eliminating certain immune cells to prevent the body from rejecting a transplant of engineered T cells.

The initial aim of this next-generation cell transfer immunotherapy for cancer, developed in partnership with researchers at University College London, is to treat leukemia patients. It could also be used in other types of cancers, for example pancreatic.

Genome surgery to fight viral infections

Cellectis therapeutics has developed an enzyme that targets a key gene (CCR5) involved in the process by which HIV infects immune cells. When the expression of the CCR5 gene is disrupted, HIV can no longer penetrate the immune cells, meaning that the modification of this gene could provide a better defense against HIV. This targeted DNA editing approach could be used to produce HIV-resistant immune cells.

Using stem cell technology to treat diabetes

In partnership with Novo Nordisk, the world leader in diabetes treatment innovation, Cellectis therapeutics is conducting a project involving the reprogramming of cells to help patients diagnosed with type 1 diabetes produce their own insulin again. This partnership aims to develop a treatment for type 1 (insulin-dependent) diabetes patients at the outset, and subsequently for all diabetes patients. This innovative therapy will transform stem cells into insulin-producing beta cells. These beta cells will then be encapsulated and implanted in patients.

Diabetes is a major global public health challenge: in 2012, more than 370 million people were living with this disease. Type 1 diabetes affects 10% of the total. This autoimmune illness is usually diagnosed suddenly in children and young adults. Given the young age of most patients, the discovery and widespread distribution of a curative treatment are medical priorities.

Our therapeutic products

Oncology

Application	Target	Research and proof of concept	Pre-clinical / regulatory	Phase 1
Blood cancers Chronic lymphocytic leukemia	CD19			2015*
Solid tumors: lung, pancreas, colorectal, melanoma	5T4 / CD20			2017

(*) 1st clinical trial in 2nd quarter 2014 in partnership with University College London.

Regenerative medicine

Application	Target	Research and proof of concept	Pre-clinical / regulatory	Phase 1
Type 1 diabetes: Cellectis / Novo Nordisk / Lund University partnership	Insulin-producing beta cells			2015
Other applications Hemophilia	Liver cells producing factors VIII and IX			2016

Virology

Application	Target	Research and proof of concept	Pre-clinical / regulatory	Phase 1
HIV	CCR5			2015
Cytomegalovirus (CMV, a DNA virus of the herpes family)	GR			2015

Cellectis plant sciences

Established in March 2010, the Group's subsidiary Cellectis plant sciences develops protocols for engineering agronomic traits to create new value-added plant varieties. Based in New Brighton, Minnesota (United States), Cellectis plant sciences is the world leader in applying genome engineering to plants.

The main goals of this business line are to design new products and solutions as well as new ways to boost crop yields and quality through genetic targeting. Recently, several regulatory bodies around the world have determined that traits enhanced in this manner may count as breeding techniques and thus be subject to simpler regulations.

Building on the Group's expertise in genome engineering, combined with the plant biotechnology know-how of its teams, Cellectis plants sciences offers a custom genetic modification service for any plant species. This subsidiary has developed the means to partner with seed companies of all sizes in order to develop tomorrow's crop varieties for key markets.

Most of the agronomic enhancements that Cellectis plant sciences offers take advantage of the pinpoint accuracy made possible by Cellectis' proprietary technologies. Examples include adjusting tolerance for certain herbicides so that they may be used more selectively and in more limited quantities, optimizing water consumption, enabling resistance to certain diseases or pathogens to increase crop yields while reducing environmental consequences, and improving nutritional properties. These and similar aims can make a vital contribution to sustainable agricultural development.

Cellectis plant sciences has developed a reliable gene disruption technique, able to suppress the expression of one or more target genes in order to engineer new traits. One example is acrylamide, a chemical substance formed naturally in starch-heavy foods, such as potatoes, during processing or cooking at high temperatures. By disrupting the gene responsible for forming acrylamide, a new trait may be developed with proven benefits for farmers, food industry participants, and consumers.

Another technique mastered by Cellectis plant sciences, targeted gene insertion enables the stable integration of genetic improvements at a specific site in the plant's genome while guaranteeing steady, controlled gene expression. Beyond mere technological prowess, the objective is to improve upon the lack of accuracy associated with the random insertion of genetic modifications, thus providing a response to the criticisms leveled against this method. These next-generation plant biotechnology products, which meet regulatory requirements while offering improved stability, are considered highly attractive by industry players. Many seed companies have adopted the state-of-the-art technologies developed by Cellectis plant sciences.

Cellectis plant sciences' roster of clients includes Limagrain, SESVanderHave, Medicago, Monsanto and Bayer.

Cellectis bioresearch

Established in 2008, Cellectis bioresearch combines its expertise in targeted DNA editing and stem cell technology to develop tools and services for the life sciences industry. With operations in the United States, Sweden, and France (Paris and Evry), Cellectis bioresearch offers its clients a comprehensive set of solutions drawing on its solid leadership position in the technologies of genome, protein, and cell engineering.

A complete offering in step with market requirements

Cellectis bioresearch has put together a comprehensive offering of research solutions, custom-engineered production tools, and bespoke services.

The Group's research tools, mainly TALEN™ and meganucleases, act as ready made "molecular scissors" that can be easily used to engineer cells and organisms with desired characteristics. These tools enable targeted gene insertion and deletion, gene correction and gene inactivation.

Cellectis bioresearch also designs production tools that are custom-engineered to meet our clients' specific needs. These genome customization products are used to develop drugs, study how genes work, and manufacture proteins. Cellectis bioresearch has gained substantial experience in the large-scale manipulation of stem cells up until their maturation and differentiation into functional cell types, which gives it a strong advantage in such areas as drug discovery, toxicity testing, and regenerative medicine.

Cellectis bioresearch also offers bespoke services that are tailored to meet its clients' precise specifications, as well as customized solutions for complex genome editing and cell engineering projects. Cellectis bioresearch proposes a broad range of products and services for all types of cell engineering objectives.

Our clients include: the NIH, Stemgent, Bayer, Servier, Novo Nordisk, Novartis, Merck and Co., iPS Academia Japan, Lonza, CNRS, and Pfizer.

Cellectis recognizes the importance of sustainability. Over the past several years, we have implemented an approach designed to take into account the social and environmental impact of our operations, enabling us to adopt best practices and thereby contribute to improving people's quality of life and preserving the environment. In the pursuit of these objectives, Cellectis aims to reconcile economic progress, social responsibility and environmental accountability.

A responsible partner for all stakeholders

As a listed company, Cellectis is committed to clear definitions of its CSR policy, standards of conduct, and responsibilities toward stakeholders, who include employees, shareholders, suppliers, clients, partners, and society in general.

Our 5 core values

Safeguarding the environment

The Group has put in place a range of measures to help protect the environment. We also support initiatives that aim to promote environmental accountability.

Investing in the Group's human capital through training

Our training program exemplifies our commitment to developing the skills and expertise of our staff. It reflects our priorities and guarantees equal access to training for all.
The types of training offered, the resources brought to bear, the target profiles to receive training on a priority basis, and the emphasis on the needs expressed by employees are subjects of careful consideration. This program helps promote excellent relations with each and every staff member.

Better health for all

Cellectis is guided by a deep respect for human beings. Health is our central concern, through which we aim to improve quality of life for everyone. Our work in therapeutics is focused on the fight against several forms of cancer, including leukemia, prostate cancer, glioblastomas (the most common and aggressive type of malignant primary brain tumor), and non-small cell lung cancer (nearly 80% of cases). We have also entered into a partnership to treat patients with type 1 diabetes.

A strict code of ethics

Ethical conduct requires compliance with existing laws and regulations. It also implies adherence to Cellectis' values and to the principles set out in our code of ethics. These guidelines relate to the Group's corporate governance, working conditions, and the protection of the company's assets.
At Cellectis, we maintain a diverse and inclusive work environment, implement responsible business practices, and comply with the highest ethical standards in every aspect of our operations, from research and development to sales and marketing.

Tuned in with our *shareholders*

Cellectis makes it a point to keep shareholders regularly informed about its activities, strategies and performance, making sure to clearly explain the related technologies and applications. Throughout 2012 we have worked to strengthen our relationship with shareholders, for example organizing events and meetings.

In order to continuously improve the quality of financial communication and meet the information needs of our shareholders more effectively, we conducted a survey in March 2012 to learn what exactly they expected and needed. Some survey respondents were even invited to visit our laboratories after a meeting with our senior management.

We met with groups of individual shareholders several times in 2012, at forums led by senior managers in collaboration with equity investment associations and clubs, such as the F2iC (the Federation of Individual Investors and Investment Clubs) and CLIFF, the French Investor Relations Association.

In June 2012, we participated in a forum organized by the F2iC and CLIFF in Bordeaux that was attended by 200 shareholders. Encouraged by this success, we followed that up with another forum in December in Paris at which our Chairman and CEO André Choulika presented the




Group, explained our technologies, and responded to numerous questions from the audience.

To keep its shareholders informed of all relevant news and events, Cellectis issued 25 press releases in 2012.

We are happy to provide our shareholders with our annual report, half-yearly Letter to Shareholders and Shareholders' Handbook at their request.

Feel free to contact our Shareholder Relations department if you have any questions, observations or suggestions.

Cellectis –
Shareholder Relations

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Email: investors@cellectis.com

The summarized financial statements included in this document are derived from the Group's consolidated financial statements, which are prepared in accordance with IFRS. The consolidated financial statements for the year ended December 31, 2012 were approved by the Board of Directors at its meeting of April 29, 2013 and have been certified without qualification by the Group's Statutory Auditors.

Balance sheet – Assets

In thousands of euros	December 31, 2012	December 31, 2011
Intangible assets*	37,821	35,202
Tangible assets	5,484	6,619
Financial assets	1,422	960
Deferred tax assets	3,392	4,483
Non-current assets	**48,119**	**47,265**
Inventories	707	626
Operating receivables	16,400	11,483
Cash and cash equivalents	21,808	42,384
Current assets	**38,916**	**54,492**
TOTAL ASSETS	**87,036**	**101,757**

(*) "Intangible assets" mainly comprise goodwill relating to the acquisition of Cellartis AB in November 2011 (€27.6 million) and capitalized development expenses (€6.2 million).

A robust cash position.

Balance sheet – Equity and liabilities

A strengthened equity position.

In thousands of euros	December 31, 2012	December 31, 2011
Share capital and share premium account*	**131,985**	**80,397**
Reserves	(50,449)	(27,996)
Net profit (loss), Group share	(21,856)	(23,838)
Equity attributable to equity holders of the parent	59,680	28,564
Equity attributable to non-controlling interests	2,086	-
Total equity	**61,766**	**28,564**
Long-term debt*	3,303	52,088
Non-current provisions	525	305
Total non-current liabilities	**3,828**	**52,393**
Short-term debt	988	1,213
Operating payables	20,452	19,587
Current provisions	-	-
Total current liabilities	**21,441**	**20,800**
TOTAL EQUITY AND LIABILITIES	**87,036**	**101,757**

(*) The significant increase in "Share capital and share premium account" and the associated decrease in "Long-term debt" result from the redemption in February 2012 of the ORA convertible bonds issued upon the acquisition of Cellartis AB.

Income statement

In thousands of euros	2012	2011
Sales	11,301	9,928
Other operating income	9,731	6,065
Total revenue	**21,032**	**15,993**
Cost of sales	(1,535)	(2,515)
Gross margin	**19,497**	**13,478**
Research and development costs	(18,981)	(12,306)
Selling, general and administrative expenses	(19,528)	(20,589)
Other operating income and expenses	(753)	(110)
Operating profit (loss)	**(19,764)**	**(19,526)**
Financial income (expense)	**(1,312)**	**133**
Corporate income tax	(1,193)	(4,445)
PROFIT (LOSS) FOR THE YEAR	**(22,270)**	**(23,838)**

- *Sales increased 14% in 2012, primarily as a result of the rise in revenue from products and services marketed by the Group (kits and cell lines).*
- *Other operating income corresponds to subsidies and the CIR research tax credit.*
- *The cost of sales comprises the total cost of licenses purchased by the Group in order to pursue its various activities.*

Growth in operating revenue.

Cash flow statement

Strict control of cash use.

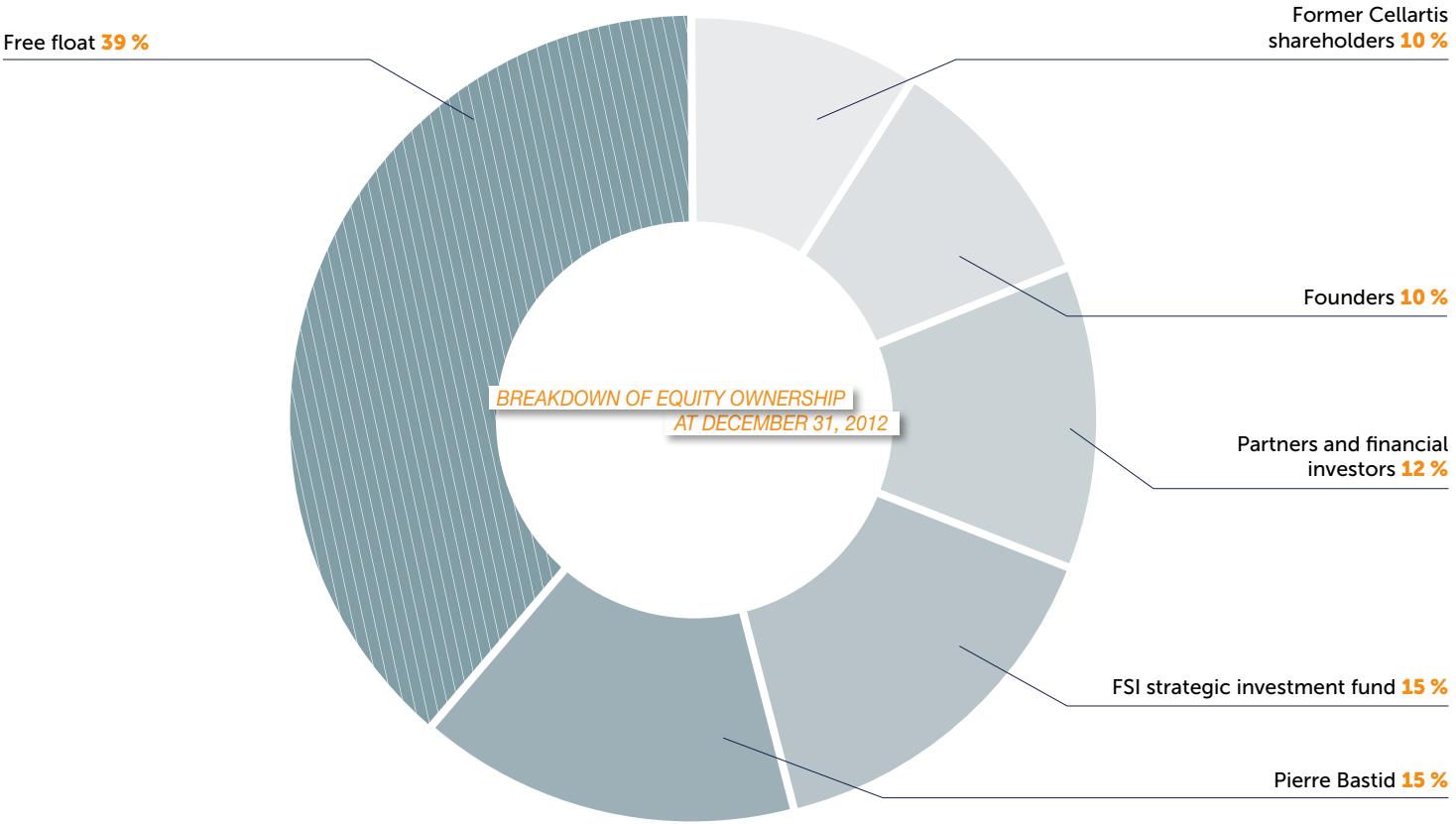
In thousands of euros	2012	2011
Net profit (loss) for the year	**(22,270)**	**(23,838)**
Non-cash transactions	7,344	9,121
Operating cash flow before change in working capital	**(14,926)**	**(14,717)**
Change in working capital	(5,041)	3,984
Interest received / (paid)	224	555
Net cash from (used in) operating activities	**(19,743)**	**(10,178)**
Cash payments in respect of capitalized development	(3,391)	(2,763)
Purchases of other intangible assets	(250)	(332)
Purchases of property, plant and equipment	(507)	(2,945)
Purchases of other non-current assets	(462)	(383)
Impact of changes in the scope of consolidation	-	(16,271)
Net cash from (used in) investment activities	**(4,610)**	**(22,694)**
Capital increase*	2,704	1,717
Cash receipts from sale and lease-back transactions	764	520
Repayable loans and advances	282	51,097
Sale and purchase of treasury shares	(25)	(15)
ORA bond issue costs	-	(2,099)
Net cash from (used in) financing activities	**3,725**	**51,221**
Effect of foreign exchange rate changes	-	(54)
Net change in cash and cash equivalents	**(20,628)**	**18,295**
Net cash at the beginning of the year	42,384	24,048
Foreign exchange translation adjustment	53	41
Net cash at the end of the year	21,808	42,384

(*) "Capital increase" corresponds mainly to the share capital increase by the Ectycell subsidiary subscribed by Caisse des Dépôts et Consignations (€2.5 million), together with the exercise of share subscription warrants (BSA).

Share price and ownership structure

Amid still challenging and volatile market conditions, the price of the Cellectis share varied from €6.45 on January 1, 2012 to €6.97 on December 31, 2012, trading at a high of €8.24 on February 6 and a low of €4.80 on July 30. The daily average volume of shares traded reached 19,804 during the year, up 27% from 2011.

20.5 MILLION SHARES*



(*) Fully-diluted share capital: 25.5 million shares.

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